Obama Paying utility bills?
Scam victims nationwide think so.

By Bob Sullivan

Scammers committing a particularly painful form of identity theft appear to have hit on just the right formula to trick thousands of victims: A punishing heat wave, large utility bills, a bad economy and a good story.

The criminals have been marching across the country, making their way from state to state, persuading victims that a special federal government assistance program sometimes described as a bailout authorized by President Barack Obama's administration is available to pay their utility bills. Victims are given bank account and routing numbers to use when paying their bills online, but only after they "register" by surrendering their Social Security numbers and other personal information.

There is no such utility payment assistance program. But electricity users seem to be falling for the ruse everywhere, making it in one of the more successful scams in recent times. Last week, 2,000 people were tricked in Tampa the local utility company, TECO Energy Inc., told msnbc.com. There were more victims in North Carolina, Pennsylvania, Indiana, and across New England. Utility firms in Utah and Californian reported similar scam epidemics earlier this year: and at least 10,000 people fell for the scam in New Jersey in recent weeks, Public Service Electric & Gas told msnbc.com.

"We see scams once or twice a year, and a handful of people fall for them. But this is crazy," said Sylvia Wood, TECO spokeswoman. She said about 2,000 customers tried to pay their bills with bogus account information traced to the scam within a 24-hour period last week. The scam spread so fast that all callers to TECO are now greeted by an automated message with a warning.

The continued spread of the “Obama utility bill scam,” as some have dubbed it, means its likely coming to a neighborhood near you. Scammers find victims through all the usual digital channels emails, bogus tweets, even Facebook messages. But in an unusual twist, the scam also has a real-world element. Agents for the criminals are going block by block, knocking on doors and handing out leaflets, encouraging people to pay their bills with the bogus account information.

One reason the scam is spreading: It seems to work. Before the local utility company gets wise to the bogus account numbers being used, the payments are processed and

initially credited to victims, who receive payment confirmation notices. The victims often share their success stories with family and friends, who also fall for the scam. Only later are the payments rescinded.

Facebook has hastened the spread of the scam, said Bonnie Sheppard, spokeswoman from PSE&G in New Jersey, as victims pass on their “success stories.” "Once it morphed into the social media thing, it just kept getting passed on from friend to friend to friend," she said.

In addition to 10,000 victims, tens of thousands of New Jersey residents also jammed customer service lines asking about the scam, she said. That's good news calling to verify the authenticity of an email is a good idea but it continues to be an additional headache to the utility company, which has been facing record demand from the heat wave.

Caroline Morales of Bethlehem, Penn., told the Allentown Morning Call that she had been tempted by the scam. "My neighbor comes running with a paper that had a routing and account number," she told the paper. "She said Obama was helping people pay their utility bills, mortgage and any bills you had." While Morales had her doubts, she said her mom told her, "It's probably true since he is looking for votes."

The myth-busting site Snopes has several version of the scam message on its website. "My friend just informed me that President Obama is paying her electric bill this month. That supposedly you call and use your ss# as the bank account, then give them the routing number of XXX and that’s it, it pays for your electric bill but only once a year," the site says, describing how the misinformation spreads.

The door-to-door element is surprising. Most ID theft scams are electronic, because physically visiting victims carries great risks for criminals. But it also helps make the scam believable; solicitors sometimes wear what appear to be utility company uniforms to help sell their story,

It's also possible that the solicitors don't know they are working on a scam, speculated Katherine Hutt, a spokesperson for the Better Business Bureau in Washington, D.C. That agency’s national office has issued a nationwide alert for the scam.

"I wonder if people going door to door even know," said Hutt. "They could be just temporary employees of the scam artists."

Victims who are invited to try using the fake account numbers to pay their bills second-hand from friends, rather than directly from solicitors often don't expose themselves to identity theft, because they aren't asked by scam artists for their personal information.

They do, however, contribute to the hysteria that might persuade others to fall for the scam if they encounter the criminals in a door-to-door visit.

And they face a serious risk: Victims who try out the fake account numbers may not realize their bill remains unpaid, utility firms say, and they risk late fees or even service interruption.

"We're doing the best we can to alert customers and tell them that, no matter what, you have to pay your bill properly," said Wood, of Tampa's TECO. Both TECO and PSE&G said they are, for now, waiving late fees and not threatening to cut off power to victims.

In most areas, the scam is short-lived. In Tampa, only about 400 bogus payments cleared utility company systems before TECO systems recognized the bogus payments were all coming from a small set of bank accounts. Another 1,600 payments were rejected, according to the firm.

And in New Jersey, an email and telephone campaign seems to have stopped the scam for now.

"Since we publicized this information the number of customers calling about the scam has decreased dramatically," said Sheppard, the PSE&G spokeswoman.

Still, plenty of regions of the country that have yet been hit, and with summer heat bearing down, there are still prime targets.

"One thing we have been saying again and again since we found out about this, "Wood said. "Customers should never pay their bills with information that is not their own. We're encouraging them to use common sense."