

Scams & Fraud

Why are older adults targets for scams?

Financial exploitation of older adults has been called the crime of the 21st Century. Although direct theft or robbery is always a concern, older adults are easy targets for scams and frauds. Older adults are often easy targets due to:

- Their government or retirement benefits,
 - Physical disability,
 - Lower mental capacity due to dementia or as a natural result of aging,
 - Isolation or loneliness,
 - Potential to get lump-sum payments from reverse mortgages, lawsuits, or loans,
 - Gradual loss of supports like family and friends, and
 - Increasing dependence on others.
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Why is it important to recognize a scam before becoming a victim?

As we age, money becomes a bigger problem than it once was. Living on a fixed income can be difficult, even for those who do their best to plan for retirement. Medical bills become larger and more common the older we get. If someone steals an older adult's money, they may have no ability to replenish those funds if they have left the workforce.

In the age of the Internet and digital technology, information is easier to get than ever. Companies commonly sell your personal information. Scammers use this information as a tool to gain the trust of the person they are attempting to scam. The more you know, the less at risk you will be.

What are some common scams and fraud that affect seniors?

The following are common scams and fraud that affect older adults:

- *Grandparent Scam* - Scammers frequently call early in the morning or late at night to catch the victim while they are tired. The scammer claims to be a child or grandchild and may say they are in jail and need bail money, or some variation of this. NEVER WIRE MONEY TO THIS PERSON! THIS IS THE SAME AS CASH!
- *Charity Scams* - This usually comes in the form of phone calls asking for donations. Scammers commonly invoke Veterans, firefighters, and police. Just because the charity has one of these things in its name does not mean it is legitimate.
- *Overpayment Scams/Home improvement Scams* - A common example is a contractor overcharging or charging for unnecessary work. The scammer may begin work on a project and then ask for more money for additional services that you cannot do without because of work they have already completed, or they may overcharge for shoddy work or materials. Always check credentials of anyone providing services. If it seems suspicious, get a second opinion.
- *Sweetheart Scams* - Be wary of strangers trying to get close to you. Scammers commonly target lonely or isolated older adults for exploitation.
- *Lump Sum Scams* - If you receive a lump sum payment through a loan, a court judgment or settlement, you may be targeted. If you have the option, collect loans or court judgments in periodic payments.
- *Work-from-Home Scams* - The scam may be in the form of pyramid or investment schemes. The scammer preys on people who feel they need to supplement their low, fixed incomes.
- *Lottery/Sweepstakes Scams* - If someone says "you've won!" be suspicious. If the caller asks you to wire money or "pay to play," it is a scam.
- *Homeowner Scams* - These scams focus on homeowners trying to refinance their mortgages or those with a lot of equity built up in their homes. Scammers also target those who own property and owe a large amount of debt. If you are offered a loan and the terms are too good to be true, it's a scam.
- *Reverse Mortgage Proceeds Scams* - The scam often begins with someone convincing you to take out a reverse mortgage. It may come in the form of

Equity Theft or Foreclosure Rescue.

- *Medicare and Medicaid Fraud* - This fraud consists of healthcare providers submitting false claims for payment to Medicare or Medicaid, billing for unnecessary services, or giving kickbacks for unnecessary referrals. This is the single biggest source of financial loss among scams and fraud targeting older adults.
 - *Social Security Fraud* - This generally involves a misuse of Social Security benefits. Representative payees are common culprits if they do not use Social Security benefits for the benefit of the recipient.
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How do I protect myself from becoming a victim?

Consider the following tips to avoid becoming a victim:

- Join the national “Do Not Call” registry by calling (888) 382-1222 or online at <https://www.donotcall.gov/>.
 - NEVER give out personal or private information unless you are absolutely sure the person you are giving it to will not misuse it.
 - Hang up on robocalls.
 - Contact the Consumer Finance Protection Bureau, the Federal Trade Commission, or the Better Business Bureau if you are unsure of the truthfulness of an offer.
 - Let close friends and family know if you are concerned about being scammed.
 - Shred all documents containing personal information when you no longer need them.
 - Keep important legal and financial information in secure places.
 - Use direct deposit and automatic bill pay whenever possible.
 - Never pay for services in cash, get the contract in writing, and keep your receipts.
 - Seek advice when making major financial decisions.
 - If you want to appoint financial or medical agents or representative payees, only appoint people you trust. Ask your agents to account for any decisions made on your behalf.
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What do I do if I’ve been scammed?

- Report the scam to the Consumer Finance Protection Bureau at www.consumerfinance.gov.
 - Report to the Tennessee Division of Consumer Affairs at <https://tn.gov/commerce/section/consumer-affairs>.
 - Report to local law enforcement when appropriate.
 - If you think your personal information is compromised, contact the bank, government organization, or other entity responsible for that information and let them know.
 - Contact an attorney. If you cannot afford an attorney, call your local legal aid for help.
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What are some other resources about scams and fraud?

- <https://www.consumer.ftc.gov/features/feature-0011-charity-scams>
- <https://www.consumer.ftc.gov/blog/prize-scams-dont-pay-play>
- <https://www.consumer.ftc.gov/articles/0060-10-things-you-can-do-avoid-fraud>
- https://archives.fbi.gov/archives/news/stories/2009/april/workathome_041709
- <http://reversemortgagealert.org/reverse-mortgage-scams/>
- Consumer Financial Protection Bureau “Money Smart for Older Adults: Prevent Financial Exploitation,” http://files.consumerfinance.gov/f/201306_cfpb_msoa-participant-guide.pdf

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