Financial Exploitation of Older Adults

Consumer Voice National Conference

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What We Will Cover

- What the FTC is Seeing
  - Types of Financial Exploitation of Older Adults

- What the FTC is Doing
  - FTC Initiatives to Stop Financial Exploitation of Older Adults
Types of Financial Exploitation of Older Adults
Types of Senior Scams

- Health care
- Work-at-home scams
- Identity theft
- Phishing scams
- Lottery scams
Top Product Service Codes for Consumers Age 60 and Over in Consumer Sentinel Network Complaints¹
January 1 – December 31, 2012

- Other: 55% (86,534)
- Telemarketing, Other: 17% (26,136)
- Prizes/Sweepstakes/Gifts: 8% (12,966)
- Impostor: Government: 8% (11,806)
- Third Party Debt Collection: 7% (10,784)
- Shop-at-Home/Catalog Sales: 5% (7,830)

¹Percentages are based on the 156,056 consumers reporting age 60 and over. These figures exclude Do Not Call registry and identity theft complaints.

Note: The section of the chart labeled "Other" represents complaints regarding over 100 other types of products, such as counterfeit checks, credit cards, unsolicited emails, advance-fee loans and credit arrangements, and spyware/adware/malware.

Source: Consumer Sentinel Network.
Health Care Scams

- Miracle cures
  - Offers “quick cures” to MS, Alzheimer’s, diabetes, cancer
  - People lose money & may delay getting needed medical care

- Affordable Care Act scams
  - Preys on lack of understanding about new law

- Medicare-related scams
  - Threats to cut off Medicare if don’t pay
Work-at-home scams

- Ads promise large amounts of money for work done at home stuffing envelopes, claims processing, crafts assembling

- Ads do not mention that you need to spend your own money first

- Company provides phony “shill” references

- You pay the money, then you earn little or nothing
Identity Theft

- Identity Theft is when someone uses personal information of someone else to pose as that consumer in order to:
  - fraudulently obtain goods or services in the victim’s name from private and public institutions,
  - or
  - conceal their true identity from authorities or others who perform background checks.
Phishing scams

- Scam artist pretends to be reputable organization & asks for your personal information
- Scam artist then uses your personal information for identity theft
Lottery & sweepstakes scams

- **Scheme #1:**
  - Telemarketer calls saying you have won a sweepstakes or lottery
  - Telemarketer asks for your personal information
  - Identity thieves use your personal information to open bank accounts, etc

- **Scheme #2:**
  - Mailing says you won the lottery but just need to pay $500 in order to claim your prize
  - You pay the money and get nothing in return
What the FTC is Doing
How FTC Combats Financial Exploitation of Older Adults

- **Consumer Education**
  - Ftc.gov/bulkorder

- **Outreach**
  - Forum on Senior Identity Theft – 5/7/13
  - AARP Foundation Project – referrals of lottery scams
  - Tax Id Theft Awareness Week – 1/13/14

- **Law Enforcement/Cases**
FTC v. Real Wealth

- Work-at-home scam
- Referral from AARP
- Deceptive sales claims: “collect up to $9,250 with my simple 3 minute form” and “all I do is mail 30 postcards every day and I make an extra $350 per week!”
- Court ordered company shut down & must pay $10.4 million to injured consumers
In the Matter of CVS Caremark Corp.

- Complaint alleges misrepresentation of Medicare Part D drug prices
- Elderly and disabled pushed in to donut hole sooner than expected
- $5 million in redress to Medicare Part D consumers
FTC v. 9107-4021 Quebec

- Prescription discount scam
- Online pharmacy sold sham memberships to elderly consumers
- Scam company claimed consumers could save 30% to 50% on prescription costs
- Consumers either got nothing or got a prescription card that was worthless
- Court ordered company to pay $7.5 million to injured consumers
Care Patrol Inc. & ABCSP Inc.

- Long-term care scam

- Companies misrepresented the services they provided regarding placements of seniors in long-term care facilities

- FTC settled two administrative cases

- Companies barred from making false representations for 20 years
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