Risk Alert - Fraud Against Senior Citizens

As the Baby Boomers enter retirement, more attention should be given to potential fraud that may occur. These senior citizens can be a target for fraud and relatives, friends and others can help fight fraud by watching for certain signs. Credit Union employees also might see questionable activity occurring in a member's account and by simply asking questions and inquiring about that activity; they may be able to help prevent a senior citizen from sustaining a personal loss in their account. For example, an elderly victim might:

- Receive frequent phone calls from strangers offering too-good-to-be-true deals or asking for charitable donations.
- Receive mail and email communication about contests or sweepstakes from foreign countries.
- Make repeated or large payments to entities in other states or countries.
- Have difficulty keeping up with daily expenses such as buying groceries and paying utility and other bills.
- Make maximum daily withdrawals from an ATM or large over the counter cash withdrawals.
- Have a caregiver or other individual who shows excessive interest in the elderly person's finances or assets.
- Show an unusual degree of fear or submissiveness toward a caregiver or express a fear of eviction or nursing home placement if money is not given to a caretaker.
- Avoid existing relationships and move toward new associations with an unknown friend or stranger.
- Lack knowledge about his/her financial status or be suddenly reluctant to discuss financial matters.

There are many different schemes that can be perpetrated against senior citizens including:

- **Telemarketing Fraud**

According to the National Consumer League's National Fraud Information Center, nearly one-third of all telemarketing fraud victims are age 60 or older and contrary to popular belief, it is not because these victims are lonely, isolated or incompetent. In actuality,
most senior citizens lead healthy, vibrant lives but can be taken in by the lure of prize money or too-good-to-be-true opportunities.

Fraudsters take advantage that older people are more trusting of strangers and reluctant to just hang up on a caller. In addition, fraudulent telemarketers know that it's often difficult to tell if a salesperson is legitimate. Seniors are often targeted relentlessly, sometimes receiving as many as 20 calls a day from scammers.

- **Attempts to improve your retirement nest egg**

People approaching retirement might be looking for ways to quickly increase their retirement accounts and possibly recover from losses in the stock market. If retirees own their homes outright or have inherited money from other family members, they may be the target of advance-fee swindles, Nigerian fraud schemes and pyramid schemes.

- **Fraud by personal friends or relatives**

Financial fraud can also occur against the elderly by family members or caregivers. The scheme may be as simple as stealing cash from the victim's home or run to a far more complex scam such as gaining a senior's friendship with a goal of being included in a senior's will or living trust.

- **Contractor Fraud**

A contractor, posing as a helpful handyman, might stop at a home owned by a senior citizen and tell them he noticed that some part of the home (possibly the roof or chimney) is in some level of disrepair and needs fixing. The contractor offers to fix the “problem” for a modest fee, even though there was nothing wrong with the home. In this scheme, the victim may never know he has been defrauded.

- **Medicare Fraud**

In 2006, Medicare began offering coverage for prescription drugs which provided another means by which a fraudster could scam the elderly. Fraudsters use confusion with such program provisions, including the offer of bonuses and prizes for signing up, to pressure seniors into purchasing fraudulent drug coverage plans.

Although it is illegal to sell Medicare plans door-to-door, seniors may be unaware of this fact and subject to the fraudulent tactics of Medicare peddlers who utilize the door-to-
door sales tactic believing that many seniors are lonely and unlikely to shut the door in someone's face.

Medical providers also commit fraud by billing Medicare for services never performed or by billing for the same prescription or service twice. In addition, there have been medical suppliers who submit reimbursement claims to Medicare for equipment that was never ordered by the victim.

By increasing education with the distribution of resource information warning of these type scams and also being diligent in watching the activities of elderly relatives and friends, we can all work to reduce the risk of loss that a senior citizen might encounter.