



Seniors' Guide to Fighting Fraud

From the Office of Minnesota Attorney General Lori Swanson

Introduction

The Minnesota Attorney General's Office provides this guide to help alert you to the dangers of consumer fraud directed at older people. Prevention is the most effective way to attack this problem. This guide will inform you about the common scams aimed at seniors and the steps consumers can take to thwart the swindlers.

Fast Facts on Fraud

- Older people comprise almost 14 percent of the population but account for a higher percent of the victims of consumer fraud.
- Telemarketing fraud alone is a \$40 billion a year business.
- Sixty percent of all callers to the National Fraud Information Center describe themselves as senior citizens.
- Scams and frauds conducted by mail and telephone are increasingly coming to you from Canada, Australia, and other countries.

How to Avoid Scams

- Don't do business over the telephone with callers you don't know. That friendly voice on the other end of the line may be a crook.
- Ask for written materials before you commit yourself to any offer.
- Before you send any money, check out the company and its offer with the Attorney General's Office and the Better Business Bureau.
- Don't give your credit card or checking account numbers to someone you don't know.
- Keep your social security number confidential.
- Walk away from a "deal" if you are being pressured to make an immediate decision.

Seniors are Targeted for Fraud

It is hard to spot fraud when it is happening. The Federal Trade Commission estimates that consumers lose more than \$40 billion a year to telemarketing fraud. And, if you are an "older" consumer, you are a special target for those offering bogus prizes or selling bogus products and services.

People over the age of 65 make up almost 14 percent of Minnesota's population, but disproportionately represent the number of scam victims.

The disproportionate victimization of older people in connection with consumer fraud is partly based on generational and economic factors. Most seniors grew up in an era when business was done on a handshake; unfortunately, crooks are playing on that trust.

The economic consequences older Minnesotans face when defrauded are often devastating. Most seniors in Minnesota live on fixed pensions and about one-fifth of Minnesotans over age 60 depend solely on Social Security for their income. With fixed monthly pension or Social Security checks, it is nearly impossible to replenish bank accounts or money saved for retirement when it is taken by scams.

Con artists use three methods to contact potential victims: phone, mail, or door-to-door sales. Most scams involve a combination of methods. For example, many swindlers will generate leads by mailing a survey to gauge interest in a product or service. Consumers who indicate interest (usually by returning a postcard) are then contacted by telephone, or a traveling salesperson will stop by to make the sales pitch in person.

This guide identifies common scams that target Minnesota seniors, identifies the common warning signs of each scam, and provides information to help you thwart the con artists and protect your assets.

BEWARE: COMMON SCAMS

Scams can be large or small, sophisticated or simple, and come from next door or across the world. But the crooks behind them have two things in common. They want to steal your money, and avoid being caught. Below is a list of common scams. Turn the tables on con artists behind them—report these scams and their perpetrators to the Attorney General’s Office.

Grandparent Scam

In a typical grandparent scam, a con artist calls or emails you posing as a relative in distress or as someone claiming to represent the relative (such as a lawyer or law enforcement agent). The scammer may frantically tell you a variation of “Grandma, it’s me,” followed by a description of the problem in which they have found themselves (arrested, in an auto accident, in need of a lawyer, etc.). You are then instructed to wire money to the scam artist with the claim that the funds will be used for bail money, lawyer’s fees, hospital bills, or other expenses. You are also urged not to tell anyone, such as the parent of the “grandchild.” Many scams rely on money being wired, and consumers should be wary of any offer that requires wiring of money, instead of using a credit card, which protects consumers in the event of a scam.

Fake Check Scams

Fake check scams—in which fraudsters ask their victims to cash realistic-looking checks and wire a portion of the proceeds back to the scammer before the check bounces—continues to be one of the most frequently-reported scams. There are many variations of the fake check scam, but whatever the pitch, they all have one thing in common: there is *no* legitimate reason for someone to give you money and then ask you to wire money back.

Medicare Scams

Navigating the Medicare system isn’t easy and some scammers will look for any opportunity to take advantage of the confusion. Commonly, a scammer will claim to be with Medicare and ask for personal information such as Medicare, Medicaid, social security, credit card or bank account numbers. The victim might be given any number of excuses to provide this information including that an error needs to be fixed, that he or she is part of a survey or eligible to receive free products or can sign up for a new prescription drug plan. Always keep in mind that Medicare will never call to ask for sensitive personal financial information.

Investment and Work-at-Home Scams

Promises of easy money often target older adults because seniors may be looking to supplement their income. The pitch might come in the form of an investment opportunity that promises big returns, or as a way to make money at home for an upfront cost. In either scenario, “up front” money is required to make the promised money. Sometimes the consumers receive nothing for the money they send. Sometimes victims receive instructions telling them to duplicate the process by which they were victimized. Always research any work-at-home opportunity and beware of investment or money-making offers that seem too good to be true or use high pressure sales tactics to get you to sign up immediately. Do not make investments with anyone over the phone. Consult with a trusted financial planner, stockholder or banker for investment advice. Most importantly, never invest money before thoroughly checking into the offer. Check out any phone or mail investment offers by calling the state Department of Commerce to see if the entity is licensed to do business in Minnesota.

Lotteries

You receive a letter in the mail stating that you have won a lottery or sweepstakes. This seemingly good news might quicken your pulse, but do not let it override your good judgment. The letter instructs

you to deposit an enclosed check and then wire a portion back to the company to cover “taxes” or “administrative fees.” While the funds will initially show up in your bank account, and everything may seem valid, once the bank discovers that the check is a fake, the money will be removed from your account and you find yourself out the money you sent to the company.

When callers or mail solicitations offer you the chance to win a lottery, they are offering you nothing but the chance to be taken. Watch out for lottery scams by recognizing these sure signs of a losing proposition:

- Telemarketers and/or direct mail solicitations sometimes offer the opportunity to win the Canadian, Australian or other foreign lotteries.
- You may be told the odds of winning increase when “group purchases” of lottery tickets are made.
- Credit card numbers or checking account numbers are requested.

Foreign lotteries are illegal in Minnesota and violate state and federal laws.

Personal and Medical Safety Product Scams

Aggressive door-to-door salespeople and telemarketers often target senior citizens with the sale of costly and deceptively-marketed products by exploiting their fears about their personal or medical safety. Don't be swayed by unknown callers that try to scare you into buying a product, such as selling you an alarm by talking about a rash of burglaries in your city or a medical safety product by talking about medical errors in hospitals. While many people have legitimate medical and personal safety concerns as they age, the best way to deal with these concerns is to seek out reputable companies that offer meaningful products at a fair price.

Bogus Charities

Many charities depend on the generosity and donations of individuals. Unfortunately, some crooks take advantage of that generosity. Charity scams are often well disguised, but may be detected by a few common red flags:

- Exorbitant prices are charged for everyday items (for example: a dozen light bulbs for \$84.99).
- Appeals for contributions are designed to look like bills or invoices.
- Little detail is provided about how the charity operates or where the money goes.
- Heart-wrenching appeals are used with high pressure tactics to force individuals to make quick decisions.

Before you part with any money, do research. Ask for written information and read it carefully before you give. Find out how your contribution will be used and ask if your donation is tax deductible. Contributions by cash are impossible to trace, so pay by check. If you have doubts about a charity, contact the Attorney General's Office. Minnesota law requires that charities be registered with the Attorney General's Office, unless exempt. You may also wish to contact the Charities Review Council of Minnesota.

“You Have Won” Calls and Mail

An excited salesperson on the other end of the phone or an official looking prize notice in the mail claims you have won a prize. Watch out. Often these prize awards have long and expensive strings attached. You can spot this scam almost right away if you look for these messages:

- The caller or the mail piece tells you, “You have won a prize.”
- You must purchase a product (like magazines), pay a processing fee, or pay taxes.
- Request for a credit card number, checking account number or a social security number.
- Often your money must be sent by overnight delivery to a company in another state or country.

No matter how appealing, hang up the phone or throw away the mail. Never give out your credit card number, checking account number or social security number. Make sure you report the call or mail to the Attorney General's Office.

Living Trusts

Senior citizens are often targeted by unscrupulous salespeople who instill and prey on seniors' financial fears in order to sell unwanted, unnecessary and/or unsuitable living trusts, legal plans, and other financial products. Seniors should use extreme caution when approached by individuals trying to sell these types of products.

Living trusts organize your financial situation, and living wills spell out your health care wishes. The two are often confused. Scam artists play on the fact that seniors are not familiar with living trusts, so they advertise presentations at hotels or restaurants or come to your door with information to teach you about financial options, including trusts. Protect yourself. Watch for the following clues:

- A salesperson requests highly personal financial information.
- A salesperson, untrained in the law, tells you need a trust or makes misleading statements about trusts such as: "A trust will protect your estate from inheritance taxes."
- Thousands of dollars are charged for boilerplate forms.
- The sales pitch grossly emphasizes the need to avoid probate and grossly exaggerates the estimate of probate cost.

Do not put your financial future into the hands of a door-to-door salesperson. Consult an attorney or financial planner who specializes in estate planning, or contact the Senior Federation legal referral program.

Resources

Minnesota Attorney General's Office

Consumer Services
1400 Bremer Tower, 445 Minnesota Street
St. Paul, MN 55101
651-296-3353 or 800-657-3787
TTY: 651-297-7206 or 800-366-4812
www.ag.state.mn.us

Senior LinkAge Line

Minnesota Board on Aging
651-431-2500 or 800-333-2433
www.mnaging.org

Minnesota Better Business Bureau

651-699-1111 or 800-646-6222
www.thefirstbbb.org

Charities Review Council

651-224-7030 or 800-733-4483
www.smartgivers.org

Minnesota Department of Commerce

(for banking and securities)
651-539-1500

Do-Not-Call List Registration

888-382-1222
866-290-4236 (TTY)
www.donotcall.gov

Handbook Provides Additional Information

Seniors' Legal Rights is a comprehensive publication designed to inform older people of their rights on a number of topics, ranging from consumer protection and estate planning to utilities and nursing homes. To order a copy please contact the Attorney General's Office at the address and phone numbers above.