



Evergreen Realty Associates

235 Worcester Road

PO Box 1137

Sterling, MA 01564

Tel: 978-422-8181

Fax: 978-422-8383

www.EvergreenRealty.com

Senior Real Estate Matters

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Combat Financial Scams

By Elyse Umlauf-Garneau

You don't have to tango only with people like Bernie Madoff to get wiped out financially. Especially in this struggling economy, a host of scam artists are out in force and many are targeting the 55-plus generation.

According to Maren Beermann, there's a direct correlation between a poor economy and a rise in the financial abuse of seniors. Beermann is an assistant project attorney with the Elder Financial Empowerment Project of the Madison, Wis.-based Coalition of Wisconsin Aging Groups.

Perpetrators of abuse include strangers, like salespeople, stock brokers and telemarketers. But they're also trusted people, such as children and caregivers. In fact, a MetLife Mature Market Institute report, *Broken Trust: Elders, Family and Finances*, finds that family members and caregivers are culprits in 55 percent of financial fraud cases.

Among the crafty ways scam artists separate people from their dollars include:

Spoofing: Don't trust your caller ID, especially when the name of a financial institution pops up and someone requests personal data. There are technologies that allow scammers to create fake caller ID identities that appear legitimate. Beermann suggests declining any offers or requests such callers make. "If someone is contacting you about personal information, you can't give it out, even if it sounds legitimate," she says. Instead, look up the phone number of your bank or mortgage lender and call them directly to verify whether they actually require information from you.

Grandchild scam: Another scam involves a supposed kid calling in a panic and saying,

"Grandma?" The supposed grandma answers, "Yes, Johnny." The scammer then tells her of an emergency--a car accident, lawyer fees, or a need for bail money--and requests a wire transfer, often to Mexico or Canada. He begs her not to tell his parents. The requested amount often isn't a round number, since an exact figure like \$1,944 sounds more legitimate than \$2,000. According to Beermann, such scammers create a sense of urgency and play on the emotions of seniors.

Phishing: Fraudsters send e-mails requesting personal information, such as usernames, passwords, Social Security numbers, birth dates and bank card pin numbers and credit card numbers. The institutions seem legitimate and the sender line may include recognizable bank names or even the IRS. Don't open such messages or click on links. Your computer may catch a virus designed to steal the personal information on your computer.

Financial fraud: Be wary of opening joint checking accounts, even with children, because it gives that person full access to your assets. If you need help managing finances and paying bills, put in place some checks and balances, even with family members. A power of attorney *with* an accounting provision allows you to appoint someone to pay bills if you're unable to do so. But with an accounting provision in place, bill payers must provide an accounting to an outside entity, a CPA for instance, of monthly expenditures on a regular basis. "You can give a person authority to manage your finances and make that authority as specific or as broad as you want," comments Beermann. Some cases have arisen in Wisconsin in which kids claim they're paying \$300 per week for groceries for a single parent. "Obviously something is wrong. No one is eating lobster and caviar every week," she observes. "It's why you want a review. That kind of abuse can be caught quicker."

Cell phone scams: A lost or stolen cell phone can be a treasure trove for thieves. One scam entails thieves searching for pet names--honey, baby, hubby--on contact lists and texting an emergency message about needing a lost credit card number or a pin number. Agree in advance with loved ones that they won't respond to such queries. Also, be cautious about using pet names that reveal your relationships. Stick with normal names, like Jim or Mary.

Tweet with care: You do everything to protect your house while you're on vacation, including putting lights on timers, placing mail delivery on hold and having neighbors pick up newspapers. But it's all for naught if you announce your travel plans on Twitter and Facebook. Think of a seemingly innocuous posting that reads: "Only three days left on my Italy cruise. Vacations are always too short." It's a heads-up to burglars that they have three days to Google your name, create a map to your house and pay a visit to clear out your valuables.

Foreclosure rescue scams: An array of scams aim to squeeze the equity from your home. Those behind on mortgage payments or those facing foreclosure are especially vulnerable to foreclosure rescue scams. Familiarize yourself with the strategies (for more information, see "Online Resources") people use to strip away your equity or steal your house. Don't sign blank documents, beware of people or companies offering miracles, don't give mortgage payments to anyone other than your mortgage lender and don't accept offers from anyone claiming that he or she will pay your mortgage and rent the house back to you while you get back on your feet.

Another avenue of abuse is scam artists who use your name and credit history to fraudulently purchase a house. Beermann recommends registering with *www.propertyfraudalert.com*, a service currently available only in a handful of states. The service notifies subscribers each time a document is recorded with their name on it in the participating County Land Records offices.

Property fraud: Sometimes children convince a parent to sign over houses to them, especially if a parent is facing costly nursing home care. "Some children don't know better and argue, 'let's keep the

house in the family. Give it to me so the nursing home doesn't get that money.' They figure the county will take care of mom," says Beermann. But it's possible that the parent, should he or she need care, could be subject to a divestment penalty that could disqualify them for Medicaid help for long-term care for a period.

Beermann's advice is to consult an elder law attorney, especially if you're facing significant nursing home costs. "You need to know how to best plan for that. It's extraordinarily complicated, rules are changing constantly and everyone's situation needs to be individually assessed. You can't do this on your own," she comments.

Her foremost message, especially to seniors, is to be cautious. "Seniors are an extraordinarily vulnerable population," says Beermann. "That generation is very trusting, and a handshake meant something to them. Unfortunately, you just can't rely on that anymore."

Online Resources:

-The Federal Trade Commission features videos and tips addressing the most common telemarketing scams at <http://www.ftc.gov/bcp/edu/microsites/phonefraud/index.shtml>. It also addresses foreclosure rescue scams at

<http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre42.shtm>

- North American Securities Administrators Association, Inc. provides tips to protect yourself from scam artists at http://www.nasaa.org/investor_education/senior_investor_resource_center/443.cfm.

-The U.S. Department of Housing and Urban Development has a section on foreclosure and foreclosure rescue scams at http://portal.hud.gov/portal/page/portal/HUD/topics/avoiding_foreclosure