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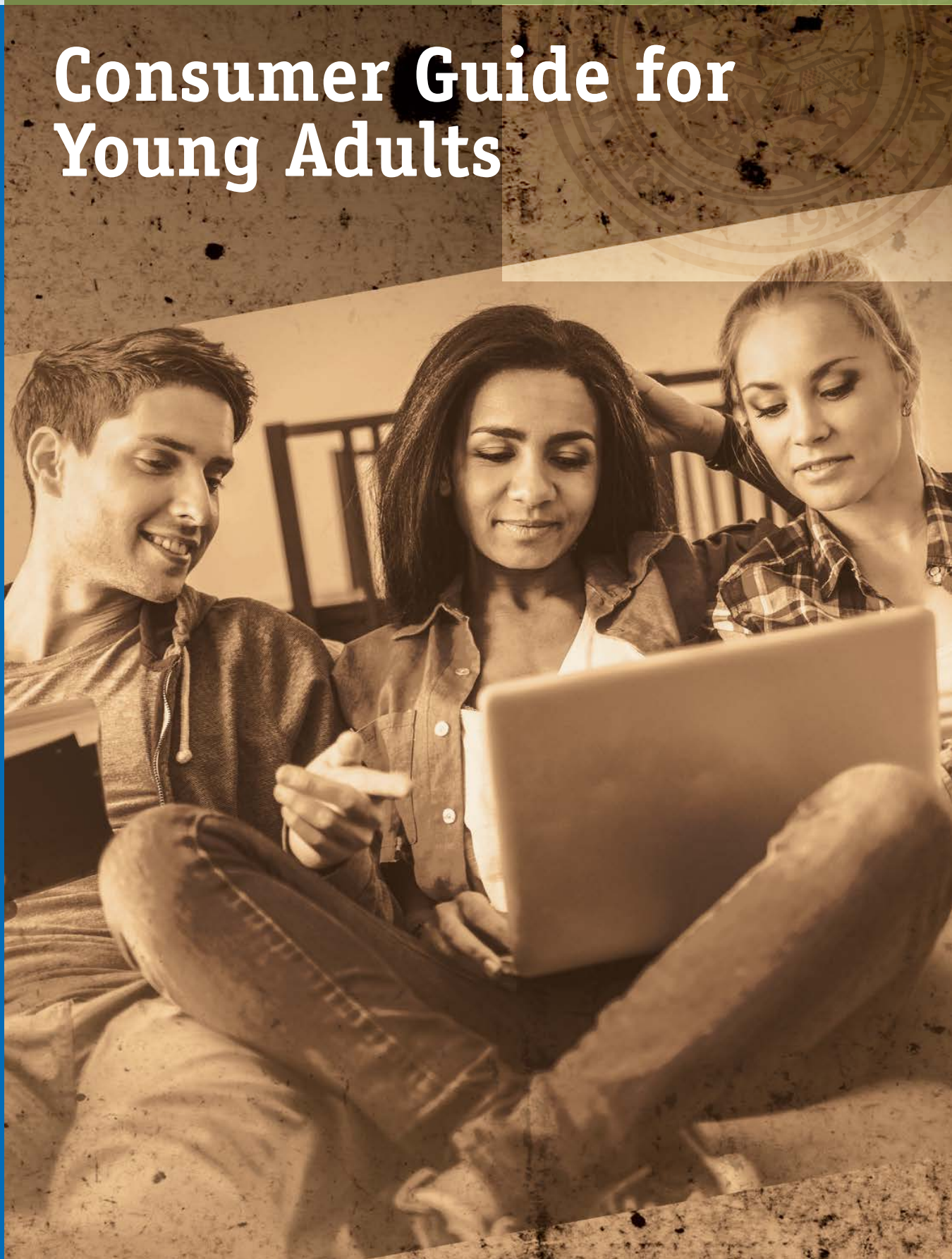
Consumer Guide for Young Adults



Message from the Attorney General

Becoming a young adult when you turn 18 is a memorable milestone in anyone's life. But with that change comes great responsibility. Unfortunately, you are no less vulnerable to predatory practices that target your finances, your identity, and your personal safety than anyone else. You need to be well-informed and prepared in order to protect yourself.

This booklet contains a wealth of information about credit pitfalls, car loans, rental agreements, identity theft, contracts, scholarship scams and much more. It will help you make informed financial decisions, and make it less likely that you will become a victim.

Sincerely,

Mark Brnovich
Arizona Attorney General

Get updates on new and common scams to avoid becoming a victim of consumer fraud. Information and tips are updated regularly at www.azag.gov. You can also sign up with the FTC to receive Scam Alerts at www.ftc.gov.

- If it sounds too good to be true, it probably is.
- Check your credit report for errors or to see if someone has stolen your identity once a year for free at www.annualcreditreport.com.
- Protect your personal identifying information. Never give out your financial information, driver's license number or Social Security number through email.
- At age 18, contracts you sign are binding.
- Always read the fine print and don't sign anything you don't understand.
- Don't be pressured into making quick decisions on purchases or investments.
- Get all claims, warranties and promises in writing.
- Keep your receipts.
- Know your rights as a consumer and where to get help if you have a problem.
- If you feel you need an attorney, the following organizations provide attorney referrals for people of varying income levels. Attorneys should explain clearly and upfront all fees as well as when you are expected to pay.

Arizona State Bar
602.252.4804
Toll Free: 866.482.9227
www.azbar.org

Community Legal Services
Phoenix: 602.258.3434
Toll Free: 800.852.9075
www.clsaz.org

AZLawHelp.org
866.637.5341
www.azlawhelp.org

The Volunteer Lawyers Program;
A program of Southern Arizona Legal Aid
Tucson: 520.623.9461
Toll Free: 800.248.6789
www.vlparizona.org

If you have questions or need assistance, contact the Attorney General's Community Services Program:

Arizona Attorney General's Office
1275 West Washington Street
Phoenix, Arizona 85007
602.542.2123 (Phoenix)
520.628.6504 (Tucson)
1.800.352.8431 (outside Maricopa County)
communityservices@azag.gov
consumerinfo@azag.gov

The information contained in this Guide is for educational use only and does not substitute for the advice of an attorney licensed to practice law in Arizona. Additionally, the Attorney General's Office cannot represent individual consumers. However, our consumer experts look into every complaint and work with businesses to resolve disputes. Complaints that are not resolved by businesses voluntarily are reviewed by our Office for further action.

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Filing a Consumer Complaint

Imagine spending most of your hard-earned money on a product or service you're anxious to have and one week later finding out it is defective or even worthless. What would you do?

Step 1: Contact the Business Immediately

- Complaining sooner is better than later. This increases your chance for a satisfactory settlement. If you postpone complaining, the company may not be responsible for solving your problem.
- Contact the store where you purchased the product or service by phone and explain your problem. Make sure relevant information is on hand, including a description of the item, model and/or serial number, account number, receipt, billing statement or canceled check. Explain how you want the merchant to respond (exchange, refund, etc.).
- If phone contact is unsuccessful, go to the merchant in person and ask to speak to a manager or supervisor. Keep records of the individuals you talk to, the date(s) you talk to them and what is said.
- If these first two attempts fail, it is time to put your complaint in writing. Complaint letters to the merchant or the manufacturer are important because a business may ignore a complaint if it's not in writing. Sometimes the person who has the authority to solve the problem may not be aware of your complaint. A letter will bring it to their attention.

What to Include in a Complaint Letter

- Your name, address, email address and home and work phone numbers, including when you can be reached.
- The business address, telephone number and names of the people at the business you have complained to.
- Your account number, if applicable.
- The make, model, and serial number of the product.
- A brief explanation of the problem and any important details.
- A description of what you have done to resolve the problem.
- How you would like the problem resolved.
- Copies of all related documents (keep the originals for future reference).
- If you are complaining about a service, include a description of the service and the name of the person who performed it.

Filing a Consumer Complaint (continued)

Consumer fraud is any deception, false statement, false pretense, false promise or misrepresentation made by a seller or advertiser of merchandise. Concealment, suppression or failure to disclose a material fact may also be considered consumer fraud.

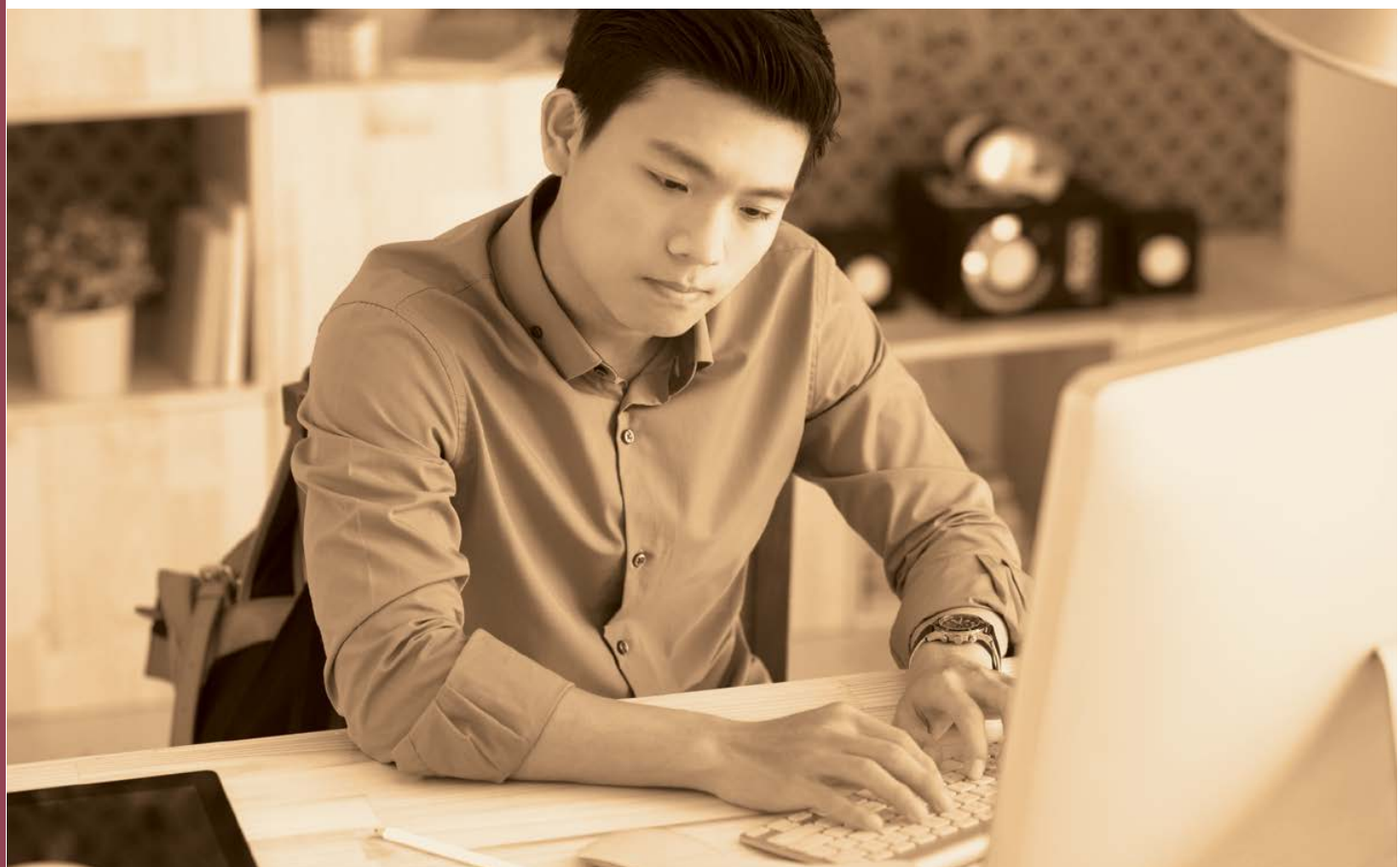
Step 2: File a Complaint with the Attorney General's Office

- If the manufacturer or business does not cooperate and you feel you are a victim of consumer fraud, you may want to file a complaint with the Attorney General's Office.

To file a complaint, please take the following steps:

- Step 1: Contact the Attorney General's Office as soon as possible.
- Step 2: Follow the instructions for filling out a complaint form. All complaints must be in writing, and online submission meets this requirement. Online complaints can be filled out by going to www.azag.gov.
- Step 3: Send us copies (keep your originals) of any documentation to support your complaint, including contracts, phone records and the names and addresses of persons involved.

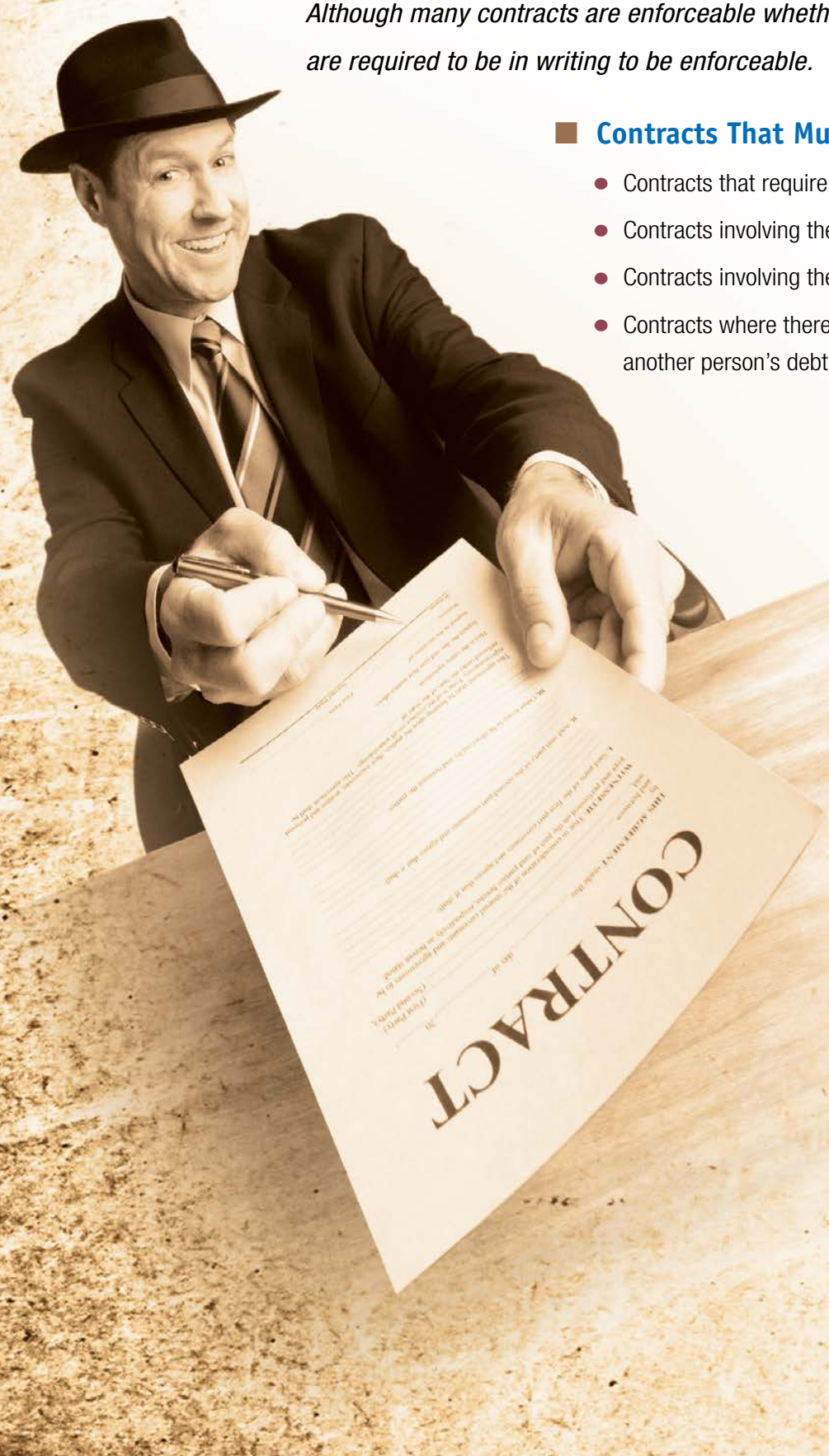
If you would like help filling out your complaint or would like to speak with someone in person about your problem, go to one of the Attorney General's Satellite Offices around Arizona. Locations and hours are posted online at www.azag.gov.



Contracts

A contract is an agreement between two or more people that sets obligations that each person promises to carry out. Not all contracts must be in writing, but having them in writing helps to avoid miscommunication and protects you from dishonest people or businesses.

Although many contracts are enforceable whether written or oral, some contracts are required to be in writing to be enforceable.



Contracts That Must be in Writing

- Contracts that require more than a year to complete;
- Contracts involving the sale of real estate;
- Contracts involving the sale of goods over $500;
- Contracts where there is a promise to be responsible for another person's debt, often referred to as co-signing

Contracts (continued)

What to Consider Before Signing a Contract

- A signed contract implies that you have read, understood, and agreed to all of the document's contents.
- Make sure all oral promises are written into the contract.
- Do not sign a contract under pressure.
- Do not sign a contract with any blank fields. If sections of the contract do not pertain to your transaction, cross them out. If you make hand written changes, be sure both parties initial them.
- You have the right to negotiate over specific terms or not sign the contract at all.
- You might want to take the contract to a relative, friend or attorney for help reviewing and understanding the terms.
- Don't sign a contract unless all of your questions have been answered and you feel comfortable with the contract.

What if the other party does not fulfill its obligations imposed by the contract?

- You may have a claim for breach of contract and, if so, you may be able to go to court and ask for relief. You may also be able to resolve the dispute through mediation or arbitration.

You may be able to cancel the contract after you have signed it if:

- You signed the contract as a result of fraud, misrepresentation, or misleading business practices;
- The goods that you purchased under the contract are defective and the seller does not repair them;
- You were not legally competent to sign the contract. "Legally competent," generally, means that you are over 18 years old and were not under a guardianship or mentally impaired (by illness or intoxication) at the time the contract was made.

Credit

Credit is a way of buying goods and services now and paying for them in the future.

Credit is not free money.

Credit Reports and Scores

- Every time you use or apply for credit or make a bill or loan payment, it impacts your credit history and credit score.
- Paying your bills on time can improve your credit score.
- Your cumulative history of credit applications and payments make up your credit history.
- Three companies, or "credit reporting agencies," collect your credit information. Contact information for all three is listed below.
- A good credit score can help you qualify for future credit offers—such as an auto loan or mortgage—at a lower interest rate. A bad credit score can make such offers more difficult or expensive to obtain.

Free Annual Credit Report

- Be sure to request a copy of your credit report at least once a year to check for possible errors.
- You have the right to one free credit report per year from each of the three credit reporting agencies. You can request these at www.annualcreditreport.com.

The Three National Credit Reporting Agencies

- **Equifax**, www.equifax.com, 800.685.1111
- **Experian**, www.experian.com, 888.397.3742
- **TransUnion**, www.transunion.com, 800.888.4213

Credit Report Errors and Disputes

- If you believe information in your credit report to be inaccurate, you have a right to file a dispute with the reporting agency and the company that gave them the inaccurate information.
- For more information on settling a dispute, go to www.ftc.gov.

Student Loans

Making a financial investment in your education is a smart decision that will pay great dividends over the course of your lifetime. However, paying for college and graduate school is a complex and sometimes confusing process. It is likely the largest financial commitment you will make until you purchase your first home. Students should talk with their families about what they are each able and willing to contribute and the scholarship options available to them in order to select the payment methods that best meet their family's individual needs and goals.

Make sure you do your homework, and compare different programs to make the best overall choice. Consider tuition, job placement rates, and industry salaries, all of which vary by institution.

Financial Aid Packages

Once you apply for financial aid, your school likely will suggest an aid package made up of multiple funding sources, including:

- **Grants:** Financial contributions made by your school that you do NOT have to repay.
- **Work Study:** On-campus employment opportunities, the earnings from which are contributed toward your tuition.
- **Federal Student Loans:** Federal government loans for education characterized by low interest rates and flexible repayment plans. Usually, these are the first types of loans taken out by families to pay for education. Of the three types of federal loans, two, Stafford and Perkins loans, are available for students, and one, the PLUS loan, is available for parents. Each type of federal loan has different payment options and benefits, so it is important to understand what is available in each type of federal loan.
- **Private Student Loans:** Loans offered to students and parents by private financial institutions. Because these loans often have higher interest rates and fees, most families use private loans to make up the difference when other funding sources do not cover the full cost of tuition and living expenses. Students should not obtain private loans until they have exhausted the federal student loans available for each school year.

- Other common funding sources considered in financial aid packages are a financial contribution by your parents, contribution of your own money and any outside scholarships you have won *(tips on finding scholarships and avoiding scholarship scams are included in the "Avoiding Frauds and Scams" section of this Guide)*.
- A great deal of information on the financial aid options available to students can be found online. Sites like **www.finaid.org** and **www.estudentloan.com** allow you to look up side-by-side loan comparisons based on your specific needs.

Factors to Consider when Selecting Private Loans

- **Make sure you understand and can afford your loan's interest rate now and in the future.** Know whether it is a fixed or variable rate loan. Many companies advertise "as low as" rates that few people actually receive or as part of variable rate loans that can increase over time.
- **Identify the payment plan that works best for you.** Some types of student loans allow students to defer paying principal and/or interest until after they graduate, and some loans don't start accruing interest until you graduate. Still others allow you to adjust the length of time you take to pay off your loans or have penalties or incentives for prepayment. All of these options have implications for how much you will pay. You should make sure you clearly understand what is best for you.
- **Ask about all potential upfront and late payment fees, as well as any bonuses associated with on-time payments.** It is possible that your loan or the entire financial institution may be sold to another company while you are in the middle of payments. You should ask how a potential sale would impact these fees and bonuses.
- **Don't assume that one of your school's preferred lenders is the right one for you.** The loan that is best for you is based on your family's specific circumstances. You have the right to select any lender you want, even if the lender is not included on your school's preferred lender list. Shop around!

Auto Title Loans

Auto Title Loans are loans secured by your personal vehicle, typically at a high interest rate. If you are unable to repay an auto title loan, the lender can take possession of your vehicle and sell it to pay off what you owe.

Some auto title lenders target college students, military personnel and other young consumers who are unfamiliar with their lending options. It is easy for young people to become trapped in a cycle of debt that is difficult to overcome and can do lasting damage to their credit. Think seriously about the possible consequences of losing access to your vehicle, such as difficulty getting to work or school, or caring for yourself and your family.

Facts About Auto Title Loans

- Lenders' rates are capped by Arizona law, based on the amount of the loan. Maximum annual percentage rates range from 120% for loans over $5000, to 204% for loans of $500 or less, not including fees.
- Late fees are also capped by Arizona law. Lenders can charge late fees up to 5% of the amount of a payment made more than 10 days after the due date.
- For example: A $500 loan could cost up to $85 in interest for one month. If you were unable to pay the loan off on-time after one month, the total, including the principal, the interest, and the late fee would be $614.25; if you "rolled over" the loan, the interest for the second month could be as high as $92.13, and it could cost you $706.38 to pay off the loan. Even if your payments are all on time, a $500 loan can cost $1023.16 to pay off in just 5 months. A loan for $2000 can carry an interest rate of up to 180%, meaning that in one month you would pay $300 over and above the loan, and in one year you would pay $3600 over and above the loan.

Protecting Yourself From the Consequences of Auto Title Loans

- Under the Truth in Lending Act, you are entitled to know the cost of any type of credit applied for and to receive the information in writing, including the Annual Percentage Rate (APR) and the dollar amount of finance charges. Read this material carefully ***before*** you enter into the loan.
- Look to alternative sources for loans that do not carry such high interest rates or fees, such as credit unions, community-based organizations, your employer, family, friends or a cash advance on your credit card. If you can get by without the vehicle, consider selling it instead of using it to secure an auto title loan.
- If you face losing your vehicle or are having difficulty meeting the terms of your loan, try to work with the lender. Also, start planning early to meet your transportation needs. Don't get caught unprepared and lose your job, too.

Landlord-Tenant Agreements

A property lease is a written or oral legal agreement between landlord and tenant that sets the amount of rent to be paid and the length of time the apartment or property may be rented. A written lease also states the rights and duties of both parties. As a tenant, it is important to know your rights and responsibilities as well as those of your landlord.

A free copy of the Residential Landlord-Tenant Act is available on the Arizona Department of Housing Web site at https://housing.az.gov.

Discrimination and Fair Housing

- Landlords can use a screening process to choose tenants, using criteria such as credit history, criminal record and references from employers and prior landlords. However, it is illegal to screen prospective tenants based on race, religion, gender, ethnic background, mental or physical disability, familial status or age.
- If you feel you have been the victim of discrimination by your landlord, please contact the Attorney General's Office Civil Rights Division at 602.542.5263 (Phoenix), 520.628.6500 (Tucson) or www.azag.gov.

Security Deposits

- By law, a landlord may not ask for a deposit greater than one and one-half month's rent.
- Take time-stamped photos of the property when you move in to document the condition of the building. Make a detailed list of any preexisting damage and have it signed by the landlord.
- Ask your landlord for a signed receipt when you pay your security deposit and each time you pay your rent.

Roommates

- Some leases will require all your roommates' names on the lease in order for them to live there.
- Signing an agreement with your roommate may help resolve problems if the roommate doesn't pay his or her share of the rent or other costs you agreed to share.
- If your roommate moves out, you are still responsible for the rent and bills in your name. If you signed a contract with your roommate stating what portion of the rent each person would pay, then you can file a claim in small claims court against your roommate for any disputed amounts.

Renter's Insurance

- Renter's insurance is a policy that covers your personal belongings. It is relatively inexpensive and is a good idea, since most landlords' insurance policies only cover the building and its fixtures, not a tenant's personal belongings. Additionally, most landlords' insurance will not cover a tenant whose actions or inactions (as opposed to the landlord's) cause harm to persons visiting the property. You must obtain your own liability coverage for this purpose.

Landlord-Tenant Agreements (continued)

If a Problem Arises

- Document all conversations in writing.
- Take photos of any damage that occurs as a result of flaws in the property (i.e., a pipe bursting) as soon as possible.
- Use certified mail to notify your landlord if you wish to cancel or change your lease agreement.

Repairs and Upkeep

- The landlord is generally responsible for keeping your place safe and livable. This includes, but is not limited to, providing running water and keeping utilities (electrical items, plumbing, heating, ventilation, etc.) in good working order.
- You must notify the landlord in writing if repairs are required.
- You may use the landlord's failure to repair a reported problem as grounds to cancel the lease. In some cases, you may make critical repairs and withhold rent to cover the cost.

Tenant Duties

- It's up to you to keep your place clean, as well as to use the plumbing and fixtures properly.
- Before making remodeling efforts like painting or changing light fixtures, get written permission from the landlord.
- Do not do anything illegal while on the premises, including throwing parties where drug use or underage drinking occur.

Important Information

- Generally, landlords cannot raise rents during the term of the lease unless you are on a "month-by-month" agreement.
- Landlords have the right to "peaceably" enter your apartment; however, they must give you 24-hour written notice and enter at a reasonable time with a reasonable purpose, unless you have requested the landlord do a specific task.
- If you want to leave before your lease expires, you must notify your landlord in advance by certified mail. Talk about your options with your landlord. The landlord must make an effort to rent out the apartment to another person, but you may be stuck paying the rent for the rest of the lease term if the landlord cannot rent out the apartment after you leave.
- If you feel that terms of your lease are not being met, you can write your landlord a letter specifying your complaint(s).
- Your landlord cannot evict you because of complaints you have made; this is called a "retaliatory eviction" and is unlawful.

State law requires that all vehicles have current registration and insurance. Operating a vehicle without current registration, insurance and a valid driver's license can result in tickets, fines and even loss of vehicle.

Advertisements

- Be skeptical of "great deals" in car advertisements and read the fine print.
- Sometimes the advertised deal only applies to a few vehicles or is available only under certain conditions (e.g., a credit score over 750).
- Beware of advertised minimum trade-in amounts or "free" gifts with a new car purchase. Dealers may raise the price of the car to offset a low value trade-in or the cost of the gift.

Do Your Homework

- Know what make and models you are interested in and what they should cost before you visit the dealership. Find out the dealer's cost from a reputable online authority. You can look up this information on Web sites such as www.edmunds.com and www.kbb.com.
- Know the value of any auto you plan to trade in, as well as what is owed on it. If it's worth less than what you owe, the dealer may try to add that difference to your cost.
- Check on the dealer's reputation for honesty and service with the Better Business Bureau, at www.bbb.org.
- It is usually cheaper to finance with a bank or credit union than a dealer; arrange for financing before going car shopping.

Negotiating the Deal

- Make buying your new car, selling your old car and financing your new car three separate transactions.
- Understand that the Manufacturer's Suggested Retail Price (MSRP) is just the sticker price and not necessarily a fair price for the car.
- Even the dealer invoice price may be higher than the dealer's actual cost.
- Be prepared to walk away. Going "out the door" is your ultimate weapon.
- Ask for the dealer's best price up front and keep asking for it throughout your negotiations.
- Be sure the price quote includes everything, except for sales tax, registration and title fees.
- Keep track of the details of the deal. Take a notebook, calculator, pen and tape recorder to make it easier.
- Don't fall for the "What do you want your monthly payment to be?" trap. You may end up paying more in the long run.

- Take someone with you; two people are less likely to miss something.
- Do not assume salespeople are your friends. Most are paid on a commission basis, so the more you spend, the more they make.
- Remember, everything is negotiable – no matter what the salesperson says.

Closing the Deal

- Make sure all promises made by the salesperson or dealership are in writing. Review all documents and understand all terms before signing.
- If a contract has terms different from what the salesperson promised, do not sign the contract unless you accept the new terms.
- Do not allow anyone to put false information on any forms. The false information could be held against you.
- Do not sign any forms that have blank spaces. Draw a line through any blanks on documents you sign.
- Never take home a new or used car before financing is approved. This practice is called "spot delivery" and is designed to lock you into a purchase. If your financing is not approved, you could lose your down payment.
- When financing through a dealer, always negotiate the car price first. Once the price is settled, then negotiate the monthly payment amount. Otherwise, you may end up with a reasonable monthly payment, but with a longer term and/or a higher interest rate (i.e., your car will cost more).
- Never buy life or disability insurance from a dealer without comparison shopping with an insurance agent.
- Always ask the dealer if the interest rate being offered on dealer financing is the lowest rate they can offer and whether it includes a profit for the dealer.
- There is no three-day right to cancel the purchase of new or used cars in Arizona.

Service Contracts

- Dealers often try to sell you service contracts, sometimes called extended warranties, in the final stages of buying a car.
- Service contracts provide for the repair of certain parts or problems. These contracts are offered by manufacturers, dealers or independent insurance companies. Extended warranties are often the most highly marked-up item in a car purchase.
- Service contracts may be a good idea, if you intend to keep your car longer than the warranty period, if the car you're buying does not have a very good reliability record or if you just want additional peace of mind.

- Be careful when service contracts are not offered by the manufacturer. You need to know that the company is financially able to stand behind its promises.
- Be sure you understand the full cost of the contract, not just your additional monthly payment. Then decide if it is worth buying.

Tips on Purchasing Used Cars

- Obtain a vehicle history report on a used car before you purchase. The report gives you information on the used vehicle's title, registration, odometer, major damage and recall history. Several online services are available and dealers usually provide this service for free.
- Have a trusted mechanic inspect the used vehicle before you buy. This may cost around $100 or more but could save you money in the long run. Almost all used cars in Arizona are sold "as is." That means that no matter what a salesperson may tell you, the dealer doesn't have to fix the car if it breaks, unless:
  - Your contract specifically includes this promise; or
  - The problem falls within Arizona's Used Car Lemon Law (see below).

Arizona's Lemon Law

- **New Car:** The Arizona Lemon Law (A.R.S. § 44-1261 *et seq.*) has a number of specific protections. Consumers should consult the law or an attorney if their new car does not operate in a reasonable manner. Here are the basics:
- The period covered by the Lemon Law is the same as the term of the manufacturer's warranty or two years or 24,000 miles, whichever is earlier. The covered period begins on the date the consumer receives the vehicle.
- During the covered period, if the manufacturer fails to repair the defect(s) after four attempts, or if the car is out of service by reason of repair for a cumulative total of 30 or more calendar days, the manufacturer must accept return of the car or replace it with a new car (contact your dealer).
- **Used Car:** A used car is covered by the Arizona Used Car Lemon Law (A.R.S. § 44-1267) if a major component breaks within 15 days or 500 miles after the car was purchased, whichever comes first. If it breaks, you'll still be responsible for a small amount of the repair cost. The recovery for the consumer is limited to the purchase amount paid for the car.

Cars (continued)

Car Repairs

At some point, your car will need repairs. Knowing how your car operates and familiarizing yourself with the owner's manual will help you spot problems. It is best to find a trusted mechanic and auto repair shop before your car needs repairs. This will help you avoid making a last-minute or unnecessarily expensive decision.

How to Protect Yourself

- Ask for car repair recommendations from people you trust. Check with the Better Business Bureau to see if there are any complaints against the repair shop.
- If your car is under warranty, make sure that the repair shop is authorized to provide service for your car's make and model. Work by an unauthorized repair shop could void the warranty.
- The repair shop may recommend additional repairs. If you are uncertain whether the work needs to be done, get a second opinion.
- Get written quotes from several shops before a major repair is done.
- Get a written, signed estimate first. The estimate should identify the problem to be repaired, the parts needed and the anticipated labor charge.
- There is no such thing as a "standard warranty" on repairs. Make sure you understand what is covered under your warranty and get it in writing.

Credit Cards

Credit cards should be used for convenience, safety and to provide income flexibility to help manage short-term money problems. Using your credit card responsibly—including paying off the balance on time every month—helps build a good credit history.

Interest Rates

- If you use your credit card properly, you will pay off the total you charged each month. If you do not pay off the balance owed, you will have to pay interest.
- The Annual Percentage Rate (APR) or "interest rate" is the amount you pay for borrowing money on an annual basis. In other words, it's the cost of maintaining a balance and not paying off your credit card in full every month.
- When the interest rate is applied to your balance, you can see how much it costs every month to carry your balance. This figure is known as the finance charge. Most cards have a variable interest rate that changes depending on the economy.
- It is your responsibility to make sure you know the interest rate on your credit card and when and if that rate can change.
- A low rate advertised on a credit card is often only an "introductory rate." It may be designed to increase dramatically after the first few months or if you make even one late payment.

Minimum Payments

- When paying only the minimum payment on your monthly credit card bill, it can take months or years to pay off the balance.
- If you charge $1,000 at 18.5% interest and pay only the minimum payment each month, it will take 11 years and cost you $987 in interest to pay back the $1,000!

Fees and Grace Periods

- The "grace period" is the time between when you buy something and when your credit card company starts charging you interest on your balance. Not all credit cards have a grace period. This means interest may start accumulating at the time of purchase, as with cash advances.
- Some credit card companies charge an annual fee. A card with no annual fee may be accompanied by a high interest rate.
- When using a credit card to get a cash advance, the credit card company may charge you a fee or apply a higher interest rate to the amount of cash loaned.

Tips for Avoiding Excessive Credit Card Debt

- Remember the differences between wants and needs.
- Pay close attention to your spending habits.
- Don't spend more than you can pay off at the end of the month.
- Commit to paying off your card every month.
- Keep in mind that late payments, or exceeding your credit limit, can result in fees and interest rate increases.

Credit Cards (continued)

What to Do if Your Credit, ATM or Debit Card is Lost or Stolen

- Call your card issuer as soon as possible and report the loss or theft. Follow this with a letter that includes your account number, date you noticed the card was missing and when you first reported it missing.
- You are not liable for any unauthorized charges on your card made after you report it missing.
- For unauthorized charges made before you report the card missing, you may owe up to $50.
- If you do not report the loss of your card within two business days, you may be responsible for up to $500 of unauthorized charges.
- If you fail to report it within 60 days, you could have unlimited loss from unauthorized charges.

Top 10 Credit Card Tips

1. Be aware of promotional or introductory rates. Many cards start out with low rates but eventually move up to higher rates. Make sure you know when the higher rate begins.
2. Be aware of companies offering free gifts in return for filling out a credit card offer.
3. Always read the fine print.
4. Hold on to your receipts and other documents specifying the conditions of your purchases. This will help you resolve any disputes if they arise.
5. Never lend your card to anyone.
6. Never give your card number over the phone or Internet unless you initiated the communication and you are dealing with a reputable company.
7. Reputable companies will never send you an email asking for your card information.
8. Sign your credit card with a pen as soon as you receive it.
9. If you used your credit card and you are not satisfied with the goods or services, you can also dispute this with your credit card company. Check the terms of your credit card company on how to dispute the charges and follow the procedures provided to you.
10. Always carefully review your bills to make sure there are no unauthorized charges.

Cell Phones

It is important that you understand what services come with your cell phone plan, what they cost, if they use airtime (talking) minutes or if there are additional options you must pay more for.

Ask Yourself

- What will I use the cell phone for?
- Where will I be using it?
- What options and extra features do I actually need?
- Who am I going to be calling?
- When will I be using it?
- How long will I talk?

Common Pitfalls for Cell Phone Users

- Roaming: You are billed expensive charges for using your cell phone outside the area where your carrier's network reaches. Find a plan that covers the area where you will be making your calls.
- Exceeding minutes: Most plans give you a certain number of minutes each month and exceeding these minutes will be costly.
- "Peak" and "off-peak" minutes: Most plans give you a certain amount of "peak" minutes (daytime) and "off-peak" minutes (nights and weekends). Plans typically come with more "off-peak" minutes than "peak" minutes.
- Text messaging: There are usually several plan options for text messaging. You can usually either pay for each message individually or pay a flat monthly rate for a set number of messages.
- Long-distance: Even though there may be no additional charges for long-distance calls on your plan, they still use airtime minutes.
- If you terminate your contract early, you will probably be charged a large fee.
- Examine data plans closely. Data, and related fees, can add up quickly. Reduce your data needs by disabling email and app notifications and automatic updates, and by using WiFi for downloading large files or streaming.
- Make sure you clearly understand the coverage offered and fees associated with insurance purchased for your phone.

- If you lose your phone or if you think it has been stolen, notify your cell phone company immediately and ask them to turn your phone off. For more information about cell phones, consumer rights and safety concerns, go to www.fcc.gov.

For help resolving a cell phone-related dispute, see the Federal Communications Commission (FCC) Web site at www.fcc.gov.

Identity Theft

Identity theft is when someone fraudulently uses your personal identifying information to obtain credit, take out a loan, open accounts, get identification or do numerous other things that involve pretending to be you.

Identity theft is a very serious crime that can cause severe damage to your financial well-being if not taken care of promptly. People can spend months and thousands of dollars repairing the damage to their credit history and name by an identity thief. Even scarier, some cases of identity theft are connected to more serious crimes that may lead law enforcement to suspect you of a crime you did not commit.

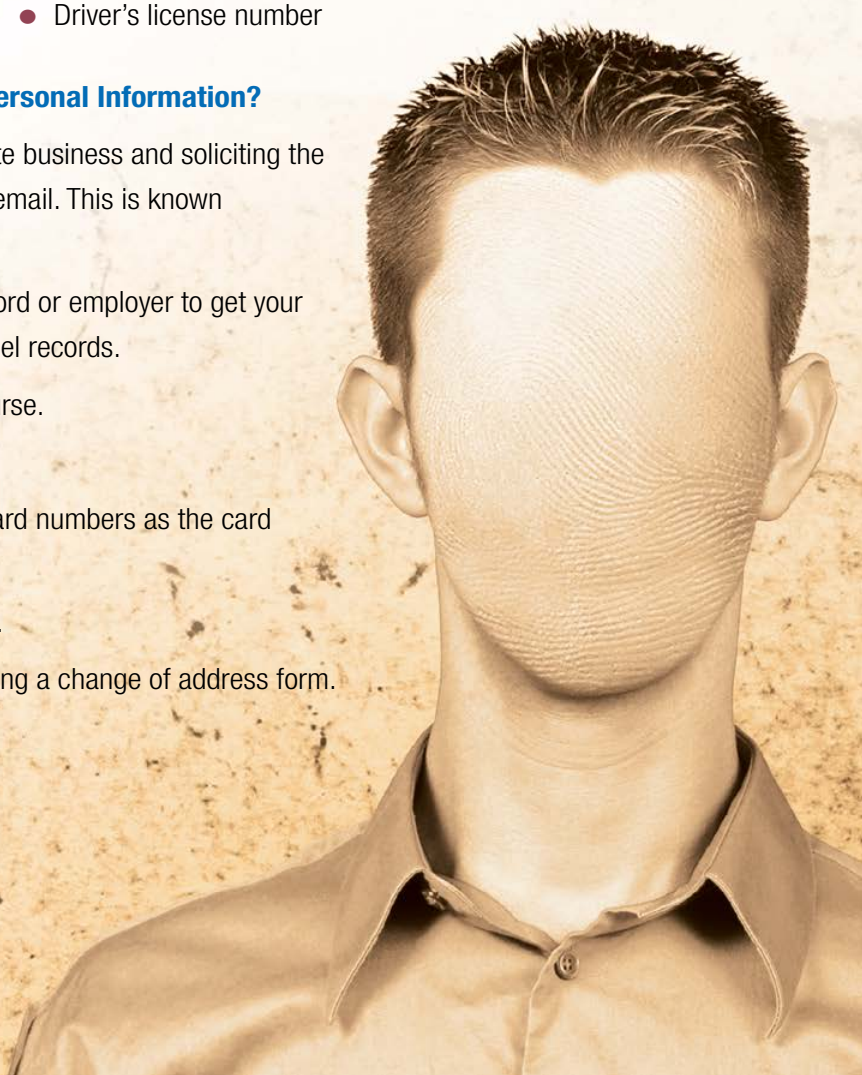
If you believe that you are a victim of identity theft, contact the Arizona Attorney General's Office at 602.542.2123 or visit www.identitytheft.gov for information on what steps to take.

What is Personal Identifying Information?

- Name
- Address
- Date of birth
- Passwords
- PIN numbers
- Account numbers
- Telephone numbers
- E-mail address
- Screen name
- Social Security number
- Driver's license number

How Do They Get Your Personal Information?

- Impersonating a legitimate business and soliciting the information by phone or email. This is known as "phishing."
- Impersonating your landlord or employer to get your credit reports or personnel records.
- Stealing your wallet or purse.
- Stealing your mail.
- Stealing credit or debit card numbers as the card is being processed.
- Going through your trash.
- Diverting your mail by using a change of address form.



Freezing Your Credit Report

A credit freeze blocks the credit bureaus from releasing your credit report or your credit score. Because most lenders will not extend credit unless they can review your credit report and score, placing a freeze on your credit is an effective way to prevent identity thieves from taking out credit cards or making large purchases that require financing in your name. Since a credit freeze also blocks your own access to new credit, it should be used only by individuals who are satisfied with the credit already extended to them and are not in the market for a new credit card, mortgage or other financing.

Freezes are free to identity theft victims. For all other consumers there may be a cost associated with each of the three bureaus in establishing and removing a freeze. Each bureau must be contacted individually and has its own procedure for establishing or lifting a freeze.

What Do They Do with Your Personal Information?

- Drain your bank account with electronic transfers, counterfeit checks or your debit card.
- Open a bank account in your name and write bad checks.
- Open a credit card account that never gets paid off, affecting your credit report.
- Use your name if they get arrested so it goes on your record.
- Use your name for purchases involved in illegal activities, such as products for methamphetamine production or an Internet domain for a child pornography site.
- Use your name to file for bankruptcy or avoid debts.
- Obtain a driver's license with your personal information.
- Buy a car and use your information and credit history to get a loan.
- Obtain services in your name, such as phone or Internet.
- File fraudulent tax returns in your name, slowing down your real tax return and any refund.

What to Do if You Are a Victim of Identity Theft

- Contact the companies where you know fraud occurred, and explain that your identity was stolen.
- Place a "fraud alert" on your credit reports through the three major credit bureaus, then carefully review your credit reports for unfamiliar inquiries, accounts, debts, or anything else you don't recognize.
- Report the theft of your identity to the Federal Trade Commission at www.ftc.gov, or by calling 877.438.4338, and fill out an Identity Theft Affidavit. You will need this to complete other steps.
- File a report with your local city or county law enforcement agency and retain a copy for your records. You will need this to complete other steps.
- Look for additional steps to take to recover your identity by visiting www.identitytheft.gov.
- You now have an Identity Theft Report, consisting of your FTC Identity Theft Affidavit and the police report from your city or county law enforcement agency. Begin working to resolve the discrepancies regarding your compromised identity.

Tips to Protect Your Identity

- Carefully review your bank and credit card statements monthly.
- Order a free copy of your credit report at least annually and check it carefully.
- Shred everything with personal identifying information before discarding.
- Do not give your personal information in response to emails pretending to be from bank, credit card company or Internet service provider. Legitimate financial institutions or government agencies will never send you an email asking for this information.
- Never give personal identifying information over the phone unless you initiated the call and know the business.

Travel Scams

There are a growing number of last minute, all-inclusive and low cost travel specials available to consumers. Unfortunately, many of these are scams that do not deliver what they promise. Consider the following tips when making your vacation plans.

Tips for Booking Online

- Be leery of making reservations with unknown people or businesses that require advance payment or deposits without a written contract.
- Legitimate businesses will always provide a written contract guaranteeing your reservation.
- Beware of travel reservation Web sites that are unfamiliar to you. Scam Web sites have been cropping up that offer reduced fares on travel and hotel accommodations only to steal your credit card information.
- Research a site before making a purchase and stick to trusted travel sites when booking online.

Tips for Booking by Phone

- Don't make any transactions that can be completed only by phone. Legitimate reservation companies will offer the option to book by phone or via the Internet.
- Ask questions about their address, a written contract and refund policy.
- Do an Internet search of the address to see if a map shows the location.

Avoid Offers That Are Too Good to Be True

- Dramatically reduced fares are often not legitimate and may require additional payments that the buyer is unaware of when making the reservation.
- Be cautious of nearly-free, all-inclusive vacation packages. Often the amenities and perks are not as they appear. There are additional hidden charges or buyers are forced to sit through lengthy, high pressure time-share presentations.
- Always read the fine print before purchasing.
- Purchase travel with a credit card rather than a debit card. Credit cards offer more options for recourse should the travel company attempt to defraud or mislead you.

Job Search and Scholarship Scams

In their efforts to pay the bills for college, many students and their families are falling prey to scholarship scams.

The FTC cautions students to look for telltale lines:

- "You can't get this information anywhere else."
- "I just need your credit card or bank account number to hold this scholarship."
- "The scholarship will cost some money."
- "You've been selected by a 'national foundation' to receive a scholarship."
- "You're a finalist" in a contest you never entered.

Tips When Searching For a Job or Scholarship

- Be aware of companies that require application fees or other up-front costs, even if they are small.
- Don't believe any companies or services that guarantee you will be awarded a scholarship or a job.
- Don't fall for any scholarship-matching service that says you can't find this information anywhere else. You can find scholarship information through your school counselor, college admissions office or at the library. You can also search online at sites such as ***www.fastweb.com*** or ***www.scholarships.com.***

Lottery and Prize Notification Scams

Phony lottery or sweepstakes prize notifications are among the most successful scams in history. Often consumers receive a call, email or mailing claiming that they have won a lottery or prize. They are asked to send personal information or money to cover "fees" in order to claim their prize. The scammer then runs off with the money or gains access to the consumer's bank account and can transfer money out of that account.

Red Flags

- Beware of requests to wire or mail money to cover administrative fees, taxes or legal fees involved in processing "your winnings." A legitimate lottery would deduct such expenses from your winnings.
- Beware of requests for bank account information so your prize can be deposited directly into your account.
- Beware if, after declining the offer, you continue to get calls offering to lower the fees required to claim your prize in an attempt to get money from you.
- If you receive a check as part of a prize notification or from anyone you do not know, assume it is counterfeit. Have your bank help you determine the authenticity of the check before depositing it or drawing on the funds.

Tips to Protect Yourself

- Never send money to "claim your prize."
- Be suspicious of "junk mail" solicitations. Hang up on persistent callers.
- If calls become threatening, hang up and call law enforcement.
- Never give personal financial information, such as your bank account number, to a person or business you do not know.
- Sign up on the FTC's Web site (www.ftc.gov) to receive Scam Alerts to protect yourself from the latest schemes.

Helpful Contact Information

Get updates on new and common scams and avoid becoming a victim of consumer fraud. Information and tips are updated regularly at www.azag.gov.

You can also sign up on the FTC's Web site (www.ftc.gov) to receive Scam Alerts to protect yourself from the latest schemes.

Arizona Attorney General's Office
Consumer Information and Complaints
1275 West Washington
Phoenix, AZ 85007
602.542.5763 (Phoenix)
520.628.6504 (Tucson)
1.800.352.8431 (In-State Toll Free)
www.azag.gov

Arizona Corporation Commission
1300 West Washington
Phoenix, AZ 85007
602.542.3026 (Phoenix)
520.628.6550 (Tucson
1.800.345.5819 (In-State Toll Free)
www.azcc.gov

Arizona Department of Economic Security
Family Assistance Administration
602.843.3934
www.azdes.gov
FAA programs can be applied for online at *www.healthearizonaplus.gov.*

Arizona Secretary of State
1700 W. Washington Street, 7th Floor
Phoenix, AZ 85007
602.542.4285 (Phoenix)
520.628.6583 (Tucson)
1.800.458.5842 (In-State Toll Free)
www.azsos.gov

Arizona State Bar Association
602.252.4804
www.azbar.org

The Better Business Bureau of Central, Northern and Western Arizona
4428 North 12th Street
Phoenix, AZ 85014
602.264.1721 (Phoenix)
602-200-0806 (Spanish/Espanol)
1.877.291.6222 (Toll Free)
www.arizonabbb.org

The Better Business Bureau of Southern Arizona
5151 E. Broadway Blvd., Ste. 100
Tucson, AZ 85711
520.888.5353 (Tucson)
www.bbb.org/tucson

Community Legal Services
Phoenix: 602.258.3434
Toll Free: 800.852.9075
www.clsaz.org

AZLawHelp.org
866.637.5341
www.azlawhelp.org

The Volunteer Lawyers Program; A program of Southern Arizona Legal Aid
Tucson: 520.623.9461
Toll Free: 800.248.6789
www.vlparizona.org

Consumer Reports
www.consumerreports.org

Federal Communications Commission (FCC)
445 12th Street, SW
Washington, DC 20554
1.888.225.5322 (Toll Free)
1.888.835.5322 (TTY)
www.fcc.gov

Federal Trade Commission (FTC)
Consumer Response Center
600 Pennsylvania Ave
CRC
Washington, DC 20580
877.FTC.HELP (877.382.4357)
www.ftc.gov

Credit Reporting Agencies

Equifax
www.equifax.com
800.685.1111

Experian
www.experian.com
888.397.3742

TransUnion
www.transunion.com
800.888.4213

For a free annual copy of your credit report, contact *www.annualcreditreport.com.*

Crime and Fraud Prevention

For more information, contact:

Community Services Program, Arizona Attorney General's Office
1275 West Washington Street, Phoenix, Arizona 85007
602.542.2123 or 1.800.352.8431 • communityservices@azag.gov

Sign up on the FTC's Web site (www.ftc.gov) to receive Scam Alerts to protect yourself from the latest schemes.

Publications available from the Arizona Attorney General's Office include:

- Top 10 Consumer Scams
- Civil Rights:
  - Employment Discrimination
  - Discrimination in Places of Public Accommodation
  - Housing Discrimination
  - Voting Discrimination
- Consumers' Guide to Buying a Car
- Identity Theft
- Internet Safety
- Life Care Planning
- Predatory Lending

Presentations available from the Arizona Attorney General's Office:

- Consumer Scams
- Identity Theft
- Task Force Against Senior Abuse
- Life Care Planning
- Internet Safety for Parents and Students
- Anti-Bullying for Parents and Students
- Substance Abuse Prevention for Parents
- Human Trafficking

ARIZONA ATTORNEY GENERAL
Fraud Fighters
PROTECTING ARIZONA CONSUMERS