

NEWSLETTER

April / May / June 2004

Next Meeting of the Coalition

Wednesday, April 14, 2004

Note: 2nd Wednesday

8:30am – 11:00 am

1st Floor Conference Mtg Rm

455 Sherman Street

Denver, CO

Program:

“Lottery Fraud & The Elderly”

Program/Meeting is open to anyone who would like to attend. You do not need to be a member of CCERAP.

Guest Speaker:

Jim Kirby, Investigator
Colorado Lottery

Meeting/Seminar Schedule:

8:30 – 9:00am

Continental Breakfast

9:00 – 9:45am - Seminar

“God Wants You to Win
the Lottery”

9:45-10:00am

Questions & Answers

10:00 – 10:15am

Networking

10:15 – 11:00am

Power of Attorney

Task Force Mtg

Adjournment

Directions to Meeting:

Take I-25 to 6th Ave East

Take 6th East to Broadway

Take Broadway South to 4th

Take 4th east to Sherman

Building is on the corner of

Sherman & 4th

CCERAP Coordinator:

Kathy Rickart

970-674-1774

970-674-8712 fax

Email: CCERAP@comcast.net

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system! You can win as much as
you want!”**



Sounds Great? Not!

By: Kathy Rickart, CCERAP Coordinator

Scam operators use the telephone and direct mail to entice U.S. citizens to buy in high stake foreign lotteries. The lottery can be anywhere – Canada, Nigeria, Australia or Europe. But it's a scam and it's illegal! U.S. law prohibits cross-border sale or purchase of lottery tickets by phone or mail. Even if the federal law authorities are intercepting these types of solicitation, some still get through and the lure of instant wealth milks U.S. citizens of their hard earned cash to the tune of over \$120 million a year, according to the U.S. Postal Inspection Service.

If people play the game in the “Come-On” above:

- They are violating federal law.
- They are being lured into believing there is a *secret* system for winning, when the chances of winning are really slim to none.
- They have just put their name on a gazillion other “sucker lists” and can expect to see these *bogus* offers overflow in their mailbox.
- They may have just opened themselves to *unauthorized credit card or bank account withdrawals* if they provided account numbers.

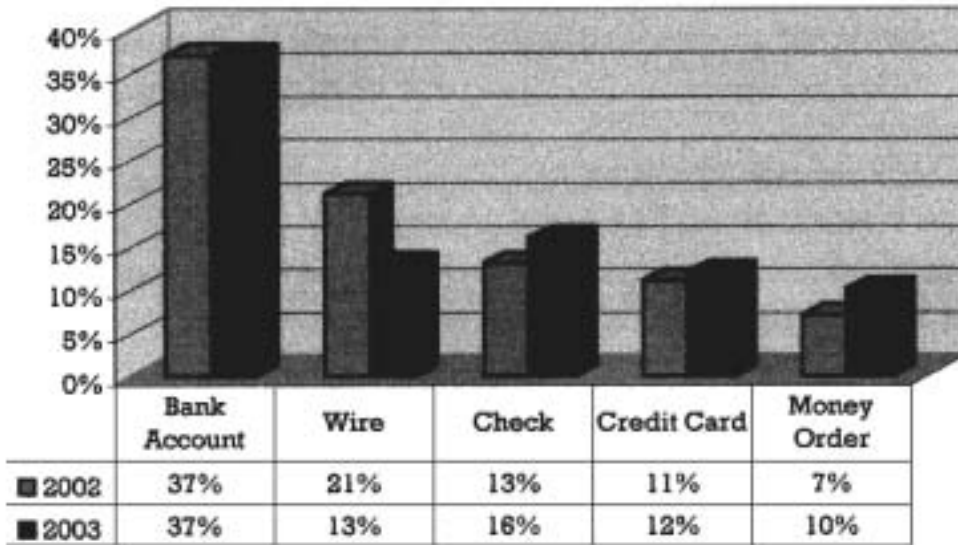
Yup! The “Come-On” sounded great! But it is a scam, a fraud and it is illegal! It needs to be dropped like a hot potato when it arrives in the mail and put back in the hands of the local postmaster. If it is a phone call, a quick hang-up or disconnect of the phone is perfect – this is not the time to earn Brownie points for being polite! Just hang-up!

In 2003, of the top ten telemarketing scams, according to the National Fraud Information Center of the National Consumers League, prizes and sweepstakes (*false promise of cash or a valuable prize that never materializes*) ranked number two (21% of the cases); and lotteries and lottery clubs (false claims of winning or offers of help to win a lottery) ranked number six (5% of the cases). Together these two add up to over one fourth of all the fraud cases of those in the top ten. When you look as the average loss in dollars for each person – the scenario gets worse. Lotteries came in second with an average loss of \$5,127 per victim and sweepstakes came in third with \$3,031 per victim. Some individual losses are minor and others wipe out an entire lifetime savings.

Out of the total dollar amount lost in the top ten frauds, 49% or nearly half was lost from sweepstake and lottery frauds. The crooks know this – they know the grass is greener for these two frauds.

And the common method of payment in 2003 was debits from a victim's bank account. In 1995 bank account debits made up only 8% of all overall payments. Today, crooks are using debit as the fastest way to get the victims money (*something that should scare every financial institution as they lose right along with their customers*).

Payment Methods – Comparing 2003 and 2002



Methods Used For Top Ten Frauds

This chart, printed with permission, from the National Consumer League's (NCL) 2003 Telemarketing Fraud Report, helps to visualize the various debit methods used. Although any method might be used, wire transfer was the most popular method used in lotteries and lottery clubs (*used 83% of the time*) and prizes and sweepstakes (*used 73% of the time*).

Who are the victims? The NCL study uncovered an interesting trend. People living in low-population, often-rural areas were disproportionately victims of telemarketing fraud.

Age of Victims

There was a decrease in all age groups victimized by the top ten frauds, except those 70+ years. The elderly are being targeted and they are increasingly becoming victims. Thirty-four percent of the victims are 60+ years of age. Plus the top complaint of victim's age 60 and older was prizes and sweepstakes, lotteries and lottery clubs, and magazine sales scams.

There isn't anything in this report that sounds great. Victimization occurs in all age groups, but the elderly are the prime targets. They are likely to be available, they tend to be more patient, trusting and willing to help other people. Con artists don't mind spending hours establishing a trusting relationship. They also target the elderly because they believe they have more money from life savings or they have valuable property.

What makes these crimes so heinous is the huge impact they have on the elderly, who usually can least afford a large financial loss, as they no longer possess earning power. They have extreme difficulty in emotionally handling the trauma of a crime of this nature, and it has a direct impact on their sense of well-being. Usually, with the loss of their money, also goes their independence and freedom, as their money was the one thing that gave them the ability to control their own destiny.

The best offense is a good defense – not for just the elderly, but for everyone. The caretaker or the daughter of an elderly person needs to know how these crimes happen, what are the red flags and what can be done. The bank teller or even the supermarket clerk in customer service needs to be aware of the signs that something suspicious may be happening to their customer who is withdrawing or wiring large sums of money. When building a front-line defense it is not enough to just educate the older population. It takes the education of all those who surround them - their friends, neighbors and all the professionals that interact in their lives.

The only thing great about this article is that these statistics provide a solid foundation for the next CCERAP meeting, Wednesday, April 14th on "Lottery Fraud and the Elderly." (*See front cover for details of meeting.*) Jim Kirby, Inspector of the Colorado Lottery will be the guest speaker. The title of his program is "God Wanted Me to Win the Lottery." You don't want to miss this program! In fact, if you attend, what you learn will make you "A Winner! So Congratulations!" See you there!

Age	2003	2002	Change
20-29	13%	16%	▼3%
30-39	17%	19%	▼2%
40-49	20%	22%	▼2%
50-59	16%	16%	None
60-69	11%	12%	▼1%
70-79	13%	9%	▲4%
70-89	10%	6%	▲4%

Resources: Federal Trade Commission, U.S Postal Inspection Service, National Consumers League, Bureau of Consumer Protection, Office of Consumer and Business Education.

Scam Attitudes

Source: www.crimes-of-persuasion.com



Attitude of Society

- In this fast-paced, youth-oriented society elder issues are not high on the social agenda and the elderly tend to be ignored.
- Many people live their twilight years in isolation and they are sometimes mentally infirm and frequently lonely. An alarming number are suffering from debilitating grief over the loss of a lifetime spouse at the precise time they are tapped by a telemarketer.
- Society, in general, tends to think of scam victims as being someone frail or very elderly but that is not always the case. Research rebuts the notion that all elderly victims are vulnerable because they are socially isolated, ill informed, or confused. The victims are often someone that is very outgoing, someone that has many ties in the community, someone that's well educated, and someone that has some money.

Attitude of the Victim

- Victims are very trusting and feel the salesperson could just as easily be their grandchild on the phone trying to make a living. Many of the victims come from a time and place where a man's word was his bond.
- They fail to associate the pleasant voice with a criminal trying to steal their money and do not realize that scammers are not always sleazy salespeople.
- Apart from not wanting to ever be a burden on their children, seniors seek to build their nest egg in the hopes of also providing for their grandchildren.
- Seniors are often reluctant to seek advice or assistance from others about financial matters.
- Recent retirees or older workers who have lost their jobs through corporate downsizing are often attracted to ads touting opportunities to operate their own small business or to work from home.
- One AARP sponsored survey shows that older people who fall for telemarketing scams tend to believe the pitches they hear, that they have a good chance of actually winning the grand prize, and the products touted are worth the price charged for them.
- The survey also showed elderly victims find it difficult to terminate telephone conversations, even when they say they are not interested in continuing a conversation. Ninety percent of survey respondents report awareness of consumer fraud; yet two-thirds said it is hard to spot fraud when it is happening. Even after the fact, victims generally feel that they were not cheated or robbed but that they just didn't get their money's worth.

Attitude of the Con Artist

- The evidence indicates offenders believe older people have more assets and are more susceptible to techniques such as excitement tactics or appeals to altruism.
- A con artist will say whatever it takes to separate victims from their money.
- They will often target older citizens knowing many of them may have significant assets from a lifetime of saving, including self-directed retirement accounts, cash reserves, or other assets available to spend on seemingly attractive offers.
- They are swindlers who con our senior citizens out of their life savings by playing on trust, sympathy, and sometimes loneliness. They are even known to collect obituaries from various newspapers so they can take advantage of recent widows and widowers.
- Offenders have told police their ideal "mark" is an elderly person, home alone, with no contact with family members. Their sympathetic tones easily win the trust of the victim as they commiserate over their troubles but assure them "now your luck has changed, for you've just won a prize worth tens of thousands of dollars".
- Con artists say they don't fear prosecution because they count on their victims' physical or mental infirmity, perhaps even impending death, or the shame surrounding victimization, to prevent their testimony at trial. Unscrupulous telemarketers know the victim, shamed at suffering such losses, often will not even tell friends or family about the scam.

*Printed with permission: Excerpts from "Seniors as Predominate Telemarketing Fraud Victims"
at www.crimes-of-persuasion.com, Les Henderson, Canada*

Red Flags of Lottery and Sweepstake Fraud

Source: www.crimes-of-persuasion.com

Even non-violent crime can be emotionally, physically, and spiritually devastating. Because they have particular difficulty being their own advocates, elderly victims should have a special claim on our social conscience.

Just as parents seek to protect their children from harm, so may adult children protect their parents from financial loss at the hands of unscrupulous operators preying on the elderly.



Watch for these Fraud Red Flags

- A marked increase in the amount of mail with too-good-to-be-true offers such as lots of junk mail for contests, free trips, prizes, sweepstakes, lotteries.
- A house crowded with cheap items such as costume jewelry, watches, pens, small appliances, radios, beauty products, plastic cameras, vitamins, water filters or other items purchased in order to “win” something or received as “valuable prizes.”
- Numerous calls and requests or checks for multiple contributions to the same charities or to several charities that do not seem to be of interest to the contributor.
- Secretive behavior regarding numerous telephone calls throughout the day that are long in duration.
- Receiving unsolicited phone calls from fast-talking operators offering “fantastic” opportunities to claim prizes or make sure-fire investments.
- Checking account shows escalating withdrawals to unfamiliar, out of providence/state companies or individuals with many checks to the same companies or duplicate payments for the same orders.
- Payments being picked up by private or commercial couriers or making wire transfers of funds.
- Suddenly and inexplicably having money-related problems such as buying food or paying bills.
- Requests for loans or cash.
- Many magazines or books of inappropriate subject matter for the reader’s interests.
- Books on how to enter and win sweepstakes.

Some consumers may not understand the hype of sweepstakes offers or they do not have to place an order to win. They may be convinced by the large print promises and not understand or be able to read the restrictive fine print.

If you know that someone in your family, such as a sibling or a parent, appears to have been defrauded by a telemarketer, you should avoid confronting that person directly and outright stating that he or she has been “duped” or “swindled.”

The psychology of telemarketing fraud is complex. Victims can get lured into the scam if they let their guard down. Then they’re afraid to tell relatives. We shouldn’t blame the victims; we should blame the criminals. If you get mugged, nobody blames you for being a victim. Likewise, we shouldn’t blame people who get mugged over the phone.

Unfortunately, a number of adult children whose parents were victimized have reported that their efforts to try to confront the problem resulted only in creating severe strains on, and even irreparable damage to their relationships. Some fraudulent telemarketers have been known to persuade victims they are more concerned about the victim’s welfare than the victim’s own family, whom they try to portray as greedy. Some people are so convinced that they even rebuke direct warnings from law enforcement or consumer protection groups after they themselves call for reassurance that the offers are true.

*Printed with permission: Excerpts from “Providing Assistance to Senior Fraud Victims” at www.crimes-of-persuasion.com,
Les Henderson, Canada*

Need A Program For Your Group On Lottery Scams?

Being the victim of a lottery or other type of scam causes both financial and emotional loss for many Colorado citizens. These type of crimes often target the elderly. Contact Jim Kirby, an Investigator with the Colorado Lottery to schedule a presentation on lottery scams. For available dates and locations call 303 759-6829 or email: jim.kirby@lottery.state.co.us.

Elderly Are Robbed of Financial Assets and Human Dignity

Source: www.crimes-of-persuasion.com



The elderly are not only more susceptible, they tend to be more seriously affected when they are victimized and do not have the time or opportunity for financial recovery; their prime earning years are behind them.

As elders lose their savings, go into debt, mortgage property, or take out credit card advances to pay those exploiting them, even comfortable lifestyles collapse. Some have lost their homes or been forced to sell them to meet day-to-day living expenses. The impact of fraud on elders can be profound and life altering.

Statistically, wives are often left behind having to make financial decisions, which were often handled by their now deceased husbands. They are lonely and suffering from ills that make them desperate for someone to talk to. Thus, many seniors are exploited at a time when they are particularly vulnerable.

Financial exploitations leads them to doubt their judgment. They feel isolated, depressed, angry, and ashamed. These violations of trust compounded with the subsequent uncertainty about paying bills, often lead to illness. In fact, seventy-eight percent of elderly victims develop acute and chronic anxiety. The loss of quality of life or standard of living can be physically and psychologically devastating and irreversible, and victims may become suicidal as a result.

Often these elders get trapped in a downward spiral of repeated victimization as they grow increasingly desperate to recoup their losses. They dread revealing the full extent of their losses, fearing that their well-meaning children will take their last measure of independence away from them.

Fraudulent telemarketers not only rob their victims of their hard-earned financial assets, but also of their human dignity. Elder fraud victims often find their trust shattered. "I would rather be taken advantage of by someone who placed a gun in my ribs than be cheated by someone I trusted," wrote an elderly victim.

Printed with permission: Excerpts from "Seniors as Predominate Telemarketing Fraud Victims" at www.crimes-of-persuasion.com, Les Henderson, Canada.

Video's on Fraud, Scams, Schemes, Financial Exploitation

The following videos are in the CCERAP Free Loan Library. You can check any of the following out for 2 weeks. They are great for Senior Citizen Centers or In-service training sessions. Order by contacting the CCERAP Coordinator. See front cover for contact information (phone, fax, e-mail), or use address correction form on back.

Don't Fall For A Telephone Line (27 minutes)



Excellent discussion starter with consumer groups or senior citizens on combating telemarketing. Produced by AARP. Includes a complete teaching kit. Borrow ours or send for the free copy of the STOP Fraud Program Kit to: AARP (American Association of Retired Persons) Telemarketing Fraud Prevention Team (A-5) 601 East Street NW, Washington DC 20049

Financial Exploitation of the Elderly (24 minutes)



Shows ways to identify the various forms of financial abuse of older adults . . . by sales people, service providers and by family members or "friends." Also suggests ways to prevent such exploitation. Good for viewing by general public and senior citizens.

Senior Security – Avoiding Scams & Frauds in Colorado (29 minutes)



Covers Medicare and Medical Fraud, Identity theft, Telemarketing Fraud, Mail Fraud, Home Improvement Fraud and Care Giver Fraud. It also covers victims of fraud, resources to prevent and report senior fraud and local resources. Good for general public and senior citizen viewing. Silver Winner of the Mature Media Awards. Produced 11/2002 by CCERAP, Colorado Division of Insurance, Kaiser Permanente, and the Denver TRIAD. Handout available to accompany video.

They Can't Hang Up (18 minutes)



Produced by the National Consumer League & National Fraud League. Good for family, adult children and senior audiences. True stories about older people who have been taken advantage of by telemarketers. One widow lost \$74,000 in one year. Discusses her "relationship" with the sales people on the phone. Her adult daughter discusses her perspective on her mother's victimization and tips are offered on counseling and how to confront. Discusses myths of perceived victim personalities and describes the personality that is most easily victimized.

T T T *Dealing With Fraud? Need Help? Call CCERAP 800-773-1366* T T T

Don't Be A Victim of Lottery Scams

By: Mark Zamarripa, Colorado Lottery Director
Tom Thornburg, Colorado Lottery Security Director
Janice L. Friddle, AARP Elder Watch Director

Every day, criminals find new ways to scam victims out of their savings. Colorado residents have fallen prey to con artists claiming to be Colorado Lottery winners who are unable to collect their jackpots. The con artists offer to 'sell' the winning ticket to the victim, or ask their victim to collect the money for them. When the victim agrees, they are asked for money or other valuables as a 'deposit.' Once the con artists have the victim's money, they disappear, leaving the victim holding the bag.

Be Suspicious

Other illegal scenarios include:

The thief or thieves approach victims, claim to be from another country, and claim to want to cash in a Lottery ticket to donate the prize to a church. After the victims hand over their 'deposit,' the scam artists leave victims empty-handed or with a worthless Lottery ticket.

There are other ways for thieves to steal your money using variations on these Lottery scams. For example, if you receive a telephone call from a direct marketer who promises instant lottery prizes, hang up! NO lotteries in the U.S., including the Colorado Lottery, operate this way.

People who approach you with stories like these are criminals. They simply want your money and credit card numbers. They will lie to you, and sound convincing! They're con artists, it's their specialty.

The Colorado Lottery was created to fund parks and recreation, trails and open space, and to provide fun, excitement and prizes for players. DO NOT let these scam artists take your money and spoil your fun.

Be Alert

Protect yourself and your money. The next time a telemarketer has you on the line, be alert:

- A sk questions
- L isten carefully
- E ducate yourself
- R efuse to be pressured
- T ell the authorities

Some Tips to Protect You

- **NEVER** redeem a Lottery ticket for someone you don't know.
- **NEVER** give your credit card numbers over the phone to anyone promising Lottery cash prizes or memberships.
- **NEVER** respond to a letter or phone call from someone who offers you a guarantee of winning a prize. The Colorado Lottery does not guarantee you a prize, only a chance of winning if you buy a legal ticket.
- **NEVER** accept a collect phone call from someone claiming to be a Lottery official.
- **ONLY** participate in a 'lottery pool' with people you trust. If you have questions about 'lottery clubs,' please call the Colorado Lottery Criminal Investigations Division at (303) 759-6839 or (719) 546-5275.
- **ONLY** buy Lottery tickets from authorized Colorado Lottery retailers.

The Colorado Lottery and local law enforcement agencies have teamed up to fight these serious crimes, but there is no way to stop them without your help. To report this type of illegal activity, please call the Colorado Lottery Criminal Investigations Division at (303) 759-6839 or (719) 546-5275, or call your local police department.



Top Ten Telemarketing Scams

Source: 2003 Telemarketing Fraud Report, National Consumer League, National Fraud Information Center

www.fraud.org

1 – Credit card offers

False promises of credit cards, even if credit is bad, for a fee paid upfront.

2 – Prizes/sweepstakes

Request for payment based on promise of cash or valuable prizes that never materialize.

3 – Work at home plans

Kits sold on false promises of big profits from working at home.

4 – Magazine sales scams

Misrepresentation of the cost of subscriptions or pretend to be the publisher calling about renewals.

5 – Advance fee loans

False promises of personal or business loans, even if credit is bad, for a fee paid upfront.

6 – Lotteries/lottery clubs

False claims that consumers have won, or can get help to win a lottery, often in a foreign country.

7 – Buyers clubs

Memberships in discount buying clubs consumers never agreed to join or thought were free trial offers.

8 – Travel/vacations

Offers of free or discount travel that never materializes.

9 – Telephone slamming

Switch consumers; phone service to another carrier without their consent.

10 – Business opportunities/franchises

Offers to help you start your own business with claims of high earnings with little effort.

Lottery Scam – Watch a Live Report

By: Kathy Rickart, CCERAP Coordinator

Source: www.cbsnews.com/stories



For those computer surfers out there, you might want to check out this website (*on CBS News home page, click CBS Evening News, click CBS Evening News Video, then on right hand side in search box, type Foreign Lottery Scam*) and view the live interview featuring an elderly lady of Missouri whose mailbox is flooded with foreign lottery offers from Australia to Germany. The clip shows how she believed it was real, how she knew they would be sending her money, how withdrawals were being taken out of her bank account, and how no money ever showed up. Now she says, *“It’s nothing but a bunch of malarkey!”*

Terry Finley, the U.S. postal inspector explains *“lottery scammers trade mailing lists, so people like this elderly Missouri lady get hit over and over again and the scammers also seem to put no boundary on who they target.”* Then you get to see Andy Rooney and his encounter with a con artist. The clip ends with the elderly lady vowing she will not join any more lotteries and as she put it, *“That’s 100 percent the truth.”*

Medicare Rx Drug Scam

By: Robert Pierce, Colorado Division of Insurance, Senior Assistance Program



The ink just dried on the Medicare reform bill, and already some low-lives are misusing it to rip off older adults.

These fraud artists are using the Medicare prescription drug insurance program and Medicare-endorsed drug discount cards as excuses to get personal identifying information from older adults. They then use the information to commit identity theft.

In reported cases, someone claiming to be from Medicare or from Social Security contacts an older adult and says they need the personal information to get them their prescription drug card. In fact, Medicare and Social Security staff does not go door-to-door telling people about these programs or collecting personal identifying information. Medicare and Social Security already have information about you.

A number of private companies will be offering a Medicare-endorsed drug discount program beginning in April 2004, with enrollment starting May 2004. These private companies will advertise their discount card and try to enroll you in the same manner as insurance companies. Their card offerings will be identified as “Medicare-Approved” and will have an official card seal. Consumers will have to decide which of the card options offers the best deal for them.

Representatives of Medicare and Social Security will not contact people personally. Medicare will send people a letter explaining the program and where to go for assistance, but will not be involved in marketing the various discount card options.

Consumers should not give out their Social Security number, Medicare number, driver’s license information, or bank and credit card account information to phone and door-to-door solicitors who claim to be from a federal agency. These agencies should already have this information, or will request additional information on an official form to be returned to the government. And this information should not be supplied to other solicitors unless you are sure of their legitimacy.



The **Luck of the Irish** was with us the day the Colorado Division of Insurance, Senior Assistance Program said they would sponsor the publishing of the CCERAP Newsletter.

Our **“Hat is Off”** in gratitude for making it possible to provide this quarterly newsletter throughout the State of Colorado.

We appreciate it very much and that’s no blarney!