

Protect Your Loved Ones: The 411 on Senior Scams and Fraud

By Nan Hayes for Caring Transitions

When writing this newsletter, I received an email from my cell phone provider, including its name and brand images, informing me I must immediately pay hundreds of dollars in late penalties or lose my service. The message looked legitimate, even though I knew it couldn't be true. Upon taking a closer look at the sender's address, I determined it was a scam. But would my 86-year old father have known the difference?

If you're 40 or older, chances are you are part of the "Sandwich Generation," a term used to describe the growing number of adults who are simultaneously caring for aging parents and raising children, while managing demanding careers and tending to household duties. Much of your time, energy and attention is focused on family as you make sure everyone is safe, secure and living comfortably. At times, your responsibilities may be overwhelming and you don't know where to seek relief. The good news is "parent care" is quickly becoming the norm and you are in good company.

In today's fast-paced, multimedia environment, we have access to countless online resources that provide information and advice with a few clicks of a button. The internet has become a haven for caregivers as they seek advice, support and a sense of community with fellow caregivers; however, the unfortunate reality is that the internet has also become a haven for many scam operators who prey on the elderly by using unfamiliar and unexpected ploys.

"Seniors are being targeted through the internet, mail, phone, in-home visits, and free "financial seminars" specifically tailored to large groups," said Christopher Seman, president of Caring Transitions. "By understanding some of the recently publicized fraud tactics, you can help inform and empower your parents and others by describing to them some of the more common scams, helping them understand where to get help and suggesting ways they can protect themselves."

Phone Fraud

According to AARP, consumers lose more than \$40 billion a year to telemarketing fraud. People age 50 and older are especially vulnerable and account for about 56 percent of all victims.

Many agencies and organizations work to help older adults become more familiar with the typical "sales pitch" of an experienced scam artist. Phrases such as "You must act now," "You've already won," "You can't afford to miss this offer," are used to entice the victims to take advantage of a "once-in-a-lifetime opportunity." These phrases are usually closely followed by instructions to send money, shipping fees, postage or some other investment to obtain the prize.

As much as you may believe "my parents would never fall for something like that," thousands of people are preyed upon every day, and those suffering from confusion and memory loss associated with dementia are often targets. A simple rule of thumb: If it's too good to be true, it probably is.

One suggestion to help your parents avoid such scams is to develop a standard response that puts an end to any unwanted calls, such as:

- "I do not do business over the phone. Please send me (free) written information on this offer."
- "Please put this number on your Do Not Call list."
- "Please send the information to my attorney's office."

- “I am not interested. Please do not contact me again.”

Report suspected scams to the state attorney general. The Federal Trade Commission’s Telemarketing Sales Rule gives state law enforcement officers the power to prosecute fraudulent telemarketers.

Phishing and Caller ID Scams

According to AARP, “Caller ID” fraud has worsened since late 2011, and scammers have found ways to make their scheme look even more convincing. Caller ID fraud is a form of “phishing” – an attempt to get you to disclose personal information that may be used to access bank accounts, credit cards and your personal identity.

Typically, the scam comes in the form of an automated call or text message that claims your bank or debit card has been frozen. Your bank contact information appears on your phone’s caller ID, reassuring you the source is legitimate. It is not. Victims are asked to dial a callback number or to immediately provide account numbers, PINs or other sensitive information. With your information in hand, the scammers contact the bank and make fraudulent requests to transfer cash.

The best prevention method is to simply not respond to such calls. Instead, look up your bank’s legitimate phone number and contact it directly. If possible, visit the bank in person to address any problems that may in fact exist.

Phishing scams aren’t limited to banks. Schemers will use universities, utilities and other services as well. In all cases, they will ask you to “update” or “verify” your personal information or make an overdue payment “now.” Reputable organizations will never use messaging or email to request that you reply with your password, Social Security number, or confidential personal information.

Email Fraud

Many types of fraud exist, and email is an inexpensive and popular method for distributing fraudulent messages to potential victims. According to the U.S. Secret Service, hundreds of millions of dollars are lost annually, and that number continues to escalate. Most fraud is carried out by people obtaining access to account numbers and passwords. The rule for protecting vulnerable citizens is simple: Never respond to any message that asks you to send cash or personal information. If you receive fraudulent email, you can report it to the Federal Trade Commission by forwarding the message with full headers to spam@uce.gov.

The FBI and the U.S. Postal Inspection Service, along with other partners, have launched a Web site to educate the public about Internet schemes and to provide a central place for consumers to file complaints. The site offers a novel interactive online fraud risk test that lets users measure online safety habits relating to identity theft, financial fraud, internet auctions, counterfeiting, lottery scams and computer privacy. It also provides prevention tips, details on current cyber scams, consumer alerts, victims’ stories, and an opportunity to share stories of cyber fraud. For more information, visit [Looks Too Good To Be True](#).

Investment Fraud

A survey by the [North American Securities Administrators Association \(NASAA\)](#) shows senior investment fraud accounts for nearly 50% of all complaints received by state securities regulators, up from 28% in 2005. Older people are prime targets for con artists because they have money set aside to finance their retirement. The financial crisis and recession have created a “perfect storm” for exploitation as individuals who have lost a lot look to replace their nest egg.

Most of us are very aware of the infamous former NASDAQ Chairman Bernard Madoff, whose clients invested their entire life savings with him and lost everything. But there has also been a rise in local schemes. According to an Associated Press analysis, 150 Ponzi schemes collapsed across the nation in 2009 compared with 40 a year earlier. Currently, the Securities and Exchange Commission has twice as many Ponzi investigations as it did five years ago.

You can find more tips for smart investing at www.aarp.org/investmentfraud and www.investorprotection.org.

Reverse Mortgage

Seniors who have built up equity in their homes, but do not have enough income to live comfortably, are increasingly turning to reverse mortgages. Reverse mortgages insured by the U.S. Federal Government are called Home Equity Conversion Mortgages or HECMs. Like everything else involving potentially large sums of money, HECMs and the seniors eligible for these reverse mortgages have become targets for scam artists who realize the older segment of the population represents more than \$4 trillion in home equity.

There are several forms of HECM fraud, including Equity Fraud, Foreclose Rescue Schemes and Investment Fraud. The [FBI has issued an alert](#) to the most common forms of HECM scams to help consumers spot possible problems.

Moving Fraud

Even in the best of circumstances, moving can be stressful, but it is always important you understand the risks posed by “rogue” movers. Rogue movers may hold your goods “hostage” while demanding inflated fees or ask for large cash deposits prior to the move.

When it comes to moving, it is important to learn as much as you can about [your rights and responsibilities](#) and the Federal Motor Carrier Safety Administration (FMCSA), of the U.S. Department of Transportation (DOT), has initiated a partnership with other federal, state and local law enforcement agencies, consumer groups, and the moving industry to make sure you have the information you need.

Some additional things to look for:

- **License:** In-state movers will have a state license with the State Department of Transportation, Bureau of Consumer Affairs or State Association. Out-of-state movers will be licensed with the Federal Department of Transportation.
- **Complaints:** Check with the Better Business Bureau to see if the mover has complaints filed against them.
- **Place of Business:** Verify the mover has a legitimate place of business.

- **Estimates:** Movers should provide you with a written estimate that includes a breakdown of all fees. They should also be able to provide you with a signed Order of Service that includes dates for loading and delivery.

Garage Sale Fraud

Garage sale season is in full swing, and anyone holding a garage sale may be the victim of a scam. If you are planning a garage sale this year, here are some common scams to be aware of:

- One ploy for scammers is to load items into their car and then return and claim loudly that you did not give them everything you purchased. Their intent is to embarrass you into giving them a refund or more merchandise. Garage sale scam artists are adept at switching price tags, telling you they gave you a \$20 when you give change for \$10 and swapping less expensive merchandise for more expensive items. They often use active children as distractions and in some cases will blatantly walk away with items while you round up their children or try and protect the glassware from toppling over.
- Sometimes the scam artist will try to total the sale for you (to their advantage of course) or conceal smaller, more valuable items inside of larger items such as dressers, coolers and even boots and shoes. It is best to have someone help you run the sale and always keep the money on your person, in a fanny pack or work apron.

Alternatives to garage sales, such as estate sales, offer a different type of selling environment and may often result in a more profitable and pleasant experience. Reliable [estate sale specialists](#) not only help sort, clean, advertise and merchandise before the sale, but they can provide additional staffing and security, which often deters schemers.

“Caregiving is a new experience for many of us,” Seman said, “but take comfort in the growing number of support agencies and organizations to offer guidance, advice and resources, as well as national companies such as [Caring Transitions](#), that can provide new forms of services specifically designed to support you in your new role.”

About Caring Transitions

As life changes, it may become necessary to leave a familiar home and part with personal belongings in order to downsize and relocate to a smaller home or retirement community. At Caring Transitions, we help our clients understand the process, evaluate their options and make informed decisions that suit their best interests. We are committed to making each client’s experience positive by minimizing stress and maximizing results.

Visit us online at www.CaringTransitions.com.

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