SCAMS & FRAUD

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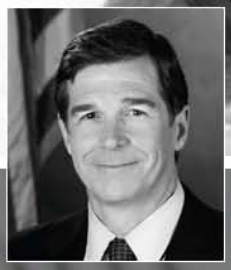

NC Attorney General Roy Cooper

STAY SMART AND STAY SAFE!

ROY COOPER
ATTORNEY GENERAL

State of North Carolina

Department of Justice
9001 Mail Service Center
Raleigh, N.C. 27699-9001

Consumer Protection
(919) 716-6000
1-877-566-7226
Fax (919) 716-0048

SOME FRAUDS, SCAMS AND QUESTIONABLE BUSINESS PRACTICES CURRENTLY TARGETING OUR SENIORS

May 2010

North Carolina's senior citizens are a great resource for our state, and all of our lives have been enriched by their contributions. Our seniors have earned our respect and gratitude.

Unfortunately, criminals know that some seniors may be vulnerable to being conned or manipulated into surrendering their hard-earned cash. These scammers target our loved ones with a seemingly endless variety of tricks and questionable business practices. They try to take advantage of seniors' trusting nature, faltering memory, or financial status.

Some scams use seasonal or time-specific events, such as tax deadlines, the U.S. Census, or the holidays, to try to get confidential personal information and money from unsuspecting consumers. Natural disasters like the recent earthquakes also attract scammers, who heartlessly capitalize on the wave of sympathy that follows such an event by setting up bogus charities.

This document lists many of the scamming techniques being used against our seniors. Please use this information to educate yourself and your loved ones about these threats to financial security and peace of mind. And remember, there are some basic rules that can help protect any consumer, young or old:

* **Protect your numbers**… never give out your Social Security number, credit card or bank account number to a person who contacts you by phone or email.
*** Don't pay money up front** in order to get a loan, collect a prize, or for debt settlement, credit repair or foreclosure help. It's illegal to require such a payment. (And if someone says you've won a lottery or sweepstakes that you don't recall entering, they're trying to scam you!)
* **Be wary of door-to-door contractors** and others offering home repair services.
* **Avoid get-rich-quick schemes.** Beware of offers that sound too good to be true, or promise huge rewards with little or no risk.

To get more consumer tips and find out about the latest scams, visit our website at www.ncdoj.gov. You can also sign up online to get email alerts from us on fraud and other public safety issues.

Attorney General Roy Cooper

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I. TELEPHONE FRAUD

INTERNATIONAL LOTTERIES

Callers claim they will enroll you in the best overseas lottery opportunity each week. They say "For your convenience, the cost of this service will be charged to your credit card or checking account." Although the scammer will pay out small sums in "winnings" from time to time to keep you interested, the typical victims is charged $10 to $100 a week for months. Occasionally, the scammers may offer a special opportunity on a "sure bet" lottery package for "only" $5,000 – 10,000. These scammers are not enrolling you in any lotteries. (See also, "Counterfeit Checks from Phony Lottery and Sweepstakes Companies," page 7.)

CALIFORNIA SWEEPSTAKES

Callers advise that you have won a sweepstakes in California. They request your bank account numbers to ensure payment of California taxes on the award after you receive it. Your bank account is debited $200 to $400 the following day. Unauthorized debits may occur several more times during the following weeks. This fraud is often used against lower income seniors.

"GRANDMA/GRANDPA, IT'S ME!"

Very elderly citizens are being targeted by young callers claiming to be relatives. The young scammer begins the conversation with the exclamation, "Grandmother, it's me! Don't you know who this is?" If the targeted senior volunteers the name of a grandchild, the caller adopts that name and then pretends to be having an emergency (car trouble, arrested, etc.) and in need of assistance. The caller begs "please don't tell my parents" because the predicament is embarrassing. He or she will send a friend to the elderly person's home to pick up cash or a check to resolve the predicament. Losses in this scam can range from $200 to $2,000.

Sometimes the caller claims to have gotten into the predicament while traveling, and asks that money be wired to him or her overseas or in another state. Losses in this variation of the "Grandma/Grandpa, It's me" scam can exceed $5,000.

CREDIT CARD OR IDENTITY THEFT INSURANCE

Callers claim they can protect consumers from identity theft and from thieves who might steal credit card numbers using the Internet. They warn that thieves will run up hundreds of thousands of dollars in debts in your name, and you'll be liable unless you purchase this "protection" for $200-$600. In fact, federal law already protects consumers from liability for such theft and for misuse of their credit card numbers.

GUARANTEED GOVERNMENT GRANTS

Callers tell consumers they appear to be qualified for a free, guaranteed government grant because of their age, their employment status or the area in which they live. The caller asks a few questions, such as, "Have you ever been delinquent on your taxes or been convicted of a felony?" When the consumer says "no" the caller tells the consumer he or she definitely will receive the grant. The caller then requests the consumer's bank account information "so that the grant money can be deposited." Instead of putting money in, the scammer withdraws money from the consumer's account for "processing fees." [Florida-based scammers often mail brochures about government grant programs. However, the consumer must still apply for the programs and there is no guarantee he or she will be awarded a grant. Scammers based overseas send nothing.]

RECOVERED ASSETS

Scammers mail postcards informing recipients that money or property in their names has been located. Recipients are urged to call a toll-free number for further details. In many instances the number connects callers to an overseas call center used by scammers. Those who call are told that they need to provide financial information, including checking account number, social security number and mother's maiden name in order to have the money or property released. Consumers who provide the information have their checking accounts electronically debited, sometimes repeatedly. Even worse, their financial information is used to commit identity theft.

MEDICARE DISCOUNT DRUG CARDS

Seniors are called and offered Medicare drug discount cards with tremendous benefits. Then they are asked to give their banking account numbers so their accounts can be debited to pay for the discounted card. Consumers who provide the information receive a card that is not honored by pharmacies in their community, or they receive nothing at all. Meanwhile, the scammers withdraw funds from their victims' checking account for items or services that have not been ordered.

PUBLIC HEALTH DEPARTMENT – HEALTH CARE VOUCHER CALLS

Callers identify themselves as state or local public health officials. These callers, who are often persistent and aggressive, contact low income citizens claiming that they can provide special health care vouchers. They request Social Security numbers and personal financial information, including bank account numbers. They debit the bank accounts of those who comply. Note: Those who refuse to give their information are often subjected to abusive comments and repeated calls.

PHONY BANK SECURITY OFFICER

As a follow-up to the two preceding scams, the fraud artists call back. They claim to be with the consumers' bank, and mention the fraudulent charges made against the consumers' bank accounts during the earlier scams (which they or their associates perpetrated). After discussing the charges for a few minutes, the fraud artists request the consumers' bank account numbers "in order to return the improperly debited funds." They tape record the consumers' recitations of these numbers, and then use the recordings to make additional electronic debits to the consumers' bank accounts. Debits are usually in the $200 to $400 range.

COUNTERFEIT CHECKS FROM PHONY LOTTERY & SWEEPSTAKES COMPANIES

International Lottery scammers (see page 5) mail checks to consumers in amounts ranging from $2,000 to $5,000 dollars. Then they call from overseas to say that the consumers have won a million dollar lottery or sweepstakes prize in Canada, Australia or some other country: the check was sent "to help you cover certain administrative fees, taxes or insurance on the award, since U.S. law prohibits requiring contest winners to pay anything to collect a prize." The consumer is instructed to deposit the check, and then send the same amount of money to cover the fees, insurance and taxes on the award. Ultimately the consumer's bank determines that the check is counterfeit, but the consumer has already wired the requested funds to the overseas scammers.

A common variation of this scam involves a counterfeit check and a cover letter announcing that the recipient has won an award. The letter provides a toll-free number and invites the recipient to call for further instructions. When the recipient calls, the scam proceeds as indicated above: the "winner" is instructed to deposit the check they have received and then send funds in that same amount to cover fees, insurance and taxes on their "award." But the check that the consumer received is counterfeit and the money that is sent by the consumer is lost.

"COLLECT CALL FROM THE PRIZE PATROL!" –LOUIS WHITEHEAD, SWEEPSTAKES OFFICIAL

A well-spoken fraud artist calls consumers, claiming to represent the company whose sweepstakes commercials are currently airing on TV. He announces that you are the winner but he says that the "prize patrol" will drive past your house and award the prize to someone else if you do not wire him funds (usually $600 to $6,000) to cover taxes on the prize. The caller uses the name Louis Whitehead, and calls are made from pay phones in or near the Atlanta Airport. Calls from Mr. Whitehead often begin, "Collect Call from the Prize Patrol."

PHONY OFFICIAL FROM A GOVERNMENT AGENCY

Scammers call claiming to be with a federal agency. Callers claiming to be with the Federal Trade Commission state that you have won millions of dollars in a major international sweepstakes. The fraud artists then tell you that you must wire $2,000 or more to a Lloyd's of London office overseas in order to insure the award as it is being delivered.

Callers may also claim to be with the Social Security Administration. These scammers report that there is a problem with your Social Security records, or claim that you are entitled to an additional Medicare or Social Security benefit. In either case they will ask for the consumer's personal banking information, with the goal of withdrawing funds from the account.

Other callers claim to be voter registration officials. These phony officials warn that your voter registration records are not in order and need to be corrected prior to the next election. Using this pretext, they ask for personal information including Social Security numbers.

TERRORISM AND MONEY LAUNDERING FEES

A follow-up caller tries to steal more money from people who've just been scammed. Victims of scams who have sent money overseas often receive follow-up calls from the scammers. The second time around, the scammers pretend to be FBI, IRS or Department of Homeland Security agents. They claim that the entire prize award has been impounded and will be forfeited to the US Treasury unless the funds are traced and audited to ensure that they do not involve organized crime or terrorism. The consumer is told that they must pay for the trace and audit by wiring several thousand dollars.

BRITISH BOND SCAM

The scammer calls to say that you have won a life-interest in a bond issued by a British bank. Monthly income generated by the bond will come to $2,000 to $3,000, and the bond will be registered in Canada so that it cannot be taxed in the US. You must wire $2,500 to have it registered in your name.

MONTREAL BARRISTER/CANADIAN LOTTERY SCAM

The caller claims to be an official with the Canadian Lottery, or a barrister (attorney) representing the lottery. He says you have won second place prize in a large sweepstakes, $300,000 to $500,000, and must forward $30,000 to cover Canadian taxes before the prize can be released from the company's escrow or attorney trust account. If you pay, you will receive a second call informing you that you have actually won first place and need to send even more money.

PHONY CUSTOMS OFFICER

The caller claims your sweepstakes prize is in his customs warehouse. You must wire $10,000 to $30,000 to a "bonded customs agent" to cover customs duties before the prize can be released. [An example of such a call can be heard by dialing the Attorney General's Automated Information Line, 919-716-6001, and selecting option #3.]

PHONY IRS AGENT

The same people who run the Phony Customs Officer scam will call again after receiving your payment. This time they'll identify themselves as IRS agents in a nearby city, and they'll claim that U.S. income taxes are owed on your prize. They will have to send it back if the taxes aren't paid. Caller ID information on your telephone may indicate that they are calling from the IRS. But the scammers are manipulating Voice Over Internet Protocol (VOIP) calling technologies to generate the Caller ID number. Actually, they are criminals calling from overseas. They ask you to wire them several thousand dollars to pay the taxes.

"YOUR PHONE/POWER/GAS SERVICE WILL BE DISCONNECTED"

Scammers posing as representatives of utility companies call you. They claim that your payments are past-due and that service will be disconnected if you do not pay immediately. They request and obtain your bank account number or your credit card number, then make withdrawals from your account. In some variations of this scam, they ask you to wire money to a distant city in order to avoid interruption of service.

SURPRISE PRIZE CHECK SCAM

Unannounced and via overnight courier, you receive a check for $500,000. It is drawn on the account of a major corporation and it comes with a cover letter stating you have won a major prize in an overseas contest. The letter instructs you to deposit the check with your bank immediately. Your bank may indicate that the check appears to be drawn on a valid account. Later that day, you receive a call informing you that a mistake has been made. "Taxes were not deducted from the check, and a stop payment order will have to be placed if you do not wire funds (usually $10,000 to $30,000) immediately." Days after you wire the money out of the country, your bank informs you that the $500,000 check was counterfeit.

GO BACK TO WESTERN UNION/MONEYGRAM

As a follow-up to many of the scams listed previously, the caller will claim that your money was never received: "Send another payment. The company will issue a refund for the first attempt when you show them the letter I am sending to you." Another variation involves a follow-up call in which the scammer, who picked up your money the day before, claims, "The prize you paid taxes on yesterday was a second place prize, but we now realize that you came in first place! Please send us a second wire payment in the same amount as yesterday to cover the taxes on the much larger first place award."

FUNDS RECOVERY SCAM

Another follow-up scam: the caller says your earlier payments and your winnings have been seized from a crooked sweepstakes company pursuant to a court order. He claims to be an attorney or court appointed receiver, and says you can still receive your winnings if you pay taxes again, and/or his retainer fee, usually $10,000 to $30,000.

WAL-MART STORE VOUCHER SCAM

Scammers are now claiming that they represent Wal-Mart or some other major retailer. "You have been selected to receive special store vouchers worth $495 as part of a nationwide promotion." The scammers request your bank account number so they can withdraw $4.95 from your checking account to cover the costs of delivering the voucher. If you provide the number, your checking account will be electronically debited in the amount of $495, sometimes more than once. No voucher is ever delivered.

ABUSIVE BILL COLLECTOR

Phony bill collectors try to wear down your resistance. Persons posing as bill collectors call on the telephone, pretending that you owe a large debt. They threaten to file embarrassing lawsuits against you, or to prosecute you criminally. They may threaten to come to your home or place of employment, or even threaten physical harm. Their goal is to harass you until you relent and pay the amount demanded.

PHONY TIMESHARE RESELLER

Callers claim to have a buyer for your timeshare. Scammers often target people who own an interest in a time share resort property, telling the owners that they have located someone who wants to "buy them out." The scammers may even guarantee that the sale will go through. After obtaining authorization to debit the owner's credit card or bank account for hundreds or perhaps thousands of dollars, they send a contract. But the fine print says the time share will merely be advertised for sale, and the owner's interest in the timeshare is not sold.

DEATH THREATS

A follow-up caller threatens victims who have already been scammed. If an elderly victim refuses to send any more money, the scammers threaten to kill the victim, or harm them or one of their loved ones. Typically the callers are based overseas and have no intention or ability to physically harm the victim.

II. HOME REPAIR FRAUD TARGETING THE VERY ELDERLY

FALLING CHIMNEY

A contractor knocks on your door and says your chimney is separating from your house. He claims it might fall on the neighbor's house or yard, and he says he can secure it. He and his crew simply place a useless metal strap around your perfectly sound chimney. They charge $800 to $2,000.

"MY LEG WENT THROUGH YOUR ROOF, SIR!"

A man offers to clean your gutters for a small fee. Afterwards, he shows you pieces of rotten wood and claims your roof is rotting: "my leg went completely through it." He says your entire roof needs replacing and he can have a crew there in minutes to do the work. The crew comes and lays new shingles over your perfectly good roof. They demand $7,000 to $8,000.

MEALY WORM SCAM

Adding a scam on top of a scam, the same roof repair crew may show you a bag full of worms. They claim that the worms are consuming the wood in your attic, and offer to kill the pests by spraying your attic. In fact the worms are "mealy worms" commonly used to feed small pets. They spray your attic with a mixture of water, kerosene and other smelly substances. Usual charge: $1,000 to $3,000.

ATTIC BRACING SCAM

In a different follow-up scam, the crew says repairs to the roof have weakened the rafters in the attic. They offer to brace them up so the roof will not collapse. They hammer two-by-four studs between the rafters and the floor of the attic, and then charge $100 for each of these "braces." The braces, often called "stiff knees," are unnecessary and can actually cause damage to the ceilings of rooms below during periods of high wind or heavy snow.

TOILET BOWL SCAM

A member of a work crew asks permission to use your bathroom. He pours water on the floor around the base of the toilet, and then says your toilet has been leaking and might have rotted the wooden sub-floor. After inspecting the crawl space he informs you that the bathroom floor is rotten and dangerous, and must be replaced. After hanging out in the crawl space and pretending to fix the floor, they charge you several thousand dollars.

FLOOR JACK SCAM

The home repair crew chief points out that your living room floor vibrates when his largest crewman walks across it. He asks to inspect the floor from below, and emerges to announce that the floor may collapse unless it is braced with heavy jacks. The crew installs several inexpensive and unnecessary metal "screw jacks" from a hardware store, and charges you $500 for each jack installed.

INSPECTOR SCAM

After you've been scammed one or more times, the scammers may send someone to your home pretending to be the quality control inspector. The inspector claims all of the previous repairs were performed incorrectly. He says they need to be re-done before the local building inspector finds out and condemns the home. The "inspector" promises to help you sue the scammers and recoup your money later. He secures permission and funds to do the above "repairs" again.

DRIVEWAY PAVING SCAM

This scam is perpetrated by roving contractors who strike a victim once and move on quickly. They approach an elderly homeowner and say that they have been paving another driveway in the neighborhood. They claim to have some leftover paving material and offer an excellent deal on paving the elderly homeowner's driveway. The driveway is then coated with an oily substance or a very thin layer of asphalt. The new surface of the driveway crumbles or washes away after a few days or weeks. The payment typically demanded ranges from $3,000 to $6,000.

YOU HAVEN'T PAID US!"

Some of the same fraud artists who use the driveway paving scam will also sometimes confront very elderly homeowners and angrily demand several thousand dollars for work they supposedly performed several months earlier. They may threaten these vulnerable seniors with lawsuits, property liens or worse. Money is obtained for work that never was performed. If the fraud artist perceives that the elderly home owner may have short-term memory problems, they might use a softer approach: "Sir, don't you remember telling me to come back today to get paid?"

"YOUR HOUSE DOES NOT MEET CODE"

Home repair con men often tell seniors living in older homes that features of their homes do not meet current building codes. They recommend expensive remodeling so the house will not "fail." In fact, older homes are not required to meet contemporary construction codes and construction code officials do not make unsolicited visits to inspect existing, owner-occupied homes to determine whether they meet current construction code standards.

FROZEN PIPES SCAM

During winter months, fraud artists sometimes approach elderly homeowners and falsely report that the pipes under their homes appear to be frozen. The fraud artists claim there will be flooding and structural damage to the home if the pipes are not repaired before they thaw. They pretend to repair the pipes under the house and then collect $1,000 or more.

III. PREDATORY MORTGAGE LENDING PRACTICES

Mortgage lenders offer loans to elderly home owners whose original mortgage loans have been paid off. These loans may be touted as a way to consolidate other debts, help grandchildren go to college, or to pay for home improvements, etc. However, unscrupulous lenders may take advantage of elderly homeowners by arranging a loan with high interest rates. They may also include expensive fees for things like credit life insurance or disability insurance, brokerage commissions, "points" and origination costs. These are financed as part of the loan so the costs may not be readily apparent to the homeowner.

Loan terms may also include a "balloon payment" so that after just a few years, the entire amount of the mortgage loan is due. Then the lender may offer to refinance the mortgage loan claiming this will make payments easier for the elderly homeowners, but the excessive fees will be charged and financed again. This cycle may take place several times, and fees for insurance on the earlier 30-year loans may not be refunded or rebated.

The end result is that homeowners can quickly lose most of the equity in their homes (a process known as "equity stripping") while continuing to face high payments for what might have originally been a modest mortgage loan.

IV. OTHER FRAUDS AND SCAMS

IDENTITY THEFT

Identity theft is the fastest growing scam in the U.S. and has been the leading consumer complaint category of the Federal Trade Commission for the past several years. Identity thieves target seniors heavily, because many seniors have substantial savings, little debt, or have real estate holdings that are no longer subject to a mortgage.

Many of the scams and frauds listed in this document are tricks that are used to acquire credit and checking account numbers so that those accounts can be drained. Sometimes identity thieves take over a victim's financial identity completely, opening new lines of credit or taking steps to sell off a senior's holdings while pocketing the cash. In some cases seniors have learned of attempts to sell their homes, farms and automobiles out from under them. Some have found that mortgages have been placed on their homes and money disbursed to scammers who used their names.

To protect against identity theft, always check bills and account statements carefully for unusual charges and activities. Contact the bank or creditor immediately if you notice something suspicious. Check your credit report annually. Each of the three national credit reporting services must provide you with a free copy of your credit report once per year upon request.

If you have been victimized by this crime, contact the North Carolina Attorney General's Office (919-716-6000 or toll-free in NC: 1-877-566-7226) or the Federal Trade Commission (1-877-ID THEFT) for an Identity Theft Victim Kit. Be sure to file a police report with your local law enforcement agency if you are a victim, as this will help when you contact the credit reporting services and try to clean up your credit file. For more information about identity theft, visit www.noscamnc.gov.

SWEEPSTAKES MAILINGS

Sweepstakes companies have earned a reputation for misleading the public. Many have been accused of creating the false impression that participants must purchase their products in order to qualify for a prize. Some also have been accused of creating the impression that making more purchases will increase a participant's chances of winning. And some have been accused of targeting individual seniors, giving them the impression that the contest is down to them and only a few other contestants.

These false impressions have been reinforced by skillfully worded mailings and expensive TV ad campaigns showing happy winners. As a result, many elderly participants have spent thousands of dollars, repeatedly purchasing the same products or magazine subscriptions in hopes of increasing their chances of winning the multi-million dollar prize. But by law, sweepstakes cannot require you to make a purchase in order to enter, and making a purchase cannot increase your chances of winning.

HEALTH-RELATED FRAUDS AND SCAMS

Seniors have been targeted with countless misrepresentations about miracle cures and treatments for age spots, arthritis, hearing loss, obesity, vision problems and other physical maladies. The scammers offer money-back guarantees to get consumers to suspend their skepticism. But the guarantees usually require the customer try the product or service for at least four months, and the companies often disappear during this period. Consumers who pay by credit card can sometimes get a refund from the credit card company if they are dissatisfied with a purchase, but most companies will not grant such a refund after 4 months.

OVERSEAS MONEY TRANSFERS ("NIGERIAN SCAMS")

Via fax, email, or regular mail, you receive an impassioned plea from an individual purporting to be living in Nigeria, or another third world country. They may claim to be a former high government official, or perhaps a relative of a former dictator. In any case, they are seeking to transfer several million dollars into the U.S., and they offer you a 25% commission to use your U.S. bank account to make the transfer. This is a ploy to acquire the number of your bank account and drain it of funds. They request absolute secrecy, and suggest the funds may not have been obtained legitimately. The fraud artists may also ask you for several thousand dollars, supposedly to bribe a foreign government official who is blocking transfer of the millions into your account. In recent variations of this old scam, the fax, email or letter will claim that the smuggled money is intended for orphans or a religious ministry.

"YOUR DISTANT RELATIVE HAS DIED IN OUR COUNTRY"

You receive a message that a distant relative of yours died in a foreign country years ago leaving an estate worth millions of dollars. In this variation of the overseas money transfer scam, the scammers claim that you are the sole heir and that the estate needs to be wrapped up quickly or it will be forfeited to the government. You are asked to wire funds to help pay for some aspect of the transaction (taxes, insurance, estate administration costs, money to bribe crooked officials, etc.). After each payment the scammers come up with another reason for you to send more money.

CHECK PROCESSING & CHECK OVERPAYMENT SCAMS

Scammers write, call, or email you claiming that they have received a check for several thousand dollars that they cannot cash in their own country. In this variation of the overseas money transfer scam and the sweepstakes scams, they ask for your help in cashing the check. They endorse it and send it to you, asking you to deposit it and keep 20 percent while sending them the other 80 percent. The check appears to be from a U.S. car dealership, computer company or some other legitimate business, and it will bear a valid account number for that business. Days after you wire the 80 percent overseas, your bank reports that the check is counterfeit and will not be honored.

SECRET SHOPPER SCAM

You are invited to become a "secret shopper," someone who receives compensation for doing business with a company and evaluating its performance. Fraud artists then mail you detailed instructions on how to test the Western Union or MoneyGram wire transfer system, along with a check for several thousand dollars. You are told to deposit the check into your account, wire 90 percent of the funds to a person located overseas, and then immediately fill out an on-line questionnaire about your experience. Days after you deposited the check and wired the funds overseas, your bank informs you that the check was counterfeit and that your account has been debited in the amount of the check

DISTRACTION THEFTS

Thieves pretend to be government officials or utility company employees who will help seniors with low cost home renovation or energy savings projects. They ask to enter seniors' homes to take measurements. While measuring rooms and windows they pocket valuable items or look around for larger valuables such as antique furniture that can be stolen while the homeowner is away. Sometimes the thieves work in pairs. One will occupy the homeowner in a room while their partner steals items in other rooms.

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PHONY POLICE DETECTIVES

In a variation on the distraction theft technique, scammers posing as police detectives knock on seniors' doors. They claim to be on the hunt for criminals or escaped prisoners and that the suspects had mentioned the senior's name and address to others who are now in custody. They ask permission to look around the house or apartment. While one "detective" distracts the senior, the other steals valuables.

WOMAN IN DISTRESS AT THE FRONT DOOR

Two women knock on the door of an elderly North Carolina homeowner. One says that the other is about to have a child or needs assistance of some kind. They ask to come inside and use the telephone. The women are female members of a roving home repair fraud group. While one is on the telephone pretending to call for help, the other, who pretends to be in distress, asks to use the bathroom. Instead of using the bathroom, she steals money, credit cards, jewelry and other small valuables. Then a male member of the group shows up at the curb and drives them away.

SWEETHEART SCAMS

Elderly widows and widowers are sometimes targeted because they may be emotionally vulnerable. Members of traveling fraud groups or other opportunistic individuals befriend the senior and eventually pretend to be in love with them. The short-term goal is to secure gifts and loans, but the ultimate goal is to secure control of the senior's estate or financial affairs and divert assets to themselves. The "sweetheart" may accomplish this by convincing the elderly target to grant them general power of attorney, or make them the primary beneficiaries of their will.

CLERGYMAN SCAMS AND OTHER SCAMS OF OPPORTUNITY

Authority figures sometimes capitalize on their status to victimize seniors. Some clergy members have been accused of exploiting the affections and religious sentiments of very elderly people in order to gain control over their finances. Some law enforcement officers have also been accused of misusing their positions of trust. Often these scams are designed to get the victim to grant the con artist a general power of attorney. Con artists look for signs of vulnerability, and then prey on it. A tree service man with no financial training recently obtained a northeastern North Carolina woman's property by convincing her he could manage it profitably.

PROMISSORY NOTE SCAMS

At seminars in local restaurants or hotels, promissory notes are marketed as investments. The notes are issued by obscure companies and purportedly offer interest rates much higher than the returns on bonds or other investments. The notes and the interest payments are said to be secured by an insurance policy. But the notes may be for a failing company, and the insurance policy may be worthless to investors.

UTILITY COMPANY CUT-OFF AGENT SCAM

North Carolina seniors have received visits from individuals who present themselves as utility company employees. The phony utility company agent claims that the water, gas or electric bill is past due and that they have been sent to disconnect service. Seniors are told they can prevent disconnection by paying their bill and late charges. The scammers will accept cash or a check. Seniors can also pay by providing their checking account or credit card number.

MEDICAL INSURANCE "GAP" POLICIES

Seniors whose medical bills are well covered are being signed up for unnecessary health insurance policies. Seniors who are already served by a combination of Medicare, Medicaid, retirement health plans or other insurance are sold policies that supposedly cover only items and charges not covered by the other policies. This "gap" insurance comes with several limitations, deductible and exclusions which make them of little value to the consumer. However, they result in large debits to the consumer's bank accounts each month.

"FREE PRESCRIPTION MEDS"

Consumers receive letters and other messages telling them they can obtain "all their prescription medicines for free, guaranteed!" After paying a fee, they receive application forms for pharmaceutical companies' free prescription drug assistance programs which they could have obtained at no cost. Admission into drug assistance programs is not automatic and consumers' applications often are rejected.

WORK-AT-HOME SCAMS

Seniors and others struggling to make ends meet may fall prey to road signs, classified ads or mailings about working at home. Lured by promises of large earnings, they are encouraged to pay several hundred dollars to obtain necessary materials so they can get started. The "work" may be stuffing envelopes with mailings inviting others to make money at home. Or it might involve painting or assembling simple items and then returning them for approval and payment. Approval and payment are seldom granted.

TIMBER HARVESTING SCAMS

Older property owners in rural areas are being targeted by loggers who claim they will pay top dollar to harvest timber. They promise to leave the land cleared of debris and brush, but after cutting and removing the best timber they disappear without paying. Debris and brush from the operation is left behind and the ground is rutted and damaged by timber harvesting equipment. In a variation on this scam, the unscrupulous loggers deduct the supposed costs of clearing debris and re-grading the soil, leaving the property owner with a check for only a few hundred dollars.

"PHISHING" & "VISHING" SCAMS

A consumer receives an email that appears to be from their bank. Because of a problem with the bank's computer or security system, the email says, the consumer needs to provide important account information immediately so that their checks can be processed and other personal banking business can be transacted. The e-mail may contain a link to a phony web page where the account information can be entered. If entered, it is then stolen and used by the scammers. This kind of scam is called "Phishing."

An e-mail that appears to be from the consumer's bank asks them to provide their account information via a toll-free number. This variation on the Phishing scam is called "Vishing." The e-mail invites the consumer to call a toll-free number to provide their account information. The scammers set up automated "caller menus" where consumers can enter their personal bank account numbers and other financial information using their own telephones.

Whether a scam employs Phishing or Vishing, the results are the same: identity theft and unauthorized debits against the consumer's bank accounts.

V. OTHER TROUBLESOME OR DECEPTIVE BUSINESS PRACTICES

UNAUTHORIZED CREDIT CARD CHARGES AND "ADD-ON'S"

Seniors and others discover unordered merchandise or services charged to their credit card accounts. This discovery comes after a face-to-face credit card transaction or a telephone purchase. The merchant or an affiliate charges the account separately for a "credit card protection" plan, a discount buying service, or a travel program. Often these purchases have been charged to the account with absolutely no authorization. In some instances the merchant or telemarketer will casually mention the extra service or product to the consumer while processing the transaction. However, charges for the additional product or service are added without getting the customer's clear consent. Consumers should always dispute these charges promptly with their credit card company and the merchant.

"CERTIFIED SENIOR FINANCIAL ADVISOR" AND OTHER IMPRESSIVE TITLES

Some salespeople have official-sounding titles, to give the impression that they have been approved by a governing body or organization. Sellers of annuities, estate planning services and other products and services often adopt impressive titles such as "Licensed Senior Financial Consultant" or "Certified Estate Planning Advisor" in order to come across as more legitimate. The supposed licensing or certifying agencies often do not exist or are controlled by the marketers themselves.

ANNUITY SALES AND ESTATE PLANNING SEMINARS

While many estate planning seminars touted in newspaper ads and mailings are legitimate, others are not. Deceitful seminars often hide behind names that make them sound like non-profit organizations for seniors. In reality, the persons conducting the seminars may be insurance salesmen seeking to sell unneeded insurance policies, annuities or "trust" programs. Or they may work in the securities industry, pushing a certain kind of investment. However, their plan for your estate may result in huge commissions for them and expensive problems for you or your heirs in the future. Many seniors are told to liquidate their holdings and invest all of their money in long-term deferred annuities. These recommendations are made by salesmen who employ scare tactics about stock market uncertainties or lengthy probate proceedings. In most cases these annuities are inappropriate investments for people over 75 years of age.

PROFESSIONAL CHARITABLE SOLICITORS

Professional fundraisers can keep a significant percentage of the funds collected. Many legitimate charities and fraternal groups utilize professional fundraisers to raise money for their operations. The U.S. Supreme Court has declared that these professional solicitors do not have to tell you how much of your money they will keep unless you ask. Some telephone solicitors keep up to 90 percent of what they raise, so feel free to ask. If you are still unsure, ask them to send information about the charity and their fundraising operation.

SOUND-ALIKE CHARITIES AND LAW ENFORCEMENT GROUPS

Some questionable charities choose names that are similar to the names of well-known charities. They may adopt a name that sounds like an official law enforcement agency. Telephone solicitors like to use police-sounding names because they know people support law enforcement and may be intimidated by a call from someone who appears to be representing a police organization. Always check out such groups (and ask how much of your money will go to a professional solicitor) before contributing to them.

TIME-SHARE AND CAMPGROUND MEMBERSHIP SALES, LAND DEVELOPMENT SCHEMES

Marketers often try to convince seniors that purchasing their product will be a good investment to leave to their children and grandchildren. However, purchasers of time-shares, campground memberships and resort property shares may leave their children with something they do not want and cannot sell easily. The purchase may not appreciate in value and it could lead to years of expensive maintenance, and homeowner and membership dues. Consumers should always resist high-pressure sales tactics. Don't make a purchase immediately. Ask to take written material home for further review. If you intend to leave the property to your adult children, carefully review the materials with them.

EXPIRING AUTO WARRANTIES

Scammers want to sell you an extension of the warranty on your car, but their product can be very expensive and may not deliver what is promised. Four or five years after a vehicle is purchased, the buyer is contacted and informed that their existing warranty is about to expire and should be extended. This communication, which may come in the mail or by phone, is not from the car's manufacturer. The extended warranty service can be exceedingly expensive. The consumer's car dealer may refuse to submit claims under the extended warranty, and even if they do the consumer may receive little reimbursement for repairs.

The North Carolina Attorney General's Office can provide presentations about identity theft and consumer scams to groups of consumers. For more information contact the Victims and Citizens Services Section of the North Carolina Attorney General's Office at 919-716-6783 or
email us at outreach@ncdoj.gov