

Consumer Protection Information for Military Personnel

Men and Women of our Armed Forces,

Many merchants who operate near our military installations provide quality services and products. They take pride in serving their military customers and treat them fairly.

Unfortunately, some merchants who cater to military customers do not always operate their businesses fairly. They may see young men and women in uniform, some living away from home for the first time or receiving their first steady paycheck, as targets to be exploited. Scam artists also try to take advantage of military personnel and families.

At the North Carolina Attorney General's office, our Consumer Protection Division works to protect you from unlawful business practices. If you feel that you have been wronged, you can file a complaint with us and we'll work to resolve it. If we find a pattern of illegal business practices, we can enforce the law on behalf of all North Carolina consumers. While we can't represent you in a private legal case, we may be able to help if you didn't get what you paid for or were tricked into a bad deal.

We respond to 20,000 complaints each year, including complaints on consumer issues of interest to military personnel, such as automobile sales and repair, landlord-tenant problems, new home sales and home improvements, furniture sales, debt collection and credit, and marketing scams.

You can file a complaint online at www.ncdoj.gov or call 1-877-5-NO-SCAM toll-free within North Carolina to request a complaint form. (From outside North Carolina, call 919-716-6000; for assistance in Spanish, call 919-716-0058.)

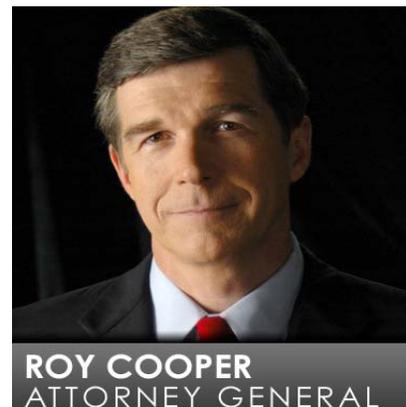
Filing a complaint will **not** have an effect on your military record, and we will not communicate with your chain of command unless you request us to do so.

Military deployments are particularly stressful for families and financial worries can add to your stress. While you're overseas, you may be more vulnerable to certain scams like identity theft. See page 5 for tips on getting your financial affairs in order and taking steps to protect your credit, and visit www.ncdoj.gov for more information about a wide variety of consumer issues.

Thank you for serving in the armed forces. While you work to protect our nation, my office is working to protect you and all North Carolinians from frauds, scams, and illegitimate business practices.

If you have a problem that we might be able to help you solve, please don't hesitate to contact us.

Roy Cooper



Scams That Target Military Personnel and Their Families

Scam artists who prey on members of the military and their loved ones have no shame. But there are ways to avoid getting ripped off by these heartless crooks.

Never pay up-front to get a loan or a credit card

You may have seen advertisements promising easy access to loans, even if you have bad credit. These =advance fee= loan scams try to get you to pay for their help getting a loan, but once you pay, the loan never materializes. To steer clear of advance fee loan scams, watch out for loan brokers who promise or suggest that they can get a loan for you if you pay a fee first. Under North Carolina law, it's illegal for a loan broker to charge an advance fee to obtain a loan or a credit card for a consumer.

Legitimate lenders will not charge you money upfront. Typically, advance fee loan schemes claim that you must make the first and last monthly payments or pay five percent of the principal so that you won't lose the loan to others who are competing for it. Don't agree to pay anything until after the loan has closed. And steer clear of advance fee credit card offers, too. Scammers may offer credit cards with a pre-approved limit and low interest rates for an upfront fee. They'll ask for your bank account information and so they can authorize an electronic draft to pay the fee. In most cases, they simply take money from your account and you never get a credit card.

Watch out for people who try to exploit a military connection

Scammers are always looking for ways to get a potential victim to lower their guard. Some will try to gain your trust by claiming a connection to the military. Just because a business puts a military reference or term in its name doesn't mean it provides good service to military personnel. If someone seems to be using your shared military service to get you to purchase a product or make an investment, be wary. Don't let anyone exploit your patriotism or cause you to set aside your healthy skepticism about spending or investing your money.

Avoid self-serving "Financial Planners"

Deployment pay... a reenlistment bonus... retirement pay. Any event that puts cash into the hands of a service man or woman represents an opportunity for an unscrupulous investment advisor. Despite recent crackdowns on companies that target members of the military for investments that carry high fees, military personnel remain at risk. Roth IRAs and the military's Savings Deposit Program are among the safest ways to protect your hard-earned dollars.

Get insurance you need, not what someone wants to sell you

Some insurance agents try to use high-pressure tactics to maneuver military personnel into purchasing insurance they don't need. Agents are now barred from trying to sell insurance at mandatory-attendance meetings on base, and they can't use senior personnel to help them pitch their policies. But outside the gates, many insurance agents still try to convince service personnel to buy inappropriate insurance. Instead, max out your government-provided insurance. The Servicemember's Group Life Insurance (SGLI) provides outstanding insurance at a great price.

Don't Get Taken For a Ride When You Buy That Car

"It's a fact that military personnel love their cars.

Sadly, many of them end up paying far more for them than they should."

Holly Petraeus, wife of General David Petraeus
and Director of the Council of Better Business Bureaus' Military Line,
which provides consumer education for service members

In February of 2010, Undersecretary of Defense Clifford Stanley reported to the US Treasury Department that nearly three out of four military financial counselors had provided advice to service members on issues related to abusive auto financing. Pentagon officials are concerned that service members' worries about finances, which frequently include auto loans, are having a negative impact on military readiness. They also see patterns of unfair business practices that frequently target military personnel.

In one common scam, called the **Yo-Yo**, unscrupulous car dealers use trickery to try to squeeze more money out of car buyers. After the buyer signs a sales contract that includes the terms of their loan, they drive their newly purchased vehicle off of the sales lot. But a few days or weeks later, the car salesman calls the buyer back to the lot and claims that the loan financing has fallen through.

The salesman says the buyer will need to pay more cash in order to keep the car or renegotiate the loan with a less favorable interest rate. If they refuse, the buyer may find that their new car has been blocked in on the sales lot so it can't be moved. The buyer may be told that their trade-in vehicle has already been sold. Some dealers may also try to refuse to return the buyer's down payment. However, the buyer has a legal right to request that the original deal be "unwound" if the financing falls through, and that all of their money be refunded.

Another tactic involves **loading up the loan financing contract** with expensive options. These include theft deterrent systems, vehicle service contracts, extended warranties, extra insurance to cover loan payments if the vehicle is involved in an accident, and even credit life insurance and disability insurance policies for the buyer. These unnecessary items can cost buyers a lot of money over the life of their loan.

That vehicle looks great on the car dealer's lot and you know you'd look great behind the wheel. But when you go car shopping, don't be in a hurry. Make sure you're getting a fair deal, especially if you're **buying a used vehicle**. Research the car's history and get a mechanic to look it over before you sign anything. And remember, a used car is usually sold "as is." If it breaks down after you drive it off of the lot the dealer isn't responsible for fixing it.

For more tips on purchasing a new or used car, getting a car loan, or car repairs, visit www.ncdoj.gov.

For Rent(ers)

Both you and your landlord have rights and responsibilities. By law, your landlord is required to keep your unit in good and safe working order and to follow relevant state and local codes.

When you discover that something needs to be fixed, let your landlord know about the problem immediately over the telephone or in person. Your landlord doesn't have to fix the problem until you tell him about it in writing, so follow up with a written request and keep a copy for your files.

If your landlord doesn't respond in a reasonable amount of time, you may decide to pay to repair an emergency problem yourself. Be sure to keep copies of all receipts so that you can seek reimbursement from your landlord.

Don't withhold rent to convince your landlord to make repairs. Instead, try to work out a cut in your rent. For example, the landlord may allow you to pay to fix a broken refrigerator and then subtract the cost from your next month's rent. Or, the landlord may agree to reduce your rent for a month during which you could not use one room because of a leaky roof.

If the landlord fails to fix something that puts your safety at risk or violates local codes, report it to local authorities. Local building, health, fire and safety inspectors can take action to ensure compliance with the codes.

If you and your landlord aren't able to settle your disputes, file a complaint with the Consumer Protection Division. You can file it online at www.ncdoj.gov.

Additional Protections for Military Renters

North Carolina law sets a limit on the amount of rent owed by military personnel who end their leases early because of premature or involuntary discharge or due to a permanent change in duty station that requires a move of more than 50 miles.

Under the circumstances specified in the law, military personnel can break their lease by giving written notice to their landlord at least 30 days in advance of their move date. The notice must include a copy of their official military orders or a written verification signed by a commanding officer.

Military personnel are responsible for paying rent until their move date. If you have completed six to nine months of the lease and your landlord has lost money because the lease is being broken, you can be charged an additional half month's rent. If you've lived in the rental property for less than six months, you may owe an additional one month's rent.

Finally, if your monthly rent is \$1,200 or less, the federal Soldiers' and Sailors' Relief Act (SSRA) can stop your family from being evicted while you are serving active duty.

Pre-Deployment Tips

You can take steps to protect your finances and credit while you're protecting our country. Before you ship out on a military deployment, read these tips and talk with your family.

Get your financial house in order

Make sure your financial records are accurate and up-to-date. This means giving your husband or wife (who will be paying the bills for the next several months) all bank account and credit card numbers, a record of assets and outstanding debts, a list of typical expenses such as rent and utilities, and all phone numbers and addresses necessary for dealing with financial matters.

Consider granting a power of attorney

Granting a power of attorney to your spouse or another trusted family member will allow that person to handle financial matters in your absence. They'll have the legal right to sign important papers and take other actions on your behalf. Military installation legal assistance offices can help service men and women set up a power of attorney.

Power of attorney gives the person considerable authority to spend your money and take on new debt in your name. If you aren't comfortable granting that much control, the power of attorney can be limited to a specific area of your financial affairs. It can also be limited to a certain period of time. A limited power of attorney can be revoked by you at any time by filing notice with the county Register of Deeds.

Take care of taxes

Before deployment, decide how your taxes will be filed and who will file them. If your spouse will be taking on tax duty for the first time, make sure he or she has all necessary documents. The IRS also allows military personnel to file for an extension by using Form 2350.

Watch out for scams

Military spouses should be especially careful while their husband or wife is away on active duty. Beware of work-from-home scams and home repair scams. To learn more about scams, visit www.ncdoj.gov. If you think that you have been hit by a scam, contact NC Attorney General Roy Cooper's office at 1-877-5-NO-SCAM.

Guard your identity

There's another threat that you may face while serving your country—the threat of identity theft. The risk of ID theft can be higher while you're on active duty because it can be more difficult to watch over your credit. Take steps to protect your identity, like getting a free security freeze. A security freeze stops credit reporting agencies from releasing any information about you to new creditors without your approval. That can stop identity thieves from getting new credit in your name.

An Active Duty alert is another way of getting protection against ID theft while you are away from your usual duty station. To learn more about Active Duty alerts and how to get a **free** security freeze on your credit, visit www.ncdoj.gov.

Consumer Protection Issues for Military Personnel

Frequently Asked Questions

Will filing a complaint with the Consumer Protection Division of the Attorney General's Office have an effect on my military record?

No. Complaints with our office will not go up your chain of command and we will not communicate with your chain of command unless you request us to do so. No complaint needs to be filed with the military. Please keep in mind that even though the complaint may not be registered with your chain of command, it may be necessary for you to inform your chain of command about the problem you are having.

What if I have a problem with a merchant who is located on base?

All merchants must comply with North Carolina State laws, no matter where in the state they are located. If you have a dispute with a merchant and do not feel that they are doing what they should to resolve the issue, file a complaint with our department.

What if I'm stationed in North Carolina but I have an issue with a merchant or scam artist in a state where I was posted previously?

We may still be able to help. Call our office at 1-877-5-NO-SCAM toll-free within North Carolina and ask to speak to one of our Consumer Protection Specialists. They'll listen to your problem and try to determine where you should go to get the situation addressed.