

Senior Scam Jam Events Educate More than 1,200

Fraud Prevention Tips Shared Across the State

The Kentucky Department of Financial Institutions (DFI) has partnered with AARP Kentucky and other agencies to co-host 13 free events for senior citizens across Kentucky from 2007 through 2012. Each “Senior Scam Jam” event reviewed the many forms fraud can take and how knowledge can be the best defense.

The first Senior Scam Jam, held in Louisville on Sept. 12, 2007, attracted more than 130 seniors from the region who found the program to be helpful. “We’re all vulnerable—even when we think we’re not!” wrote one participant on the evaluation form. “What a wonderful workshop available to so many.”

During 2008, events were held in Northern Kentucky, Lexington, Murray, Bowling Green and Paducah. The Senior Scam Jam in Pikeville drew 145 seniors in 2010, and seniors were given the same opportunity in Ashland, Richmond and Elizabethtown in 2011. During 2012, events were held in Somerset, Frankfort and Owensboro.

During the first half of the five-hour program, participants chose two of three workshops covering mail fraud (presented by the U.S. Postal Inspection Service), Insurance Fraud (presented by the



Bill Harned of AARP speaks to Seniors in Pikeville

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Common “RED FLAGS” of Fraud

- Special guarantees
- Promises of no risk with high returns
- Offers for “limited time” only
- Offers for YOU only
- Pressure for immediate response
- Inability to contact company or representative
- Requires “cash only” or “pay now”
- Offer sounds too good to be true

AARP Study Discovers Consumer Behavior May Increase Risk of Becoming a Fraud Victim

By KY AARP

After a lifetime of doing all the right things to prepare for a comfortable and dignified retirement, too many older Americans are having their retirement security threatened by financial predators. Seemingly innocent behaviors can make the difference between staying safe and joining the millions of older Americans who become victims of fraud each year, according to a recent study from the AARP Foundation.

The year-long study surveyed hundreds of people over 50 who have fallen victim to some of today’s most prevalent scams, including advance fee loan schemes, investment cons, fraudulent business opportunity deals and lottery scams. Since most of the victims in the sample were older, the study compared them to an older segment of the general population to see how they differed.



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THE SAVVY SENIOR

KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS

INVESTING IN FRAUD PREVENTION



By Roberta Bottoms, US Postal Inspector
United States Postal Inspection Service

Think Con Artists Are Lazy? Not True: They Work Hard for Your Money



With over 25 years of law enforcement experience, I have spent some time with the bad guys. I have learned more from them than I have from the hundreds of law enforcement training courses and meetings I have attended. White collar criminals are different than street criminals, and much of what you think about the con man is wrong.

White collar criminals are very hard workers. Yes, these criminals are ambitious and driven. They view their crimes like a career, joyfully working night and day to perfect their schemes. A rehabilitated con man once told me, "I have given up fraud because I don't want to go back to prison, but I was my happiest when successfully committing fraud."

White collar criminals perpetrate their crimes because of an addiction. Much like

a drug addict experiences pleasure from snorting a line of cocaine, white collar criminals derive pleasure from their crimes. When they "make the sale" they experience an intense thrill; but just like a drug addict, the high is short lived. That is why con men rarely stop until they are caught and then often return to criminal life soon after being arrested and serving their sentence.

Unlike a street criminal who often steals to satisfy a financial need or addiction and then feels remorse; a con man acts without remorse or regard for others. Through the years I have arrested both types of criminals and very often the street criminal, especially those with an addiction, thanks me for stopping them. They know they could not do so on their

own. The con man is different. I have never had a white collar criminal thank me or show signs of remorse. In fact, most go to prison claiming their innocence and proclaiming they were set up. They believe they are the victim.

White collar criminals are not lazy. They are smart, hardworking and ruthless. As a consumer, protect yourself from these criminals by knowing the warning signs of fraud, asking questions before a purchase, researching companies with which you do business, refusing to pay for products or services before received, and getting everything in writing.

To learn more about mail fraud and the warning signs of financial crimes, please visit: www.deliveringtrust.com or www.postalinspectors.uspis.gov.

Senior Scam Jam Events

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Department of Insurance) and predatory lending (presented by DFI). After lunch the entire group heard presentations covering investment fraud (DFI and AARP) and identity theft (Kentucky Attorney General's Office). All participants received free handouts and materials, including an area contact sheet so seniors would know who to call with questions.

The Senior Scam Jam is designed to promote awareness about some of the techniques con artist use, so seniors can recognize the tactics and protect themselves. On the evaluation forms, attendees rated the overall program highly, and many commented that the seminar was very informative and they will be able to apply the information to their lives right away.

The Senior Scam Jam events grew out of the Campaign for Wise and Safe Investing™ – a national educational and awareness campaign that strives to protect Americans against investment fraud. The national campaign was formed by the AARP Foundation and the Investor Protection Trust (IPT).

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KY Department of Financial Institutions

800-223-2576

or visit

<http://kfi.ky.gov>

Buyer Beware: Avoiding Financial Scams

Go to www.youtube.com/kydfi to watch videos about:

- Consumer Fraud**
- Investment Fraud**
- Affinity Fraud**
- Identity Theft**
- Investment Scams**



Identity Theft: No One is Immune By the Office of the Attorney General

Identity theft happens when someone steals your personal information and uses it without your permission. It is a serious crime that can have devastating consequences.

“As one of the fastest-growing crimes in America, it is more important than ever to safeguard your personal information,” said Attorney General Jack Conway. “Identity theft not only jeopardizes your financial security and credit history, it can also jeopardize your safety.”

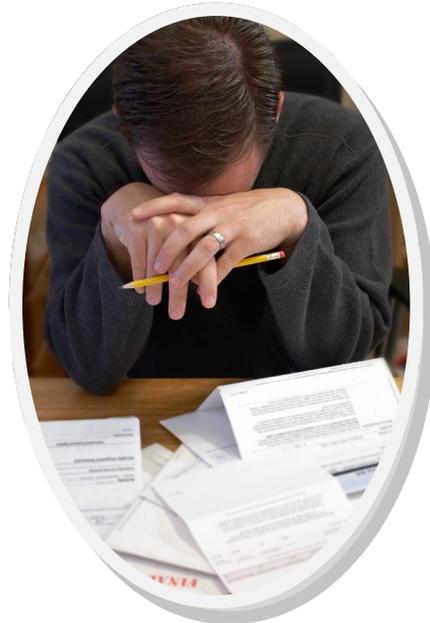
No one is immune to identity theft, but there are some things that we may do to help protect ourselves from this terrible crime.

The Office of the Attorney General offers these methods of prevention: Think of the word **SCAM**:

S - Be stingy with your personal information. Do not provide any personal information to unsolicited callers, email requests, etc. If asked for your personal information from a legitimate business, ask why it is needed. What purpose will the information serve? How will it be protected? May you provide an alternate type of identification?

C - Check and challenge any charges that appear on your bank or charge accounts that are not yours or are not recognizable or accurate. You should do this immediately—it is important to review your bills and statements once they come to your home. You have 60 days to dispute the unauthorized charges. Also pay attention to your phone bill charges. Often companies that are unrelated to your phone service may bill your phone for services or items that you did not order.

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Are you likely to be a victim of investment fraud?

1. Investment fraud victims are often financially illiterate?
 True False
2. Investment fraud victims are less likely to listen to sales pitches?
 True False
3. Investment fraud victims are more likely to rely on their own experiences and knowledge when making investment decisions?
 True False
4. Investment fraud is a dramatically under-reported fraud?
 True False

Answers: 1. False 2. False 3. True 4. True

Six Common Investment Fraud Schemes By the Kentucky Department of Financial Institutions

DFI is the state agency that regulates securities and protects investors and has made fighting investment fraud against seniors one of its priorities. Below are six of the most common investment fraud schemes:

Free-Lunch” Investment Seminars.

Promoters of unsuitable investments are increasingly seeking potential investors, particularly seniors, by offering seminars. Often they promise a free meal along with “higher returns and little or no risk.”

Ponzi Scheme. In a Ponzi scheme, interest that is paid out is actually the money paid in by later investors. As word-of-mouth advertising is spread by the first investors (who appear to have profited), more people join in. No real investments have been made.

Oil and Gas Scams. Rising oil and natural gas prices have made a variety of traditional and alternative energy projects attractive to investors. Oil and gas deals are complicated investments that generally

involve a significant investment, often requiring a minimum deposit of thousands of dollars. Most of these investments are highly risky and not appropriate for smaller investors.

Internet Scams and Social Networking Scams.

The Internet can be a con artist’s dream – easy access to you and your money, with no “return address” if the deal goes sour.

Unlicensed Individuals and Unregistered Products. Anyone selling securities or providing investment advice usually must be appropriately licensed. Carefully check out anyone offering to help you buy or sell securities or providing investment advice. You can do that by calling our office.

Abusive Sales Practices. Churning is an example of an abusive sales practice in which unethical securities professionals make unnecessary and/or excessive trades in order to generate commissions.

Fraudulent Products. Investigate before you invest. Beyond making sure an investment is right for you, make sure the investment is legitimate and not a scam.

Often people don’t report fraud because they don’t want to admit they’ve been a victim. DFI encourages people to report fraud because it could put a stop to the scam and keep others from becoming victims. Please report investment scams to DFI 800-223-2579.



Avoiding Insurance Scams

By the Kentucky Department of Insurance

Part of the mission of the Kentucky Department of Insurance is to protect citizens from the fraudulent practices of a few dishonest individuals who would deceive them for financial gain. These scams frequently in the past have been with annuities, life settlements and Medicare supplemental insurance. The following are some tips to help you make good choices in these and other areas:

Do not make quick decisions. Do your research and ask questions. If the deal is good today, it will be good next week or next month.

Work with credible, trusted insurance and financial professionals. Someone with whom you have built a long-term relationship is best, but if you need to find help, get recommendations from family or friends you trust. A licensed agent, broker, etc. will show you his or her credentials. You also can find out the credit rating of companies online at

<http://insurance.ky.gov>.

Know the end result of your transactions. Will you likely live to see the maturity date of that annuity? Will selling that life insurance policy affect your tax status or the benefits you receive (i.e. Medicaid)?

Don't give your personal information to just anyone. No one needs your bank account or credit card information over the phone. Only the person who takes your money at the doctor's office or hospital needs to see your Medicare card or insurance card.

Medicare or Medicaid services are not sold door-to-door or through phone solicitations. Also, no one can sell you more than one Medicare supplement policy.

Never pay in cash or make your check out to an individual. Make checks to the insurance company and make sure you get a receipt.

Do not cancel an old insurance policy if you are replacing it until the new policy is in effect. You do not want to have any gap in your coverage.

It's OK to hang up the phone and not be nice. That does not mean you have to be rude. A person trying to scam you will usually be very kind to you, at least at first. If you are not interested, simply end the conversation.

If you ever feel like you have been the victim of fraud, do not be embarrassed. It can happen to anyone. But please contact the Department of Insurance as soon as possible and ask for Consumer Protection. Kentucky residents can call toll free at **800-595-6053** and all others can call **502-564-3630**. For a number of helpful free publications, visit <http://insurance.ky.gov> and click on **Publications** on the left side of the page. You can print them yourself or click **Order** and we will mail them to you.

AARP Study

Key Findings:

1. The report identified some key activities that can put people at greater risk of becoming fraud victims: ★ Opening and reading all junk mail ★ Attending free lunch seminars ★ Entering drawings to win a free prize ★ Inviting sales people into the home
2. Almost two-thirds (65%) of older fraud victims participated in at least two of these activities compared to just over half (51%) of older Americans overall. Older fraud victims (19%) were almost twice as likely as all older Americans (11%) to engage in four or more of these activities.
3. Predators in two leading scams may be targeting people with specific profiles. Investment fraud victims tended to be married, older men with higher incomes and a higher level of education. Lottery fraud victims tended to be older, single men and women with lower incomes and lower education.

Underreporting of scams indicates that consumer fraud is actually more prevalent than previously thought. Across all

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victim types, only one-quarter (25%) of victims over 50 actually reported to an authority that they had fallen for a scam:

The study also offers ways that older Americans can minimize their risk of falling victim to a potential scam, including:

- **Sign up for the Do Not Call List at www.donotcall.gov**
- **Check references of a business before making a buying decision**
- **Develop a refusal script for saying no to risky buying situations**
- **Wait 24 hours after a sales pitch before making a buying decision**

AARP encourages its members and all older Americans to be on the lookout for signs of consumer fraud to protect themselves, as well as their friends and family. For more information on avoiding scams and fraud, visit <http://www.aarp.org/money/scams-fraud/>.

Identity Theft

A - Ask for a copy of your credit bureau report. You may receive a FREE copy of your report each year from each of the three major credit reporting agencies. To obtain a copy, call 877-322-8228 or visit www.annualcreditreport.com. For your protection, you will need to provide your social security number and other personal identifying information. Use your credit bureau report to check for any so that unauthorized accounts or other inaccurate information. You may stagger your requests so that you may monitor your report each quarter. There is no charge for this report; however, there is a charge if you request your credit score.

M - Manage and maintain your personal records at home. Do not leave personal information or financial or medical infor-

mation in plain sight. Many perpetrators of identity theft are people known to us who can easily access our personal information. Review and reconcile your accounts, then put the statements away for safekeeping. Additionally, do not throw personal information in the trash. Shred documents containing personal information before you toss them.

If you suspect you have been victimized by identity theft, there are things you can do to begin your recovery. Obtain the publication "Taking Charge: What to Do if Your Identity is Stolen" from the Federal Trade Commission at www.ftc.gov/idtheft or visit the Office of the Attorney General at www.ag.ky.gov/idtheft. You also may contact the Attorney General's Identity Theft Hotline at 800-804-7556 for more information.

BBB Warns Against Five Scams Targeting Senior Citizens

By the Better Business Bureau



Fraud targeting senior citizens is a growing concern as millions have fallen victim to scammers. The Better Business Bureau encourages families to keep the lines of communication open with their elders regarding finances and to recognize some common cons targeting senior citizens. The BBB warns against the following five scams that commonly target senior citizens:

Investment and Work at Home Opportunities - 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. Regardless of the specifics, the victim is offered what sounds like a great opportunity but the extra income never materializes.

BBB Advice: Always research any work at home opportunity with BBB. 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.

Sweepstakes and Lottery Scams - The victim receives a letter in the mail stating he or she won a lottery or sweepstakes; it might even claim to be from Publisher's Clearing House or Reader's Digest. The letter instructs the victim to deposit an enclosed check and then wire a portion back to the company to cover taxes or administration fees. While the funds will initially show up in the bank account, the money will be removed when the bank determines the check is fake. The victim loses whatever they wired back to the scammers—often amounting to thousands of dollars.

BBB Advice: Never wire money to someone you don't know. You should never have to send money to receive any winnings from a lottery or sweepstakes.

Medicare Scams - 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.

BBB Advice: Remind your elderly family members that Medicare will never call to ask for sensitive personal financial information.

Bereavement Scams - Scammers try to take advantage of the vulnerability of seniors who have recently lost a loved one, such as a spouse. In one recent example, a mother and daughter team would find targets by scouring the obituaries. They would call the widow or widower and claim the spouse had outstanding debts that needed to be paid immediately. Victims would then provide a blank check or credit card.

BBB Advice: If you are uncertain about owing a debt when collectors call, ask for written confirmation. Offer help to elderly family members if they have recently lost a loved one and are inexperienced in managing finances.

Deceptive Professionals - While many scams targeting senior citizens might not have a face, some scammers will be invited in the front door, including technicians, contractors, chimney sweeps, air duct cleaners and other services. Some will lie about the extent of the problem or claim there are safety issues and inflate prices.

BBB Advice - Find professionals you can trust by checking out business reports at www.bbb.org. Report deceptive services to your BBB, local law enforcement and the state Attorney General.

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**7 STEPS TO TAKE TO AVOID
FALLING VICTIM TO FRAUD**

- **Take your time**
- **Do your homework before signing any contract**
- **Read the fine print**
- **Check out the source**
- **Be skeptical of unsolicited calls**
- **Have a plan to get off the phone**
- **Don't trust testimonials**