

Financial Literacy for Seniors



Recognizing Fraud

Alberta Council on Aging
A Senior Friendly™ Publication



Learning Series #1

Recognizing Fraud

Strategies for seniors to make good decisions regarding protection of their finances

In 2013, Alberta Council on Aging and Enactus-SAIT partnered to educate seniors on being informed and safe from financial fraud. In 2014, Alberta Council on Aging was successful in securing a grant under New Horizons for Seniors to help build a toolkit and training pathway for this project.

Alberta Council on Aging's mission is to improve the quality of life for seniors and encourage their participation in all aspects of community by educating seniors and the public and by advising government.

Enactus-SAIT is a community of student, academic and business leaders committed to using the power of entrepreneurial action to transform lives and shape a better more sustainable world.

The opinions expressed do not necessarily reflect the official views of the funder.

Table of Contents

Part 1	Introduction	Page 5
<hr/>		
Chapter 1	Power of Attorney Fraud	Page 9
Chapter 2	Consumer Fraud	Page 13
Chapter 3	The Grandparent Scam	Page 16
Chapter 4	Investment Fraud	Page 19
Chapter 5	Telemarketing Fraud	Page 22
Chapter 6	Internet Fraud	Page 26
Chapter 7	Identity Theft	Page 30
Chapter 8	Romance Scam	Page 33
Part 2	What if I am a victim?	Page 36
<hr/>		
Part 3	Resources	Page 38
<hr/>		

Part 1



Part 1



Introduction

The Recognizing Fraud program is designed to raise awareness about fraudulent activities. It should be used as a guideline to help seniors, their families and the general public know what types of scams are occurring and what strategies they can use to make good decisions regarding scams and fraud. The goal of the program is to reduce senior's vulnerability to fraud and financial abuse.

What is Fraud?

Fraud is a false representation of the facts intended to deceive another for personal or monetary gain. Fraud is a very common occurrence and can happen to anyone. Seniors are high targets of fraud because scammers believe stereotypes that seniors are trusting or have retirement funds. There are many types of fraud, or scams, and the list of ways people commit fraud grows every day.

Even though it is impossible to be warned about every type of fraud that exists, there are some basic things that can be done to protect yourself, your money, and your identity. All of these are good habits to get into. By thinking ahead, building good habits, and being aware, you can greatly reduce your risk of becoming a victim of fraud.

The Top Eight Scams

- Power of Attorney Fraud
- Consumer Fraud
- The Grandparent Scam
- Investment Fraud
- Telemarketing Fraud
- Internet Fraud
- Identity Theft
- Romance Scam

The following chapters will explain each of these eight scams and include safety tips on how to best avoid being a victim of these types of scams.

Chapter 1



Power of Attorney Fraud

Chapter 1

Power of Attorney Fraud



Power of Attorney fraud is a very serious offence. When a person designates a power of attorney (POA), they give that person complete access to all of their finances and financial information. The POA makes sure bills and living expenses are paid and investments are managed.

Because the POA has complete access to all money and investments, however, this position is sometimes abused. A POA can illegally take money and transfer it to themselves, cash out investments and keep the money, or even sell the family home.

To protect yourself and your money against power of attorney fraud the first step is picking the right POA. Choose someone you trust entirely; a close friend or family member is the most common. Be wary of choosing a 'new best friend' to be your POA; there are people who befriend seniors with the specific goal of becoming their POA, just so they can take their money.

Be wary of people who ask to be your POA, and ask yourself these questions before choosing someone as your Power of Attorney:

1. What is their motivation in asking?
2. Are they doing this to help you?
3. Are they hoping to help themselves by accessing your money?

Choose someone who treats money in the same manner you do. If you are a habitual saver don't choose someone who is a known spender; you want a representative who would make the same decisions you would with your money.

Once you have chosen a POA and they have agreed to the responsibility, get a lawyer to help you draw up the agreement. Make sure the lawyer explains exactly what is expected of the POA, and what the best way for them to fulfil their duties is. It is important all the duties are understood.

Have your lawyer add in an accountability clause; this means that every month, 3 months, or 6 months, your POA has to show your bank statements to another person of your choosing. This way, your POA has to prove they are being responsible with your money. If the numbers don't add up, or the POA does not meet the accountability agreement, the title of POA is removed.

To reduce the chance of anyone taking your money, set up your payments such as rent, insurance or health care to be automatic. This saves time for your POA and means they don't need to access your accounts too often.

Don't set up joint bank accounts with your POA; it may seem to be more convenient but, upon your death, all the money in the joint account becomes property of the POA and cannot be willed to anyone else.

If, once you have chosen and set up your POA, you think they are stealing your money report it to the police. It is not a civil matter but is listed in the criminal code of Canada in section 331. The sooner the problem is brought to the authorities, the sooner it can be stopped.

Tips on Power of Attorney Fraud

- Choose someone trustworthy
- Be wary of someone asking you to be your POA
- Get your POA agreement drawn up by a lawyer and make sure all duties are understood by all parties
- Put in an accountability clause
- Don't set up joint bank accounts
- Pay bills through automatic payments
- If you are a victim of power of attorney fraud, report it to the police

Chapter 2



Consumer Fraud

Chapter 2

Consumer Fraud



Consumer fraud has been around for a long time and is quite common. In a typical consumer scam, the customer is sold a product or service that does not live up to what was promised. This type of fraud is found quite often with trades companies such as mechanics, roofers, plumbers, and the like. It will sound like you are getting a good deal, but in the end the work is either done to a poor standard or is left unfinished.

Always do research on a company before agreeing to hire them. Check with the Better Business Bureau, listed in the resource section, and see if the company has a good reputation. Ask your family and friends about the company, and if the price they are offering for the work seems fair. Any quote that is too high or too low could be a warning sign of a scam.

Tips on Consumer Fraud

- Always research a company before doing business
- Ask family and friends for recommendations of companies they have worked with before
- Don't agree to do business with anyone too quickly; take your time, and ask around
- Check a company's history with the Better Business Bureau (Information on Page 39)

Chapter 3



The Grandparent Scam

Chapter 3

The Grandparent Scam



This is listed as one of the top 3 scams reported to the Canadian Anti Fraud Centre and is in the Better Business Bureau's top 10 scams of the year. In a typical scenario, a senior gets a call from a con-artist posing as a grandchild in need of money. The exchange follows the lines of:

Con-Artist: "Hi Grandma/Grandpa."

Victim: "Hello."

Con-Artist: "Do you know who this is?"

Victim: "Mike?"

Con-Artist: "Yeah, Grandma/Grandpa, It's Mike, I need your help."

The 'grandchild' insists that the 'grandparent' not tell anyone for fear of getting into trouble. Some of the common reasons given for needing money are a car accident, bail money, or the 'grandchild' is stranded and needs money to get home. They ask the 'grandparent' to wire them money through Western Union or Money Gram as soon as possible stating they are "in a lot of trouble and scared", or something to that effect.

Tips on the Grandparent Scam

- Get more information before you take any actions
- Get in touch with 'grandchild's' parents, to verify the story

If you suspect a friend or family member is misusing your finances seek counsel with someone you trust - such as a lawyer, counsellor, or pastor.

Chapter 4



Investment Fraud

Chapter 4

Investment Fraud



According to the Alberta Securities Commission, 73% of adults in Alberta say they have been approached with an investment scam, and 13% have become investment scam victims.

Investing includes both risks and rewards and opportunities may be presented to you over the phone, by a friend or family member, or through an advertisement. Before choosing to invest your money you have to determine if it is the right investment for you.

If you are confronted about an investment opportunity, you need to protect yourself. Be wary if a salesperson says an investment is too good to be true; don't feel pressured to make any decision on the spot. Be persistent with your own investment goals, don't let someone persuade you. Before making a final decision, consider the benefits of seeking advice from a registered sales person or someone you trust.

Be suspicious of investments that are exclusive to a specific group or membership and watch out for individuals who exploit a personal connection to recruit investors.

Tips on Investment Fraud

- Ask questions about an investment and make sure all answers are satisfactory
- Never sign anything you have not completely read and understood
- Get everything in writing
- Always get a second opinion and take your time to think your investment over
- Beware of 'Limited Time Offers' or “Too good to be true”
- Check with the Alberta Securities Commission to determine if the individual or company is registered (Information on Page 39)
- Be suspicious of investments exclusive to specific groups or salespeople who exploit personal relationships

Chapter 5



Telemarketing Fraud

Chapter 5

Telemarketing Fraud



The government, your bank, your insurance company, and any other company you do business with will never ask you for personal information over the phone. Anyone who calls saying they are from any of these companies or organizations asking for personal information is not who they say they are. Hang up and report them to the Canadian Anti Fraud Centre.

Also, you must remember if something is free, you do not have to pay for it. Don't give out your credit card information to hold or pay a shipping fee for a free prize. Don't give money over the phone to charities that contact you. If you want to give to a charity tell them you want to think it over, then find the number for the charity on your own and call. This way you know your money is indeed going to that specific charity.

If you are ever in doubt about someone offering you something over the phone, tell the salesperson to give you their contact information and you will call them back once you've thought it over. A real salesperson will understand this and have no problem with it. If they push the sale and say it is a 'limited time offer' and you 'must buy now', just hang up the phone. It's not rude, it's being safe.

You can reduce the number of telemarketer calls you receive by subscribing to caller identification, and not answering calls from numbers you don't recognize. If it is someone who needs to reach you, they will leave a message and you can call them back.

There are five toll free numbers in Canada that you may see on your caller identification; 1.800, 1.866, 1.877, 1.888 and 1.310 are all telemarketer numbers. If your caller identification shows one of these numbers calling you be aware that it is a telemarketer.

Remember, all 1.900 numbers charge you a fee as soon as you answer the phone, regardless of if they call you first. If you see a phone number beginning in 1.900 calling you, don't answer or you will be charged immediately.

You can also register your number on the Do Not Call List. This is a free list that reduces the amount of telemarketer calls you will receive.

Do Not Call List

To register yourself on the Do Not Call List visit
www.dncl.gc.ca or call 1.866.580.3625

Tips on Telemarketing Fraud

- Sign up for Caller Identification, also called Call Display
- Register for the National Do Not Call List (Information on Page 24)
- Remember you cannot win a contest that you did not enter
- Never give any personal information over the phone
- Be wary of “Limited Time Offers” or being told that you “Must Act Now!”
- The following are sets of toll free numbers in Canada
 - 1.800
 - 1.866
 - 1.877
 - 1.888
- 310.000 is the Alberta Government’s toll free number
- All 1.900 numbers charge the call to you

Chapter 6



Internet Fraud

Chapter 6

Internet Fraud



The internet has given us access to vast amounts of information. How valid or truthful some of this information is can be hard to gauge. Use caution when posting information about yourself online, and only make purchases or payments through reputable sites.

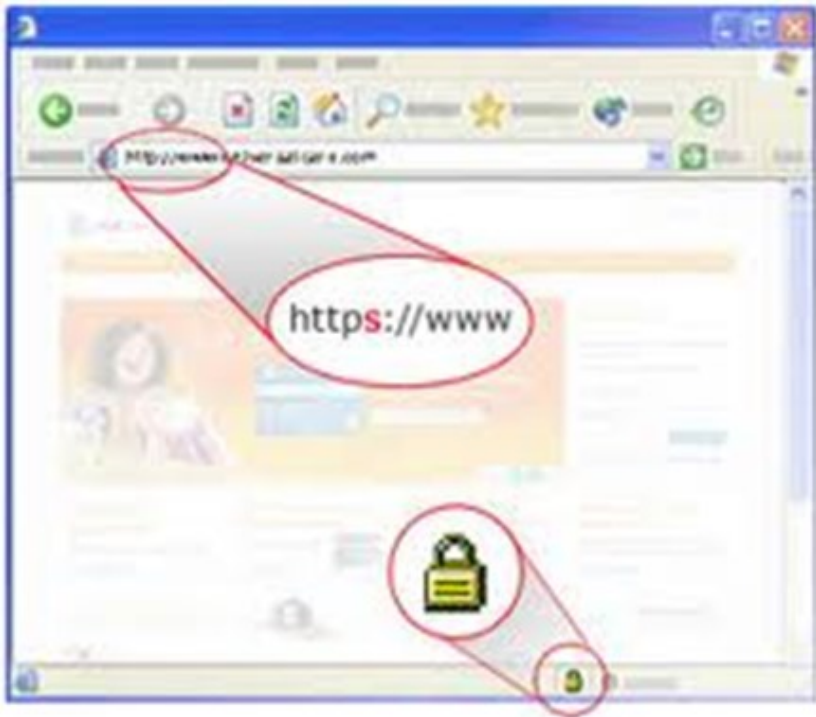
To check if a website is secure, look for a picture of a closed padlock. This padlock is NOT a picture on the website, but is an icon, usually in the address bar at the top of the screen, or on the bottom bar of the web browser. When this icon is clicked, security information about the website can be viewed. This guarantees that you can make purchases or put your information into this website safely.

Also, when you are making payments, check the address bar, the “http://” part of the address will have an 's' in it: “https://”. This is another indicator that your information will be safe on this site.

If you are not sure if a website is secure for making payments, and you want to make a payment over the internet, use a third person site such as PayPal. This way, the other party never gets access to your personal banking information.

Example on the next page.

Here is what a secure site could look like:



Remember, the padlock can also be in the address bar.

Tips on Internet Fraud

- Companies like your bank or your insurance agency will never email you asking for personal information. If an email like this is received from a company you deal with, call the company and ask them about the email, then report it to the Canadian Anti Fraud Centre
- Pay, and receive, only the exact amount for anything you buy or sell online. If a purchaser sends you the wrong amount, cancel the transaction and get them to try it again. Never give any money back to someone who has paid you too much for something

Chapter 7



Identity Theft

Chapter 7

Identity Theft



Keeping your personal information safe is the key to protecting yourself against any type of fraud, especially identity theft. Know your billing schedule and when your bills should arrive. If they don't arrive on time, check the company and the post office. Bills have a lot of information in them and you don't want them falling into the wrong hands.

Double check all your bank statements and bills to be sure there is no unusual activity in your accounts. Shred all your bills and bank statements when you are through with them.

Wireless identity theft is a form of stealing identifying information using wireless mechanics. It involves using a scanning device to copy a person's personal information by scanning near or around their personal cards. Holding this device near someone's banking cards can copy the cardholders name, address, social security number, phone number and employee information. Upon copying this information, scammers can program this information into their own cards to access the victims account.

To prevent wireless identity theft it is best to keep your personal cards in identity block sleeves. Identity block sleeves are specially designed to protect your payment cards from unwanted scanning, offering you identity theft protection.

Tips on Identity Theft

Don't give out personal information to anyone unless you initiated the call or conversation.

- Never give out personal information over Email and be sure any website requiring this information is secure
- Shred any documents that contain your personal information, or your bank account or credit card numbers
- Keep pay cards in identity block sleeves
- Shield your PIN when making purchases
- Check your bank and credit card statements for any irregularities
- Carry with you only the identification that you need and leave the rest at home
- If you lose your purse or wallet, cancel everything immediately (Information on Page 39)
- If you change your address be sure to inform the post office and any financial institutions

Chapter 8



The Romance Scam

Chapter 8

The Romance Scam



Scammers involved in the Romance Scam, post fake profiles on dating sites and social networking sites. They create a profile with fake pictures of an attractive male or female who is successful, caring and looking for their soul mate. The scammer will initiate contact with their victim and ask them questions on what they want in life. They will create a persona that they think the victim will fall in love with.

Once the scammer establishes a close relationship with their victim they will ask for financial assistance. This assistance can involve needing money for a hospital bill after being mugged, needing cash because they are unable to cash a cheque or a number of other incidences.

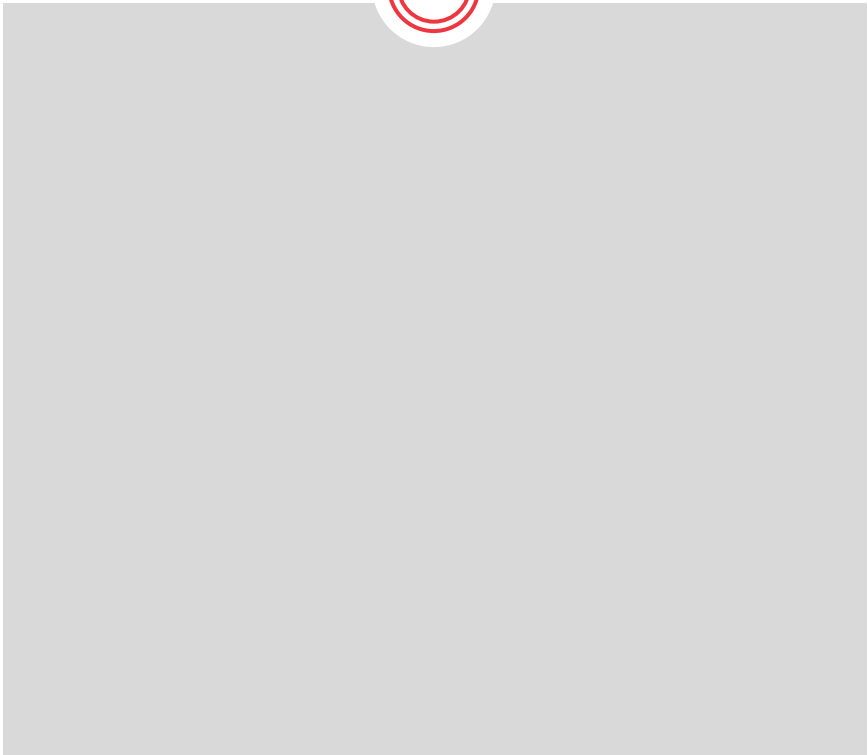
Being cautious about who you talk to over social networking, dating sites or email can greatly reduce the risk of being a victim to the romance scam. If someone you don't know contacts you claiming they love you after only knowing you for a short amount of time, be wary. If the person claims God brought you to them, if their profile is poorly written or if their picture doesn't look real, don't respond to their messages.

If you are under the impression someone may be a scammer, block them from your profile, delete them and put them under your ignore list.

Tips on the Romance Scam

- Be cautious of who you talk to over social networking and dating sites
- Before establishing a relationship with someone over the internet search their profile for any discrepancies
- If you are under the impression someone may be a scammer, block and delete their contact information
- If asked to help a new friend financially, tell them you're unable to help. It's not rude, it's safe

Part 2



Part 2



What if I am a victim of fraud?

If you think you have been a victim of fraud, report it to your local police as well as the Canadian Anti-Fraud Centre.

The Canadian Anti-Fraud Centre is the central agency in Canada that collects information and criminal intelligence on mass marketing fraud (telemarketing), advance fee fraud letters, internet fraud and I.D. theft complaints.

Fraud against seniors is grossly under-reported and this can lead to a number of problems: victims don't receive the help and support they need, law enforcement agencies lack the information required to go after the criminals responsible, and these criminals feel more confident in their crimes since they are not being reported.

Whatever the circumstances,
if you think you may have been scammed,
report it to the authorities!

Part 3



Part 3



What resources are available?

Canadian Anti-Fraud Centre - 1.888.495.8501

This is the central agency in Canada that collects data on fraud.

<http://www.antifraudcentre-centreantifraude.ca>

Lost Wallets and Purses - 1.800.622.6232

A Government of Canada site listing all the steps that should be taken if you lose your wallet or purse.

<http://www.servicecanada.gc.ca/eng/lifeevents/wallet.shtml>

The Better Business Bureau - 1.703.276.0100

Search a company's history with the Better Business Bureau before committing to doing business with them. It also has a list of the top ten scams of the year.

<http://www.bbb.org/canada/>

Alberta Securities Commission - 1.877.355.4488

The ASC is the regulatory agency responsible for administering the province's securities laws. It is entrusted to foster a fair and efficient capital market in Alberta and to protect investors.

<http://www.albertasecurities.com/>

National Do Not Call List - 1.866.580.3625

The National Do Not Call List (DNCL) gives consumers a choice about whether to receive telemarketing calls.

<https://www.lnnte-dncl.gc.ca/index-eng>



For presentations, materials or information:

Alberta Council on Aging

Box 9, 11808 St. Albert Trail
Suite 232, Circle Square Plaza
Edmonton, Alberta, T5L 4G4
Phone: 780.423.7781
Toll Free: 1.888.423.9666
Fax: 780.425.9246
Email: info@acaging.ca
Website: www.acaging.ca

Alberta Council on Aging

An Independent Non-Profit Charitable Organization Since 1967



Funding for this program and publication generously provided by
Employment and Social Development Canada
New Horizons for Seniors Program

