

THE FINANCIAL ABUSE OF SENIORS

Stop the Abuse of
Elders and Dependent Adults.

1-888-436-3600

Face it. It's a Crime!

**PEOPLE YOU
DO KNOW**



**PEOPLE YOU
DON'T KNOW**

Face It. It's a Crime!

THE FINANCIAL ABUSE OF SENIORS

Face It. It's a Crime!



California Attorney General's Office
Crime and Violence Prevention Center
P.O. Box 944255
Sacramento, CA 94244-2550

About this Booklet

The Attorney General's Crime and Violence Prevention Center has produced this booklet to accompany its educational video entitled,

“The Financial Abuse of Seniors: Face It. It's a Crime!”

This booklet and video can help you, your friends, your loved ones, and others avoid becoming a victim of financial abuse. Learn who the predators, con artists and swindlers are and how they operate to separate seniors from their resources and possessions.

Take time to read and become knowledgeable about some of the most common scams perpetrated against seniors today.

This booklet is a tool to help you.
Remember, ***KNOWLEDGE IS POWER.***

Table of Contents

Introduction	2
Financial Abuse of Seniors: An Overview	3
Prizes, Lotteries and Sweepstakes Scams	6
Warning Signs	9
Ways to Protect Yourself.....	11
Home Improvement Scams	13
Warning Signs	14
Ways to Protect Yourself.....	16
Family, Friends and Caregivers	18
Warning Signs	19
Ways to Protect Yourself.....	21
Other Scams that Target Seniors	23
How to Report Abuse	27
Conclusion	29
Resources	30
State Agencies	30
Statewide Organizations & Associations.....	31
Federal Agencies	32
National Organizations & Associations.....	33
Acknowledgements	34

Introduction

The financial abuse of seniors is a rapidly growing problem, often called the “Crime of the 21st Century.” Seniors are targets for corrupt telemarketers, lottery scammers, con artists and worse yet, unscrupulous friends, family or caregivers. Individuals who commit these crimes target our older population because they know seniors have spent a lifetime earning their savings, and the majority of wealth in our nation today is held by individuals over the age of 65.

Financial abuse can strike all seniors, regardless of economic status, gender, race, or educational background. Victims, however, have one thing in common: denial. Almost everyone believes that this is a crime that will not happen to them — but it can and it does.

Financial abuse can happen to anyone, and the results can be devastating — emotionally and financially — to the victims and their families.

Financial Abuse of Seniors: An Overview

“Financial abuse” of seniors occurs when a person or entity takes, appropriates, or retains real or personal property belonging to an individual 65 years of age or older, for wrongful use or with the intent to defraud. Often, the abuse of seniors is committed by someone who takes advantage of a relationship with the victim, for example: family, friends, or caregivers. There are four general categories of elder abuse: physical abuse, psychological abuse, neglect and financial abuse. It is important to note that financial abuse often accompanies one of these other forms of abuse.

Financial abuse is one of the most sinister forms of elder abuse. It can be as simple as taking money from a wallet, removing valuable possessions from a home, or as complex as manipulating a senior into turning over property to an unscrupulous family member or caregiver. A senior can be financially stable and living independently one day and destitute and forced to live in a facility the next.

Although there are many ways to defraud seniors, individuals that perpetrate financial abuse fall under two general categories. These are:

People you don't know:

Strangers — men or women, young or old, and

People you do know:

Family, friends, or caregivers.

Individuals that prey upon seniors for financial gain are predators and often use many of the same tactics to commit their crimes. It is important to know how they work and the methods they use so you can protect yourself and share this knowledge with others.

Become familiar with these methods. They include:

The “one-of-a-kind” mentality. There is a principle that says if something is rare, it must be valuable. Many con artists use the concept of scarcity to persuade you that the item is a valuable, one-of-a-kind item, or that the offer is a “can’t miss opportunity.” This tactic is used to convince an individual that the item is valuable and that you must act right away. Sometimes the unscrupulous scammer will say things such as “there are only three winners in the whole country,” or that this is a “no lose situation and you are blessed to be a part of it.” The goal

is always to get you to make an instantaneous decision without thinking about the realities of the offer or the possible consequences.

Familiarity. In our society, once an individual has built a friendship with someone, it is thought that you can trust what they say. And once you believe that a friendship exists, our instinct is to want to keep the friendship intact. One of the most common sales techniques used by con artists is to build a relationship with the senior so that he or she will trust them. After this trust is formed, the senior feels comfortable with buying a product, allowing a caregiver to use an ATM card, or even signing over a Deed of Trust for property. The perpetrator usually agrees with everything you say and may pretend to share things in common with you.

Predators and con artists will build upon a sense of friendship in order to manipulate the conversation and steal your money, property or possessions. Often seniors are lonely or isolated and a phone call by someone expressing interest in their life, health, etc. is a welcome occurrence.

A common reaction to hearing about someone falling prey to a fraud crime is to believe that it could never happen to you. But the con artist has many strategies and is capable of finding just the right “sales pitch” to take your money or possessions.

Prizes, Lotteries and Sweepstakes Scams

Although the financial abuse of seniors encompasses a broad range of conduct, the most widespread abuses include prize and sweepstakes scams, lottery scams, home improvement scams and financial crimes perpetrated by family, friends, and caregivers.

Prize offers, lotteries, and sweepstakes scams generally involve informing the victim that he or she could win, or already has won, a “valuable” prize or a large sum of money. Con artists use the promise of a prize or award to entice consumers to send money or buy overpriced products. But, there is a catch: to claim your prize, you are asked to pay a fee or purchase some merchandise. There usually is no prize, the con artist pockets the fee and the merchandise is worth a lot less than paid for.

***If it sounds too good to be true,
it usually is...***

Seniors are the primary targets of these types of scams. Many older consumers have been hooked on these scams, often spending thousands of dollars on merchandise they didn't really need but thought



would improve their chances of winning. What hooks many people into being duped with these prize offers, lotteries and sweepstakes scams is the dream of winning. They think “maybe this time I really did win.”

Lottery scams are another common way for con artists to separate you from your money. These operators — often based in Canada — are using the telephone, e-mail and mail to persuade seniors into sending money to collect their lottery winnings. Some lottery scam artists even approach seniors in parking lots with an elaborate pitch involving a winning lottery ticket and a plea for providing some “good faith” funds up-front until the ticket can be cashed.

The most prevalent lottery scam scenario has the individual contacting and telling the senior he or she has won a large sum of money, but in order to claim the winnings, the senior is told that it is necessary for money to be wired to pay for a processing fee and taxes. The money is wired to Canada, Nigeria or Spain, but the victim never receives the promised lottery winnings. Oftentimes, con artists ask for a bank account number or a credit card number so they can transfer funds directly. Lottery hustlers can then use the victims' bank account numbers or credit card numbers to run up additional charges. Even though it seems hard to believe that someone would fall for this scam, thousands and thousands of people fall for it each year throughout the United States.

It can happen to anyone.

Another classic scam perpetrated against seniors is the sweepstakes scam. It is legal to play most sweepstakes. But prizes in legitimate contests never require payment of a fee, taxes, or money, to increase the odds of becoming a winner. Your chances of winning don't change, whether or not you buy a magazine subscription or other products. These are scams — and victims never see their winnings, or if they do, it is usually far less than what is paid to receive the “prize.”

Warning Signs

Everyone loves to be a winner. Every day, consumers lose thousands and thousands of dollars to unscrupulous prize promoters. Many receive mailers or telephone calls telling them they have won a big prize, only to find out that to claim it, they had to buy something or pay as much as \$10,000 in fees or other charges.

***“Congratulations, it’s your lucky day!
You are our big prize winner in our
biggest prize giveaway ever. All you
need to do is pay a small fee.”***

Warning signs that you are about to be scammed:

- Prize offers and sweepstakes scams often begin with the receipt of an oversized envelope in the mail. It will have your name printed all over the materials as being a potential, or actual winner.
- The mailer will tell you that you are required to buy something to enter the contest or to receive future sweepstakes mailings. These notices imply that your chances of winning increase if you buy more merchandise.

- Mailers include a fake check that doesn't clearly state that it is "non-negotiable" and has no cash value. Often the victim's name appears on the check, making it appear legitimate.
- Direct-mail pieces often have the pictures of past winners describing how wonderful their lives are now that they have won the prize or sweepstakes money.
- A fraudulent telemarketer may call your home and tell you, in an extremely excited voice that you are the winner of a big prize or lottery. All you need to do to claim your prize is to send a cashier's check or your credit card number to cover a small fee associated with handling and delivery, postage, insurance, foreign taxes or some other false reason. The caller usually states that you must send the money by overnight delivery. This is a favorite ploy for con artists because it lets them take your money fast, before you realize you have been cheated.

If someone calls you or sends you a letter saying you have won a lottery, the first thing you ought to ask yourself is, "Did I ever buy a ticket?"

Ways to Protect Yourself

Remember: A prize is free. You need not pay any money to buy anything to enter a sweepstakes or win a prize. Con artists want you to believe that you can win or make money easily.

The next time you get a letter, an e-mail or a phone call telling you “it’s your lucky day,” remember:

- Do not be afraid to say “no.”
- Throw away, or shred, the phony mailer.
- Do not be afraid to simply hang up the telephone.
- Be wary of strangers approaching you in public, for example; a parking lot, a bank lobby, store, or even when you are at home in the yard. Walk away, and if you feel threatened, call law enforcement.
- If you have to pay to receive your “prize,” it’s not a prize. Don’t send money for a “free” prize.
- Buying something does not help you win.
- It is against federal law to play a foreign lottery, by mail or by telephone.

- Keep all your credit card and bank account numbers to yourself. Con artists will often ask for them during an unsolicited sales pitch.
- Remember that entering a prize or sweepstakes offer may place your name on a list, allowing con artists to sell your name and information to other fraudulent telemarketers.
- Have your name registered on a “Do Not Call” List by going online at www.donotcall.gov or calling the California Attorney General’s office at 1-888-290-4236.

Home Improvement Scams

Another common scam targeting seniors is the home improvement scam. Each year, many seniors are victims of poor, overpriced, or never-completed home repairs. Home improvement scams are often committed by individuals or groups who go door-to-door peddling home improvement services. Their favorite victims are older homeowners who often live in a home that needs work and who aren't likely to do the work themselves.

These con artists are experts at convincing seniors to agree to home improvements or repairs, whether they are needed or not. It might be a new roof, a driveway, windows or air conditioning. Oftentimes, they offer to do the work for a very low fee if the homeowner agrees to have the work done immediately. Later, after the victim agrees to the repairs, it is often discovered that the work was not fully completed or done poorly using inferior materials. Unfortunately, there is usually no recourse since many of these individuals or groups are transient, moving among neighborhoods, cities, and even states.

Warning Signs

Home improvement scams are perpetrated by con artists looking for easy money. The following are some standard sales approaches used by con artists who prey on seniors, and especially women who live alone.

“Mrs. Jones, I was in the neighborhood and noticed your roof is in bad shape. I can give you a great price but you have to pay cash and it has to be today.”

Warning signs that you are about to be scammed:

A person (or small group of people)...

- ...comes unannounced to your door to solicit business.
- ...treats you like a friend, sometimes calls you by name trying to create trust by saying they have been working in the neighborhood for other neighbors.

- ...appears to be an “expert,” by pointing out flaws and creating a sense of urgency by telling you it’s “dangerous” if the item is not fixed immediately.
- ...gives you a “one-day-only” price quote and states that he has materials left over from another job.
- ...talks fast, presses for an instantaneous decision and requests cash only and cash up front.
- ...shows up right before summer or winter wanting to inspect your heater or air conditioning system before the season changes.



Ways to Protect Yourself

If you are planning on making repairs or improvements to your home, it is important to know how to protect yourself against home improvement con artists and pick the right individual for the job. If you are approached by a stranger offering to fix your home, just remember:

- Never open the door for a stranger. Many con artists will use the offer of home repairs to gain access into your home to rob or harm you. Be suspicious of anyone who calls you with a home improvement offer. Remember, you should make the decision on whether your house needs repairs, not a stranger.
- Identify what work you want done on your home and know how much you can afford to pay. Don't let the payments get ahead of the work completed.
- Don't pay the full cost of the job up-front. Legitimate contractors cannot ask for a deposit of more than 10% of the total cost of the job, or \$1000, whichever is less.

- Who do **you** want to do the work? Get a list of reputable, licensed contractors from the Contractors State License Board and check with your local Better Business Bureau. Ask for and check references.
- Get estimates in writing and compare. The lowest price may not be the best choice, as the lowest bidder may be taking shortcuts on quality.
- Do require a written contract and don't sign it until you fully understand the terms.
- Don't be rushed into a decision. Ask the advice of a trusted friend or family member. Take time to make a decision. Any genuine, good deal will still be there tomorrow. Don't be afraid of hurting someone's feelings and don't be afraid to say "no."

Family, Friends and Caregivers

Sadly, the majority of financial crimes against seniors are committed by people they know: family, friends or caregivers. Regardless of whether a senior is living in his or her own home or in a long-term care facility, financial abuse can occur. Unlike strangers, family, friends or caregivers rely on the nature of their relationship and position of trust with a senior to commit financial abuse.

Abuse can be perpetrated by favorite grandsons, daughters or hired caregivers. The thefts can be slow and systematic, or instantaneous. Many seniors may be unaware of, or deny the abuse for fear of being left alone or being placed into a nursing facility.

However, access to a senior's property or possessions can be very tempting to family members or caregivers. Abuse can range from the misuse of an ATM card; the taking of a senior's money, property or valuables without permission; signing or cashing social security checks; or even coercing a senior into signing over property.

Often, the abuse is not discovered until after a senior's assets have been completely depleted.

Warning Signs

Tactics that family, friends and caregivers may use to financially abuse a senior include deceit, coercion, intimidation, emotional abuse or false promises of lifelong care. Further, they usually try to isolate the victim from other family members or concerned parties. Isolation prevents others from asking about the senior's well-being and may prevent the senior from consulting with others on important financial decisions.

Warning signs of possible financial exploitation may include the following:

- Family, friends or caregivers express an unusual interest in a senior's financial affairs.
- The sudden appearance of expensive purchases made by a relative or caregiver who has no visible means of financial support.
- A relative or caregiver is reluctant to spend money for the medical needs and/or general well-being of the senior.
- Sudden change in bank account activity or banking practices, including unexplained withdrawals of large sums of money without the consent of the senior.



- Recent addition of authorized signatures on a bank signature card.
- Unexplained disappearance of valuable possessions or funds.
- Appearance of a stranger who begins a new, close relationship and offers to handle the senior's finances and assets.
- Abrupt changes in a will or other financial documents.

Ways to Protect Yourself

No one wants to believe that a loved one or friend is exploiting a close, personal relationship they may have with a senior to steal money or valuables. It is important to be as knowledgeable as you can and have some protections in place to help assure safety and financial security. Some of these protections include:

- If you need help with your finances or making financial decisions, decide who is the most responsible, trustworthy person in your life to help you. Be selective!
- Tell everyone what your future plans are for your care, etc. This will make it harder for one individual to manipulate you or your assets. The more people watching out for you, the better.
- Be careful of giving someone power of attorney. Make sure it contains clear instructions that reflect your wishes about your care and well-being. Get impartial, professional legal advice on all legal transactions.
- Be watchful about access to credit cards, ATM cards, social security cards. Check your credit rating and bank account regularly to guard against theft.

- Be careful about putting anyone else's name on your home. If you do, make sure there are legal safeguards in place so it can't be sold without your knowledge.
- Make it clear that while you are living, your well-being and care comes first, even if that means there will be less assets remaining after you are gone.
- Screen caregivers and check references. Be cautious of individuals you hire to come into your home and care for you. Don't hesitate to request that a caregiver have proof of a criminal background check.

Other Scams that Target Seniors

There are many other scams and many variations of those described in this booklet. Be advised: Predators are coming up with new scams all the time.

Other popular scams targeting seniors include:

Identity theft. One of the fastest growing fraud crimes is identity theft. The con artist gains personal information about you (your name, address, social security number, bank account numbers, credit card numbers) and then proceeds to pretend to be you to make purchases, withdrawals, or to even take out more credit in your name. Identity thieves can obtain a senior's personal information easily by taking mail from the mailbox, going through trash looking for credit card receipts or other financial information or asking for account numbers over the phone.

The best way to avoid identity theft is to be very careful about who has access to your personal information. Do not give out your social security number or any other important account information unless you are familiar with the individual or institution. If any documents contain credit card account numbers or financial data, do not throw them in the trash — shred them!



It is also recommended that you regularly check all your credit card and bank statements and obtain a credit report at least once a year.

Predatory lending. Senior homeowners are often the target of unscrupulous lenders who pressure them into high-interest loans they may not be able to repay. Homeowners are persuaded to borrow money through home equity loans for home improvements, debt consolidation or to pay for unanticipated medical costs. Often these loans are advertised as a “miracle financial cure,” and homeowners can be devastated to find out they cannot afford to pay off the loan. These loans are often packed with excessive fees, costly credit insurance, high pre-payment penalties and balloon payments. Sometimes, seniors end up losing their home.

Before borrowing, know exactly what you are getting and what you're paying. Never be afraid to ask the lender to explain any fees, terms or conditions you don't understand. Never sign a blank form and make sure that what you sign is what you have agreed to verbally. Also, check the lender's references.

Living trust scams. Living trust scams, or living trust mills, are a growing area of senior financial abuse. Con artists make millions of dollars every year selling unnecessary trusts and annuities to seniors. Often, seniors pay substantial sums of money to sales agents for living trust mills. Through fraud and deceit, the sales agents damage seniors' estate plans and the security of their investments and life savings. Often these scam operators visit assisted living centers, churches and other places where seniors gather, hooking seniors through free seminars and other sales presentations.

To avoid becoming a victim of a living trust scam remember that living trust mill sales agents are not attorneys and are not experts in estate planning. Watch out for companies that sell trusts and also try to sell annuities or other investments at the same time. An attorney qualified in estate planning can help you decide if you need a living trust or other estate planning documents, or help review an existing trust or

will. Planning an estate and choosing investments involve important legal, financial and personal decisions. Consult with people you know and trust, such as your financial or tax advisor, your attorney, and trusted family members.

Investment seminars and financial planning activity.

Con artists use investment seminars and pose as financial planners offering appealing and unrealistic investment advice to unsuspecting seniors. These presentations usually focus on three things: the return or profit on the investment, how safe it is, and how liquid it is (how easily an individual can get their principle back if they need to). Extra fees or phony investment opportunities are usually not discovered by the investor until it is too late.

Whenever a salesman presents an investment opportunity, before you buy, compare that investment to other opportunities from other firms. Never make a buying decision at the time of the sales pitch and take the time to consult with someone whose opinion you trust before making any decision. Investigate before you invest.

How to Report Abuse

The financial abuse of seniors, whether committed by strangers or people you know — is a crime. Do not let embarrassment or fear keep you from reporting financial abuse. Predators prey on your fears and rely on that fear to make their money.

Any person who suspects that abuse has occurred, should report it to the proper agencies or law enforcement. Abuse can continue or escalate if there is no intervention. To make a report of abuse, you do not have to know for certain that the abuse has occurred, all you have to do is have a reasonable suspicion. A phone call can save a senior's assets, health, safety, dignity or even a life.

To make a report of known or suspected abuse of a senior in a home setting, call the local county Adult Protective Services Agency (APS) or local law enforcement agency. APS provides assistance to seniors, and adults who are functionally impaired; and who are possible victims of abuse, exploitation or neglect, including self-neglect.

These agencies are listed in the government section of your phone book.

To make a report of known or suspected abuse in a long-term care facility, call the Long-Term Care Ombudsman Crisis Line at 1-800-231-4024. Long-Term Care Ombudsmen are trained individuals who advocate for the protection and rights of residents in long-term care facilities. Their primary responsibility is to investigate and resolve complaints made by, or on behalf of, residents.

Reports can be made confidentially and the reporting person is protected from civil and criminal liability.



Conclusion

Life is unpredictable, but con artists aren't. Con artists prey upon seniors and strive to separate them from the money and possessions they have worked a lifetime to earn.

Unscrupulous family members, friends and caregivers can separate a senior from their resources, and even their home. The financial abuse of seniors is not a family matter, it's a crime.

Con artists and predators have one thing in common: They are good at what they do and count upon your silence — the silence of the victim, the silence of loved ones, friends or neighbors.

Awareness is the best weapon against this form of abuse.

Know the warning signs of possible financial abuse and remember: you are in control. If you suspect abuse has occurred, report it.

Seniors may be the target, but they don't have to be the victim.

Resources

State Agencies

California Attorney General's Office
Department of Justice
Crime and Violence Prevention Center
1300 I Street, Suite 1150
Sacramento, CA 95814
Phone: (916) 324-7863
www.safestate.org

California Attorney General's Office
Department of Justice
Bureau of Medi-Cal Fraud and Elder Abuse
1425 River Park Drive
Sacramento, CA 95815
Phone: (916) 263-0401
www.ag.ca.gov/bmfea/

California Department of Aging
1300 National Drive, Suite 200
Sacramento, CA 95834
Phone: (916) 419-7500
www.aging.state.ca.us

**California Department of Corporations
Seniors Against Investment Fraud - “SAIF”**

1515 K Street, Suite 200

Sacramento, CA 95814

Phone: (866) 275-2677

www.corp.ca.gov/outreach/saif/saif.htm

California Contractors State License Board

9821 Business Park Drive

Sacramento, CA 95827

Phone: (800) 321-2752

www.cslb.ca.gov

California Department of Consumer Affairs

1625 North Market Blvd.

Sacramento, CA 95834

Phone: (800) 952-5210

www.dca.ca.gov

Statewide Organizations & Associations

California Advocates for Nursing Home Reform

650 Harrison Street, 2nd Floor

San Francisco, CA 94107

Phone: (415) 974-5171

www.canhr.org

Elder Financial Protection Network

1450 Grant Avenue, Suite 200

Novato, CA 94945

Phone: (415) 897-9555

www.bewiseonline.org

Federal Agencies

Federal Trade Commission:

Consumer Protection - Seniors

600 Pennsylvania Avenue NW

Washington, DC 20580

Phone: (202) 326-2222

www.ftc.gov/bcp/menu-seniors.htm

United States Postal Inspection Service

Criminal Investigations Service Center

Attention: Mail Fraud

222 S. Riverside Plaza, Suite 1250

Chicago, Illinois 60606-6100

Your local Postal Inspection Service information can be found in your phone book or by logging on to:

www.usps.com/postalinspectors/

National Organizations & Associations

AARP

601 E Street NW
Washington, DC 20049
Phone: (888) 687-2277
www.aarp.org

National Center on Elder Abuse

1201 15th Street, NW, Suite 350
Washington, DC 20005
Phone: (202) 898-2586
www.elderabusecenter.org

National Committee for the Prevention of Elder Abuse

1612 K Street, NW
Washington, DC 20006
Phone: (202) 682-4140
www.preventelderabuse.org

National Fraud Information Center

Phone: (800) 876-7060
www.fraud.org/welcome.htm

Better Business Bureau

4200 Wilson Blvd., Suite 800
Arlington, VA 22203-1838
Phone: (703) 276-0100
*Your local Better Business Bureau information can
be found in your phone book or by logging on to:*
www.bbb.org/about/index.asp

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Crime and Violence Prevention Center Staff

- Nancy Matson** Director
Steve Jefferies Assistant Director
Patty O’Ran Assistant Director
Peggy Osborn Writer/Elder Abuse Program
Manager
Wendy Tully Editor

The Financial Abuse of Seniors
FACE IT. IT’S A CRIME.
