



Seniors' Guide to Fighting Fraud

From the Office of Minnesota Attorney General Lori Swanson

The Minnesota Attorney General's Office provides this guide to help alert you to the dangers of consumer fraud directed at older people. Awareness is the most effective way to attack this problem. This guide will inform you about the common scams aimed at seniors and the steps you can take to thwart the swindlers.

Fast Facts on Fraud

- Telemarketing fraud alone is a \$40 billion a year business.
- Although people in their twenties report being defrauded more often than people over 70, they tend to lose less money to the fraudsters than senior citizens.
- Scams and frauds conducted by mail, telephone, and computer are increasingly coming to you from other countries.

How to Avoid Scams

- Don't send money orders, prepaid cards, or gift cards to people you don't know. Legitimate companies and the government don't usually ask for payment this way.
- If a company tells you over the phone that your computer has a virus or needs protection, take your computer to a trusted computer repair shop.
- If you get a call or email claiming that a loved one needs emergency money, call the loved one before sending money in case the request is a scam.
- Don't give your personal information—including social security, credit card, or bank account numbers—to people you don't know who contact you, even if they claim to be with a company you know, like your bank.
- If your bank or credit card company calls you and asks you to confirm or provide personal information, like account numbers, social security numbers, or your date of birth, hang up

and call the company back at a phone number you have obtained from a reputable source.

- Ask for written materials before you commit yourself to any sales offer.
- Before you send any money, check out the company and its offer with the Attorney General's Office and the Better Business Bureau.
- Walk away from a "deal" if you are being pressured to make an immediate decision.

Seniors are Targeted for Fraud

It is hard to spot fraud when it is happening. The Federal Trade Commission estimates that consumers lose more than \$40 billion a year to telemarketing fraud alone. And, if you are an older consumer, you are a special target for those offering bogus prizes or selling bogus products and services.

Most seniors grew up in an era when business was done on a handshake; unfortunately, crooks are playing on that trust. Imposters who pretend to be family members in need rely on senior citizens having family members that they love and want to protect.

The economic consequences older Minnesotans face when defrauded are often devastating. Most seniors in Minnesota live on a fixed income and more than half of Social Security beneficiaries receive 50% or more of their income from Social Security. With fixed monthly pension or Social Security checks, it is nearly impossible to replenish bank accounts or money saved for retirement when it is taken by scams.

Con artists use several methods to contact potential victims: phone, mail, door-to-door sales, and increasingly commonly by cell phone and computers. Some scams involve a combination of methods. For example, swindlers may generate leads by mailing or conducting a survey online to gauge interest in a product or service. Consumers who indicate interest are then contacted by telephone or email for a high-pressure sales pitch.

Other scammers already have some of your personal information and pretend to be with a company you do business with in order to get more information. Once they get more information they can then open an account in your name and make unauthorized purchases.

This guide identifies common scams that target Minnesota seniors, identifies the common warning signs of each scam, and provides information to help you thwart the con artists and protect your assets.

BEWARE: Common Scams

Scams can be large or small, sophisticated or simple, and come from next door or across the world. But the crooks behind them have two things in common. They want to steal your money and avoid being caught. Below is a list of common scams. Turn the tables on con artists behind them—don't fall for their tricks. Report these scams and their perpetrators to the Attorney General's Office.

Grandparent Scam

In a typical grandparent scam, a con artist calls or emails you posing as a relative in distress or as someone claiming to represent the relative (such as a doctor, lawyer, or law enforcement agent). The scammer may frantically tell you a variation of "Grandma, it's me," followed by a description of the problem in which they have found themselves (arrested, in an auto accident, in need of a lawyer, etc.). You are then instructed to wire money to the scam artist who claims that the funds will be used for bail money, lawyer's fees, hospital bills, or other expenses. You are also urged not to tell anyone, such as the parent of the "grandchild." Many scams rely on money being wired or sent through prepaid cards like MoneyPak or iTunes, and consumers should be wary of any request for these types of payment, instead of using a credit card, which protects consumers in the event of a scam.

Fake Check Scams

Fake check scams—in which fraudsters ask their victims to cash realistic-looking checks and wire a portion of the proceeds back to the scammer before the check bounces—continues to be one of the most frequently-reported scams. There are many variations of the fake

check scam, but whatever the pitch, they all have one thing in common: there is *no* legitimate reason for someone to give you money and then ask you to send money back.

Medicare Scams

Navigating the Medicare system isn't easy and some scammers will look for any opportunity to take advantage of the confusion. Commonly, a scammer will claim to be with Medicare and ask for personal information such as Medicare, Medicaid, social security, credit card, or bank account numbers. The victim might be given any number of excuses to provide this information including that an error needs to be fixed, that he or she is part of a survey or eligible to receive free products, or can sign up for a new prescription drug plan. Always keep in mind that Medicare will never call to ask for sensitive personal financial information.

Tech-Support Scams

Tech-support scammers make unsolicited phone calls or use pop-up Internet or cell phone text messages designed to look like warnings to frighten unsuspecting people into thinking their computer or cell phone has been hacked or has a virus. The scammer often pretends to be from a well-known computer or software company and offers to remotely fix your computer for a fee. At best, the "fix" is unnecessary and expensive software. But sometimes, scammers remotely install viruses or programs on your computer that let them steal information stored there, which allows them to commit identify theft. Unsuspecting people who give scam artists their bank account information or access to their computer sometimes find that the fraudster has drained their bank account.

Remember that technology companies generally do not reach out to consumers directly to sell computer support. If you are unsure whether your computer has a virus or has been hacked, contact a trusted local computer repair store.

Investment and Work-at-Home Scams

Promises of easy money often target older adults because seniors may be looking to supplement their income. The pitch might come in the form of an

investment opportunity that promises big returns, or as a way to make money at home for an upfront cost. In either scenario, “up front” money is required to make the promised income. Sometimes the consumers receive nothing for the money they send. Other times they receive instructions on how to start an Internet business that is not realistic. Always research any work-at-home opportunity and beware of investment or money-making offers that seem too good to be true or use high pressure sales tactics to get you to sign up immediately. Do not make investments with anyone over the phone. Consult with a trusted financial planner or banker for investment advice. Most importantly, never invest money before thoroughly checking into the offer. Check out any phone or mail investment offers by calling the state Department of Commerce to see if the entity is licensed to do business in Minnesota.

Lotteries

You receive a letter, email, or text message stating that you have won a lottery, sweepstakes, or grant. This seemingly good news might quicken your pulse, but do not let it override your good judgment. Sometimes the message instructs you to deposit a check and then wire a portion back to the company to cover “taxes” or “administrative fees.” While the funds will initially show up in your bank account, and everything may seem valid, once the bank discovers that the check is a fake, the money will be removed from your account and you will find yourself out the money you sent to the company. Other times the message instructs you to send prepaid card information or gift cards in order to obtain your winnings.

When solicitations offer you the chance to win a lottery, they are offering you nothing but the chance to be taken. Watch out for lottery scams by recognizing these sure signs of a losing proposition:

- Telemarketers and/or direct mail solicitations sometimes offer the opportunity to win the Canadian, Australian, or other foreign lotteries.
- You may be told the odds of winning increase when “group purchases” of lottery tickets are made.

- Credit card numbers, checking account numbers, prepaid card numbers, or gift cards are requested.

Foreign lotteries are illegal in Minnesota and violate state and federal laws.

Personal and Medical Safety Product Scams

Aggressive door-to-door salespeople and telemarketers often target senior citizens with the sale of costly and deceptively-marketed products by exploiting their fears about their personal or medical safety. Don’t be swayed by unknown callers that try to scare you into buying a product, such as selling you an alarm by talking about a rash of burglaries in your city or a medical safety product by talking about medical errors in hospitals. While many people have legitimate medical and personal safety concerns as they age, the best way to deal with these concerns is to seek out reputable companies that offer meaningful products at a fair price.

“You Have Won” Calls and Mail

An excited salesperson on the other end of the phone or an official looking prize notice in the mail claims you have won a prize. Watch out. Often these prize awards have long and expensive strings attached. You can spot this scam almost right away if you look for these messages:

- The caller or the mail piece tells you, “You have won a prize.”
- You must purchase a product (like magazines), pay a processing fee, or pay taxes.
- Request a credit card number, checking account number, or a social security number.
- Often your money must be sent by overnight delivery to a company in another state or country.

No matter how appealing, hang up the phone or throw away the mail. Never give out your credit card number, checking account number, or social security number. Make sure you report the call or mail to the Attorney General’s Office.

Bogus Charities

Many charities depend on the generosity and donations of individuals. Unfortunately, some crooks take

advantage of that generosity. Charity scams are often well disguised, but may be detected by a few common red flags:

- Exorbitant prices are charged for everyday items (for example: a dozen light bulbs for \$84.99).
- Appeals for contributions are designed to look like bills or invoices.
- Little detail is provided about how the charity operates or where the money goes.
- Heart-wrenching appeals are used with high pressure tactics to force individuals to make quick decisions.
- Elaborate gifts are included with the donation request to guilt you into making a donation.

Before you part with any money, research the charity. Ask for written information and read it carefully before you give. Find out how your contribution will be used and ask if your donation is tax deductible. Contributions by cash are impossible to trace, so pay by check. If you have doubts about a charity, contact the Attorney General's Office. Minnesota law requires that charities be registered with the Attorney General's Office, unless exempt. You may also wish to contact the Charities Review Council of Minnesota.

Living Trusts

Senior citizens are often targeted by unscrupulous salespeople who prey on seniors' financial fears in order to sell unwanted, unnecessary, and/or unsuitable living trusts, legal plans, and other financial products. Seniors should use extreme caution when approached by individuals trying to sell these types of products.

Living trusts organize your financial affairs and living wills spell out your health care wishes. The two are often confused. Scam artists play on the fact that seniors are not familiar with living trusts, so they advertise presentations at hotels or restaurants or come to your door with information to teach you about financial options, including trusts. Protect yourself. Watch for the following clues:

- A salesperson requests highly personal financial information.
- A salesperson, untrained in the law, says you

need a trust or makes misleading statements about trusts such as: "A trust will protect your estate from inheritance taxes."

- Thousands of dollars are charged for boilerplate forms.
- The sales pitch grossly emphasizes the need to avoid probate and grossly exaggerates the costs of probate.

Do not put your financial future into the hands of a door-to-door salesperson. Consult an attorney or financial planner who specializes in estate planning, or contact the Senior Federation legal referral program. Don't forget that sales of products sold to you at your home can be cancelled within three business days under Minnesota's three-day cooling-off law.

Resources

Office of Minnesota Attorney General

Lori Swanson

445 Minnesota Street, Suite 1400

St. Paul, MN 55101

(651) 296-3353 (Twin Cities Calling Area)

(800) 657-3787 (Outside the Twin Cities)

TTY: (651) 297-7206 or (800) 366-4812

www.ag.state.mn.us

Senior LinkAge Line

(651) 431-2500 or (800) 333-2433

www.mnaging.net

Better Business Bureau of Minnesota and North Dakota

220 South River Ridge Circle

Burnsville, MN 55337

(651) 699-1111 or (800) 646-6222

www.bbb.org/minnesota

Seven County Senior Federation

(Aitkin, Carlton, Chisago, Isanti, Kanabec,
Mille Lacs, & Pine Counties)

47 Park Street N., Suite 7

Mora, MN 55051

(320) 679-4700 or (866) 679-4700

www.7countyseniors.com

Minnesota Charities Review Council

700 Raymond Avenue, Suite 160
St. Paul, MN 55114
(651) 224-7030
www.smartgivers.org

Minnesota Department of Commerce

85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1570 or (800) 657-3602
www.mn.gov/commerce

Do-Not-Call List Registration

(888) 382-1222
TTY: (866) 290-4236
www.donotcall.gov

Federal Trade Commission

Consumer Response Center
600 Pennsylvania Avenue NW
Washington, DC 20580
(877) 382-4357
TTY: (866) 563-4261
www.consumer.ftc.gov

Additional Information

Seniors' Legal Rights is a comprehensive publication designed to inform older people of their rights on a number of topics, ranging from consumer protection and estate planning to utilities and nursing homes. To order a copy please contact the Attorney General's Office at the address and phone numbers above

