

IDEAS



Experts say all consumers should be gun-shy about online vehicle purchases. Online vehicle scams are flourishing in the age of COVID-19. GETTY IMAGES

How to avoid falling victim to online car sales scams

Some advertised vehicles are nonexistent or in wretched shape

Ron Hurtibise
South Florida Sun Sentinel
TRIBUNE NEWS SERVICE

FORT LAUDERDALE, Fla. — Larry Hoover has bought a lot of cars — sight unseen — off the eBay auction website over the years and never had a major problem. “It never crossed my mind that they’d try to defraud me,” he said.

And then the Phoenix-area resident made a deal with a South Florida used car dealership that advertised a 2002 Cadillac El Dorado as being in perfect mechanical condition. The dealer persuaded Hoover to wire the \$6,500 purchase price directly to him so he could avoid seller fees charged by eBay and PayPal.

Now Hoover has a major problem. He has no El Dorado and no \$6,500. And he has no buyer’s protection from eBay.

“It’s made me very gun-shy about buying a car online,” he said.

Experts say all consumers should be

gun-shy about online vehicle purchases.

Online vehicle scams are flourishing in the age of COVID-19, according to a recent study by the Better Business Bureau, and authorities have tracked complaints to dealers in South Florida.

Investigators have identified two primary types of online car sales scams.

One of the most common is orchestrated by criminals, typically tied to Romanian organized crime syndicates, who post fake car listings on Craigslist, Facebook Marketplace, eBay Motors and other sites and persuade victims to wire money for cars, motorcycles, ATVs, RVs and boats that don’t exist.

The Better Business Bureau’s Southeast Florida and Caribbean division identified 39 companies that defrauded at least 69 victims out of \$866,000 in 2020, according to a bureau study, “Virtual Vehicle Vendor Scams,” released last September.

The other type of scam involves actual dealers who post listings that misrepresent vehicles as “pristine” or “in perfect running order.”

What the buyer receives is anything but perfect. They turn out to be rebuilt

vehicles that have been in crashes, delivered in non-running condition, stripped of important components, sold with non-transferable titles or completely different from the ones pictured in listings.

At least those buyers got something for their money. Hoover said he was put through a runaround that left him with nothing.

Shortly after he sent \$6,500 for the El Dorado, Hoover received the vehicle title in the mail that revealed “they got it from some police auction,” he said.

After the dealer failed to ship the car as promised, Hoover was told it could not be started because the dealer didn’t have a key to open the driver door. And no one would make the dealer a key because the title was sent to Hoover, the dealer told him. Hoover sent the title back and told the dealer to get it done.

Weeks passed. Finally, after numerous phone calls and text messages, Hoover told the dealer to keep the car and the title and send him his money back. The dealer refused, and Hoover

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Bed Bath & Beyond revives brand

Anne D’Innocenzio
ASSOCIATED PRESS

NEW YORK — Bed Bath & Beyond will launch a slew of new store brands to lure younger customers in a bid to energize sales at the home retail chain.

The chain will begin selling eight new store brands this year, six of them in the first half of 2021.

The new brands were announced Wednesday by CEO Mark Tritton, who was hired in late 2019 from Target where he did much the same thing as chief merchandising officer. The more than 30 new brands introduced under Tritton were key in Target’s revitalization.

Bed Bath & Beyond, based in Union, New Jersey, will also begin selling thousands of exclusive products as it seeks a bigger share of the \$180 billion home market.

Store brands are expected to increase from roughly 10% of the retailer’s overall sales to approximately 30% within the first three years.

Bed Bath & Beyond recognized that stores had become cluttered and that it had lost customers to Target, Macy’s and Walmart.

“We were over-assorted. It was a bit of a jumble,” Tritton told The Associated Press Tuesday.

Tritton said that customers now want to see more “curation” in stores.

Bed Bath & Beyond under Tritton has attempted a reset, remodeling approximately 450 stores. The chain is also eliminating thousands of poor performing labels, brands and products.

Net sales fell 5% in the most recent quarter from a year ago as the company permanently closed some stores. Losses widened. But sales at its namesake Bed Bath & Beyond stores — a key indicator of a retailer’s health — were up 5%, while online sales surged 94%.

The chain will initiate its new-brand push with Nestwell, a bed and bath goods collection, later this month. It also plans in April to relaunch its Haven bath brand, a spa-inspired assortment of organic cotton products. Bed Bath & Beyond will also launch Simply Essential, more than 1,000 household item essentials.



New Jersey-based Bed Bath & Beyond plans to unveil at least eight new store brands this fiscal year.

BED BATH & BEYOND VIA AP

Why you should consider giving to charities from your IRA



Bray Creech
Columnist

\$27,800: That’s the standard deduction in 2021 for a married couple, both over age 65, filing jointly. Because that number is so high this year, most folks are no longer able to itemize their charitable contributions. If you’re like most people I know, though, you’re likely to give to your favorite charities regardless. Still, it’s nice to take advantage of a little tax benefit when and where possible. The good news? It’s still possible.

If you’re 70½ or older and have an IRA, you can donate your IRA funds directly to a qualified charity. When you do so, you avoid paying federal income taxes on that withdrawal. In some cases, you may avoid paying state in-

come taxes as well. In addition, donating directly to a qualified charity also counts toward your required minimum distribution, or RMD, for the year.

The mechanism to do this is called a qualified charitable distribution, or a QCD, for short. The QCD has been around for over a decade and was made permanent as a result of the PATH Act of 2015. Nevertheless, I still encounter folks who don’t know much about it — and thought I’d give you the scoop.

Here comes some of the fine print: Using QCDs, you can donate up to \$100,000 per year directly from an IRA. It may not be used for donor-advised funds, private foundations or charitable gift annuities — and you cannot make a QCD from an “active” SEP IRA, a Simple IRA that is still receiving ongoing employer contributions or from a 401(k) or a 403(b).

The key thing to remember is that the withdrawal may not come to you first.

Instead, it must go directly to the qualified charity from your IRA custodian.

We’ve been encouraging our clients to consider qualified charitable distributions from their IRAs for a while now — and, over time, we’ve learned some practical lessons.

For one, your 1099-R tax form will not have a special code indicating the QCD amount. It will just show up as a normal distribution. This means the burden is on you to keep track of your QCDs throughout the year. When you go to file your taxes, follow the Form 1040 instructions for how to enter your QCD amount on your return to ensure that you’re not taxed on those withdrawals.

The last time I wrote a column about the QCD, a reader wrote in to the Citizen Times to say that, while my article was helpful and informative, I may have understated the complexity of correctly reporting the QCD on one’s tax return. And, to that extent, I agree: It requires

good recordkeeping on your part and, if you use a tax professional, someone who is already familiar with the QCD.

Another lesson we’ve learned is that sometimes charities get confused about where the donation originated from and may credit the gift as coming from your IRA custodian (e.g., Raymond James or Fidelity) rather than from you. Therefore, I encourage you to give your smaller, local charities and churches — which often don’t have a large administrative staff — a heads-up that the gift is coming from you.

Even if you are still able to itemize your charitable deductions, you may want to utilize the QCD for a portion of your charitable giving. Because IRA distributions count as taxable income, they can potentially have cascading effects on your tax return, including: phasing out the medical expense deduction, in-

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Why are people spending hours on Clubhouse?

Sam Dean
Los Angeles Times
TRIBUNE NEWS SERVICE

Like most Clubhouse users, Rahaf Harfoush doesn't make money on the app. But she does help others avoid losing it.

Harfoush, a digital anthropologist and author who lives in Paris, is part of an "anti-grift squad" that helps newcomers to the audio-only interactive streaming platform avoid falling prey to scams.

She and a crew of veteran users dedicate hours each week to running free onboarding sessions for first-time users, and host a weekly room, or session, on the app to document some of the shady practices they see cropping up. Harfoush believes the intimacy of Clubhouse's format – a cross between a conference panel discussion and a radio call-in show – makes discussion of even familiar scams more effective.

"We're naturally more persuadable by hearing somebody talk to us than reading something," she said.

But it's the positive side of the app that Harfoush says motivates her and her friends to spend hours each week providing volunteer services to a for-profit, venture capital-funded tech startup.

Harfoush's mother, who died in November, would have turned 65 on a recent Saturday in February. A friend she'd made on the app offered to play a song live on Clubhouse as a sort of memorial service, and Harfoush decided to open up the room to any user.

"We ended up having over a thousand people join and listen, and it turned into this really moving tribute and celebration of the life of my mom that I would have never anticipated," Harfoush said. "Being digitally surrounded on the stage by some really good friends that I've made on this app really brought me a lot of peace."

Despite being invitation-only, Clubhouse has exploded into the mainstream in recent months. After launching last summer as a preserve of the Silicon Valley elite, the app slowly swelled to the size of a small town by the fall. By Thanksgiving, Clubhouse was transforming into a modest city of 100,000 users, roughly the size of Burbank. Before New Year's, it hit a million. As of last weekend, it's larger than L.A. County, with over 10 million users.

For the most part, only the most popular performers are making money on the app, by soliciting tips from fans via payment apps.

And then there are those scammers.

The grifts run the gamut from the most basic – persuading people to pay for invitations to the app, or convincing them that they need to pay another user to join a room or a club – to multi-phase chicanery.

Users claiming to be business experts have run pitch rooms, Harfoush said, where they invite hopeful entrepreneurs to outline their dreams for a new business on stage, and then go register related domain names with the intent of selling them back to the hopefuls at a markup. Fake literary agents promise aspiring authors that they'll edit their manuscripts and connect them with publishers, for an upfront fee.

The anti-grift squad makes a point of not naming bad actors in its weekly sessions, in part to avoid another risk that's emerged as Clubhouse has grown: harassment and retaliation. Users with significant fol-

lower bases can coordinate mass blockings and reportings of users who accuse them of wrongdoing (or whom they simply dislike), which can result in temporary suspension. Clubhouse declined to comment for this article.

Some users have ridden the early 2021 surge to new heights of homegrown Clubhouse celebrity.

Bomani X joined the app last July as a young musician and digital strategist looking to kill time during the lockdowns in Los Angeles. He started experimenting with music on the app, strumming his guitar in the background of conversations, and then launched the Cotton Club, a weekly DJ room on the app. Along the way, he helped popularize a culture of tipping artists or speakers over payment apps, which fueled the growth of the music scene, and co-created a voice production of "The Lion King."

In December, in the midst of the user boom, Clubhouse chose X as the face of the app (the company changes its app icon each month to the profile photo of a featured user). He hit 1 million followers by January, and 3 million just a few weeks after that.

Now whenever X goes up on stage, 3 million users get a notification to join the room.

X appreciates his newfound power, which he recently used to help promote a fundraiser that raised \$75,000 in four hours for people afflicted by the power outages and cold in Texas. But the effect can transform intimate conversations into thousand-person events in seconds. "I feel bad ruining the vibe" in those contexts, X said, and he's cut down on his casual use of the app as a result.

Justin Kan, who joined early as a tech insider – he co-founded the video game live-streaming company Twitch, then sold it to Amazon in 2014 for \$970 million – has used Clubhouse as a sandbox to spitball new ideas.

When he started using the app regularly in early January, he and a friend, Andrew Lee, decided to try out a game show format to get rid of Lee's extra Instant Pot. A listener who answered a trivia question won the electronic pressure cooker, and the I AM WOW \$ Show (an acronym for the International Association of Members Who Only Win Money) was born.

Less than two months later, Kan's weekly room is the first sponsored game show on Clubhouse. The payment processing service Cash App agreed to provide the prize money, and Kan estimates that contestants have won more than \$10,000 so far.

Like Kan, Baratunde Thurston entered the fray only once the user base broadened this year. As a longtime speaker, consultant and comedian in the tech world, he received an early invite and signed up to claim his name but didn't spend much time on the app.

Once he saw more friends piling in at the beginning of the year, however, he decided it was time to jump in. Now he hosts multiple rooms each week, and is warming up to the infinite audio landscape.

"As someone who's spoken at a lot of conferences, including like Surf Summit 2013, it turns out that everybody kind of wants their own," Thurston said. "Will people from every type of community in the world want to gather simultaneously to discuss something? I think yes."

Cars

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hired an attorney.

Hoover said the ordeal has left him angry for letting himself get scammed, but the loss hasn't affected his ability to work or feed his family. And he still drives a Chevrolet Corvette that he bought from a Colorado dealership through eBay with no problem two years ago.

Attorneys who represent clients with car scam claims urge consumers to protect themselves by following a few simple rules:

- Never agree to send money for cars listed on eBay Motors outside of eBay and PayPal. "It's common for them to list the vehicles on eBay but then persuade the buyer to circumvent eBay by wiring the payment directly," said Fort Lauderdale, Fla.-based attorney Matt McIsaac. But when buyers comply, they lose the right to seek refunds of up to \$100,000 through eBay's Vehicle Protection Program. Among other issues, eBay's program will cover vehicles that never arrive; have undisclosed liens against a title; have titles that weren't disclosed as salvage, rebuilt, junk or flood damaged; or whose odometers were misrepresented by 5,000 miles or more. Vehicles less than 10 years old are covered for undisclosed damage to the engine, transmission or frame when repair costs exceed \$1,000 for each component.

- If a deal seems too good to be true, it probably is. Avoid listings of late-model cars with preposterously low prices.

- Don't rely on the accuracy of a vehicle history report such as Carfax or Auto Check that many dealers provide as a so-called free service, said Josh Feygin, a Hollywood-based attorney who specializes in claims against dealerships. Information in those reports can be inaccurate or may not include recent wrecks, he said.

- Investigate the dealer's online presence and look for reviews. Don't accept a 100% positive rating on eBay; that could reflect ratings from other eBay merchants who sold the dealer tools or parts. Go to Yelp, Better Business Bureau, scamguard.com and similar sites and look for bad reviews. "Anyone can buy good reviews," Feygin said. "Detailed negative reviews that tell similar tales are the most reliable. If a dealer has little or no presence online, that could mean the company has recently changed its name to disassociate itself from multiple negative reviews."

- Spend some money to have the vehicle inspected if you can't see it personally. Such services can easily be found with an online search for "independent vehicle inspection services" and the city where the vehicle is located. Alternatively, an independent repair shop or dealership that sells the same make and model will likely be able to do the job. Obviously, don't allow the seller to arrange the inspection. Have the inspection report delivered to you. If a seller makes excuses for why a vehicle can't be made available for an inspection, immediately cease contact with that seller.

- Demand to see the title. You'll be able to determine the previous owner, mileage when last sold, and whether the title is branded as salvage or rebuilt. A salvage designation typically means the vehicle has been in a wreck and sustained damage that an insurer determined would cost more than 80% of the vehicle's market value to repair. If a dealer sells a car with a salvage title, that means the dealer failed to make the necessary repairs to get the title rebranded as rebuilt. The seller should have no legitimate reason not to let you inspect the title. Have the seller take digital photos of the front and back of the title, along with a photo of the vehicle's vehicle identification number. Make sure they match.

Creech

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creasing your Medicare Part B premium, exposing you to net investment income tax, increasing the amount of Social Security subject to taxation, and increasing the amount of income subject to long-term capital gains tax. Obviously, these are complicated interactions which may best be coordinated with a tax professional.

The tax benefits of a QCD are significant and, therefore, may give many retirees an added incentive to maintain their charitable giving despite this year's high standard deduction. Remember, though, that a QCD may not be itemized as a charitable deduction. That would be double-dipping. But that's OK, because you likely aren't able to itemize those anyway.

The QCD may be an excellent solution for both charities, who need our dollars more than ever, and for retirees who've lost their charitable deduction.

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