

## Schemes to defraud manufacturers, suppliers or distributors

These schemes can be used by all sorts of dishonest persons on all kinds of businesses. As a favorite ploy of con artists and organized criminals, they will establish a fake company, buy materials on credit and vanish. Sometimes they will set up a company with a name and address almost identical to a well-known, respected company. That way, suppliers are fooled into granting them credit. Finally, criminals may buy a legitimate business and use it (and its credit rating) as a starting point for such schemes. Sometimes these types of fraud are hard to detect. Question the following conditions:

- A sudden change in your customer's management staff without any prior notice.
- The customer's payments start to lag behind, and the credit balance starts to climb.
- A new customer suddenly orders an unusually large amount of merchandise - on credit.
- Business references for the customer cannot be verified.
- Suddenly a company increases its orders; sales become "too easy."

If you notice these signs, take action. Get to know the new management of a company. Do a careful credit check on the customer. Make sure that the new orders are not filled until a credit check has been completed.

If you are a victim of any type of fraud, notify law enforcement immediately. Remember to save business invoices, notes, letters and any relevant documents.

For further information on this program and other crime prevention material, write to:

Crime and Violence Prevention Center  
California Attorney General's Office  
P.O. Box 944255  
Sacramento, CA 94244-2550

<http://caag.state.ca.us/cvpc>



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