

How Con Artists Work

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Introduction to How Con Artists Work

Con artists make [money](#) through deception. They lie, cheat and fool people into thinking they've happened onto a great deal or some easy money, when they're the ones who'll be making money. If that doesn't work, they'll take advantage of our weaknesses -- loneliness, insecurity, poor health or simple ignorance. The only thing more important to a con artist than perfecting a con is perfecting a total lack of conscience.

What does the average con artist look like? Despite what you may think, he isn't always a shady-looking character. A con artist is an expert at looking however he needs to look. If the con involves [banking](#) or [investments](#), the con artist will wear a snappy suit. If it involves home improvement scams, he'll show up wearing well-worn work clothes. Even the basic assumption that the con is a "he" is incorrect: there are plenty of con women too.

You might think you can spot a con artist because he's someone you instinctively "don't trust." But the term con artist is short for **confidence artist** -- they gain your confidence just long enough to get their hands on your money. They can be very charming and persuasive. A good con artist can even make you believe he is really an old friend you haven't seen in years.

Con artists do share certain characteristics, however. Even the best con can only go on for so long before people start getting suspicious. For that reason, con artists tend to move frequently. They may have a job that allows this, or they might claim to have such a job. Railroad worker, carnival worker and traveling salesman are all parts con artists play to cover up their constant relocations.

It would be impossible to catalogue every con, because con artists are inventive. While many cons are simply variations on ones that are hundreds of years old, new technologies and laws give con artists the opportunity to create original scams. Many cons tend to fall into a few general categories, however: street cons, business cons, Internet cons, loan cons and home improvement cons.

A CON'S A CON

Different terms for con artists include: flim flam man, sham artist, shyster or sheister, bunco man (after the name of a popular "fixed" card game that has since become synonymous with scams), bamboozler, swindler, grifter and hustler.

Street Cons

These are cons that usually happen quickly in a public place. They generally involve the loss of small amounts of money -- a few hundred dollars is a good take for a street con. The victim is usually approached by a stranger who has an offer, makes a bet, or is reacting to something seemingly random and unrelated that has happened nearby. This "random" event is, of course, something the con artist set up well ahead of time.

Street cons include:

- **The Pedigree Dog** A stranger walks into a bar with a [dog](#) trailing him on a leash. He asks if the owner can watch his dog for a few minutes while he places a bet or attends to a business deal. While the stranger is gone, a second con artist arrives and notices the dog. He claims to be an expert on dog breeding, and says that this dog is worth hundreds, if not thousands of dollars. He asks the owner if the dog is for sale because he'll pay top dollar. The entire scam hinges on the bar owner's greed. The assumption is he'll see the chance to buy the dog from the unsuspecting owner for a low price, then sell the valuable dog to this "expert breeder." He tells the dog expert to come back later, then offers to buy the dog when its owner returns. The dog's owner sells it, but the "expert" never comes back to buy it. The two con artists walk away with a few hundred dollars, and the bar owner gets stuck with a "mutt." In Neil Gaiman's novel "American Gods," two characters discuss this con using a violin instead of a dog.
- **The Pigeon Drop** There are several variations of this con, but they all start with the victim and the con artist both spotting something of value lying around. It's usually an envelope or bag full of money, but it could be a diamond ring. The con artist tries to get the victim to notice the envelope first, making him less likely to suspect that the con artist planted it. A second con artist may get involved as the victim and the first con artist decide to split up the found money, demanding a fair share since he saw it too. At this point, the cons will suggest that everyone put some of their own money into the envelope as "good faith money," to show that they're financially responsible people. Once all of the money is in the envelope, it is divided into thirds and returned to the victim and the two con artists. However, through sleight of hand and a distraction, the victim gets an envelope full of paper scraps. In the ring variation, the con artist claims to have some expertise in jewelry assessment, and proclaims the ring to be worth several hundred dollars or more. However, not having time to sell or [pawn](#) the ring, the con artist offers to let the victim buy out his half. So the victim pays what he can to the con artist and keeps the "valuable" ring, which is actually a cheap fake. The victim, or "pigeon," is "dropped" and left with nothing.
- **Three-card Monte** In this famous street con, a con artist has a table with three cards in front of her. One card is flipped over to reveal that it is the Ace of Spades (or any other card). The victim places a bet that he can keep an eye on that card while the con artist quickly rearranges the cards on the table. If the correct card is picked, the victim wins. Friends of the con artist play the game, sometimes winning, sometimes losing, to give the victim the impression that it is a fair game he might win if he has a sharp eye. In reality, the con artist is a master of sleight of hand, able to switch cards without the victim noticing. No matter how carefully he watches, the victim will never pick the right card unless the con artist wants him to. Variations include the use of shells (a "shell game" is sometimes used to mean any kind of deceptive scam) or cups with the victim trying to spot a quarter, a pea or a ball held within one of the shells.

In the next section, we'll look at business and Internet cons.

Business and Internet Cons

[Stock market scams](#) and marketing schemes make up the bulk of business cons. These cons often take advantage of the arcane rules of [business accounting](#) and stock trading, and people's overall ignorance of these rules. Other scams take advantage of greed and poor math skills.

Stock Market Scams

In the "pump and dump" con, con artists cold call people with offers to buy an impressive stock. They use hard sell tactics and claim they have information that the stock will be very successful (the "pump"). The con artists themselves own many shares of these stocks, but the stocks are worthless and represent an investment in a non-existent company. Once enough investors buy the stock, its value starts to increase. When it gets high enough, the con artists sell all their shares (the "dump") and disappear with the proceeds as well as all the money the investors gave them.

Pyramid Schemes

These common cons continue to fool people year after year, even though they are illegal and simply don't work. Although [pyramid schemes](#) predate the 1920 scam run by Charles Ponzi, his scheme reached so many people and bilked them out of so much money that his name became synonymous with this type of scam.

In any pyramid scheme, investors are recruited to pay the company owner, who is the con artist at the top of the pyramid. There may be an actual business, such as Ponzi's buying and reselling of postal reply coupons to take advantage of [exchange rates](#), or it may be a pure



pyramid. People pass money to those above them in the pyramid and wait to receive money from anyone who signs up below them. Even if there is a real business, it can never make enough money to repay all the investors. Chain letters instructing people to send \$5 to 10 others on a list are also pyramid schemes.

Each person who joins the pyramid sends money to someone above them. Then they have to recruit people below them. The new recruits send their money up the pyramid. Since the number of people recruited increases at each level, the people in the higher levels will supposedly make huge amounts of money. A simple common sense question would stop anyone from entering such a scheme: if we're going to make all this money without actually selling anything, where is the money coming from? The answer: most of the people in the pyramid are going to lose their money. Only the top two or three levels will see any money (and the recruiter will tell you you're at the top even if you're nowhere near it). Eventually, it becomes impossible to recruit enough people to support the pyramid. If each member has to recruit five new victims for the level below, it doesn't take too many levels before the exponential increase in needed recruits exceeds the entire [population](#) of the [Earth](#).

Today, companies that call themselves "multi-level marketing" firms are basically pyramid schemes with a fancy name. There *are* legitimate multi-level marketing companies. They usually involve people selling products such as cosmetics or kitchen items at parties. However, if a company bills itself as a multi-level marketer or [franchise](#) opportunity, is vague about what it sells and/or specific profit margins, or if it focuses on charging franchise fees rather than actually selling anything, it's a pyramid scheme.

Nigerian Money Transfer

Widespread use of the Internet has given con artists another way to scam people. Cons such as Internet auction fraud or phishing sites that try to steal [credit card](#) and [bank](#) account numbers are common, but there are more insidious Internet cons in which the con artists try to earn the personal trust of their victims.

Perhaps the most infamous of all Internet cons is the Nigerian money transfer, or **advance fee fraud**. Virtually everyone with an e-mail address has received a come-on for this con at some point. Someone from Nigeria (or another African country), perhaps a relative of a recently deposed ruler, informs you that he needs your assistance in a very important matter. It seems that this deposed ruler has millions of dollars stashed away in a secure bank account. However, he can't access any of this money without paying certain fees, bribes and fines to Nigerian authorities. That's where the victim comes in -- to provide money to pay these costs. The victim is assured that once the costs are paid, the government will release the money and a he will receive a huge return on his investment. Often the e-mail promises a large percentage of the total sum.



Nigerian money transfer scams are also known as 419 scams; 419 is section of Nigerian law related to fraud.
Paul Katz/Getty Images

Anyone who has actually sent money to these con artists will soon find that other fees crop up. The money may get held up at the border, so more money is needed to bribe the customs officials. The con artists often request personal information such as Social Security numbers and copies of passports. This goes on and on, playing on one of the most nefarious aspects of long-term cons -- once the victim has spent a significant amount of money, he believes if he just spends a little more then he'll get it all back. With so much money already invested, most people find it very difficult to walk away. Some people have been lured to the country of origin, kidnapped and held for ransom. There is even a [documented murder](#) related to such a case. The country of Nigeria is notorious for a combination of poverty and lax law enforcement, especially with regards to financial scams. The section of Nigerian law relating to

fraud is 419, so these scams are sometimes referred to as **419 scams**. But the scams can originate from anywhere, as our example above shows.

Read on to learn about more cons, how to avoid being conned and what to do if it happens to you.

NOT THIS TIME...

The author received a "Nigerian Money Transfer" e-mail while writing this article. Here's an excerpt:

THE SAID AMOUNT WAS US \$7.2m (SEVEN MILLION TWO HUNDRED UNITED STATES DOLLARS). AS IT MAY INTEREST YOU TO KNOW, I GOT YOUR IMPRESSIVE INFORMATION THROUGH THE BUKINAB CHAMBER OF COMMERCE ON FOREIGN BUSINESS RELATIONS HERE IN OUAGA. BURKINA-FASO. MEANWHILE ALL THE WHOLE ARRANGEMENT TO PUT CLAIM OVER THIS FUND AS THE BONAFIDE NEXT OF KIN TO THE DECEASED, GET THE REQUIRED APPROVAL AND TRANSFER THIS MONEY TO A FOREIGN ACCOUNT HAS BEEN PUT IN PLACE AND DIRECTIVES AND NEEDED INFORMATION WILL BE RELAYED TO YOU AS SOON AS YOU INDICATE YOUR INTEREST AND WILLINGNESS TO ASSIST US AND ALSO BENEFIT YOUR SELF TO THIS GREAT BUSINESS OPPORTUNITY.

Avoiding Cons

Online Sales Scams

Another [Internet](#) con preys on people who sell items online. Someone will respond to a classified ad offering to buy the item or win an item in an eBay auction, but they require the use of a special shipping company or claim that a banking regulation requires them to pay with a large cashier's check. The check will be in an amount that far exceeds the item's cost (a \$5,000 check for a \$100 item, for example). The con artist instructs the seller to cash the check, keep the amount owed for the item, then send the rest of the cash back to him. This supposedly satisfies the regulation or shipping company. If the seller doesn't bother waiting for the check to clear -- and many don't -- the con artist will get nearly \$5,000 in cash in return for a check that eventually bounces, leaving the victim on the hook for the full amount.

Home Improvement Cons

Often, a con artist working a home improvement con will approach a homeowner with a story similar to this one:

We were doing some work down the street, and I noticed it looks like you could use a new roof. We have some supplies left over from the other job, and we'll have to return them to the supplier either way, so I can use the leftovers to give you a new roof for a really low price.

Once the phony roofer has the money in hand, he'll disappear. No new roof. Some con artists are actual contractors, but they run scams as part of their business. They might get halfway through the roofing job, then demand more money. When a person has half a roof on his house, he's not in much of a position to argue. The roofer might actually complete the work, but do a poor job or use sub-standard materials. Worse still, he might have a clause in the contract that allows him to put a lien on the house and foreclose if the owner misses a payment. If you refuse to pay for the shoddy work, you could end up losing the whole house.

Home improvement scams sometimes involve **kickbacks** to other con artists. A contractor approaches a homeowner with an offer to do work, and then directs the owner to a specific person who will help finance the money required for the job. This "friend" might give the owner a terrible rate on the loan, sending some of it back to the contractor. In other scams, a "home inspector" shows up, claiming to represent the city or county code enforcement office. She might even have an ID that appears valid. This inspector will invariably find several major problems that violate the code and could result in hefty fines. As an option, she directs the owner to a friend who can do the work for a good price. It usually isn't a good price, and it's never good work. Cheap materials, shoddy workmanship and unnecessary replacements are the hallmarks of these "home improvement specialists."



Some scams may offer to invalidate your mortgage payment in exchange for a large sum of money.
Digital Vision/Getty Images

Loan Cons and Con Prevention

Loan Cons

Mortgages, [credit](#) refinancing and other large loans are a major market for con artists. Some companies today offer "debt removal" services. They will provide you with a certificate that invalidates your mortgage or other debt, meaning you no longer have to pay for them, in return for a large fee. But the document they provide is worthless -- there are no legal loopholes that allow you to get out of debt without making the payments.

Con artist bankers may slip a page into a loan contract that says the bank now owns the home. The stack of paperwork the homeowner has to sign is mind-boggling, and he may overlook the fine print. Some people end up signing over their homes for nothing.

Mortgage refinance scams are rampant as well. These con artists prey on people who are already in financial trouble. The victim is typically having trouble making his mortgage payments. The con artist banker notices that the victim has some home equity, too much debt and not enough income. A loan is offered even though it is obvious the victim can never make the payments. That's OK with the con artist. He doesn't want the payments; he wants an easy foreclosure on a home.

How to Avoid a Con

Sometimes it seems like the world is full of people constantly trying to get their hands on your money. But there are a few things to remember that will help make you resistant to most cons:

- **You never get something for nothing.** There's an old saying: "You can't cheat an honest man." Most cons rely on the victim's own greed. Con artists know that people often throw caution to the wind when they start seeing dollar signs. Deals that sound too good to be true usually are.
- **Guard your personal information.** Especially guard your [Social Security](#) number, credit card numbers and bank account numbers. We have to use these numbers in many of our daily transactions, but if you are asked for any of this information, be absolutely sure that the person doing the asking is someone you can trust or works for a reputable company.
- **Don't accept solicitations.** Whether you get a cold call for an investment opportunity or someone comes to your door offering to do home repairs, hang up the phone and close the door. While there may be legitimate businesses that go door-to-door or make cold calls to find customers, they are few and far between.
- **Watch for signs.** Con artists often give themselves away if you ask enough questions. Ask for some kind of written documentation of their offer. Check for a real address, not a P.O. Box. Ask to see a driver's license, and write down the information on it. Write down license plate numbers, and make sure the con artist sees you doing it. If it's a legitimate offer, he won't mind. Tell him you need to think the deal over for at least a few days before making a decision. A con artist will often pressure you to make a decision on the spot -- often using hard sell tactics, such as saying that the deal won't last. They may get nervous when you ask for something in writing, and will usually refuse to provide it. When someone wants your money, if the offer is legitimate, it will still be around next week.

If You've Been Conned

The most street-wise person can get taken in by a con. If you've been victimized, what should you do?

Con artists count on their victims feeling foolish and afraid to report the scam. But if you remain silent about being conned, you're letting the con artist move on to steal from others. Write down every detail you can remember as soon as possible, while it's fresh in your memory. Collect any documented evidence you might have as well. This includes receipts, contracts or even your own phone records.

Now it's time to contact the authorities. You may have to do some legwork to find the right agency, or someone who is willing to help you. Your local police department may have a special division assigned to fraud cases. Also contact your local district attorney. Get in touch with the Better Business Bureau and see if there are any other reports of the same con artist -- this could help you and the police track him down. Many scams also fall under the jurisdiction of certain federal agencies, like the Federal Trade Commission and the Securities and Exchange Commission. If you really reach a dead end, try your local [TV](#) news stations. Many have segments where a reporter tracks down a con artist and demands answers, and con artists hate the spotlight.

For lots more information on con artists and related topics, check out the links on the next page.

CHARLES PONZI

Charles Ponzi didn't necessarily intend to create a pyramid scheme, but his scheme took on that form. He first convinced people to invest in his business idea. When the business didn't make enough money to repay the investors, he got new investors and used their money to repay the original investors. This process repeated itself several times until newspaper and police investigations hurt his ability to draw new investors. Fraudulent banks have used this scheme as well, offering high interest rates on savings accounts to draw a lot of customers. The deposits of newer customers are used to pay the interest to the first customers, and so on, until the bank collapses (or the con artists flee with everyone's money).

Lots More Information

Related Articles

- [How E-mail Scams Work](#)
- [How Spam Works](#)
- [How Long-distance Phone Scams Work](#)
- [How Identity Theft Works](#)

More Great Links

- [Crimes of Persuasion: Schemes, Scams, Frauds](#)
- [How to Spot a Con Artist](#)
- [Securities and Exchange Commission](#)
- [Federal Trade Commission](#)
- [Better Business Bureau](#)

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