

California Advocates for Nursing Home Reform
Financial Protection Guide For Seniors

**SENIOR SCAMS
ALERT**

SCAM



Elder financial abuse is a crime and a violation of civil law. Fraud is the most prevalent type of elder financial abuse and it is also one of the least reported.

A scam is a fraudulent scheme generally involving money and some sort of business transaction. By knowing how to identify financial scams and the people who commit them, you can protect yourself from becoming a victim. You do not need to suffer in silence.



This booklet gives you information about:



Types of financial scams targeting seniors.



Techniques used by predators.



How to protect yourself from these predators.



Where and how to report these scams if you think you have been victimized.



There are numerous types of elder financial abuse. This booklet focuses on the most common scams targeting seniors: senior investment seminars, workshop scams, and deals too good to be true.

Senior Investment Seminars and Workshop Scams:

- Annuities Seminar Scams
- Legal Documents & Trust Seminar Scams
- Reverse Mortgages Seminar Scams
- The VA Aid and Attendance Scams



Deals too good to be true - Scams where you will never get your money back:

- Prize Scams
- Lottery Scams



Senior investment seminars and workshops are designed to draw in a large number of seniors with the promise of informing them on how to save money or life savings. The senior is lured in with the offer of a free lunch or a prize. The predators use eye-catching announcements through the media, mailers, and on the web.



Announcements and mailers will say things like:

“Attention Seniors: The laws are about to change. Protect your assets from nursing home costs before it’s too late!”

“Seniors! Free Seminar: This is a must attend workshop!”

“Seniors: Learn about: Living Trusts, Medi-Cal, VA Benefits, and Reverse Mortgages.”

A flyer for a "FREE Living Trust Seminar". The top left corner says "Get Your Trust Before Year's End" above a photo of five people. The top right corner says "TRUST ME!". The center features a photo of a man and a woman sitting at a table, with the text "You Need A Living Trust!". Below this, it says "FREE Living Trust Seminar" and lists bullet points: "Don't wait:", "Establish a plan to pass on your values", "Save yourself and your beneficiaries time & money", "Ensure peace of mind: medical decisions, guardianship of children, distribution of valuables", and "Be a good steward of resources". At the bottom right, it says "FREE Lunch!" and "Discount on Trust for Attendees \$250 OFF".

Remember, there is no such thing as a free lunch!

The presenters at these senior investment seminars and workshops are professional salespeople. They make their living selling commission-based products, charging fees for services, and in some instances, by committing out-and-out fraud.

The predators will use “professional” titles in order to make themselves seem more reputable and trustworthy. The titles that they give themselves make it appear that they have special knowledge of Medi-Cal, trusts, or VA Benefits that no one else has.



Predators will say things like:

“I’m a specialist.”

“I’m certified.”

“I’m an expert.”

“I’m an advisor.”

*“Trust me, I know
what I’m doing.
I’m a professional.”*



Beware the information peddlers!

Predators win you over by gaining your trust. They will use a variety of tactics to manipulate your emotions. Predators tell lies to create fear and anger.



Predators will say things like this to gain your trust:

“All Seniors have a 50% chance of going into a nursing home, and the average stay is 2 1/2 years!”

“The government won’t tell you about the special benefits you are entitled to.”

“Act now, or you will lose your life savings.”

By using false statements, the predator gets you to think emotionally instead of logically. Predators try to convince you that you need to move fast, that your money is no longer safe, and that only *they* can help you protect your money and your home.

Predators will tell lies to gain your trust.



The typical strategy of a predator is to target your emotions.



Some statements that provoke emotions:

Creates fear: *“You will go into a nursing home and outlive your money!”*

Creates anger: *“The government is giving away your benefits to someone else!”*

Creates hope: *“This is your money. I can help you protect it so no one can touch it!”*

Creates a sense of entitlement: *“The government has a special senior entitlement program that pays for nursing homes.”*

The predator’s goal is to get you to think emotionally instead of logically.

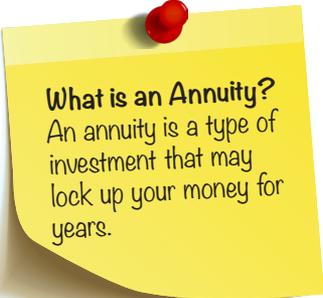


Annuities Seminar Scams

The purpose of most senior seminars is to get you to buy an annuity.

If the presenter is selling annuities, he or she won't tell you that they will make a large commission off of the sale. They also won't tell you that if you need to access your money before the annuity contract allows you to, there are steep surrender fees involved. Also, your money is not safe because it is not insured. An annuity is not like an FDIC insured CD.

An annuity may be unsuitable for you. Contact a lawyer who specializes in estate planning. Estate planning is complicated. It needs to be done right. Mistakes will be costly to you and a nightmare for your heirs. While sometimes an annuity is appropriate, it is best to get a second opinion from an attorney who is **not** licensed to sell insurance products.



What is an Annuity?
An annuity is a type of investment that may lock up your money for years.



See our factsheet IRAs, Pensions & Annuities Under Medi-Cal:

www.canhr.org/factsheets/medical_fs/PDFs/FS_IRAsPensions.pdf

Call CANHR's Lawyer Referral Service at 1-800-474-1116 or visit www.canhr.org/LRS



Legal Documents & Trust Seminar Scams

Predators try to convince you that you need to change your estate plan or place your funds into a “living trust.”

Whenever trusts are involved you should always include a lawyer of your choice in the discussion. Be on the look-out for non-attorneys who say that they can provide you “the right attorney” or that they can draw up the documents themselves. **Trusts are very complicated. They are legally binding documents.**

Not everyone needs a trust. Take the time to find a lawyer who knows estate planning.

What is a Trust?

A trust is a legal document used in estate planning. If done improperly, there are grave legal consequences for you and your heirs. If Medi-Cal is involved, living trusts are subject to estate recovery!

Call CANHR’s Lawyer Referral Service at 1-800-474-1116 or visit www.canhr.org/LRS to fill out an online request form.





Reverse Mortgages Seminar Scams

Reverse mortgages are another type of product that a predator may try to sell to you. Reverse mortgages sound great. A predator will say, “*You can have your home pay you. Use the equity that it has earned.*”

What is a Reverse Mortgage?

A reverse mortgage is a loan that allows homeowners, who are 62 or older to change part of their equity in their home to cash.

But beware:

- If you are late with your property taxes or home insurance payment, or if you fall behind on the maintenance, you will go into default and you can be evicted from your own home.
- If you go into a nursing home and have to be out of your home for 12 months, you have to pay back the loan in full.
- When the loan is paid off you might have little or nothing left. High fees and interest rates eat up your equity.
- When you die, everyone living in the house gets evicted if they cannot pay off your loan.

In some cases, a reverse mortgage can be the right option, but you should always balance the pros and cons.



REVERSE MORTGAGES

The Downside of Reverse Mortgages:

www.canhr.org/factsheets/abuse_fs/html/abuse_revmortguide.htm

Reverse Mortgage Suitability Self-Evaluation Worksheet:

http://www.canhr.org/factsheets/abuse_fs/PDFs/fs_RevMortSuitabilityWorksheet.pdf



If you just can't help it and you decide to attend a seminar, do your own research before you go.

- Visit the Department of Insurance website www.insurance.ca.gov to see if the speaker and/or the organization is licensed with the state to sell insurance. Many times, the presenters are licensed insurance salesmen. If they are, their goal is to sell products.
- Be prepared. Don't take "Yes" for an answer. Be ready to say, "*I'll think about it.*" Remember that you are in charge of your decisions. Don't let anyone pressure or rush you into making a decision.
- Before you commit to anything, talk to two or three other financial planners before you change any investment to make sure this is the right move for you. **Stop and think** about how long it took you to make that money.
- Take their card and material, then leave. Never give the presenter any personal information.
- Wait one day, then try to explain the "deal" to a trusted friend. If you can't explain it, don't do it!



Honest sales people
don't use pressure
on seniors.

If the investment
is solid, the seller
will wait.



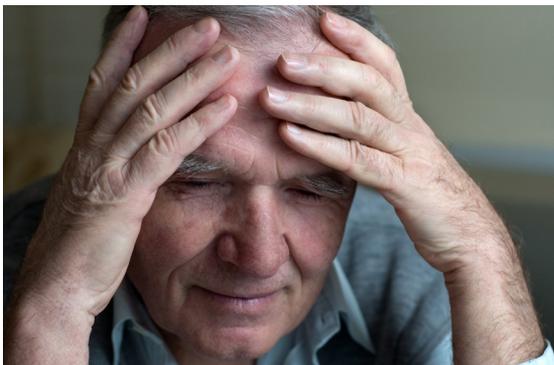
VA Aid and Attendance Scams

The Veteran Administration has a benefit called the Aid and Attendance Benefit. This benefit acts as a lifeline for low-wealth veterans and their spouses if they cannot afford to pay for medical supplies, assisted living, or in-home care workers. It is a benefit available only to veterans with limited assets and income who served during the time of war.

This VA benefit is not an entitlement. Financial predators who target seniors pose as ‘volunteer advisors’ and tell senior vets to ‘shield their excess assets’ in annuities or irrevocable trusts. *“This way,” they say, “it will appear that you are impoverished and need the benefit.”* The problem is, after the ‘volunteers’ get through with the seniors and make their commissions and fees, the vets will have locked up and lost control of their life savings for the rest of their lives, and in some instances, won’t even qualify for the benefit.

Note that the VA does not charge to apply for the Aid and Attendance Benefit and their service is free. Also note that if a veteran is found to have wrongfully obtained a benefit, then he or she will have to pay it back.

Seniors are advised to contact their local VA. They will tell you what you need to know and **the VA’s advice is free.**



Prize/Lottery Scams

The lottery scam is another classic scam. The scam typically consists of a person being contacted either by phone, mail or email, informing them that they have won a large sum of money. But, in order to receive the money, you need to pay for the taxes up front.

You know it's a scam if:

- They ask that you send them the 'taxes' by:
 - Money order or cashier's check
 - Wire transfer
 - Western Union Green
 - Dot MoneyPak
- You should never have to pay to receive your prize. No federal government agency or legitimate sweepstake company will ask you for money.
- If the notice was mailed by bulk rate, other people have received the notice as well. Why would you think you've 'won'? You're not 'special.'
- You have to enter a contest in order to win. If you don't remember entering, you probably didn't.
- Once you've sent the money, it's gone!





Tips to Protect Your Home Equity

CANHR's Home Equity Protection Program (HEPP) is a project funded by the State Bar of California to prevent home equity scams. The HEPP program provides alternatives to reverse mortgages, information regarding the risks and benefits of Statutory Transfer on Death Deeds, and up-to-date information on California's Medi-Cal estate recovery laws.

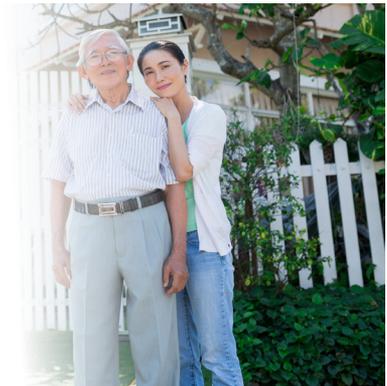
Download an informational Toolkit at:

www.canhr.org/hepp

- [Reverse Mortgage Suitability Worksheet](#)
 - [Family Equity Lending Guide](#)
 - [Transfer on Death Deeds: What You Need to Know](#)
- [The New Medi-Cal Recovery Laws](#)



*A CANHR Project Funded by
the California State Bar*





Speak Out and Seek Help

You're not alone. It is important to speak up if you think you have been victimized and report financial predators. Only 1 out of 44 financial abuse cases is ever reported. In a recent study done by the Investor Protection Trust, more than 7.3 million Americans, age 65 and older, had been victims of fraud. Most victims avoid reporting abuse.

Do not let the fraudster win! By reporting the crime, you can help prevent it from happening to other people, and sometimes, there may be ways to get your money back.



What if I have been victimized?

- If you have been victimized by a professional predator, you may be able to sue. Call CANHR to see if you can be put in contact with an experienced civil lawyer to regain what you have lost.
- Please call CANHR 1-800-474-1116 or visit CANHR's Lawyer Referral Service at www.canhr.org/LRS to fill out an online attorney referral request form.
- See CANHR's Restitution Guide - Hard copies are available or download at www.canhr.org.

Don't Stay Silent!





Report Scams & Other Resources

Unsure if you've been scammed or have questions?

Call CANHR at 800-474-1116.

Report Consumer Scams:

Contact your District Attorney's Elder Abuse Unit. Check the California District Attorney's Association for current addresses and phone numbers at 916-443-2017 or visit www.cdcaa.org.

Report Questionable Annuity Sales:

The State Insurance Commissioner's office: 800-927-4357 or visit: www.insurance.ca.gov.

Report Attorney Malpractice:

If an attorney sold an unsuitable annuity, file a complaint with the State Bar Association at 800-843-9053 or visit: <http://www.calbar.ca.gov>.

Report Reverse Mortgage Scams:

File a complaint with the Federal Trade Commission online or call 877-FTC-HELP (877-382-4357).

To report a real estate professional, file a complaint with the CA Bureau of Real Estate: www.dre.ca.gov.

Report a Prize Scam or File a Complaint:

The Federal Trade Commission: www.ftccomplaintassistant.gov/#crnt&panel1-1.

The State Attorney General: www.oag.ca.gov/consumers.

The California Victim Compensation Board (CalVCB): 800-777-9229 or visit <https://victims.ca.gov/>.

If they won't leave you alone...File a Restraining Order:

If you are being harassed for money, you can file a civil restraining order with the courts to keep that person(s) away from you. For more information, visit: www.courts.ca.gov. It is free and a sheriff or marshal will serve the order.

Find your local Adult Protective Services office at www.cdss.ca.gov/inforesources/County-APS-Offices.

CANHR *Long Term Care Justice and Advocacy*

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