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7/6/2012 6:04 PM ET | By Melinda Fulmer, MSN Money

10 scams targeting seniors

Criminals who prey on the elderly are taking advantage of trust and naiveté. Recognize the top scams and know how to stay a step ahead of the bad guys.



Financial scams targeting seniors are grabbing a larger share of the headlines these days, as law enforcement and government, including the new **Consumer Financial Protection Bureau**, seek to squash this growing crime.

Almost daily, there's a new ploy that emerges, seeking to tap into the large amount of money older Americans have in their bank accounts.

"I call it the 'scam du jour syndrome,'" says Bob Bianco, the national coordinator of the Elder Justice Coalition. "New ones pop up on a regular basis," often tied to local or national events, investments or the well-being of a family member.

Annual losses from elder financial fraud jumped 12% to \$2.9 billion in 2010 from \$2.6 billion in 2008, according to the **MetLife Study of Financial Elder Abuse**.

One in 20 people ages 60 and older reported being the victim of some kind of financial abuse in the prior year when a survey was done in 2010. However, only one in 44 such crimes were reported, according to the National Adult Protective Services Association, a nonprofit. And of those that are reported, many are not investigated because of the difficulties prosecuting them.

bing
[How to recover from identity theft](#)

In the interest of spotting scams before they happen, MSN Money asked some of the country's top experts on elder financial abuse to identify common scams and provide advice on protecting elderly people's assets. Here, in no particular order, are some of the most prevalent scams.

Grandparent scams. Often, scam artists prey on a victim's love for and isolation from their relatives. Many will call an older person, whispering "Grandma?" and mumbling so that the older person will volunteer a name. Once they've established an identity, they claim to have lost their wallet and/or passport in a foreign country or to have been arrested and in need of bail money.



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Free lunch investment seminars. Most of these schemes involve selling people on unsound investments or other things they don't need, simply to earn high commissions or fees.

It might be worthless real estate, rare coins or investments that aren't right for people in a later stage of life.

Among the products that unscrupulous brokers are pushing at these lunches are **variable-rate annuities**, which are not appropriate for short-term goals.

What these investments peddled to seniors do have are high fees and charges, says Lisa Catalano, the director of the Securities Arbitration Clinic at St. John's University School of Law.

Top 5 scams to avoid in 2012



Top 5 scams to avoid in 2012
3/5/12 1:49

"I had a client who was told that putting your money in one (of these annuities) is like putting money into a checking account," Catalano says. "You can take out your money any time," he told her."

Many of these investments are sold by people with official-sounding designations that mean nothing and can be obtained by paying a fee.

Medicare fraud. Every U.S. citizen who is 65 or older qualifies for Medicare. Because it's universal, it's easier for con artists to target. In some of these scams, people pose as Medicare representatives to persuade older people to provide their personal information, or crooks provide bogus services for elderly people at makeshift mobile clinics in order to get their information, bill Medicare and pocket the money, according to the National Council on Aging.

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Bogus sweepstakes. "Congratulations! You've just won \$10,000!" In many sweepstakes scams, you get the promise of big money, but you have to wire some of your own to claim it, allegedly to cover things such as insurance, upfront taxes or shipping and handling fees. If you've truly won, you won't be asked to pay. And you shouldn't have to buy things to enter.

Dialing for dollars. Telemarketing scams change as often as news headlines, but some of the most common lures are charity scams, which can come in waves after a big local or national disaster.

Another popular call – often made at night or early in the morning when people are off guard – is the fake credit card call. This call alerts individuals to the fact that a card has been stolen or used in some way that has affected their credit score. The caller then tries to confirm sensitive financial information, including address, and credit card and Social Security numbers.

Unsolicited home improvement. An individual or pair goes door to door selling repairs that they claim are needed right away, such as a roof repair. Once the work is done, the victim finds that the bill is much higher than quoted or that the work was done with inferior materials. These repairs can lead to other types of theft, with workers going inside for a drink of water and stealing valuables.

Home loan scams. The two biggest scams making the rounds are loan modification scams and forensic loan audit schemes. With home equity virtually nonexistent for a large percentage of the population, scammers are targeting owners' cash, rather than title, says Annette Kirkham, senior attorney at the Fair Housing Law Project in San Jose, Calif. And often, they're going to senior centers to find their victims, she says. Loan modification crooks offer to help seniors renegotiate their mortgage and lower their payments for an upfront fee. However, they usually take the money and do nothing in return.



Forensic loan audits require more money upfront – often from \$10,000 to \$50,000. These audits are supposed to uncover fraud in the loan-origination process, thereby allowing the unscrupulous attorney to file a suit forcing a modification. However, that doesn't happen, and the individual winds up losing his money.

Power of attorney scams. These are the most insidious plots, because they typically involve someone close to the senior. They involve assigning legal authority to another person to manage someone's financial affairs. Sometimes it's done willingly, other times it's done by threats or intimidation.

In the hands of someone trustworthy, these documents can help an older person manage his or her bills. But they are often used by desperate relatives and acquaintances to drain a senior's bank and investment accounts.

Knock-knock thefts. One of the most popular scams for decades running, these involve simple distraction and theft. Someone comes to the door, posing as someone they're not – a utility representative, a law-enforcement officer or charity worker, for example. The idea is to distract the victim while the crook (or an associate) ransacks the house, grabbing cash or other valuables.

Sweetheart swindles. A younger person or alleged suitor feigns romantic interest in an older person long enough to establish trust and get his or name on bank accounts and property deeds. The suitor disappears along with the property.

8 ways to prevent elder financial fraud

1. Make it a policy not to buy from or contribute to solicitors. The Women's Institute for a Secure Retirement suggests using the following script with callers or people who knock on your door, "I never buy from (or give to) anyone who calls or visits me unannounced. Send me something in writing."
2. Shred all receipts with your credit card number or other personal information.
3. Never give out any personal information over the phone unless you initiated the call. That includes your credit card, banking or Social Security numbers as well as health insurance or Medicare information.
4. Use direct deposit when you can to prevent checks from being stolen.
5. Know where your documents are kept and what they say. Stay organized and make sure what the literature says jibes with what brokers or representatives are telling you.
6. Check out your broker, and never make a check out to an individual for investments. Write checks out to a company or firm to make sure your money is going where it's supposed to go. You can check out brokers and their firms on securities regulator [FINRA's BrokerCheck page](#).
7. Don't isolate yourself. Maintain connections with others in your community, such as friends, neighbors, clergy or even your letter carrier, so you have people with whom you can share your complaints or suspicions.
8. Hire an elder law attorney. If you work with lawyer, make sure he or she is a member of the National Academy of Elder Law Attorneys, who have special training in legal issues facing seniors.



And if you suspect that you or a loved one is a victim, experts recommend calling Adult Protective Services immediately.

"The most important message that should come out of this is that you can't stop what you don't report," Bianco says.

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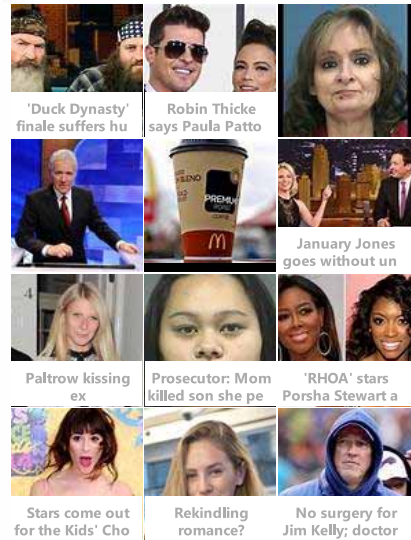
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96 Comments

NEWEST OLDEST BEST WORST CONTROVERSIAL

lirocker

Jul 14, 2012 8:35AM



one of the biggest scams out there today still is your local... "CHIMNEY COMPANY"!!!! they solicit you for a chimney cleaning and then 2 men come to your house and CLEAN you out!!

Whether it's false & unecessary repairs, way over inflated bill, stealing items from your basement, garage and yes even your prescription pills from the bathroom!!! They have even been caught breaking your chimney (ie; cracking clay flue pipe, loosing bricks) THEN charging you to fix it! Believe it or not... half the time the chimney cleaning never gets done, the vacuum or the sweeping.

Please be very wary about daytime thieves...watch and question their EVERY step!!

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75 0 | Replies (0)

Chris Cox (chris cox)

Jul 14, 2012 12:26AM



elderly people need to be more skeptical and cynical about whom they trust. 1. always ask for some serious identification 2. know your relatives very well 3. never give anything of personal information over the phone, period and never let anybody in your house, not even law enforcement without a legal binding court order. there are some other rules of thumb but i won't give them out because i am not the law. when in doubt, i don't throw it out until after it is shredded!

73 4 | Replies (0)

flintlock

Jul 14, 2012 11:06AM



Apparently, there are no moderators on this site. Half of the posts are from dating sites and scams. The trouble is, clicking on report or span does nothing.

68 0 | Replies (0)

wolfman 63

Jul 14, 2012 7:46AM



The biggest "legal" scam is the reverse mortgage. Several of my friends have had their houses stolen by these scum. The contract is made to confuse and the second you are out of your house for a hospital visit - they come after the house. The fees are unbelievable!!! Interest rate is usury! and after they do you the "courtesy" of telling you YOU have to sell your house in 6 months or they take it - do they tell you that the only real time frame is 3 months and it is up to them to give you extensions. ONE MONTH AT A TIME - hope you don't tell them you found a buyer - if you do, they get the info then swoop in like the vultures they are. They take the house to sell it themselves to the individual hosing the real owner AND the agent.

72 5 | Replies (2)

John Torian

Jul 14, 2012 9:33AM



As a retiree, I deal almost daily with people on the phone, on the InterNet and through the mail trying to get me to donate or join whatever cause of the day they are pushing. I've found the simplest way to deal with these pests is to be absolutely honest - I tell them I give through my church and only donate otherwise to the Salvation Army... and that, since I'm on a fixed income, I could use a little donation from the caller, if they can spare the change! Works EVERY time, and it's the absolute truth! :-D

60 0 | Replies (1)

blujay65

Jul 14, 2012 9:50AM



If anything sounds to good to be true....don't walk away..run as fast as you can

56 0 | Replies (0)

72degrees

Jul 14, 2012 11:44AM



The Scammers and all the Spammers who post date rich old guys and date young ladies sites are the same TYPE of people.

MSN is giving the spammers and scammers a platform to do their business.

MSN needs to walk the talk...

58 3 | Replies (0)

Captain Har

Jul 14, 2012 11:22AM



I notice that there is a lot of reverse mortgage commercials on TV these days, most are using right wing people such as Pat Boone and Fred Thompson among others. To me this is a big scam and will probably be a potential problem.

57 2 | Replies (0)

doc of schlep

Jul 14, 2012 10:44AM



Stop the outrageous and bogus materials being posted on these websites. The ads for those seeking to exploit are particularly annoying and disturbing.

54 2 | Replies (0)

ewent

Jul 14, 2012 10:52AM



The reality of why those over 75 fall for these scams is simple...They weren't raised in this greedheaded, selfish, self-important society of the younger generation. So they expect that all people are still decent, honest Americans they can trust. If you can't trust your fellow Americans, why not just let the terrorists take over? The real reason there are so many scammers out there is because we enable them to continue this kind of fraudulent behavior. In the ages of these very elderly seniors, these kinds of frauds and swindlers would be dealt with severely. Now, these cretons use the Constitution against the rest of us. They want it to be believed that we can't stop fraudulent speech because they have the right to free speech...That may be true..until they cross the line and that free speech becomes abuse of others.

52 2 | Replies (0)

Jimrae

Jul 14, 2012 1:42PM



Why can't you lonely hearts dating scam sites go elsewhere?

51 1 | Replies (1)

baboula1

Jul 14, 2012 10:15AM



I live with my 87 year old father and they have to go through me. I don't answer phones unless I recognize the id; if legit, the'll leave a message.

49 0 | Replies (0)

cow boy

Jul 14, 2012 8:04AM



Also there is a scam saying the USPS has a package that they can,t deliver and the cost to keep it for 30 days and will cost \$3.30 a day I have already reu a check on this with the post office and they said it was a scam and who ever sent it wants you to open your computer so they can get in, so CAUTION ON ANYTHING SENT TO YOU REGARDLESS OF WHO IT IS FROM.

49 0 | Replies (0)

grannylady44362

Jul 14, 2012 12:16PM

The article is right on a lot of points. Many of these scams and more have been foisted on us since my husband and I have become seniors. If we weren't still sharp, I can see how someone less



mentally able or too trusting would be a victim. We have been invited out to lunch or dinner a multitude of times by so called investment counselors, (goes in the trash) . We get calls all the time supposedly from Cardmember Services to modify our credit card rate. Right..after they get all your personal information..

Lately we have had a bunch of calls offering a FREE, diabetes blood meter. Yessiree. Just get a prescription and they will send you one...and bill Medicare of course.. Telling them that you already

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36 0 | Replies (1)

BreakingWind

Jul 14, 2012 10:54AM



These scammers have absolutely no heart. It's at times like this that one really hopes there is a hell.

36 0 | Replies (0)

Robert Rowley (Saturnsrim)

Jul 14, 2012 11:31AM



Another scam I know of is the Save the dolphins, whales, sea turtles, ...etc One of these operations is currently going on in the Tallahassee area. They send a group of people around to local neighborhoods hitting them up for donations to fight various causes. I went to apply for what I thought was an environmental job and was handed a brochure that stated various positions from research, web development, administrators and so forth but the only job they offered was for canvassers. They take a packet of various environmental magazines from door to door and offer memberships and magazine subscriptions in return for donations. They have three donation amounts that they are supposed to suggest but only offer the high end amounts of 150 to 300 dollars and tell the target client they will get subsequent material and membership in the mail. They use high pressure techniques on the elderly and from what I saw they use most of the money for

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31 0 | Replies (0)

Andi566

Jul 14, 2012 8:51AM



Establishing a financial power of attorney early in your senior years is a very very good plan! If there is a required family member or power of attorney that must be present and required to do business of any kind, it will stop many financial mistakes that many seniors make or scams that they don't realize are scams. Good financial decisions are appropriate medicare supplement insurance and long term care coverage with in the budget of what someone can afford.

32 2 | Replies (1)

Fred110

Jul 14, 2012 10:14AM



The so-called Civic Council has scammed tens of millions of dollars from senior citizens by mailing them out \$1 checks and asking them not to cash the checks but rather send the checks back along with \$19 + so the Civic Council can help "keep Social Security out of the hands of illegal aliens" and "fight" other phony causes for senior citizens ...and this multi-million dollar enterprise continues to get away with it. Just Google "Consumer Affairs and Civic Council" to read an article about these guys.

30 0 | Replies (0)

puppcry

Jul 14, 2012 1:29PM



In truth, just about anyone can be scammed. However, the elderly are more susceptible because they are often lonely and a little too trusting at times. I have people call my house to tell me I've won either trips, cash, cars or cruises. Usually, they will verify my address and some other info that is pretty much available to the public. When they get to the end of their little speech it usually goes something like this: "Thank you for verifying your information. Now all I need is a credit card number for handling and processing fees and we can send you your "free" (fill in the blank). I always respond by telling them that legitimate sweepstakes don't charge you for your prizes. If you've won something then you've won it free and clear. Only scam artists try to charge you to receive something you've won." At that point there is a pregnant pause, a click and then the sound of dial tone. If you don't recall entering a sweepstakes, chances are you didn't. And if it sounds too good to

More

28 0 | Replies (0)

E Q (useful info)

Jul 14, 2012 9:36AM



Another scam is an automated call saying you can get you credit card interest rated lowered and can speak to an agent by pressing the number "1". Since I receive these calls about every week, (I always hang up on automated calls within 3 seconds) I decided I would block my number and press the "1" just to see what happened. An "agent" thanked me for calling and I ask what company he was with to which he replied he worked for the clearing house which represented all the major credit cards. Then he said "do you still owe more than \$4,000.00 on your credit card"? I said "NO!

and you can take this number and.....click, he was gone. BEWARE!!! accept NO automated calls.

28 0 | Replies (1)

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