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Newsletter, September 2011 The Corporate Filing Scam, plus a Few More Good Ones

If you have a California corporation, you've seen this scam. By way of background, all corporations must file with the California Secretary of State an "Annual Statement of Information." The form asks for basic information about the corporation such as the names and addresses of the directors and officers, and the filing fee usually is \$25. You can file the form and pay the filing fee online at the CA Secretary of State's website. If you don't file and pay the fee on-time, the State will fine your corporation.

A few years ago, I began to see a nice little scam based on the Annual Statement of Information. The scammer mails to all CA corporations a form that looks like the Annual Statement of Information and seems to come from the CA Secretary of State. The form mimics the details of a governmental communication, including the threats, for example, if you don't pay up right now, you will suffer a fine and lose your corporation. The form cites a few CA statutes in support of its threats just like real governmental letters. The only difference is that the scammer demands an initial payment of a lot more money – usually between \$175 and \$350, whereas California only demands that kind of money in its second letter to you.

It's not easy to tell the difference between a scam letter and a real State-sponsored threat letter. I look for small print on the outside of the envelope that says, "This is not a government document."

Apparently business was good because a host of copycat scammers entered the business. It got so bad that the California Department of Justice filed suit against some of the scammer companies. But the letters keep coming.

When faced with such a letter, your best bet is to ignore it altogether, and go directly to the CA Secretary of State's website and make the filing there. Or call your lawyer; my clients call me about these letters all the time.

Here's a few more of my favorite scams:

1. **The Vanity Pitch.** This is my personal favorite. The scammer says, "Congratulations! you've been selected as Outstanding [Lawyer, Doctor, etc.] 2011" or some such nonsense. For a nominal fee,

you're now entitled to an entry in the online or print version of the "Who's Who of [Lawyers, Doctors, etc.] 2011."

2. **The Directory Listing.** The scammer calls you to update your company's entry in their online directory. The scammer just wants to verify your current address and phone number. Next, the scammer either tries to upsell you to a paid subscription, or he just bills you directly even if you didn't agree to the listing.

3. **Overpayment Scams.** This is an oldie but goodie. A customer overpays for a product with check or credit card then asks that the extra money be wired back to him. Your wire transfer is effective immediately, and a few days later the customer's check bounces or he cancels the credit card charge.

4. **The Phony Webinar.** This one is new, and I think they almost got me a few months ago. An online webinar company, in recognition of my alleged expertise in medical practice law, asked that I do a webinar for them. It was audio only, so I gave my presentation over the phone. The phone line was utterly silent, but I kept droning on and on. At the end, the webinar asked if anyone had any questions. Nothing. The webinar company thanked me for my time, and the next day sent me an email offering a copy of the presentation for posting on my website, all for the paltry sum of \$295. I didn't give them the money, but I did give them the time, so I guess I lost that battle.

Call me if you've seen any other good scams. I'd love to hear how they work.

Will Rogers:

- Never miss a good chance to shut up.
- I never met a man that I didn't like.
- Do the best you can, and don't take life too serious.
- Everyone is ignorant, only on different subjects.
- Lord, the money we do spend on Government and it's not one bit better than the government we got for one-third the money twenty years ago.
- Diplomacy is the art of saying 'nice doggie' until you can find a rock.
- The difference between death and taxes is death doesn't get worse every time Congress meets.
- Too many people spend money they haven't earned, to buy things they don't want, to impress people they don't like.

Funny Papers:



"Howard works from home."