



Consumer Issues

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The Year 2000 and Your Money

Speculative, uncertain, and anxious are three words which describe the feelings many folks have as the year 2000 nears.



When money matters are considered, those feelings may become more intense. Are those feelings warranted or could that energy be better spent on something else? According to the Federal Deposit Insurance Corporation (FDIC), the money in FDIC-insured banks and savings institutions is safe and those businesses will be functioning normally when January 2000 arrives.

Bank examiners have been visiting every FDIC-insured institution to check on their Y2K-readiness progress. Banks and other large businesses are taking every step possible to make sure that business will continue as usual in early 2000. If you don't think so, remember that folks in business are in the business to make money. Do you really think they will not take every precaution available to keep their business operating properly? Do you think they want to lose loyal customers? Good old American capitalism is alive and well. Making a profit is still the bottom line and keeping happy customers is a direct line to having a profitable business. That sounds good but if you are still a bit nervous, you will want to do anything within your control to minimize negative impact that *might* occur.

What's Inside

- ◆ The Year 2000 and Your Money
- ◆ What is Fraud?
- ◆ Report Suspicious Activity to Authorities
- ◆ Y2K Fraud Reports
- ◆ Tips on How to Avoid Fraud and Financial Swindles
- ◆ FDIC Wants to Hear From You
- ◆ FDIC and Banking Questions
- ◆ Year 2000 Investor Kit

What can you do? Perhaps a more important question is what will you do?

Suggestions being offered are sound money management practices that should be followed at any time. The Year 2000 may be the boost you need to act on those good intentions of getting your financial matters in order.

- **Keep copies of financial records.** Make sure you have proof of payment for key bills (i.e., mortgage, car) that will cause a hardship for you or your family if proof is not readily available.



- **Organize key financial records so information can be retrieved quickly if needed.** Now is the time to "take the time" to organize that shoe box of financial records.

- **Pay attention to your finances.**

Balance your checkbook monthly and check bank



transaction receipts immediately. Keep transaction slips until you have received a monthly statement with all transactions listed.

- **Get a copy of your credit report and review it for accuracy.** Call one of the major credit reporting agencies to get a copy of your report. The small fee (about \$8) may be your best purchase of the year. Credit reporting agencies: Experian (888) 397-3742; Equifax (800) 685-1111; TransUnion (800) 888-4213.

- **Resolve any discrepancies in your financial matters now.** Generally, discrepancies are easier to resolve if corrections are made soon after the error occurs.

- **Be on the lookout for Y2K scams.** Do not give personal information including bank account, credit card and Social Security numbers to anyone who **contacts** you first.

- **Keep a small amount of cash on hand in small bills.**

The amount of cash you might have for a weekend vacation trip is a general guideline.



- **Check the deposit insurance on your bank, savings, or credit union accounts.** If you have more than \$100,000 in any location, you will want to make sure you understand the insurance rules.

What is Fraud?

Fraud is a purposeful deception practiced in order to get an unfair or unlawful advantage where a seller intentionally misleads the buyer. Fraud occurs when a knowing deception causes a consumer to enter into a transaction and by doing so, suffers a financial loss.

Report Suspicious Activity to Authorities

If you are approached by anyone who has a deal too good to be true, take action by alerting authorities. You could prevent some unsuspecting consumer from losing money in a fraudulent scheme. Get as much identifying information (i.e., name, mailing address, telephone number) as you can from the

con artist before telling them you are not interested in what they are selling.

When a number of complaints or reports are received from a given area, authorities are likely to take enforcement action and issue consumer alerts by the media to warn others.



Report suspicious activity immediately by contacting:

- 1) Your local police
- 2) Pennsylvania Attorney General's Office
Consumer Protection Hotline
1-800-441-2555
(10:00 a.m. - 3:00 p.m., Mon. - Fri.)
- 3) National Fraud Information Center
1-800-876-7060
www.fraud.org

Y2K Fraud Reports

Gene Seitz, a FDIC fraud specialist, says that to date, the FDIC has not received many reports of Y2K-related financial schemes. However, to be effective, he said, con artists will likely wait until the last months of 1999 to capitalize on consumers' fear or ignorance.

The National Fraud Information Center (a project of the National Consumers League) warns about two possible Y2K scams. First, someone claiming to be a bank representative asks for your bank account number and authorization to transfer funds to a special account that is Y2K ready. In the other scam, you are asked for your credit card numbers so you can be sent a Y2K sticker to affix to the cards.

Stay alert and guard your financial information!

Tips on How to Avoid Fraud and Financial Swindles

- Ask lots of questions and listen carefully to make certain questions are answered to your satisfaction.
- Never make an investment or major financial change based on an unsolicited telephone call.
- If an unsolicited caller seems able to predict the future, hang up; it's likely to be a scam.
- Be wary of hot tips, especially from folks you know.
- Get oral promises in writing.
- Verify the history of the firm selling the product or service
- Turn down money requests when high-pressure statements like "Tomorrow will be too late" or "Act now because there will soon be a long waiting list of others who want to take advantage of this golden opportunity" are used.
- When hounded or pressured by a phone solicitor, don't be afraid to hang up without an explanation. You do not owe the caller anything.



- When in doubt, make no promises or commitments, no matter how tentative. It is far better to wait and lose an opportunity than to take the plunge and lose everything.
- Before making a commitment, get a professional opinion from your attorney, stockbroker, accountant, or other reliable professional.

Adapted from:

Investor Alert! How to Protect Your Money from Schemes, Scams, and Fraud. (1988) The Council of Better Business Bureaus, Inc. and the North American Securities Administrators Association.

Ripoffs and Frauds: How to Avoid and How to Get Away. (1996) E. Tom Garman. Dame Publications. Houston, TX.

FDIC Wants to Hear from You

The FDIC (Federal Deposit Insurance Corporation) invites you to send in questions and comments about the Year 2000.

Write to: Jay Rosenstein, Editor
FDIC Consumer News
550 17th Street, NW,
Washington, D.C. 20429
jrostein@fdic.gov
Fax: 202-898-3870

Please include your name, address, and phone number in case you need to be contacted for clarification.

FDIC
insured



FDIC and Banking Questions

If you want a quick response to a banking question related to the Year 2000, call the FDIC's (Federal Deposit Insurance Corporation) toll-free consumer assistance line at (877) FDIC-Y2K or (877) 334-2925.

Information specialists will answer calls from 9:00 a.m. to 5:00 p.m. EST, Monday - Friday. Recorded messages are available 24 hours a day.

Year 2000 Investor Kit

The "Year 2000 Investor Kit" provides a list of tips to help investors prepare for the Year 2000. Investors are advised to:

- Keep good records (an idea that makes good sense at any time).
- Stay informed about what their financial service providers are doing to become Y2K ready.
- Obtain any Year 2000 literature provided by broker/dealers, mutual funds, investment advisers, or public companies they hold stock in.
- Invest for the long term and avoid changing their trading habits.
- Not worry about obtaining stock certificates.
- Check the Y2K readiness of personal computers.

This kit is a cooperative venture between The President's Council on the Year 2000 Conversion, the Securities and Exchange Commission (SEC), the National Association of Securities Dealers (NASD), and the Securities Industry Association (SIA). The complete "Year 2000 Investor Kit" is available to the public through the NASD Web site: www.nasd.com. Printed copies will be available in early July by calling 1-888-227-1330 or sending an e-mail to y2k@nasd.com.

Investors can check on the Y2K preparedness of broker-dealers, mutual funds, and investment advisers on the SEC Web site at: www.sec.gov.

Securities and Exchange Commission (SEC)
Office of Investor Education and Assistance
800-SEC-0330
www.sec.gov

Securities Industry Association (SIA)
212-608-1500
www.sia.com
e-mail: info@sia.com

National Association of Securities Dealers, Inc. (NASD)
Year 2000 Program
888-227-1330
www.nasd.com
www.nasdr.com
e-mail: y2k@nasd.com

The value of a dollar will never drop as low as some folks will stoop to get it.

Unknown

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