

Watch Out! 11 Financial Scams that Target the Elderly

By Roy Niedermayer

In previous blogs, we have discussed the topic of elder financial abuse. In addition to the types of elder financial abuse reviewed earlier, seniors are increasingly targeted by sophisticated scam artists seeking access to identity information, bank accounts, credit cards and other assets. So what are the most prevalent financial scams perpetrated on the elderly and what should you be alert and on the lookout for?

Here are the current most frequently used scams according to a recent survey and news reports:

1. Medicare and Health Insurance Scams.

Every US citizen or resident alien over 65 qualifies for Medicare. So, this is an obvious and potentially rich target for a scam artists. What do the scammers do? Perpetrators often pose as Medicare representatives to induce seniors to give them their personal information which the scammer then uses to bill Medicare and pocket the benefits. Sometimes, the perpetrators even have created bogus clinics to obtain information while purportedly delivering healthcare services.

2. The IRS Scam.

Almost all citizens with income file tax returns with the Internal Revenue Service, an agency with powerful known or imagined abilities to collect taxes. This insidious and frightening scam usually involves a telephone call by a con artist posing as an IRS agent threatening liens, attachments or confiscation of bank accounts or other assets unless immediate payments are made to stop collection. However, the IRS never telephones taxpayers, but rather sends letters. Nevertheless, fear and ignorance produces payments resulting in the loss of millions of dollars to the unwary.

3. Counterfeit Prescription Drugs.

These scams primarily operate on the Internet where seniors seek out better prices on their specialized medications. The danger here is that not only is there a financial loss for medications which do not treat the elderly person's medical condition, but in fact the false drug may contain unsafe substances that can harm the user.

4. Funeral and Cemetery Scams.

Here, there are two types of scams. In the first, perpetrators read obituaries and call or even attend funeral services of strangers to take advantage of their grief in some manner. Often this is a claim that the deceased had an outstanding debt for which the scammers will try to extort money to settle the fake debt.

Another tactic is used by disreputable funeral homes to capitalize on family members' grief and unfamiliarity with funeral services. The goal is to add unnecessary charges for the funeral and undertaking bill. In one example of this type of scheme, funeral directors may insist that an expensive casket is necessary for cremation. This is not true because a cremation in most states can usually be accomplished with a cardboard casket or pine box, rather than an expensive display or burial casket.

5. Fraudulent Anti-Aging Products.

In our society, we all want to look young and beautiful. Older people are no different. They feel the same way and seek out treatments and medications to maintain a youthful appearance. This puts them at risk of unscrupulous scammers. Recently, there was a fake Botox scheme which netted the criminals \$1.5 million before they were discovered and convicted. Similarly, many homeopathic remedies are completely bogus

and do nothing.

In some cases, as noted above, these remedies may actually be dangerous. For example, Botox is made from a root ingredient, botulism neurotoxin, which is one of the most toxic substances known. A bad batch from a renegade lab can have serious health consequences beyond curing wrinkles and drooping facial muscles.

Beware of “free trials” of anti-aging products. The senior is offered a free “30-day trial sample” of a purported anti-aging product for evaluation, upon payment of a small shipping and handling fee by way of the senior’s credit card. Although supposedly a 30-day trial sample, buried in the fine print of the offer is the condition that the sample must be returned within a shorter period, e.g., 14 days, to avoid being charged for the product and to avoid automatic additional shipments. Often the amount charged is very high - \$80-\$100 for each shipment. The senior does not even realize their account has been charged until they have incurred charges not only for the first trial sample that was not returned within the 14 day trial period, but also for the next, automatic shipment of the bogus product.

6. Telemarketing and Telephone Scams.

This is the most common scheme with which we are probably all familiar. Fake telemarketing callers prey on older people in particular, because studies show that, as a group, they make twice as many purchases over the phone than the national average. Moreover, with no face-to-face interaction and no paper trail, these scams are incredibly hard to trace and prosecute. Even worse, once a successful scam is made, the senior’s name is likely shared with other scammers as an easy target resulting in multiple frauds on the same person.

Some examples of typical telemarketing fraud are:

- *The Pigeon Drop.* The con artist tells the senior that they have found a large sum of money and are willing to split it with the senior if they will make a “good faith” payment by withdrawing funds from their bank account and giving it to the scammer.
- *The Fake Accident Ploy.* Scammer gets the victim to send money on the pretext that the senior’s child, grandchild or another relative is in the hospital needs the money. Or perhaps, the claim is from a relative or close friend that is vacationing and has been robbed, so they need money to pay hotel and food bills and to get transportation home.
- *The Charity Scams.* Immediately after a natural disaster or at the end of the year when persons make charitable contributions, money is solicited for fake charities.

7. Internet Fraud.

While anyone can be susceptible to Internet fraud, the Internet and technology are an easier means for ubiquitous scams and emails. For example, pop-up browser windows simulating virus-scanning software will fool seniors into either downloading a fake anti-virus program at a substantial cost or downloading an actual virus that will open up their computer information, financial information and identity to the scammer.

- *Tech Support Scams.* Sometimes this is coordinated with a telephone scam whereby the con artist calls and represents they are from Microsoft and have detected something wrong with the senior’s computer which they will fix for a fee and access to the computer.
- *Email and Phishing Scams.* Phishing is where Internet fraudsters impersonate a business to trick the senior into giving out their personal information. It is one of the most common types of scams. The perpetrator appears to be from a legitimate business or institution and asks the senior to “update” or “verify” their personal information, account numbers and similar information. Examples of phishing message is that we all have seen are like this:

“We suspect an unauthorized transaction on your account. To ensure that your account is not compromised, please click the link below and confirm your identity.”

“During our regular verification of accounts, we couldn’t verify your information. Please click here to update and verify your information.”

- **Online Romance Scams.** Signing up for a dating site makes you a prime target for this scam by unscrupulous persons more interested in your bank account than in you.

8. Investment Schemes.

Because so many seniors are involved in planning for retirement and managing their savings once they retire, investment schemes targeting seniors have proliferated. From Peter med or Ponzi schemes like Bernie Madoff's two Nigerian princes, or government officials looking for a partner to a claim in inheritances, or government money or unclaimed bank accounts, to truly complex financial products, these investment schemes have long been a way to take advantage of older people.

9. Homeowner and Reverse Mortgage Scams.

Scammers seek to take advantage of the fact that many elderly people own their own homes, an extremely valuable asset. The range of schemes is remarkable. In California, perpetrators sent messages to property owners seemingly from the county government using public information reporting assessed value. They then offered the homeowner to arrange for a reassessment, a lowering of the tax burden, for a fee. The senior paid; the scammers did nothing.

The reverse mortgage is becoming a popular scam especially since its legitimate use is now regularly touted on television. Scammers want to take advantage of older adults to unlock the equity in their homes. These con artists are people pressuring the senior to obtain a reverse mortgage and take out substantial amounts of cash often for use in fraudulent home repair or even legitimate repair contracts.

10. Sweepstakes and Lottery Scams.

This is one of the most simple and prevalent scams perpetrated on elderly citizens. Con artists call the senior and inform them that they have won the lottery or a sweepstakes of some kind and they need to make a payment to cover transaction expenses for delivery of the prize. There is no prize. Often seniors are sent an official looking check to be deposited in their bank account after or simultaneously with the mailing of their own real check to the scammer. Their check clears; the criminals check does not and the "prize money" is deducted from the elderly person's account when the check bounces.

11. The Grandparents Scam.

This con is so devious because it plays upon older adults' hearts and love. The scammer will place a call to the elderly person and will pretend to be a relative or grandchild. Often the scammer says "Hi grandma, do you know who this is?" And when the unsuspecting grandparent guesses the name, the scammer confirms that is who the senior has identified. Often the scammer has done some background research on the grandchild and grandparent.

Having gained the senior's confidence, the fake grandchild asked for money to solve some unexpected financial problem such as rent, car payments or repairs or similar item. Payment is to be made by Western Union or wire service which doesn't require identification from the recipient in order to collect. The scam artists will often beg grandparent not to tell the grandchild's parents because "they would kill me."

These are the most current scams being perpetrated on the elderly. In future blogs, we will address some of these more specifically and provide ways that you can protect yourself against them.