



WISER

THE WOMEN'S INSTITUTE FOR A SECURE RETIREMENT



## WISER Special Report: Senior Fraud

### Sweetheart or Sweetheart Scam?

#### What you should know about financial abuse and elder scams.

Authorities in New York arrested a woman last year for theft of hundreds of thousands of dollars from an 85-year-old man, in what experts refer to as a "sweetheart scam." In this case, the woman befriended an older man telling him hard luck stories, including that she had cancer, to persuade him to give her money. She eventually talked him into giving her his "power of attorney" and used it to obtain a home equity loan. She stole the equity loan funds.

Financial abuse and scams are serious concerns. They deprive seniors of their hard-earned assets and retirement savings. Making matters worse, seniors, with limited incomes and earning potential, are rarely able to recover financially.

Everyone is subject to scams and con games. But because older people are identified as easy marks, they are frequently targeted by the unscrupulous. Many times, the perpetrators are strangers preying upon older individuals who may be lonely, isolated, confused or desperate for cash or attention. There are also many instances of financial abuse where the perpetrators are family members. Sometimes, the victim is pressured into giving money or assets to a family member or friend claiming to need financial assistance. Older people may feel a sense of obligation to help family members, or might succumb out of

fear of the person whom they rely on for care. Experts say this kind of financial abuse by friends and family members often goes unreported.

It is important to alert older people of potential fraud and scams that may threaten their financial security. It is important for you to be on the lookout, not only to protect assets, but also to help you identify possible scams against family members and friends.

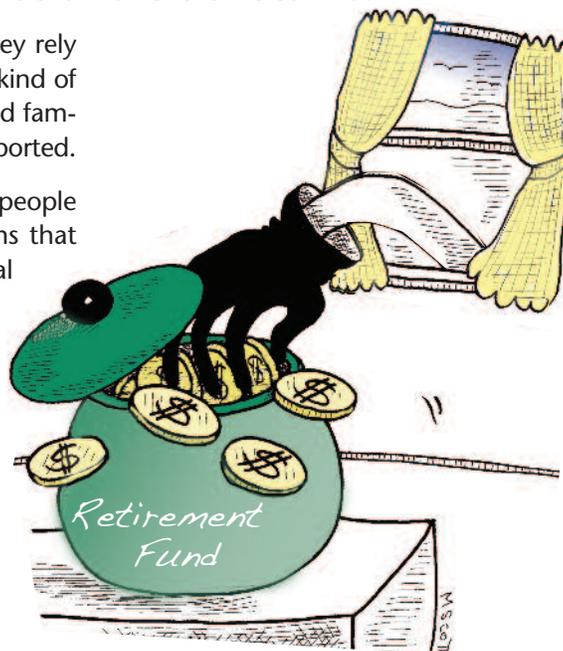
#### Here are a few of the more common scam scenarios:

##### Obtaining money or possessions by threat or deceit

The perpetrators misuse credit or debit cards, or joint bank accounts; cash checks without authorization, including loan checks from credit card companies; steal benefit or pension checks; or pressure the older person to transfer assets to them. Sometimes a friend or relative with access to the victim's home, bank accounts and mail is stealing from the older person.

##### Scams and Frauds

**Telemarketing Scams:** Fast talking telemarketing con artists often promise gifts if you sign up right away for products or services. It's important to investigate offers for goods or services made over the phone, and to avoid impulsive purchases.



Do not deal with companies that pressure you with an offer that will expire, or must be agreed upon immediately. Legitimate companies do not conduct business this way. Never agree to buy anything over the telephone and never give your credit card, banking or important personal information over the phone in response to unsolicited calls. Ask to see something in writing first and then investigate carefully. If something sounds too good to be true, it likely is.

##### Pressure Tactics

Con artists are highly skilled at pressure tactics to get you to agree to things, even when your gut is telling you "no." Make a sign for an elderly parent or friend to keep by the phone saying "no" to a persistent

caller or person at the door. If they are persistent, advise them to hang up. If there is a firm plan in advance for dealing with telemarketers and door-to-door salespeople, the elderly person will be more likely to be able to resist a bad deal.

## Jury Scam

Another example of phone fraud is a call about jury duty saying you missed your appearance and asking for your Social Security number in order to confirm your information.

## Computer Scams

Never give out credit card or banking information unless you have initiated the transaction and you are sure that the company is reputable.

A recent example of “phishing” is emails that appear to be from the IRS about a tax refund. Many consumers

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### ***Mother Won a Million Dollars? Not so fast!***

Bertha M., age 90, received a call that would cost her thousands. Bertha’s con artist told her she had won a million dollars in a *Reader’s Digest* sweepstakes; she only needed to pay the caller a \$15,000 distribution fee, and he’d get the money to her. For this, the caller would need her checking account information, which she gave him. Eventually, over the course of six months and many manipulative calls, this scammer received—in cash and credit—over \$20,000 of Bertha’s money before her family realized something was wrong.

The tip-off came when Bertha’s daughter, Carolyn, noticed that her mother had no money for food, despite the fact that her monthly income had previously exceeded her expenses. It would have been much more than \$20,000 if Carolyn had not tracked down the companies on the Internet who had cashed the checks in several states. By doing so, she was able to recover \$4,500 and prevent the leakage from continuing. However, there was no help from the local Ohio police or the bank, and the bank would not even report it as a crime because Bertha had given out the information freely; business as usual was their attitude. Don’t let this happen to your mother. Carolyn responded quickly by getting caller-ID and placing a list of legitimate contact numbers near Bertha’s phone.

have been duped by clicking on the links and giving away personal information to identity thieves.

## Other common frauds:

### ***Financial Planning and Advice Fraud***

Many people feel more comfortable using a financial planner or advisor to help them with their investments and long-term financial plans. Unfortunately, there are some dishonest people with no real financial expertise who use sham titles to mislead potential investors. Older people are often targeted because they may have a lump sum of money available from their retirement accounts, such as their IRAs or 401(k)s. Invited to a free lunch, dinner and seminar, these people are sold financial products not at all suited to their needs.

Be sure the person selling you a financial product or providing advice on how to invest your money is someone with credentials, someone you know and trust. For more information on financial advisors or purchasing financial products, go to WISER’s site: [wiserwomen.org](http://wiserwomen.org).

### **Home Renovation and Home Equity Loan Scams**

Often, unprincipled individuals or companies will seek business by going door-to-door selling home improvement services. These contractors often demand large payments up-front, perform shoddy work or do not complete promised work.

Often, the home improvement scam is packaged with an expensive sub-prime home equity loan.

Cash-strapped seniors are pressured into signing loan documents in a hurry—loans with high interest rates, and pages of fine print that include hidden charges. The loans are designed to fail and give the lender the equity in a person’s home.

### **For more information**

See the Federal Trade Commission’s Bureau of Consumer Protection agency’s website at [ftc.gov/bcp](http://ftc.gov/bcp).



See also the National Committee for the Prevention of Elder Abuse Web site at [preventelderabuse.org](http://preventelderabuse.org).