

Good to Know Information Regarding Scams Targeting Seniors

Financial scams targeting seniors have become so prevalent that they're now considered "the crime of the 21st century." Why? Because seniors are thought to have a significant amount of money sitting in their accounts.

Financial scams also often go unreported or can be difficult to prosecute, so they're considered a "low-risk" crime. However, they're devastating to many older adults and can leave them in a very vulnerable position with little time to recoup their losses.

It's not just wealthy seniors who are targeted. Low-income older adults are also at risk of financial abuse. And it's not always strangers who perpetrate these crimes. Over 90% of all reported elder abuse is committed by an older person's own family members, most often their adult children, followed by grandchildren, nieces and nephews, and others.

The list below can help you identify a few of the potential scams.

1. Medicare/health insurance scams

Every U.S. citizen or permanent resident over age 65 qualifies for Medicare, so there is rarely any need for a scam artist to research what private health insurance company older people have in order to scam them out of some money.

In these types of scams, perpetrators may pose as a Medicare representative to get older people to give them their personal information, or they will provide bogus services for elderly people at makeshift mobile clinics, then use the personal information they provide to bill Medicare and pocket the money.

2. Counterfeit prescription drugs

Most commonly, counterfeit drug scams operate on the Internet, where seniors increasingly go to find better prices on specialized medications. This scam is growing in popularity—since 2000, the FDA has investigated an average of 20 such cases per year, up from five a year in the 1990s.

The danger is that besides paying money for something that will not help a person's medical condition, victims may purchase unsafe substances that can inflict even more harm. This scam can be as hard on the body as it is on the wallet.

3. Funeral & cemetery scams

The FBI warns about two types of funeral and cemetery fraud perpetrated on seniors.

In one approach, scammers read obituaries and call or attend the funeral service of a complete stranger to take advantage of the grieving widow or widower. Claiming the deceased had an outstanding debt with them; scammers will try to extort money from relatives to settle the fake debts.

Another tactic of disreputable funeral homes is to capitalize on family members' unfamiliarity with the considerable cost of funeral services to add unnecessary charges to the bill. In one common scam of this type, funeral directors will insist that a casket, usually one of the most expensive parts of funeral services, is necessary even when performing a direct cremation, which can be accomplished with a cardboard casket rather than an expensive display or burial casket.

4. Telemarketing/phone scams

Perhaps the most common scheme is when scammers use fake telemarketing calls to prey on older people, who as a group make twice as many purchases over the phone than the national average. While the image of the lonely senior citizen with nobody to talk to may have something to do with this, it is far more likely that older people are more familiar with shopping over the phone, and therefore might not be fully aware of the risk.

With no face-to-face interaction, and no paper trail, these scams are incredibly hard to trace. Also, once a successful deal has been made, the buyer's name is then shared with similar schemers looking for easy targets, sometimes defrauding the same person repeatedly.

Examples of telemarketing fraud include:

The pigeon drop

The con artist tells the individual that he/she has found a large sum of money and is willing to split it if the person will make a "good faith" payment by withdrawing funds from his/her bank account. Often, a second con artist is involved, posing as a lawyer, banker, or some other trustworthy stranger.

The fake accident ploy

The con artist gets the victim to wire or send money on

the pretext that the person's child or another relative is in the hospital and needs the money.

5. Homeowner/reverse mortgage scams

Scammers like to take advantage of the fact that many people above a certain age own their homes, a valuable asset that increases the potential dollar value of a certain scam.

A particularly elaborate property tax scam in San Diego saw fraudsters sending personalized letters to different properties apparently on behalf of the County Assessor's Office. The letter, made to look official but displaying only public information, would identify the property's assessed value and offer the homeowner, for a fee of course, to arrange for a reassessment of the property's value and therefore the tax burden associated with it.

Closely related, there is the potential for a reverse mortgage borrower to be scammed. Scammers can take advantage of older adults who have recently unlocked equity in their homes. Those considering reverse mortgages should be cognizant of people in their lives pressuring them to obtain a reverse mortgage, or those that stand to benefit from the borrower accessing equity, such as home repair companies who approach the older adult directly.

6. The grandparent scam

The grandparent scam is so simple and so devious because it uses one of older adults' most reliable assets, their hearts.

Scammers will place a call to an older person and when the mark picks up they will say something along the lines of: "Hi Grandma, do you know who this is?" When the unsuspecting grandparent guesses the name of the grandchild the scammer most sounds like, the scammer has established a fake identity without having done a lick of background research.

Once "in," the fake grandchild will usually ask for money to solve some unexpected financial problem (overdue rent, payment for car repairs, etc.), to be paid via Western Union or MoneyGram, which don't always require identification to collect. At the same time, the scam artist will beg the grandparent "please don't tell my parents, they would kill me."

While the sums from such a scam are likely to be in the hundreds, the very fact that no research is needed makes this a scam that can be perpetrated over and over at very little cost to the scammer.