

Cons, Scams and Elder Fraud

An Oregon FCE Lesson



Information compiled by
Mary VanEtta
Umatilla County FCE

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The objectives of this lesson are:

- To identify Elder Fraud;
- To help in identifying if the reader has been, or is, a victim of Elder Fraud;
- Examine steps to take to stop Elder Fraud; and
- Provide contact information to report Elder Fraud and for Victim Advocacy Programs.

The following is a story of an actual Elder Fraud Financial Abuse scam. The name of the victim has been changed.

Sally was at home, as she always was now that her husband Burt had passed away. She had been doing quite well managing the day to day household chores, paying the bills, doing the laundry, cooking for one, and trying to stay busy. Then, one day the phone rang.

Sally had been warned about telemarketers and usually hung the phone up when one called, but, this call was different. The people on the other end of the telephone line seemed to know all about her. They told her they were so proud of her for her continuing contributions to a very prestigious National Children's Cancer Hospital that she had been sending money to for years, and told her that THEIR fund raising organization also accepted donations for children with serious medical issues. They went on and on about the wonderful things that her money could do through their fundraising company, and how much she could help more children who were suffering with various forms of cancer.

Sally shared with them that her oldest daughter, who lived in another state, had just been diagnosed with inoperable cancer and they used that information to their benefit by keeping Sally on the phone. They continued to talk with Sally, and because Sally was lonely, she continued to listen. Finally, Sally agreed to send them some money. Their calls continued for a few months, and Sally continued to send them money. The telemarketers even had her set up a bank transfer from her savings account to them.

Sally's other daughter lived in the same town as Sally, and was a co-signer on Sally's bank account. One day she was in the bank and the bank manager asked her if she knew about the "donations" her mother was making to the telemarketers. They told her the over \$20,000.00 had been sent from her mother's account, and that the bank's audit department believed the organization wasn't legal, but was really an Elder Financial Scam.

The local bank called their main branch and found out that the telemarketers had somehow collected the names, addresses and phone numbers of donors to the National Children's Hospital, and other legitimate charitable organizations, and started making calls to unsuspecting people who thought they were speaking with a reputable fund raising organization. When the authorities tried to find the telemarketers, they tracked them to a place in Florida, but could not find out who was doing the scamming or where the money went.

Sally was the victim of Elder Fraud. She lost \$20,000.00 of her life savings and would never get it back.

What is Elder Fraud?

- Elder Fraud is defined as the financial exploitation of Elders and a part of Elder Abuse. It is estimated that between 700,000 and 3.5 million elderly Americans are victims of Elder Abuse.

Who are Elders?

- The definition of an "Elder" varies from state to state. In most states, an Elder can be a person of age 65, and a "vulnerable Elder" is one who's physical or mental health puts him or her at a greater risk of financial and other abuse.

How does Elder Fraud Happen?

Elder fraud can happen in many ways, such as:

- When guardians or conservators misuse their authority over people they are responsible for and their estates by not paying monthly bills, rent, mortgage payments, etc.;
- When your adult children pressure you into giving them money;
- When there is a lack of spending on the care of the Elder person, including personal grooming items;
- When there is unusual or inappropriate activity surrounding investment properties or in bank accounts, including the use of ATM cards, to make large or repeated withdrawals;
- When there are signatures on checks, or other documents, that do not resemble the Elder person's signature, or when the Elder person cannot write;
- When a power of attorney is given, or when there is the creation of a will or trust, and the Elder person is incapable of making such decisions;
- When the durable power of attorney document, or joint bank account ownership, is misused;
- When it is discovered that personal belongings, such as art, silverware or jewelry are missing;
- When there is a recent sale of assets and properties of the Elder person; and
- When an Elder person receives a phone call from a telemarketer or a mail document designed to trick them into thinking they've won money or to give money to a phony organization.

The National Consumers League's National Fraud Information Center states that nearly a third of all telemarketing fraud victims are age 60 or older. Studies by AARP have shown that most of the telemarketing fraud victims don't realize that the voice on the phone could belong to someone who is trying to steal their money.

MetLife Study

According to a MetLife report "*Broken Trust: Elders, Family and Finances*", which was published in 2009, up to one million older Americans may be targeted yearly. The study reported that the loss of money from Elder Fraud including the costs for things like investigations, legal fees, prosecution, lost income and assets, etc., was \$2.6 billion annually.

The MetLife study was done in conjunction with the National Committee for the Prevention of Elder Abuse and the Center for Gerontology at Virginia Tech.

The study reported that:

- That 55 percent of financial abuse in the United States is committed by family members, caregivers and friends;
- 21 percent of the cases in the study involved strangers;
- The majority of victims were between 80 and 89, lived alone; and required some help with either health care or home maintenance;
- Women are almost twice as likely to fall victims of Elder Fraud;

- The typical victim is a white female between the ages of 70 and 89 who is cognitively impaired, trusting and often lonely and isolated;
- 60 percent of perpetrators were male, mostly between the ages of 30 and 59;
- Victims are most vulnerable during the holidays when overall dollar losses due to family and friends were higher than any other category; and
- In addition to the financial loss, victims often experience long-term effects such as credit problems, health issues, depression, and a loss of independence.

Sandra Timmerman, Director of the MetLife Mature Market Institute, said in a statement: "Our findings (in the MetLife study) illustrated the dehumanization of victims that takes place in the process of financial abuse and the further destruction of financial security that occurs. In almost all instances, financial exploitation is achieved through deceit, threats and emotional manipulation of an elder. In addition to this psychological mistreatment, physical and sexual violence frequently accompany the greed and disregard of financial abuse."

California is a Prime Target for Elder Financial Abuse

California is a prime target for financial abuse because it is the nation's highest retirement destination, with estimates that the elder population will be over 9 million by the year 2020.

Jennifer Duane, who has led the San Francisco-based Elder Financial Protection Network for more than a decade, conducted a study on Elder Fraud. Her study revealed that:

- The aging population has made more seniors a target for scammers and sadly, a target for members of their own families to exploit them;
- Because women outlive men, there is a generation of older women who depended on their male spouse to manage the finances. These women often trust people they shouldn't trust;
- Increases in Elder scams are happening because people are living longer and are more dependent upon more support; and
- Among family members, there is an enormous sense of entitlement by people who feel like, they are going to get the money anyway - after a mom or dad dies - so they see the Elder Fraud as "borrowing from their inheritance."

Ms. Duane has also said that Elder financial abuse has grown to epidemic proportions, and at least one in 10 elders is exploited.

Congress is Aware of the Problem

In a valiant attempt to bring Elder Abuse and Elder Financial abuse into public awareness, Actor Mickey Rooney told his story of elder abuse to Congress in March, 2011. He testified about Financial and other forms of elder abuse he endured from his stepson and claimed that his stepson used intimidation to get access to his money. Mr. Rooney's goal was to shine a light on the problem so victims will share their stories. Mr. Rooney eventually won a court order handing control of his affairs over to a Los Angeles attorney and obtained a restraining order against his stepson. During his testimony at the congressional hearing, Mr. Rooney said, "If it can happen to me, it can happen to anyone".

It Happened In Oregon

This is one example of the entitlement relatives feel they have regarding their aging family members.

One of the more publicized cases of Elder Fraud in Oregon was in 2008, happened to Portland resident Evelyn Roth (then 83). Ms. Roth was recovering from cancer surgery and became seriously

ill. When it appeared she was going to pass away, she was hospitalized for two weeks, and then put in a nursing home. During this time, continued to receive radiation treatments. In April, her cousin Virginia Kuehn and niece Kathleen Jingling had Ms. Roth sign over the power of attorney to them, against her will. 4 days later, Kuehn and Jingling wrote \$12,000 in checks to themselves out of Ms. Roth's account.

Mrs. Roth's health continued to improve. In the fall, she heard from neighbors that a "For Sale" sign had been placed outside of her home and that her relatives seemed to be removing her belongings. Ms. Kuehn and Ms. Jingling sold her house, all of her belongings, including her car, and then spent every cent of the proceeds.

Ms. Roth had an "angel" watching over her. The daughter and son-in-law of a close friend helped her out and she had Ms. Kuehn and Jingling arrested. Both Kuehn and Jingling pled no contest to first-degree criminal mistreatment, aggravated theft and theft charges. On March 1, 2010, they were each sentenced to one year and one day in jail, followed by five years on probation. They also had to pay restitution for their crimes. Neither ever said they were sorry for what they had done.

In Oregon, Elder Financial Abuse is a crime

In June, 2012, Fred Steele, the Oregon Department of Human Services Community Adult Protective Services Manager, reported that "each year in Oregon over 600 Oregon seniors are known to be financially exploited --and the number is expected to grow dramatically if efforts aren't made to educate the public." He added that "Education is the answer to curbing the problem of elder abuse. Everyone needs to know what elder abuse is, the signs and what to look out for, as well as how to report it. The more we talk about it, the more real it becomes and then the more committed as a society we are going to be to doing something about it."

Financial Abuse Profiles

There are 3 major profiles that identify someone who is being financially abused:

- **The "Pushover Partner":** This happens when your spouse, partner, or best friend runs up household bills or otherwise hurts your good credit. The person always seems to get you to buy something he/she wants and not what you want.
- **The "Freeloader's Favorite":** This could be the parent, grandparent, aunt, uncle or friend of someone who tries to make you feel guilty by telling a hard-luck story about some financial disaster he/she is going through and needs money to help them out.
- **The "Human ATM":** Is described as someone who has family members who constantly borrow money and then forget to repay it.

If any of these scenarios seem familiar, you may be someone who is being financially abused. If that is true, then you need to tell someone. The financial abusers are similar to people who are Domestic Violence abusers. They count on the victim keeping quiet about what is going on. Elder fraud, like Domestic Violence situations, is one of the most underreported crimes due to the victim's embarrassment, fear, or intimidation by the person who is scamming them.

Grandparents make good targets for scam artists

In 2011, more than 25,500 older Americans reported sending \$110 million to scammers posing as family members and claiming an injury or arrest in a foreign country. "And that is the tip of the iceberg," according to Steve Baker of the Federal Trade Commission. "At most, only about 8 percent of victims ever report the crime." Every day hundreds of grandparents fall for this scam.

In the book, "Scam-Proof Your Life" by Sid Kircheimer, he gives the reader 5 things to adhere to in dealing with scammers and grandchildren scams:

1. Don't be fooled by detailed greetings such as "Hi Grandma, its Billy!" Many (scammers) get names and details from online directories, social networking websites or obituaries. Some hack into emails.
2. No matter where they say they are, the scammers typically are in Canada and using numbers that can easily be disguised or using disposable cellphones that are very difficult to track.
3. Scammers often ask for wire transfers, because with a reference number and phony ID, they can retrieve that money anywhere. "Wiring money is like giving cash," says the FBI. Once you send it, you can't get it back."
4. The crooks have done their homework on your family and often pose as police officers, attorneys or hospital workers.
5. When a suspicious caller says, "Please don't tell Mom and Dad," show your love a better way: Hang up the phone and contact your grandchild or another family member and get the facts.

Other Tips to help "Scam Proof Your Life"

If you don't have a digital phone with a view screen that shows you who is calling, buy one as soon as possible. By seeing the number of the person who's calling, you may save yourself a lot of time, money and heartache by not answering phone numbers you don't recognize.

In the September/October issue of the AARP Bulletin, it was suggested that families have a "family code" (such as a secret password) in order to stop a possible scam artist. This is something you need to discuss with your family. Even if you don't have a code, ask for it when a scammer calls. If they say you something you don't recognize, hang up and call the family member, or their parents, to find out if the call was a scam, or if someone in the family really needs your help.

To report Elder Fraud or Abuse:

What to do if you've been scammed? Here are some things to do if you've given out credit, debit or other personal information to a scammer:

In Oregon:

If you believe you have been a victim of Elder Fraud or Abuse call your local Police Department. You will give a report of the crime and the Police Department should give you an Identity Theft Packet.

You can also contact the Oregon Senior and People with Disabilities services at 503-945-5944. They can give you the contact information for help in your area.

If you have given out your bank account information:

Notify your bank(s) and ask them to flag your account and contact you regarding any unusual activity:

- If bank accounts were set up without your consent, close them.
- If your ATM card was stolen, get a new card, account number and PIN.
- Report the theft of this information to the bank as quickly as possible.
- Cancel your account and open a new one.

If you have given out your credit or debit or ATM card information:

- Report the theft of this information to the card issuer as quickly as possible.
 - Many companies have toll-free numbers and 24-hour service to deal with such emergencies.
- Cancel your account and open a new one.

- Review your billing statements carefully after the loss.
 - If they show any unauthorized charges, it's best to send a letter to the card issuer describing each questionable charge.

Credit Card Loss or Fraudulent Charges (FCBA)

Your maximum liability under federal law for unauthorized use of your credit card is \$50.00. If the loss involves your credit card number, but not the card itself, you have no liability for unauthorized use.

ATM or Debit Card Loss or Fraudulent Transfers (EFTA)

Your liability under federal law for unauthorized use of your ATM or debit card depends on how quickly you report the loss.

You risk unlimited loss if you fail to report an unauthorized transfer within 60 days after your bank statement containing unauthorized use is mailed to you.

If you have given out your personal identification information:

Identity theft occurs when someone uses your personal information such as your name, Social Security number, credit card number or other identifying information, without your permission to commit fraud or other crimes. If you have given out this kind of information, you should do the following:

- Contact the Social Security Administration's Fraud Hotline at **1-800-269-0271** to report the unauthorized use of your personal identification information.
- Notify the Department of Motor Vehicles of your identity theft. Check to see whether an unauthorized license number has been issued in your name.
- Notify the US Dept. of State at **1-877-487-2778** to be watching out for anyone ordering a passport in your name. File a complaint with the Federal Trade Commission.
- Request a free copy of "ID Theft: When Bad Things Happen in Your Good Name", a guide that will help you guard against and recover from your theft. 1-877-438-4338 or go on line at: www.consumer.gov/idtheft.
- Report the theft to the three major credit reporting agencies, Experian, Equifax and Trans Union Corporation, and do the following:
 - Request that they place a fraud alert and a victim's statement in your file.
 - Request a FREE copy of your credit report to check whether any accounts were opened without your consent.
 - Request that the agencies remove inquiries and/or fraudulent accounts stemming from the theft.

Equifax: To order your report, call: 800-685-1111 or write: P.O. Box 740241, Atlanta, GA 30374-0241. To report fraud, call: 800-525-6285 and write: P.O. Box 740241, Atlanta, GA 30374-0241. Hearing impaired call 1-800-255-0056 and ask the operator to call the Auto Disclosure Line at 1-800-685-1111 to request a copy of your report.

Experian: To order your report, call: 888-EXPERIAN (397-3742) or write: P.O. Box 2002, Allen TX 75013. To report fraud, call: 888-EXPERIAN (397-3742) and write: P.O. Box 9530, Allen TX 75013 TDD: 1-800-972-0322

Trans Union: To order your report, call: 800-888-4213 or write: P.O. Box 1000, Chester, PA 19022. To report fraud, call: 800-680-7289 and write: Fraud Victim Assistance Division, P.O. Box 6790, Fullerton, CA 92634 TDD: 1-877-553-7803

Keep a log of all conversations related to your identity theft case. Include the following:

- Names of people you talked to;
- Telephone numbers of the agencies you called;
- The time you spend on each conversation; and
- Any expenses you've incurred.

Follow-up on important conversations in writing:

- Send correspondence by certified mail, return receipt requested.
- Keep copies of all letters and documents.
- Contact all creditors as soon as possible.

For victims of Internet fraud:

The internet is yet another avenue for fraud. If you believe you are a victim of internet fraud, you need to report the fraud to the Internet Fraud Crime Complaint Center (IFCC). The IFCC is an online service found at: <http://www.ic3.gov>. The center is a partnership between the Federal Bureau of Investigation (FBI), National White Collar Crime Center (NW3C) and funded in part by the Bureau of Justice Assistance (BJA). It provides a convenient and easy-to-use reporting mechanism that alerts authorities of a suspected criminal or civil violation. Be sure to document the names and phone numbers of everyone you speak to regarding the incident. Follow-up your phone calls with letters. Keep copies of all correspondence.

The National Do Not Call Registry:

To add your number to the Registry you can call 1-888-382-1222 from the phone you wish to register, or if you have an email address, you can go <https://donotcall.gov> and register, however, to complete online registrations, a form will be sent to your home email address and you have to reply from that. Telephone numbers placed on the National Do Not Call Registry will remain on it permanently due to the Do-Not-Call Improvement Act of 2007, which became law in February of 2008. Most telemarketers should not call your number once it has been on the registry for 31 days. If they do, you can file a complaint on the Do Not Call website.

Note: Scammers have been making phone calls claiming to represent the National Do Not Call Registry. The calls claim to provide an opportunity to sign up for the Registry. These calls **are not** coming from the Registry **or** the Federal Trade Commission, and you **should not** respond to these calls.

To Report Telemarketers:

On the web, go to www.callercenter.com. This is a web-site where people file complaints about telemarketers and other annoying callers. On their website they have a listing of the latest scam reports.

More information on how to prevent Elder Fraud and Elder Abuse:

California has an excellent Citizens Guide to Preventing and Reporting Elder Abuse. You can read it on the web at: ag.ca.gov/bmfea/pdfs/citizens_guide.pdf

Also there is a list of National Organizations on the web that discuss Elder Fraud and Abuse
<http://www.preventelderabuse.org/additional/organizations.html>

Remember, the scam artist is hoping embarrassment on your part will keep you from telling anyone what has happened. If you feel you've been scammed or are the victim of abuse, the first thing is to tell somebody what happened. Don't let embarrassment keep you from finding help. Talk to your children, your minister, priest, rabbi or a friend, but talk to someone and get help

Sources:

AARP.org and aarp.org/bulletin July-August and September/October 2012

California Department of Motor Vehicles

Elder Financial Protection Network, bewiseonline.org

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Oregon Department of Human Service; Senior and Disabled Services Division

The Oregonian, March 2010, Evelyn Roth

<http://www.consumerfraudreporting.org/phishingwhattodo.php>