Financial Fraud and Abuse

PATTI C. WOOTEN SWANSON, Nutrition, Family, and Consumer Sciences Advisor, University of California Cooperative Extension, San Diego County; NANCILYNNE SCHINDLER, Staff Research Associate, University of California Cooperative Extension, San Diego County; and THOM T. TRAN, Staff Research Associate, University of California Cooperative Extension, San Diego County

Overview of the Financial Caregiving Series

The publications in this series are based on research conducted with adult child caregivers and caregiving professionals. The series provides practical insights and strategies for adult children (and other family members or friends) who are concerned about or caring for their aging, ill, or disabled loved ones. Financial caregiving tasks are organized and prioritized for caregivers according to three possible scenarios: when there is time to plan, when you observe that some assistance may be needed, and when there is a crisis. Caregiver resources include step-by-step implementation plans, consumer checklists, worksheets, and locations for finding more information. The series contains seven publications:

1. Introduction to Financial Caregiving and Glossary (Publication 8379)
2. Communicating with Your Parents about Finances (Publication 8380)
3. Getting Organized: Bill Paying and Record Keeping (Publication 8381)
4. Understanding Long-Term Care (Publication 8382)
5. Planning and Paying for Long-Term Care (Publication 8383)
6. Estate Planning (Publication 8384)
7. Financial Fraud and Abuse (Publication 8385)

The information presented in the Financial Caregiving Series is for general educational purposes only and is not intended to substitute for professional advice regarding legal, tax, or financial-planning matters.

Financial Fraud and Abuse

Every year at least five million older adults are victims of financial fraud or abuse. Financial fraud involves an intentional effort to deceive an elder for unfair or illegal gain. Financial abuse (also referred to as financial exploitation) involves stealing an elder’s money, personal belongings
the fraudulent scheme is so convincing the victims don't even realize they've been victimized (NCEA 2005). In other situations, victims don't tell their families or report the fraud to authorities because they feel embarrassed and humiliated at being taken in by a scam. Sometimes elders keep the problems to themselves out of fear their families will think they are incompetent and can't take care of themselves (Johnson 2004).

**Why Do Con Artists Target Seniors?**

Cons know where the money is! People over the age of 50 control over 70 percent of the nation’s wealth. Many seniors have substantial assets, including homes, large savings accounts, and investments (NCPEA 2003). They are the segment of the population most likely to be in a financial position to buy something. Some can be swayed by fears of losing their financial independence. And often, seniors are easy to find at home and have time to talk to callers (FDIC 2005).

This publication discusses the problem of elder financial abuse, and explains why and how con artists target seniors so that you can help your parents avoid these problems. If your parents are victimized, this information may help you recognize what is happening and know where to go for assistance.

**Financial Fraud**

Whether it's falling for a telemarketing scheme, being sold inappropriate annuities, overbuying magazine subscriptions in hopes of winning a sweepstakes, having one's personal identity stolen through an internet phishing scam, or losing thousands of dollars to investment fraud, there are a number of ways that seniors become victimized, and they are targeted for fraud more often than any other age group (Van Nevel 2006). Consumer Action, a consumer education and advocacy group, estimates that seniors aged 60 and older make up 15 percent of the U.S. population but they account for about 30 percent of fraud victims (Consumer Action and Capital One 2005). Over half of telemarketing fraud victims are aged 50 or older (Elder Fraud Project 2006). Seniors file nearly half of all investor fraud cases, and a third of enforcement actions taken by state securities regulators involve senior investment fraud (Struck 2006).

These numbers—the fraud that actually gets reported—represent just the tip of the iceberg. Many incidents are never reported. In some cases
Despite widespread awareness of consumer fraud, some seniors have difficulty spotting fraud when it happens to them (AARP Foundation 2003). Older people who fall for scams tend to believe the offers they hear. Many also believe the advertised products are worth the price, and that they have a good chance of actually winning a prize.

When it comes to products that promise results such as increased cognitive function, virility, physical conditioning, and anti-cancer properties, older Americans make up the segment of the population most concerned about these issues. In a country where new cures and vaccinations for old diseases have given every American hope for a long and fruitful life, it’s not so unbelievable that the products offered by these con men can do what they say they can.

How Do Con Artists Work?
Con artists are not just overzealous sales people—most are professional criminals out to steal someone’s life savings. To gain the trust of prospective victims, they sometimes claim to be from well-known companies or pose as government officials or bank officers. Some spend a lot of time—even weeks or months—gaining the confidence of their potential victims (hence the name con artist). When they get to know the victims’ weaknesses, fraudsters use the information to develop intricate and sophisticated pitches to take the victims’ money or homes. For example, one con artist, knowing his victims were religious, spent the first 15 minutes of a sales call praying with his victims (Consumer Fraud Research Group 2006; NASD Investor Education Foundation 2006).

Fraudsters entice their victims with the prospect of getting rich, and may make the (fraudulent) investments that they are selling seem rare as a way of increasing the value to prospective buyers (Waggoner 2006). In other situations, scam artists play on elders’ fears that they will run out of money before the end of their lives.

Telemarketing fraud. Seniors are more susceptible to telemarketing fraud than other age group, and particularly when it involves magazine sales, prizes/sweepstakes, and phishing by phone. Today’s elders grew up in an era of politeness and trust, and many are reluctant to hang up or tell high-pressure telemarketers not to call back. They don’t want to be rude to someone who is “just doing their job.”

Even when they lose money, many elderly victims don’t make the connection between illegal marketing and criminal activity. They don’t associate the voice on the phone with someone who could be trying to steal their money (NCL 2007).

Internet fraud. Fraudsters reach thousands of potential victims through the Internet, where it is easy to make products look legitimate. They build Web sites, send mass e-mails, and post messages to online bulletin boards. Some con artists join online discussions, presenting themselves as satisfied investors who rave about the quick money they made with the (fraudulent or nonexistent) investments sold on their Web sites. Some fraudulent Web sites look so professional that it is nearly impossible for investors to tell the difference between fact and fiction (U.S. Securities and Exchange Commission 2007).

Consumers age 60 and over are more vulnerable than other age groups to five of the top 10 Internet scams: phishing (24 percent), lotteries or lottery clubs (19 percent), Internet access services (19 percent), prizes and sweepstakes (13 percent), and Nigerian money offers (13 percent) (Fraud Center 2007).

What Schemes Are Used to Target the Elderly?
While older adults may be victimized by any type of fraud, certain schemes are most often used to target seniors. The following paragraphs describe some of these schemes. For the latest information about new scams, visit the Web sites of the agencies listed in the “Resources” section of this publication.

“Free lunch” investment seminars. In this common scam, a person receives a personal invitation in the mail or responds to a newspaper advertisement inviting them to a free investment seminar. The offer includes lunch or dinner in an upscale restaurant, and “expert” advice on securing their financial future. Seminars have

Phishing
Phishing is a scam where criminals trick unsuspecting people into providing their personal and financial information by pretending to be from a legitimate company, agency, or organization. The National Consumers League (NCL), a private, nonprofit membership organization, has a Web site that explains how phishing works, how to protect yourself, and where to go for help. NCL Web site, www.phishinginfo.org.
names such as “Seniors Financial Survival” or “Senior Financial Safety Workshop” (Securities and Exchange Commission and North American Securities Administrators Association 2007). They are advertised as educational and information sessions, but the real purpose is to get attendees to eventually open new accounts and buy investment products. So-called investment advisors use high-pressure sales techniques. Some financial products are actually legitimate (legal) investments that are inappropriate for the seniors’ stage in life. Others are fraudulent or nonexistent investments. In most of these deals, only the salespeople increase their financial security. Buyers lose thousands of dollars and sometimes their entire life savings.

In some seminars, investment advisors promote what they describe as high-return, low-risk investments. Usually the products pay high commissions to the salespeople, but in many cases the products—oil and gas investments, for example—are inappropriate for seniors, if they exist at all (Chu 2006). Or, investment advisors might sell legitimate financial products, such as variable annuities, with misleading or inadequate information (Consumer Fraud Research Group 2006).

**Affinity fraud.** Some scammers prey on groups of people with shared interests, and even become members of the groups they are targeting. The fraudsters build relationships in the group to gain trust, and then use their connections to defraud other members. Seniors are particularly vulnerable to affinity fraud because they are active in all kinds of groups, including faith groups such as churches or synagogues; civic organizations such as the Kiwanis or Lions Clubs; ethnic associations such as a Korean-Americans Society or an Hispanic Chamber of Commerce; special interest organizations such as gardening or tennis clubs; and professional groups such as those for accountants, nurses, or teachers.

**Home foreclosure fraud.** Con artists go through courthouse records looking for homeowners who are at risk of defaulting on their home loans or whose houses are already in foreclosure. They contact the homeowners, offering to help prevent foreclosure, and mislead them into believing they can save their homes in exchange for a transfer of the deed and up-front fees. However, instead of preventing the foreclosure, they trick the homeowner into signing documents that transfer the ownership of their property to the con artist, re-mortgage the property, or keep fees paid by the homeowner without preventing the foreclosure. The victim suffers the loss of the property as well as the up-front fees.

**Mortgage debt elimination schemes.** Be aware of e-mails or Web-based advertisement that promote the elimination of mortgage loans, credit card debt, and other kinds of debts while requesting an up-front fee to prepare documents to satisfy the debt. The documents are typically entitled “Declaration of Voidance,” “Bond for Discharge of Debt,” “Bill of Exchange,” “Due Bill,” “Redemption Certificate,” or similar variations. These documents do not achieve what they claim to do. Borrowers may end up paying thousands of dollars in fees without the elimination or reduction of any debt.

**Re-load scams.** These schemes get their name because they are aimed at seniors who have already been victimized. Scam artists sell the names and financial information of victims who have lost money (called *sucker lists*) because people who have been deceived once are vulnerable to additional scams, particularly scams that give them hope of recovering lost money. *Recovery room* operators contact victims and offer to help them get back their lost money in exchange for a fee paid in advance. Of course, no money is recovered and the victims lose again (North American Securities Administrators Association 2006).

**Counterfeit checks.** This scam is difficult to spot because it involves counterfeit checks that seem legitimate to both bank employees and consumers. In the basic scenario, a consumer receives a generous check with an explanation that he or she has just won an award, a prize, a lottery or some other windfall. The consumer is instructed to deposit the check and wire a portion back to pay fees or taxes. The consumer deposits the check, the
bank credits the funds to the consumer’s account, and the consumer wires the money to the sender. Some time later, both the bank and the consumer learn that the check was bogus. Unfortunately, the consumer is out of luck: the money that was wired can’t be retrieved and, by law, the consumer is responsible for the deposited check—even though they didn’t know it was a fake. Consumers can protect themselves by not using the funds from checks until the bank confirms the check has cleared.

**Charitable donations fraud.** Disguised as the representative for a charitable organization, an individual collects donations and uses them for his or her own benefit. (The money is never given to an actual charity.) It is important for your parents to check out a charity before they give. Fraudulent charities may have names or Web addresses that are very similar to legitimate organizations. Contact the Better Business Bureau, which reports on local and national charities.

**“I need your help” scams.** In this scam, a con artist asks someone to assist with a problem, and then gets personal account information that can be used to raid his or her bank account. In a common example, a con artist poses as a bank officer investigating a questionable withdrawal against the victim’s account, and asks the victim to provide their account information to confirm the suspicious transaction. The con artist uses the information to clean out the victim’s bank account.

**Insurance fraud.** Selling unnecessary insurance and living trusts to unwary buyers is a type of fraud. Attorneys and insurance agents sometimes use scare tactics or misrepresent the need for certain types of estate-planning protection. As a result, some elders spend thousands of dollars on insurance products they will never need.

---

**Prizes and sweepstakes.** Often potential victims receive a congratulatory telephone call or postcard telling them they have won a prize or large cash settlement. However, before the prize can be sent to them, the winner (the victim) must pay for taxes, fees, or shipping and handling charges. Once the fees are sent to the prize company, the prize never comes or it is essentially worthless. If the victim pays the fees with a credit card, they may also become a victim of identity theft.

**Financial Abuse**

Strangers aren’t the only ones who prey on the elderly. Unfortunately, elders are often abused or exploited by someone they know and trust—a caregiver, friend, partner, professional, or even a relative. Unscrupulous caregivers, friends, or relatives convince an elder to add their name to the elder’s bank accounts, trusts, or will. Abusers may coerce or deceive a care recipient into signing a power of attorney, giving the abuser total control over the elder’s financial affairs. In other cases, abusers misuse their responsibilities as conservator and use the elder’s assets for their own benefit.

Financial abuse is one of the most destructive forms of elder abuse. Generally, elders cannot recoup their losses, and some lose their ability to live independently or even die from the resulting depression (Elder Financial Protection Network 2007).

---

**Seniors and the Lottery**

A 2006 survey, conducted by the Consumer Federation of America (CFA) and the Financial Planning Association (FPA), found that almost a third (31 percent) of those over 55 years of age think that the most practical way for them to accumulate several hundred thousand dollars is to win the lottery (CFA 2006; FPA 2006).
Signs of Financial Abuse
If you notice that a relative or caregiver is extremely interested in your parents' financial affairs, be wary. Any of the following could indicate that your parents are being abused financially (NCPEA 2003):

- Money or valuable possessions disappear without explanation.
- Bills are not paid, despite the availability of adequate financial resources.
- Your parents make sudden changes in their bank accounts or banking practices.
- Names are added to your parents' bank signature cards.
- Frequent withdrawals are made from their bank account(s), usually in round numbers ($50, $100, $1,000, etc.).
- Unauthorized withdrawal of your parents' funds occurs, using their ATM card.
- ATM withdrawals are made when the elder is homebound.
- Abrupt changes are made in a will or other financial documents.
- Previously uninvolved or unknown relatives suddenly appear, claiming their rights to an elder's affairs and possessions.
- Changes occur in your parents' spending patterns, and changes are accompanied by the appearance of a new “best friend.”

Sometimes an abusive caregiver tries to isolate a care recipient so that no one detects their activities. If a caregiver prevents your parents from talking on the phone, doesn't pass along telephone messages, or tries to convince your parents that no one else is concerned about them, investigate the situation. In some of the worst cases, caregivers withhold food and medicine to weaken the elder, or psychologically abuse the elder so he or she is afraid of doing anything about the financial abuse.

What to Do If You Suspect Financial Abuse
You don't need absolute proof to report suspected abuse. If you think there is a problem, report it to the local county Adult Protective Services (APS) agency or local law enforcement. In most communities APS is listed under the Department of Human Services or Social Services.

If your parents live in another state, contact the adult protective services where they live or call the state's Elder Abuse hotline. The National Center on Elder Abuse, supported by the U.S. Administration on Aging, maintains an online list of toll-free state reporting hotlines at http://www.elderabusecenter.org. All state hotlines are free and you don't have to give your name. If it is an emergency or you think your parents are in immediate danger, call 911 or the local police.

Help Your Parents Avoid Financial Fraud and Abuse
While you can't prevent fraud, you can help your parents recognize the risks and take precautions so they are less likely to be targeted or taken in by financial fraud or abuse. Consider these suggestions:

1. Don't think it can't happen in your family.

It can! Financial fraud crosses all social and economic levels (Rosato 2006; Gardner 2006). It can and does happen to anyone: rich or poor, financially literate or inexperienced in money management, highly educated or not, active in the community or homebound. Even if your parents are knowledgeable and experienced with financial matters, don't assume there is nothing to be concerned about. A study of investment fraud victims found that victims were more financially literate than nonvictims and likely to be active investors (Consumer Fraud Research Group 2006).

2. Identify the threats that your parents face.

Consider your parents' situation and where they might be vulnerable so that you can help them protect themselves. Are they frequent Internet users? Reluctant to hang up on unwanted sales calls? Easily swayed by the experiences of others? Susceptible to high-pressure sales? Easily intimidated? Inclined to believe that there are ways to “get rich quick”? Overly optimistic about their chances of winning contests? Fearful of running out of money during their retirement years? Previous victims of fraud?

If your parents are living on a fixed income, even buying too many magazine subscriptions (in an effort to win sweepstakes), or making small but frequent contributions to fraudulent charities could quickly drain their resources. If they are lonely, isolated, or homebound, your parents might be good targets for telemarketing fraud.

If you are aware of the threats that your parents face, you may be able to recognize if they are being
scammed or exploited while there is still time to preserve their assets.

3. Discuss elder fraud and abuse with your parents.

This can be a touchy issue. However, the consequences of being victimized can be so devastating, it is probably worth the discomfort of having the conversation. In talking with your parents, respect their abilities and protect their dignity.

Trustworthy family members can play an important role in preventing victimization of an older relative. Be supportive and nonjudgmental. Demonstrate compassion and emphasize the professional techniques used by criminals to defraud the elderly (rather than the susceptibility or foolishness of the victim) (AARP Foundation 2003). Remind your parents that seniors are prime targets for scams. Urge them to follow these practices (NASAA 2009):

- **Check out strangers selling products you don’t understand.** Encourage your parents to say “no” to any salesperson pressuring them to make an immediate decision. If the salesperson doesn’t have time to explain the investment to them, take that as a warning sign of potential fraud. Your parents have the right and responsibility to check out any salesperson, firm, or investment opportunity. Getting information from a Web site or publications is helpful, but even written material sent from the promoter can be fraudulent or misleading. Verify the information with an independent source, such as the local Better Business Bureau, the state attorney general, a trusted financial advisor, or investment rating services such as Morningstar (which rates mutual funds).

- **Stay in charge of your money.** Warn your parents not to be taken in by anyone who wants their money and assures them he or she is a professional and can handle everything for them. They should be wary of any financial “expert” who suggests putting their money into an investment they don’t understand, and not let themselves be talked into leaving all their financial matters in the hands of an unknown person.

- **Never judge a person’s integrity by how they look or sound.** Many older victims of fraud who have been wiped out financially by con artists later explain that the swindler “looked and sounded so professional.” Successful con artists sound extremely professional and can make the flimsiest investment deal sound as safe as putting money in the bank. Sincerity in someone’s voice, especially on the telephone, has no relationship to the soundness of an investment opportunity.

- **Watch out for salespeople who prey on your fears.** Many elders worry that they will outlive their savings, or that some catastrophic event will make all their resources disappear overnight. Abusive salespeople may take advantage of these fears, convincing victims that the financial product they sell will help the elders build up life savings to the point where they will never have to worry about their financial future again. Fear could cloud your parents’ good financial judgment and leave them in a much worse financial position.

- **Don’t be a courtesy victim.** Con artists exploit the good manners of potential victims. Encourage your parents to be cautious and skeptical if a stranger calls and asks for their money. It is totally appropriate to say they are not interested and hang up. Your parents have absolutely no obligation to stay on the phone.

- **Guard your numbers.** Criminals use all kinds of tricks to get personal and financial information from their intended victims, and ultimately steal their homes or life savings. Remind your parents to guard their Social Security numbers, credit

---

**Lump-Sum Retirement Plan Payouts**

With big companies like General Motors, Verizon, and IBM winding down their defined-benefit plans, it is increasingly up to consumers to manage their own money. More Americans are relying on 401(k) plans and other defined-contribution retirement programs that offer lump-sum payments when they retire. Those one-time payments can be sitting ducks for crooks (Schroeder 2006).
card numbers, bank account numbers, PINs, and passwords used for electronic transactions. Urge your parents not to give this sensitive information to companies or salespersons unless they initiate the business relationship. (They should not give their numbers to companies that initiate contacts with them by phone, mail, or through the Internet).

4. Check out prospective caregivers before hiring them.

Hiring a caregiver is an important decision. Always check the background and references of an applicant before hiring someone to work in your parents’ home. For $25 to $100 you can hire a company to do a background check on the applicant. A history of financial problems could indicate gambling, alcohol, or drug problems. A prospective caregiver who is living on the edge financially may be tempted to take advantage of someone they care for (Rosato 2006). Also be cautious about caregivers who advertise for positions or try to convince you to hire them directly (rather than from an agency) to save money (Moore 2006).

Don’t let caregivers have access to information about your parents’ finances. Keep important financial documents under lock and key at home. Store valuables and irreplaceable items in a bank safe-deposit box. If you or your parents give caregivers money to shop for you, make sure you get the receipt and check to see that all items were purchased as requested.

Watch caretakers for signs that they may be spending more freely than might be expected given their salary. Do they suddenly have expensive new jewelry or possessions? Be suspicious if a caregiver asks questions about your parents’ investments or their wills. If a caregiver tries to dominate, isolate, or turn your parents against family and friends, take corrective action immediately.

5. Help your parents protect themselves.

Telemarketing fraud. Discuss fraudulent telemarketing schemes with your parents and help them decide on a firm response to end unwanted calls. The National Fraud Information Center (http://www.fraud.org/elderfraud/hangup.htm) offers tips for avoiding telemarketing fraud. See “They Can’t Hang Up: 5 Steps to Help Seniors Targeted By Telemarketing Fraud.”

Your parents can limit their exposure to potentially fraudulent telemarketing calls by signing up for the national “Do Not Call” registry. Registration is free and lasts for 5 years unless they take the number off the registry or it is disconnected. This will stop most of the unwanted telemarketing calls. However, calls from (or on behalf of) political organizations and charities are still allowed, as are telephone surveys and calls from companies that your parents have an existing business relationship with. Companies can also call with your parents’ written permission, so they should look carefully at contracts, order forms, contest entry forms, and other things that they sign to make sure they are not agreeing to be called without realizing it.

Tip-Offs to Rip-Offs

If you hear these—or similar—lines from a telephone salesperson, just say “no, thank you” and hang up the phone:

“Y ou’ve been specially selected to hear this offer.”
“Y ou’ll get a wonderful free bonus if you buy our product.”
“Y ou’ve won one of five valuable prizes.”
“Y ou’ve won big money in a foreign lottery.”
“Y ou must send money right away.”
“This investment is low risk and provides a higher return than you can get anywhere else.”
“You have to make up your mind right away.”
“You don’t need to check out our company with anyone” (including your family, lawyer, accountant, local Better Business Bureau, or consumer protection agency).
“We’ll just put the shipping and handling charges on your credit card.”
“You don’t need any written information about our company or references.”

(Federal Trade Commission 2007)
To further reduce the number of unwanted calls, your parents can get an unlisted telephone number and use an answering machine to screen calls. If they don’t have an answering machine, give them one. Another way to reduce unwanted calls is to only use a cell phone since all the numbers are unlisted.

**Internet fraud.** If your parents use the Internet, they are probably deluged with unsolicited e-mail, which is often called *spam*. While some spam is from legitimate marketers, most is probably from con artists promoting chain letters, get rich quick schemes, and pyramid schemes—the same types of fraud as are carried out through the regular mail. Your parents can reduce their exposure to fraudulent e-mail by using the *spam filter* that comes with e-mail programs such as Eudora and Outlook Express.

Internet users should also protect themselves against spyware. *Spyware* refers to computer software that infiltrates a computer to collect personal information (without the user’s consent) or to damage the computer. It often results in unwanted advertising. Malicious spyware can track Web site use, and intercept passwords and credit card numbers which criminals can use for identity theft. To protect themselves, internet users can install and regularly update an anti-spyware program, such as Spybot.

**Financial information and records.** Thieves steal household mail to find personal checks, pre-approved credit offers containing negotiable checks, Social Security numbers, and financial information that they can use to steal a person’s good credit rating and financial assets. Encourage your parents to avoid this problem by depositing their outgoing mail in a post office box (rather than leaving it outside their home), and promptly remove mail delivered to their home mailbox (Van Nevel 2006). A post office box is the most secure choice for receiving mail.

Thieves also sift through household trash looking for personal and financial information.

Your parents can avoid potential problems by shredding financial documents before putting them in the trash (Van Nevel 2006). Shred items with identification information such as Social Security numbers, as well as financial records such as charge receipts, pre-approved credit card applications, loan offers sent with negotiable checks, insurance forms, bank statements, and expired credit cards. Office supply and discount stores sell personal shredders (for home use) for under $20.

**Credit and ATM cards.** If caregivers or friends want to assist by making purchases for them, your parents should give them a check or cash, not their credit or ATM card. It is important to review all credit card statements carefully, and report any suspicious purchases. If your parents can’t do this on their own, you or a professional should review the statements for them.

Every 12 months your parents can get free copies of their credit reports from the three major credit reporting agencies. Review them for evidence of identity theft, such as a credit application they did not make. Some people who want to monitor the information more frequently get their free reports from only one of the credit reporting agencies every 4 months (rather than getting all the reports at the same time), so they can review a report three times a year.

6. Let them know it is okay to say “NO!”

Those who grew up in the World War II generation tend to be polite and trusting, and as a result they often end up as *courtesy victims*. Let your parents know that it’s okay to hang up on telemarketers. If necessary, help them develop responses to end unwanted sales calls. The easiest is “I’m not interested. Thank you. Good-bye.” Other possibilities include “I don’t do business with people I don’t know,” “Please put me on your Do-Not-Call list,” “I’ll need to see written information on your offer before I consider giving you money,” or “You can send that information to my attorney’s office at…”

7. Stay in touch with your parents.

Problems sometimes start when an older person is isolated and lonely, and thus more willing to talk with salespeople (often con artists) who are friendly, call often (to establish trust with their victim), and present themselves as helpful, caring business people.
If possible, visit your parents often and be alert to signs of possible fraud. Are your parents receiving an unusually large amount of mail with offers that are too good to be true, or junk mail for contests, free trips, prizes, sweepstakes, or lotteries? Do they have magazines or books that are inappropriate for their age and interests, such as *Modern Bride* or *Extreme Sports* magazines? Look around their house. Do they have a lot of cheap items such as costume jewelry, watches, pens, small appliances, radios, beauty products, plastic cameras, vitamins, water filters, or other items they purchased in order to win valuable prizes? If so, they may be victims of financial fraud.

If you can't visit your parents often, talk with them on the phone regularly. Be alert to possible problems, if they

- start talking a lot about sweepstakes and prizes
- complain about a persistent salesperson who keeps calling even though they've made it clear they are not interested in the "great investment opportunities" offered to them
- give regularly to a previously unknown charity
- consider investments sold by a friend who has been helping others they know get into "sure fire" investments
- experience sudden, unexplained money-related problems buying food or paying bills (when previously there were adequate resources)

Any of these occurrences could be warning signs your parents are in trouble.

8. **Pay attention if your parents express concerns.**

If your parents seem uncharacteristically worried about their finances even though they have adequate resources, listen to their concerns. When possible, get to know their friends and social circle (Alvillar 2002). If their friends confide about their own concerns for your parents, take them seriously and investigate.

9. **If you suspect a problem, notify authorities immediately.**

**Fraud.** Report suspected fraud to the local or state Attorney General where your parents live. The sooner you notify authorities, the more likely you are to minimize damage, and recover some of the money lost (although this doesn't happen very often). Your intervention could save your parents' home or other valuable assets.

**Financial Abuse.** If you suspect that your parents are being abused, contact adult protective services (APS) in the state or county where your parents live. If you think your parents are in immediate danger, call the police or 911.

**Financial accounts.** If accounts have been corrupted by an abuser or fraudulently opened in your parent's name, contact the financial institution. Discuss closing the accounts and opening new ones. Also consider filling out an *ID Theft Affidavit*, available by going online to the Federal Trade Commission’s Web site at [www.consumer.gov/idtheft](http://www.consumer.gov/idtheft) or by calling toll-free 1-877-IDTHEFT (438-4338). This document can be used to help prove that your parents are innocent victims.

**Identity theft and credit abuse.** If you suspect that your parents' names or accounts are being used improperly, contact the fraud department of one of the three major credit-reporting bureaus: Equifax (1-800-525-6285), Experian (1-888-397-3742), and TransUnion (1-800-680-7289). Ask to place a *fraud alert* on your parents' credit file. (Two-thirds of the states currently allow this practice and legislation is pending in other states.) This can help prevent a thief from opening new accounts in your parents' names or making changes to their existing accounts. If your parents plan to apply for credit after placing the hold, they can temporarily remove the alert.
**Where To Begin**

**When There Is Time to Plan**

Learn about the issues related to elder fraud, financial abuse, and exploitation so you can help your parents protect their assets. While being informed will not prevent all problems, it can provide your parents with more options and enable the family to act effectively. The following steps may also be helpful:

- Talk with your parents about the types of fraudulent schemes criminals use.
- Learn to recognize signs that fraud may be occurring.
- Be alert to signs of fraud and intervene if necessary.
- Talk with your parents about the ways a caregiver might become too involved in their lives.
- Suggest that your parents keep personal financial records, cash, bank statements, and other sensitive documents in a safe or in a locked room or cabinet (away from caregivers).
- Pay caregivers with checks so you have a record of all payments or gifts.

**When You Observe Signs That Your Parents May Need Assistance**

If your parents suddenly change their wills, bounce a lot of checks, or become secretive toward family members, this may indicate that they are being exploited by someone. With your parents’ permission, help them do the following:

- Monitor their bank statements for any unusual activity.
- Review their credit card statements for unauthorized transactions.
- Check to see if anyone else’s name appears on their accounts.

**After A Crisis**

If your parents have been taken advantage of by a caregiver or criminal, act quickly to stop the problem and minimize financial losses. Take the following actions:

- Stop payments to any unnecessary sources, such as inappropriate or unnecessary insurance policies, questionable individuals, and mail or telemarketing salespersons or companies.
- Report abuse to the proper authorities. Call the three major credit reporting agencies to put a fraud alert on their accounts.
- Change caregivers.

**A Warning to Heirs: Identity Thieves Target the Deceased**

Criminals scour obituaries, genealogy Web sites, death certificates, and other sources for personal information that can be used to commit fraud. Using the deceased’s personal information—full name, address, and date of birth—an ID thief may be able to obtain a new Social Security card, a driver’s license, or loans and credit cards in the victims’ name. To reduce the likelihood of this happening, families should consider the following actions when a loved one dies:

- Limit the amount of personal information in obituaries.

Leave out the exact birth date of the deceased. If anything, include only the birth year. Consider omitting a wife’s maiden name, since many financial institutions use this information as a security password. If an obituary includes a woman’s maiden name and lists her children, an identity thief may be able to use that information to obtain credit cards in the names of her children.

- Cancel all credit cards owned by the deceased.

Use the credit card company’s toll free numbers to close all accounts immediately, and as soon as possible report the death to the fraud departments of all three major credit bureaus. (Financial institutions rely on information from these agencies when handling credit applications.)

- Close all bank and brokerage accounts owned by the deceased.

- Notify the Social Security Administration of the death at 1-800-772-1213.

If a thief assumes the deceased person’s identity before the estate is settled, credit may be extended to fraudsters and the problems will need to be resolved before distributions can be made to the heirs.
RESOURCES FOR FINANCIAL FRAUD AND ABUSE

Fraud

General Information
The following Web sites offer updated information and consumer alerts about fraudulent schemes, particularly those targeting the elderly:

   - OnGuardOnline.gov Web site, http://www.onguardonline.gov. This Web site provides practical tips from the federal government and the technology industry to help consumers be on guard against Internet fraud, secure their computers, and protect their personal information.

Reducing the Number of Fraudulent Offers Your Parents Receive
AARP lists ways you can stop the flood of unwanted offers that come by mail, email, and fax. See “I Don't Want Any More Unwanted Mail, Email and Faxes” at the AARP Web site, http://www.aarp.org/money/wise_consumer/smartshopping/.

A Real Life Look at Investment Fraud: The Lure of Money
AARP has a series of online videos (2 to 3 minutes long) showing some of the highly sophisticated techniques that scam artists use to steal from seniors: Ponzi schemes, viatical investments, variable annuities, affinity fraud, and investment sales. Video segments feature actual victims telling their stories. You can also order a free DVD of “The Lure of Money” online, or call 1-888-OUR-AARP (1-888-687-2277) and ask for stock number C2342 (C2344 for Spanish).

Financial Abuse

State Elder Abuse Hotlines
The National Center on Elder Abuse (NCEA) has a list of phone numbers for reporting elder abuse in the 50 United States. Each state has one number for reporting domestic elder abuse and another for reporting institutional abuse. Because each state is ultimately responsible for investigating elder abuse cases through Adult Protective Services, you need to contact your state's authorities. Find the link to resources in your state at the NCEA Web site, http://www.ncea.aoa.gov/NCEAroot/Main_site/Find_Help/State_Resources.aspx. Always call 911 first if the elder abuse is an emergency situation.

REFERENCES


ACKNOWLEDGMENTS

This series was developed in part by gifts from the Dr. Zoe Anderson Stout Scholarship Fund and the California Association of Family and Consumer Science-San Diego District Scholarship Fund.

FOR FURTHER INFORMATION

To order or obtain ANR publications and other products, visit the ANR Communication Services online catalog at http://anrcatalog.ucdavis.edu or phone 1-800-994-8849. You can also place orders by mail or FAX, or request a printed catalog of our products from

University of California
Agriculture and Natural Resources
Communication Services
6701 San Pablo Avenue, 2nd Floor
Oakland, California 94608-1239
Telephone 1-800-994-8849
510-642-2431
FAX 510-643-5470
E-mail: danrcs@ucdavis.edu
©2010 The Regents of the University of California
Agriculture and Natural Resources
All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without the written permission of the publisher and the authors.

Publication 8385

The University of California prohibits discrimination or harassment of any person on the basis of race, color, national origin, religion, sex, gender identity, pregnancy (including childbirth, and medical conditions related to pregnancy or childbirth), physical or mental disability, medical condition (cancer-related or genetic characteristics), ancestry, marital status, age, sexual orientation, citizenship, or service in the uniformed services (as defined by the Uniformed Services Employment and Reemployment Rights Act of 1994: service in the uniformed services includes membership, application for membership, performance of service, application for service, or obligation for service in the uniformed services) in any of its programs or activities.

University policy also prohibits reprisal or retaliation against any person in any of its programs or activities for making a complaint of discrimination or sexual harassment or for using or participating in the investigation or resolution process of any such complaint.

University policy is intended to be consistent with the provisions of applicable State and Federal laws.

Inquiries regarding the University’s nondiscrimination policies may be directed to the Affirmative Action/Equal Opportunity Director, University of California, Agriculture and Natural Resources, 1111 Franklin Street, 6th Floor, Oakland, CA 94607, (510) 987-0096. For information about ordering this publication, telephone 1-800-994-8849. For assistance in downloading this publication, telephone 530-754-3927.

To simplify information, trade names of products have been used. No endorsement of named or illustrated products is intended, nor is criticism implied of similar products that are not mentioned or illustrated.

An electronic copy of this publication can be found at the ANR Communication Services catalog Web site, http://anrcatalog.ucdavis.edu.

This publication has been anonymously peer reviewed for technical accuracy by University of California scientists and other qualified professionals. This review process was managed by the ANR Associate Editor for Human and Community Development.

web-2/10-LR/CR