



FAMILY

Frauds That Target Older Adults

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Quick Facts...

Frequently scam artists target older consumers believing that they have more money from life savings or they have valuable property.

Never give out financial information and identification documents to those who initiate a telephone call, street solicitors, or door-to-door salespersons.

Consumers who are over 60 years of age who play sweepstakes and contests are considered good prospects for repeated mailings or calls.

Do not make agreements for home improvements over the Internet and do not send money or a credit card number in advance.

Older consumers are frequently a target of fraud and deceptive practices. They are likely to be at home to receive visits from door-to-door salespersons, e-mails, or calls from telemarketers. Seniors may not have regular contact with others who might help provide them with information about possible schemes or frauds. Law enforcement officials and consumer advocates say older people are targeted because they tend to be more trusting. Con artists may spend hours with lonely and vulnerable seniors establishing a trusting relationship. Frequently scam artists target older consumers believing that they have more money from life savings or they have valuable property.

Protect Yourself — Be Informed

Schemes and fraud often begin with a contact which the consumer did not initiate. It's okay to,

- say “no” or hang up on unsolicited calls.
- walk away from unsolicited contacts in stores or malls.
- say “no” or turn away door-to-door sales.
- not complete prize or contest offers received in the mail.
- delete unsolicited e-mail.

You can better protect yourself and your family members if you are aware of the tactics used by con artists.

Make good decisions on how to spend or not spend your money

- Avoid high-pressure sales that demand an immediate decision. If you feel pressured, say “no.”
- Never make a buying decision during the sales pitch.
- Do not pay money up front for a service or product. Do not make advance payment (purportedly for taxes or other fees) to participate or to claim a free prize. Free is free.
- Do not sign any legal papers that you do not understand.
- Do not make a major decision without getting several opinions; talk to your accountant, attorney, family, or friends.

Keep your information safe and secure

- Carry important documents only when absolutely necessary.
- Never give out financial information and identification documents to those who initiate a telephone call, street solicitors, or door-to-door salespersons. No matter how special the caller or salesperson makes you feel, don't let the con artist trick you out of your money.
- Give out your Social Security and Medicare numbers only on transactions that you have initiated. Do not have your Social Security number printed on checks or driver's license. Have it removed, if you already have it on checks or license.
- Keep a log of products or services ordered and check them against actual items received.

Be wary of scams and sales tricks.

- Be cautious of “buzz” or fancy words that sound too good to be true — easy credit, bargain loans, free or reduced cost for products or services.
- Never let a stranger in your home.
- Toss any solicitation that doesn't clearly identify the company, its street address and phone number.
- Watch out for unsolicited checks that, if cashed, sign you up for products or services you may not want or need.

Types of Fraud

Telemarketing Fraud

It's easy to fall prey to those who sell misleading products and services by phone. Illegal telemarketers are playing on economic uncertainty and consumers' financial vulnerabilities. Be skeptical when you hear a sales pitch using these well known telephone scams:

- The promise of a loan that requires you to pay an **advance fee**. You pay the fee, the con artist takes off with it and you never see the loan.
- Worthless **credit card loss protection**. Scam artists may ask for personal information to commit fraud. Consumers do not need this coverage.
- **Credit repair** promising that negative, but accurate, information can be removed from your credit file for a fee. There is no fee for removing inaccurate information. Accurate information cannot be legally removed.
- **Prize offers** in which you have to do something to get your “free” prize — attend a seminar, buy something, or give out your credit card number.

According to the ID Theft Data Clearinghouse, the most common types of identity theft reported to the FTC were:

- *Using or opening a credit card account fraudulently.*
- *Unauthorized phone or utility services.*
- *Passing bad checks or opening a new bank account (bank fraud).*
- *Working in another person's name (employment fraud).*
- *Government documents or benefits fraud.*
- *Getting loans in another person's name.*

If you suspect identity theft, contact the credit reporting agencies listed below to request that a fraud alert be placed on your file.

Equifax: P. O. Box 740241, Atlanta, GA 30374-0241, (800) 525-6285.

Experian: P. O. Box 2104, Allen, TX 75013, (888) 397-3742.

TransUnion: P. O. Box 390, Springfield, PA 19064-03901, (800) 680-7289.

Ask questions, review your medical bills and follow these practices:

- *Beware if you are offered free services or testing in exchange for your Medicare number.*
- *Show caution when providers say they know how to get Medicare to pay for a non-covered service.*
- *Don't give out your Medicare health insurance claim number to anyone other than your Medicare provider or your physician.*
- *Be careful in accepting Medicare services that are represented as being free.*
- *Be wary of any provider who maintains that they have been endorsed by the federal government or Medicare.*

- **Vitamins and other health products** that encourage you to buy products that are worth very little but are overpriced.
- **Investments** that are get rich quick schemes such as promises of riches in oil and gas leases, or gold and gems, which as a rule, are worthless.
- **Charities** that have names similar to reputable charities. Ask the charity for a written report of its programs, services, and finances. Disreputable charities won't send you written information or wait for you to check them out. Make a plan each year that outlines how much and what donations you will make — say “no” to the others.
- **Recovery scams** promise to get your money back from money lost in previous scams. Even law enforcement officers can't guarantee they'll recover losses.

Identity Theft

Identity theft occurs when someone pretends to be you and uses your personal financial information or identification (such as your Social Security number) to gain access to your accounts or records. The damage to a consumer's credit and life can be enormous.

Following some cautionary practices can help consumers protect against identity theft:

- Wear a close-fitting pouch, instead of carrying a purse.
- Do not place bill payments in your mailbox for carrier pick up; mail payments at the post office or postal drop box.
- Review billing statements and report any errors in writing soon after receiving them.
- Shred all financial documents.
- Reduce the number of credit cards carried to what is actually needed.
- Be aware of others nearby trying to see or overhear confidential information when entering a personal identification number (PIN), using a payphone, cell phone, or lap top computer in public.

Health Care/Medicare or Medicaid Fraud

Health care fraud can include misleading claims for a variety of products and procedures such as vision correction, dietary supplements, weight loss products or services, health spas and equipment, sunscreens, and other products.

Fraud occurs when someone knowingly deceives or misrepresents him/herself in a way that could result in unauthorized Medicare or Medicaid payments being made.

Sweepstakes, Lottery and Contests

Consumers who are over 60 years of age who play sweepstakes and contests are considered good prospects for repeated mailings or calls. Companies that promote sweepstakes and prizes are not in the business of giving away large sums of money — they are in the business to make money. Stop participating in sweepstakes, lottery, and contest offers.

Home Improvement/Repair Frauds

Common door-to-door home improvement frauds include painting, tree trimming, roofing, and paving repairs. Workers who perpetrate this type of fraud typically offer a bargain price by claiming they have just finished a job and have materials left over. They may require substantial payment in advance or after quoting a low price, they charge much more after the work is completed. Work, if performed at all, is poor quality and will not last. “Travelers” have been reported to steal money or other valuables from the victim’s home during the repair.

To avoid victimization, hire a legitimate contractor. Get at least three bids from different contractors and do not make a hasty decision based solely on price. Use a written contract that lists materials to be used and gives a completion date. Pay little or nothing in advance and never pay with cash. Do not make agreements for home improvements over the Internet and do not send money or a credit card number in advance.

Caregiver Fraud — Financial Abuse

Whether for yourself or others, watch for signs of financial abuse:

- A change in spending, banking, and lifestyle.
- Increased dependence on a caregiver or a caregiver who tries to isolate the elder.
- New acquaintances that completely charm the elder, or a caregiver who evokes fear in the elder.
- An older person who complains that they used to have money, but do not have it anymore.
- Missing possessions.
- Sudden changes or requests for changes in a senior’s will, insurance, or investments.

Predatory Mortgage Lending

Sometimes older homeowners with substantial equity in their homes but limited income are the victims of predatory lenders. Deceptive practices in which someone’s home serves

as collateral for a loan often involves high interest rates, hidden fees, extreme default penalties, and punitive prepayment penalties. Such a home loan which is based on the owner's equity in the home and not on their financial ability to pay may result in the loss of the home.

Pressure tactics are used by some unscrupulous lenders and may involve “flipping” — repeated refinancing of the home, each time charging high points and origination fees. Added costs for credit insurance, which may not be needed, may be charged. Loans may be advertised with low monthly payments and a large “balloon” payment at the end. Predatory loans may have hidden terms that result in an increase in costs at the time the contract is signed.

Other Con Games to Avoid

The con artist pretends to be a **bank examiner**. The offender calls the victim and explains that a bank employee is suspected of altering withdrawal slips. The scam artist convinces the victim to make a large withdrawal from his/her bank account to help trap the “guilty employee.” The pretend bank examiner takes the victim's money and disappears. Banks do not use account holders to trap employees.

Latin Lotto involves a Spanish-speaking person who approaches a victim. An accomplice, posing as a stranger, happens by and offers to translate. The Spanish speaker claims to have a winning lottery ticket, but cannot redeem it for fear of being deported as an illegal alien. The scam artist offers to split the winnings if the stranger will redeem the ticket. To show trust, the translator says he and the victim will have to withdraw money from their bank accounts. Once the victim hands over the money, the con artist and accomplice disappear. The lottery ticket is a fake. Other foreign languages may be used.

Travel Club offers a bargain airfare and/or hotel package to a glamorous site. The offer may be for only one person and prices are very high to add additional accommodations. Additional fees may be charged for services that one would expect to be included in the package.

Utility Inspector gains access to the victim's home by claiming to be working on a problem in the neighborhood. Once inside, the victim is distracted by one offender while an accomplice steals money or valuables.

If you think you may have been the victim of a con artist, get identifying information which includes a description of individuals and vehicles and immediately contact local law enforcement officials. Do not let embarrassment or fear keep you from reporting fraud or abuse. See Table 1 on the next page for contact information.

Table 1: Sources of Information.

Transaction/Fraud	Local or State Contact	Federal Contact	Other Contacts
Telemarketing	To register for the Colorado No-Call List, (888) 249-9097 or www.coloradonocall.com To report elder fraud: Colorado Consumer Line (800) 222-4444. Denver metro area (303) 222-4444. Colorado Attorney General www.ago.state.co.us .	The Federal Trade Commission's Telemarketing Sales Rule gives consumers the power to stop unwanted telemarketing calls and gives state law enforcement officers the authority to prosecute fraudulent telemarketers who operate across state lines, www.ftc.gov .	To remove name from telemarketing lists contact: Direct Marketing Association, Telephone Preference Service P.O. Box 9014, Farmingdale, NY 11735.
Identity Theft	Report immediately to local law enforcement and request a case number.	Contact FTC: www.consumer.gov/idtheft for a copy of the ID Theft Affidavit; Federal Trade Commission, www.ftc.gov ; Bureau of Credit Practices (202) 326-3224; Social Security Fraud Hotline, P. O. Box 17768 Baltimore, MD 21235, FAX: (410) 597-0118; Dept of Justice, www.usdoj.gov .	Contact fraud departments of your credit card issuers and give police case number. Contact credit reporting agencies and request that a fraud alert be placed on your file. Identity Theft Resource Center, www.idtheftcenter.org ; National Fraud Information Center, www.fraud.org , (800) 876-7060; Privacy Rights Clearinghouse, www.privacyrights.org .
Medicare and Medicaid	Colorado Division of Insurance, www.dora.state.co.us/ ; Insurance Senior Health Insurance Assistance Program, (303) 894-7553; Consumer Information, (303) 894-7490, 1560 Broadway, Ste 850, Denver, CO 80202.	If dissatisfied with provider response contact Office of the Inspector General, (800) 447-8477.	
Sweepstakes/Lottery/Contests			Remove name from mailing lists contact: Direct Marketing Association Mail Preference Service, P.O. Box 9008, Farmingdale, NY 11735. To remove name from mailing lists for credit card offers: OPT OUT, (888) 567-8688.
Mail Fraud		U.S. Postal Inspection Service www.usps.com/websites/depart/inspect/ ; Secret Service Financial Crimes Unit, www.treas.gov/usss .	
Charities	Colorado Better Business Bureau, www.bbb.org .		Better Business Bureau, whether charity is legitimate and portion of donations to programs and services vs. fund raising, contact www.give.org .
Investment Fraud	Colorado Securities Division, (303) 894-2320.		
Caregiver Fraud/Financial Abuse	*Local law enforcement *Adult Protective Services *Report Financial Elder Abuse, AARP ElderWatch, (800) 222-4444; Elder Abuse Center, www.elderabusecenter.org		

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