



# Senior Scams - Just say no!

## Introduction

**Everyone must be on guard** against scams, but seniors can be more vulnerable to fraud. Some seniors are trusting and willing to believe what people tell them. Many crooks—and even friends and family members—take advantage of the good nature of seniors to cheat them.

According to a 2009 report by MetLife, the annual financial loss by victims of elder financial abuse is estimated to be at least \$2.6 billion.

**MoneyWISÉ**  
A CONSUMER ACTION AND CAPITAL ONE PARTNERSHIP

## Protect your assets

You worked hard for your money and property, but if you allow someone to take advantage of you, everything you have could be taken away. Learn to protect your assets by following these simple rules:

- Never reveal your bank account numbers or other personal information to someone who calls you on the phone.
- Never allow strangers to come into your home and take information about you and your assets.
- Never assume that a stranger who says he represents a deserving organization will use the money you give him for a good purpose.
- Never assign power of attorney to people you don't know very well.
- Never sign contracts that have any blank lines in them. Someone may later add clauses that will harm you.
- Never arrange for a home loan until you have had a knowledgeable third party review the contract. A disreputable lender could steal your home.

## Crooked schemes and scams

**Living trust scams.** Sometimes crooks take good ideas, like living trusts, and use them as the basis for phony scams to cheat people. Living trusts are legal arrangements that can help you plan your estate to save taxes for you and your heirs. You can buy, hold and sell assets in the trust during your lifetime, and the trust will distribute the assets after you die according to your wishes. Living trusts are not appropriate for everyone, so you need to explore the concept with an expert to see if they're right for you. (Living trusts only make sense if your total estate value is more than your state's minimum limit for probate, which is about \$30,000 in many states.) But be careful: unscrupulous salespeople have charged seniors thousands of dollars for "living trusts" that are simply useless forms.

**FIGHT BACK:** Before accepting legal advice or entering into binding agreements, check with your state bar association about the person you are dealing with. Never buy legal services from door-to-door salespeople or telemarketers.

**Fake emergency appeals.** In this con, someone phones you anonymously and asks, “Do you know who this is?” They hope you will think it is a friend or relative. Then the caller claims to be in jail or in desperate need of cash. Many people have been tricked into wiring money to a “grandson” or “granddaughter.”

**FIGHT BACK:** Never volunteer information to someone who calls you on the phone. Hang up on people who will not identify themselves. Before you wire money, check with other family members to make sure there is a legitimate emergency.

**Home improvement scams.** Door-to-door con artists pressure and even intimidate low-income homeowners by telling them that they need urgent home improvements such as driveway paving, painting, roofing or siding repair. Then they perform shoddy work, fail to complete it, but still try to collect their money, even demanding more than the homeowner had agreed to pay. If the consumer protests, they threaten to foreclose on the home.

**FIGHT BACK:** Work only with licensed and insured contractors. Call your state contractors’ licensing bureau to verify that the company is licensed, and ask the contractor to provide proof of insurance. Check customer references. Get other bids for the work. Always keep a copy of the contract in a place you will easily find it.

**Pyramid schemes.** This is a type of investment fraud in which the promoters recruit investors and then use them to recruit more investors. Everyone is promised a fabulous return on his or her money, such as 20% a year. The crooks use the money they receive from newer investors to make a few interest payments on the accounts of the first investors. Those investors in turn help to recruit an ever-increasing number of “investors.” Eventually, the organizers run off with the cash. Pyramid schemes are often sold as “investment clubs” or “gifting circles,” and can involve the sale of products or distributorships.

**FIGHT BACK:** The higher the return on an investment, the riskier it is. When an investment opportunity offers a very high yield, quick returns or the chance to “get in on the ground floor,” it’s likely to be a scam. If you are targeted with questionable investment offers, notify the U.S. Securities Exchange Commission and call your state attorney general’s office to file a complaint about the salespeople.

**Caregiver fraud.** Home-based health aides, housekeepers and cooks sometimes steal from the older people they are serving.

**FIGHT BACK:** Always check the background and references of people you hire to work in your home. Watch your caretakers for signs they may be spending more freely—do they suddenly have expensive new jewelry or possessions? If you give a caregiver money to go to the store for you, make sure you get a receipt and check all items purchased. Keep all important financial documents under lock and key in your home and store valuables and irreplaceable items in a

bank safety deposit box. Be alert to caregivers who try to isolate you from your friends, who ask about your will or investments or who try to dominate or influence you. If you are concerned, talk to a family member or call the police and adult protective services.

**Charitable solicitations.** Some solicitations on behalf of police and firefighter organizations and other charities are made by dishonest professional fundraising firms. They can be persistent and may imply that if you don't donate, your safety will be jeopardized. Even if the telemarketers are acting on behalf of legitimate charities, too often only a small percentage of the donation actually goes to the cause. Sometimes callers falsely state or imply that they are policemen. Some bogus charities ask for donations to groups whose names sound very similar to reputable charities, so don't be fooled by "sound-alike" names.

**FIGHT BACK:** When you receive a call asking you to make a charitable contribution, ask how much of your contribution will go directly to the institution you wish to help. Before you give, check with a charity watchdog organization such as the American Institute of Philanthropy ([www.charitywatch.org](http://www.charitywatch.org); 773-529-2300). If you want to support local safety agencies, call your local police and fire departments and ask how to make a donation directly to them.

**Foreign lottery prizes and sweepstakes.** "You have won the Canadian lottery. Just give us your bank account or credit card information and we'll send you the money." Many people have received such calls: all of them are bogus. Typically, the caller or e-mail says that you must pay for processing, taxes or delivery, or provide bank account information in order to "verify" your identity. You will never receive a penny if you respond to such calls or e-mails, and any money you send away will be lost to you forever.

**FIGHT BACK:** The odds of winning a lottery or a sweepstakes, even legitimate ones are very low. If you often respond to sweepstakes and contests, your name might be added to "sucker lists" sold to con artists. You may even hear from con artists who say they can help you recover your losses for a fee. That is all a lie.

**Work at home scams.** If your income is tight, an offer to work at home stuffing envelopes or doing other simple tasks might sound attractive. Don't fall for work at home scams. If you respond, you'll be asked to pay in advance for supplies or "training materials." These offers are completely bogus. You will never make any money from a work-at-home scheme.

**FIGHT BACK:** If you are interested in earning extra income, approach local senior organizations and large companies for information about available positions and job training programs. While some companies shy away from hiring retirees, other large companies make a point of hiring seniors because of their experience and scheduling flexibility.

**Drug plans.** Seniors are often targeted by phony direct mail, TV, radio and newspaper offers about Medicare drug plans. The sales materials may be designed to look like official government documents. But if you send money to these companies you usually receive just a useless card.

**FIGHT BACK:** Companies offering Medicare drug plans are not allowed to call, send e-mails or come to your home unless you ask them. If you are interested in the benefits available to you as a

Medicare beneficiary, visit the federal government's Medicare web site ([www.medicare.gov](http://www.medicare.gov)). You also can call 800-MEDICARE (1-800-633-4227).

**Credit card fraud.** Keep an eye on your credit cards at all time, even when you hand them to a waiter to pay for a meal. Devices known as “skimmers” allow unscrupulous employees to steal the information from your credit card and sell it to people who make counterfeit cards. Crooks also look for discarded credit card statements and receipts to use to create fake cards.

**FIGHT BACK:** Always review your bill when it arrives and call your credit card issuer immediately if you see any charges you didn't authorize. Before you throw away unwanted credit card statements, shred them so that thieves won't get your account numbers and use them to make unauthorized purchases. If your card company suspects fraud on your account, its fraud department might call you. Your card company will never ask for your card number or any other secret information such as passwords or your mother's maiden name—if the caller does ask for sensitive information it may be a sign of fraud. If you are uncomfortable about the call, tell the caller that you will return the call using the toll-free customer service number on your credit card. When you call customer service, ask to be connected to the fraud department.

**Investment fraud.** Everyone would like to see his or her money grow faster. Con artists know this, and they try to convince people to buy phony investments with promises of unusually high returns.

**FIGHT BACK:** Do your homework about investments. Learn how much you can expect to earn in the current market. If money market accounts and treasury securities are paying 4% or less, it is highly unlikely that any other short-term investments will provide a much better return. It's better to lose out on an opportunity than to lose your life savings to a crooked investment offer. If you are targeted with questionable investment offers, notify the U.S. Securities Exchange Commission and call your state attorney general's office to file a complaint about the salespeople.

**Identity theft.** A crook steals personal information, such as your name, Social Security number, birth date or mother's maiden name, to establish credit, take over your financial accounts and run up debts in your name.

**FIGHT BACK:** Legally, victims of ID theft are not responsible for any money that is lost when crooks make unauthorized use of their credit information—but it can be difficult and time-consuming for victims to prove that fraud occurred. There are three major credit reporting bureaus that keep information about your credit history—loans, credit cards, mortgages, etc. Order free copies of your reports each year by calling 877-322-8228. By monitoring your credit report, you can make sure no one else has been using your credit. If you would like to know more about how to protect yourself from ID theft, visit the Federal Trade Commission's ID Theft web site ([www.ftc.gov/idtheft](http://www.ftc.gov/idtheft)).

**Burial and funeral fraud.** Funerals are expensive. In hopes of sparing survivors the stress of dealing with funeral and burial details, many people arrange and pay for their funeral and burial while they are still alive. Funeral providers sometimes charge top dollar for run-of-the-mill

caskets, flowers and other products. In some instances they will demand more money from survivors.

**FIGHT BACK:** Federal law gives you the right to choose the funeral services you want. Funeral businesses must give all customers a price list. Plan your funeral and burial in advance, but before you pay upfront, ask how your prepayment will be protected in case the company goes out of business. You can provide for your funeral costs in your will.

**“Nigerian” letters.** This old scam used to arrive by letter bearing a Nigerian stamp, but now it comes by e-mail. The sender outlines a tale involving large amounts of money they can’t access and asks you provide your bank account number so that you can help them obtain the money. In return they promise you a cut. This is a total fraud. If you respond to it you are guaranteed to lose your money.

**FIGHT BACK:** Never respond to an unsolicited e-mail asking for your bank account number. Hit the delete button immediately.

**“Phishing.”** This term is used for e-mails—which often appear quite legitimate—that claim to be from your bank, a reputable business or a government agency. The e-mails ask you to “confirm” your account number and online passwords. Sometimes they warn that your account is in danger of being closed or that you may be a fraud victim. But crooks send these e-mails, not the company whose name they are using. People who have responded to such e-mails have had their accounts wiped out.

**FIGHT BACK:** Legitimate companies never send e-mails asking for account information. If you receive such an e-mail, bearing the name of your bank, call your bank on the phone to report it. Never, ever hit “reply.” Delete the message immediately.

**Fake check scams.** When you place an ad to sell something, your biggest concern may be finding a buyer, but making sure the check is good can be just as important. Crooks often scan want ads looking for victims. A crook might answer the ad and offer to pay you using a “cashier’s check” for an amount greater than the sales price. Then you are asked to wire the remainder of the money back to them or to give the extra money and the merchandise to a “shipper.” The check turns out to be a fake and you lose the merchandise and the money.

**FIGHT BACK:** Be suspicious if someone wants to give you a check for more than you are actually owed if they are purchasing something from you. Inspect all cashier’s checks carefully and call or visit the bank it’s drawn on to verify that the check is valid. Look up the bank online or in the phone book because contact information printed on the check might be bogus.

**Fraudulent billing.** Seniors are often targeted by unscrupulous service people or contractors who seek more money than they are owed by using double billing and other tricks. They may lie and say that you forgot to pay them when you know that you paid them in full, or they may charge you for work that you never authorized.

**FIGHT BACK:** Get written estimates of repair costs, make notes of what you've paid and ask for and keep receipts. Pay by check or credit card so you have a record of your payment. Check the reputation of repair people with the Better Business Bureau before you enter into an agreement.

**Travel scams.** Fraudulent travel offers come by mail, phone, fax and e-mail. Some advertise cheap trips but pad the deal with hefty fees. You might be offered a three-star hotel but find yourself checking into a dump. A lot of travel freebies come with the obligation to sit through high-pressure time-share pitches. Some promoters are crooks who take your money and run. And very few of the trips are refundable, despite the claims of the promoters.

**FIGHT BACK:** You can spot a fraudulent travel offer by its rock-bottom prices and high-pressure sales tactics. Before buying travel packages, get the offer in writing and check out the company with the Better Business Bureau, state attorney general's office or your local consumer protection agency. Airline charter packages can't be legally sold until the U.S. Department of Transportation approves the filing—so check with the DOT's Public Charter Office at 202-366-2396. Always use a credit card to purchase travel—that way if something goes wrong you can dispute the charge with your card company. (Never give your credit card number to someone who calls you on the phone.)

## **How to complain**

Fraud is a crime and should be reported to the police and law enforcement agencies such as local district attorneys or state attorneys general. If a senior is in immediate danger, dial 9-1-1 or call the police.

All states have laws to protect older people from abuse. However, state adult protective services laws vary widely on the abusive situations they cover. To find the best way to report senior abuse of any kind, start with a call to adult protective services. To find your closest agency, call the Eldercare Locator at 800-677-1116. For an online guide to all state adult protective services agencies, visit the [National Center on Elder Abuse web site](#) and click on "Adult Protective Services."

## **Protect yourself from scams**

- Don't be afraid to say no.
- You don't have to talk to telemarketers — hang up if you are uncomfortable or you don't trust the caller.
- Don't give in to high-pressure sales tactics.
- Call the police if you feel threatened.
- Don't reveal your credit card, bank account or Social Security numbers to unfamiliar companies or people.
- Do your own research on charities and other solicitors.
- It's your money — never be afraid to ask where it's going.
- Before you invest, do your homework, because you can lose money even on legitimate investments.
- Get the details of all deals in writing.

- If it sounds too good to be true, it probably is.
- **For More Information**
- AARP  
[www.aarp.com](http://www.aarp.com)  
 News and tips on many scams that target seniors.
- THE FEDERAL TRADE COMMISSION (FTC)  
[www.ftc.gov](http://www.ftc.gov), 877-382-4357  
 Free information to help you spot and prevent fraudulent and deceptive business practices.
- NATIONAL DO NOT CALL REGISTRY  
[www.donotcall.gov](http://www.donotcall.gov), 888-382-1222  
 The National Do Not Call Registry allows you to block telemarketing calls. You can call or visit the web site to add your landline and cell numbers. (Charities, political candidates and companies with whom you do business may call you even if your number is on the list.)
- THE NATIONAL FRAUD INFORMATION CENTER  
[www.fraud.org](http://www.fraud.org)  
 A project of the National Consumer League, the National Fraud Information Center has tips and articles to help you recognize fraud and an online form to file a complaint.
- BETTER BUSINESS BUREAU (BBB)  
[www.bbb.org](http://www.bbb.org)  
 Visit the BBB site to find your local BBB agency, read its extensive scams listings and check out charities before you give.
- U.S. Administration on Aging  
[www.aoa.gov](http://www.aoa.gov)  
 The Administration on Aging is the federal agency that advocates for older persons.
- THE NATIONAL CENTER ON ELDER ABUSE  
[www.ncea.aoa.gov](http://www.ncea.aoa.gov)  
 The U.S. Administration on Aging funds this gateway site to resources on elder abuse, neglect and exploitation.
- SECURITIES AND EXCHANGE COMMISSION (SEC)  
[www.sec.gov](http://www.sec.gov), 800-SEC-0330  
 You can file a complaint or provide tips on potential securities law violations using the SEC web site. You can write a letter to the SEC Complaint Center, 450 Fifth Street, NW, Washington, D.C. 20549-0213. You can also send your complaint by fax to 202-942-9634. If you receive unsolicited e-mails on investments, forward them to the SEC at [enforcement@sec.gov](mailto:enforcement@sec.gov).