

NATI RESOURCES

FRAUDS, SCAMS, AND THE SENIOR CITIZEN

Seniors are defrauded at twice the rate of the rest of the population. Through the efforts of officers and Triad volunteers, seniors recognize fraud and scams and those who perpetrate them.

Seniors are targeted for crimes for several reasons:

- Availability—Seniors are often home for cold calls, and scam artists.
- Isolation—Very often seniors do not live in proximity of family and lack individuals to review investment or decision making.
- Loneliness- Lack of friendships can position some to be receptive to a friendly voice and con.
- Health issues—As one ages, natural health issues evolve. This often leaves seniors unable to repair and upkeep homes, positioning them for scams and fraud.
- Money—Seniors are often targeted because cons see them as trusting and an easy target for money from savings or property.

Fraud and Scam Facts:

Losses associated with home improvement fraud against persons 65 and over, typically range from \$1,000 to \$5,000, although figures as high as \$10,000+ have been reported (American Association of Retired Persons. 2001).

Securities regulators estimate that securities and commodities fraud totals approximately \$40 billion a year (National White Collar Crime Center. 2002. *Securities Fraud*. Richmond, VA).

Check fraud is estimated to cost United States businesses \$10 billion a year (National White Collar Crime Center. 2002. *Check Fraud*. Richmond, VA).

There are approximately \$500 million worth of checks forged annually (Federal Trade Commission. 2003).

The average loss to consumers from telemarketing fraud in 2002 was \$845. The three most common forms of fraud were telephone offers for credit cards (27 percent); work-at-home offers (18 percent); and prizes and sweepstakes (16 percent) (National Fraud Information Center. 2003. *Telemarketing Fraud Statistics*. Washington, DC: National Consumer League).

Twenty-six percent of victims of telemarketing fraud overall in 2002 were age 60 or older. The elder age group was victim of prizes and sweepstakes fraud at a higher rate of 61 percent (National Consumer League. 2003. *Credit Card Scams Bump Prizes and Sweepstakes as #1 Telemarketing Fraud*. Washington, DC).

It has been estimated by the U.S. General Accounting Office that healthcare fraud totals 10 percent of total healthcare expenditures each year. Total expenditures currently exceed \$1 trillion a year, which puts annual healthcare fraudulent losses at \$100 billion (National White Collar Crime Center. 2002. *Healthcare Fraud*. Richmond, VA).

The National Fraud Information Center received reports of Internet fraud totaling \$14,647,933 during 2002. Ninety percent of the losses occurred at online auction sites (National Fraud Information Center. 2003. *Internet Fraud Statistics*. Washington, DC: National Consumer League).

Consumer Sentinel, the fraud complaint database developed and maintained by the Federal Trade Commission received 380,103 consumer fraud and identity theft complaints in 2002. Consumers reported losses from fraud of more than \$343 million (Federal Trade Commission 2003).

Fighting Elderly Fraud and Scams

Predatory Lending: Home loans and predatory lending schemes can place older individuals in a situation where they can no longer pay their mortgage, resulting in the loss of their home. Many times, these offers come by telephone, mail, e-mail and even the seniors' door.

Home Improvements: According to the Consumer Federation of America, home improvement and contractor-related complaints are the second largest consumer complaint in the U.S. Often, these home improvement scams are directed toward the elderly. Frequent complaints involve workmanship issues, overpricing, abandonment or unfinished work, failure to meet building code requirements, and failure to use a written contract.

Telemarketing: Congress estimates that consumers lose more than \$40 billion annually to telemarketing fraud. As many as one in ten callers may be fraudulent. AARP finds that more than half of telemarketing fraud victims were over the age of 50. These calls may take the form of phony charity collection, investment opportunities, sweepstakes, or lotteries.

Warning Signs of Elder Fraud schemes

"Free" gifts that require you to pay shipping and handling fees, redemption fees or gift taxes before delivery

"High profit, no-risk" investments

"Act now" and other high pressure sales tactics

A request for a credit card number for identification or to verify that you have won a prize

Refusal to provide written information or even the most basic details about an organization

Organizations that are unfamiliar or have only a post office box for an address

Resources:

Better Business Bureau

Elder Fraud Hotline-Phone: (804) 780-2222

Consumer Response Center

[Federal Trade Commission](http://www.ftc.gov)

Washington, DC 20580

(202) 382-4357 TDD: (202) 326-2502

Credit Bureaus:

EXPERIAN(FORMERLY TRW)

To report fraud, call (888) 397-3742 or write to P. O. Box 1017 Allen, TX 75013

www.experian.com

EQUIFAX

To report fraud call (800) 525-6285 or write : P. O. Box 740250 Atlanta, GA 30374

www.equifax.com

TRANS UNION

To report fraud, call (800) 680-7289 or write to P. O. Box 6790 Fullerton, CA 92634

www.tuc.com

Direct Marketing Association: Telephone/ Direct Mailing List Removal-Access web site and follow removal instructions

www.the-dma.org

To verify a charitable organization, contact:

National Fraud Information Center

1-800-876-7060

National Charities Information Bureau

1-212-929-6300 (NY)

Philanthropic Advisory Service Council of Better Business Bureaus

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