

THE FTC AND BBB ISSUE WARNING ON NEW SCAMS TARGETING SMALL BUSINESSES

Report by Mark S. Morgan, Esq., NEFI Regulatory Counsel (mark@nefi.com)

The Federal Trade Commission (FTC) in coordination with the Better Business Bureau (BBB) has issued a warning for small-business owners to be on alert for a variety of new scams that target them specifically. The top five scams identified targeting small businesses include: bank/credit card company imposters; directory listing and advertising services; fake invoices/supplier bills; fake checks; and tech support scams.

According to the FTC and BBB, one common scam is to demand payment for merchandise that was never ordered or delivered. Often these scams are conducted over the phone by a live person or recorded robocalls and include such products as printer and copier toner, light bulbs, cleaning products and other office supplies. Other common scams targeting small businesses include:

- Imposter scams in which a third-party scammer uses deceptive tactics, such as claiming an affiliation with a government or private entity, to trick small businesses into paying for corporate materials, filings, registrations, or fees;
- Impersonating operators of a registration service for motor carriers, or falsely claiming affiliation with the U.S. Department of Transportation and other government agencies to get small-business motor carriers to pay them for federal and state motor carrier registrations;
- Impersonating IRS agents to demand payment of "back taxes";
- Unsolicited faxes or robocalls offering business loans and vacation packages;
- Sending fake invoices to small businesses, in which scammers try to coerce companies into paying for products they never received;
- Calling small businesses and other organizations demanding payment for unordered internet directory listings, search engine optimization services or website design and hosting services.

The FTC and BBB report that when scammers contact small businesses for the first time, they often claim to be calling to collect on a past-due invoice. In many cases, telemarketers threaten that if payment is not received immediately, the consumers' accounts will be turned over to "collections" or will be "red flagged" and negatively impact their credit rating. In order to get small businesses to pay immediately, telemarketers sometimes offer "discounts" on the supposedly outstanding amount or offer to "waive" additional fees and costs. If an agreement for payment of the lower amount is made, small businesses are told they must pay promptly, usually within 24 hours. In many cases, even after receiving fake invoices, consumers refuse to pay. The scammers then take additional steps to coerce them into paying, including making repeated calls demanding payment.

To download information from the FTC designed to help identify, protect against and report scams targeting small businesses, click [here](#). Scam protection resources for small-business owners are also available from the BBB by clicking [here](#).