



OIG Fraud Bulletin

October 6, 2022

Cash or Gift Card Phone Scam

Be aware! Phone and computer scammers may contact you and claim to be from the government. These scammers may threaten you with jail or fines if you do not send them cash or gift cards within a short period. Although anyone could be contacted about this kind of scam, scammers tend to target senior citizens.

As a result of a HUD Office of Inspector General investigation, the U.S. Department of Justice recently prosecuted a group of fraudsters who moved millions of dollars using a call center money laundering scheme. Fraudsters called victims and instructed them to send cash to “money mules” by intimidation or the promise of providing a service or product. The scheme also involved recruiting people to open fake businesses and bank accounts, and conduct money pickups at MoneyGram, Western Union, and other money services businesses. Fraudsters collected cash from money services businesses to deposit into the sham corporation’s bank accounts, all while continuing to recruit more employees to collect more money orders for deposit.

Red Flags

- **The caller asks that you pay them with gift cards.** That’s a clear sign of a scammer. Once they have the gift card number and the PIN, they have your money.
- Gift cards are for gifts, not payments.
- **The caller says they’re from the government** — maybe the Internal Revenue Service or the Social Security Administration. They say you must pay taxes or a fine. Government agencies do NOT accept gift cards for any type of payment.
- **The caller says it’s urgent.** They say you have to pay immediately or something terrible will happen. The caller wants to scare you into acting fast, so you don’t have time to think or talk to someone you trust.
- **The caller tells you which gift card to buy.** They might say to put money on an eBay, Google Play, Target, GreenDot, or iTunes gift card. They might send you to a specific store — often Walmart, Target, CVS, or Walgreens. Sometimes they tell you to buy cards at several stores, so cashiers won’t get suspicious. And, to increase the pressure, the caller might stay on the phone with you while you go to the store and buy the card(s).
- **The caller asks you for the gift card number and PIN.** The card number and PIN on the back of the card let the scammer get the money you loaded onto the card.



Remember: Government agencies will not threaten you with jail time or demand cash or gift cards. If you receive a phone call or email like this, do not agree to provide any money and do not provide the caller any personal information. It's a scam.

If someone asks you to pay them with gift cards:

- Report it to the FBI's Internet Crime Complaint Center (IC3) at Federal Trade Commission at <https://www.ic3.gov/>. IC3 can generate a report for you to show you reported the scheme. Report the incident even if you did not pay. Your report helps law enforcement stop scams.
- Report it to your state attorney general or consumer protection division; find a list for your state at <https://www.usa.gov/state-consumer>.
- If you lost money, also report it to your local law enforcement. A police report (or an IC3 report) may help when you deal with the card issuer.

If You Paid a Scammer with Gift Cards:

- Contact the company that issued the card immediately to report fraud. Keep the card(s) and any receipts.
- The issuing company may be able to place a freeze on the gift card(s).
- You may want to take steps to protect yourself and your personally identifying information, such as your social security number or other information. You can report identity theft at <https://www.identitytheft.gov/>
- Educate yourself and your family about fraud schemes—victims of one fraud scheme are often targeted again. Learn more by clicking the links to the resources below:
 - <https://www.consumerfinance.gov/consumer-tools/fraud/>
 - <https://www.investor.gov/protect-your-investments/fraud/how-avoid-fraud>
 - <https://consumer.ftc.gov/articles/how-avoid-scam>
 - <https://www.sba.gov/funding-programs/loans/covid-19-relief-options/preventing-fraud-identity-theft>
 - <https://blog.ssa.gov/slam-the-scam-how-to-spot-government-imposters/>

Report fraud schemes involving public housing or other HUD-funded government programs or benefits, by contacting the HUD OIG Hotline at 1-800-347-3735 or visit, <https://www.hudoig.gov/hotline>.

