

ELDER CONSUMER SCAMS AND FRAUD

TELEMARKETING SCAMS

Keep in mind: if it sounds too good to be true, it probably is. You have the right to refuse calls from telemarketers. Just say "no" and hang up the phone.

Prize and Sweepstakes Fraud:

As a common rule, never buy anything over the phone unless you initiated the call. Remember, you can always say, "I'm not interested, good-bye."

Pyramid and Ponzi Schemes (Ponzi scams are "get-rich-quick" investment frauds)

almost 90% of investors lose money through pyramid schemes.

Don't be pressured into investing in a business, especially if you are asked for a large initial investment.

If the corporation does not appear to exist, the securities, land, or commodities they offer also may not exist.

Be wary of Internet investing with a company you don't know. *It can be extremely difficult to trace where your money went, especially if the Web page disappears.*

Most legitimate companies do not charge their sales force in order to sell their product.

Be leery of any offer to make money by recruiting others.

Fraudulent Charities:

Criminals engage in numerous fraudulent charity scams that exploit and capitalize on the kindness of strangers, especially seniors. All legitimate charitable organizations are registered.

Aggressive pressure tactics are often signs that the charitable organization may be fraudulent.

Ask to review written materials on the charitable organization before donating.

Always double-check with the registries above to make sure the charities are reputable.

Ask them to whom your check should be made. If you're told to make the check out to a business of some kind rather than the well-known charitable organization, don't do it

Do not give strangers personal information that will give them access to your money.

Trust your instincts, if it doesn't make sense, it may not be a legitimate charity.

FRAUDULENT LIVING TRUSTS

An attorney or a financial planner whom you trust is best suited to evaluate whether a living trust is appropriate for you.

Remember, you have the right to end the presentation or hang up the phone at any time.

If your questions are not answered or if the answers are unclear, do not sign any documents.

Door-to-Door Sales and Home REPAIR FRAUDS

As a general rule it is good to be very cautious with any salesperson or contractor who solicits your business out of the blue.

Beware when:

- A contractor or repair person says, "We want to check your _____ (heater, air conditioner, roof, plumbing, etc.) for free to make sure it's in good condition."

Get a second opinion before making any costly repairs, especially if you did not initiate the contractor's first visit to your home.

Never sign anything you do not understand.

If they have nothing to hide, they will let you read the entire contract and let you ask questions.

Even if proper identification or a license is provided, it does not mean you are dealing with a legitimate business.

If it's not readable, you should not sign it.

All offers or estimates should be in writing. Always ask them if you will have some time to change your mind and cancel the contract even after you sign it.

SWEETHEART SCAMS

Seniors may also be susceptible to what are known as "sweetheart scams." These cons are much like other consumer scams, except what these con artist are peddling is their time and affection – all in an attempt to get the victim's money. Often, they promise a love relationship, but seldom do they follow through.

Be particularly careful if the interested person is much younger and appears too eager to go out with you, especially since you just met.

AUTO SALES FRAUD

Seniors often are the target of unethical auto dealers. These scam artists frequently conceal the poor condition of used cars or lure consumers with advertisements of cars they don't have or do not intend to sell.

Always review the vehicle sales contract before signing it.

If the car dealership changes the terms of its offer at the time of signing the sales contract (price increased, interest rate jumps, etc.), **leave the dealership immediately**. ***A tip: Never demonstrate your enthusiasm for a vehicle until the car is yours.***

Clarify whether the dealership is offering a sales or lease package.

- If a salesperson or friend asks you to sign as a "co-signer," be advised that you will be fully responsible for the car payments regardless of whether you ever drive the car.

To protect yourself, always focus the deal on the total price of the car, not on monthly payments that appear to minimize the vehicle's cost.

Do not be pressured into buying a car you are unsure about. Talk to friends or family about the vehicle offer before signing the sales contract. Think about it.

AUTO REPAIR FRAUD

In order to take your money, unscrupulous mechanics may falsely claim that your vehicle needs expensive repairs. Often mechanics scare seniors into believing their vehicle is unsafe and needs immediate repair. For example, what was supposed to be a simple oil change suddenly becomes a major tune-up or costly brake job.

As a general rule, you should always get a second opinion on the vehicle's repairs. Don't be intimidated into making an over-priced or unnecessary repair.

Use your judgment. Aside from an overheated engine, a flat tire, or very bad brakes, you can probably drive your car to another local mechanic to get a second opinion.

Unless your repair is through a vehicle extended warranty, there is no reason why you cannot get the original parts back.

IDENTITY THEFT

With personal information, the imposter can assume your identity and establish credit or bank accounts in your name. Seniors can be victimized by unscrupulous caregivers or others who can steal mailed credit

applications and fraudulently use them and other personal information to make purchases or borrow money.

Protect yourself

Shred, Be careful about giving out personal information and Immediately report identity theft to your local police station

HEALTH FRAUD

Fraudulent miracle cures abound and seniors are primary targets of the quacks who peddle them. Those suffering from serious illnesses such as cancer, arthritis, and heart problems desperately try "cures" that are of no help and often divert them from traditional medical treatment. Current health scams include male potency

drugs, miracle weight-loss pills, and sure-fire cancer cures.

STAGED AUTO COLLISIONS

Organized fraud rings target seniors for staged auto collisions in several ways.

Most people who are victims of staged collisions don't realize the "accident" was staged. Auto collision stagers target seniors and drivers of expensive cars or business vehicles.

It is very difficult to anticipate staged accidents, but you can protect yourself by immediately calling the police when you're involved in a collision. If you feel unsafe or threatened, wait in your car until the police arrive.

f anyone claims to have been seriously injured, call "911."

Photo documentation is helpful in criminal investigations and prosecution, but never put yourself in harm's way to take the photos.

Insist on obtaining relevant identification information on all persons involved in the collision, including their names, addresses, phone numbers, vehicle license plate, drivers' licenses, and insurance carriers.

Play it safe and don't give cash to anyone at an auto crash scene as a way to settle damages.

Any offers to settle an auto accident claim should be made directly to your insurance carrier.

Never give your wallet to anyone at an accident scene. Criminals will often steal money and credit cards from seniors at the scenes of staged collisions.

REAL ESTATE FRAUD

Most seniors' primary asset is their home. When seniors are victimized through mortgage loan fraud or when caretakers and others defraud them out of title to property, elders risk losing their home or tying up title in a legal mess.

^ Fraud artists search public records to find mortgage-free homes or homes with significant equity, many of which are owned by seniors. Posing as the homeowner, these criminals fraudulently obtain mortgage loans and disappear with the money. When mortgage payments are not made, the lender forecloses, which could result in the senior losing his or her home or having to pay a lawyer to clear the title.

The law requires mortgage lenders to make full disclosure of all costs of a loan and payment amounts. Never sign anything without being sure you know the full consequences of what you're signing. If you have any doubts, discuss them with someone you trust.

- Do not give any personal information such as your Social Security number to a stranger or loan salesperson. Don't give personal identification information to a stranger on the phone or to a loan salesperson who comes to your door. Never provide personal information in response to a mail solicitation.
- If you are told that your loan documents are ready for "closing" but you have not received any disclosures in advance specifying the amounts of the closing costs and fees, ***do not sign any closing documents*** until you have had a chance to review all the fees and closing costs.

When to suspect a mortgage lender may be up to **no good**:

- You are urged to take out a second mortgage on your home in a "can't miss deal" in order to get out of debt (from credit cards, etc.) fast.

A lender's representative contacts you about refinancing your mortgage. You're told you are under no obligation, but the representative asks you for personal identification information (Social Security number, etc.).

Reverse Mortgages

A reverse mortgage is a home equity loan that allows homeowners to convert some of the equity in their homes to cash while they retain ownership. Reverse mortgages work much like traditional mortgages, but in reverse. Rather than making a payment to your lender each month, the lender pays you. Unlike conventional home equity loans, most reverse mortgages do not require any repayment of principal, interest, or servicing fees as long as you live in your home. Funds you obtain from a reverse mortgage may be used for any purpose – personal expenses or housing expenses such as taxes, insurance, and maintenance costs. ***However, all reverse mortgages come with the risks associated with traditional home mortgages – the main one being that you may lose your home if you do not repay the loan.***

Protect yourself and beware:

- Reverse mortgages are designed for people who are "house-rich, but cash-poor." Because your home is such a valuable asset, you should consult with your family, attorney, or financial advisor before applying for a reverse mortgage.
- Although they provide a monthly payout, ***reverse mortgages are rising-debt loans.*** Each payment will have to be repaid with interest. ***Keep in mind that if you move, sell your home, reach the end of the loan term or pass away, the loan will become due and you or your heirs will have to repay the loan, either in full or by refinancing the loan into a traditional (forward) mortgage. You may even lose your home.***
- One of the best protections you have with reverse mortgages is the Federal Truth-in-Lending Act, which requires all lenders to inform you about the plan's terms and

costs. The law requires lenders to disclose the Annual Percentage Rate (APR) and payment terms. On plans with adjustable rates, lenders must provide specific information about the variable rate feature. On plans that provide you with a credit line, lenders must also inform you of any charges to open and tap the account. ***Be sure you understand all the terms of the reverse mortgage and do not sign any document until the terms have been explained to you or to someone you trust.***

DON'T LET FEAR MAKE YOU SILENT / TRUST YOUR INSTINCTS – IF YOU THINK YOU SHOULD GET ADVICE OR HELP, YOU'RE PROBABLY RIGHT

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