



Beware of fraud!



Fraud is a crime that costs billions of dollars and affects thousands of Canadians every year, the majority of them seniors. It is perpetrated by clever criminals who through concealing or misrepresenting the truth, persuade their victims to part with cash or valuables.

Seniors are often the prime targets of these crimes of persuasion because they are perceived to be vulnerable and to have ready access to large amounts of cash. The scams can take the form of prizes, special deals, investments, home renovations, donations... and are usually carried out by friendly callers or honest-looking salespersons whose sole purpose is to rob you of your assets.

For seniors who have worked hard all their lives, losing savings, possessions or even a home to a crime of persuasion can be devastating. Seniors who fall victim to fraud are seldom in a position to replace lost assets, as a younger person might be able to do, and may find it hard to recover their sense of trust and security in the world. The resulting stress can undermine physical and mental health.

Fraud can be difficult to investigate and prosecute. While effective laws, diligent enforcement and stiff sentences are essential, prevention is the key to putting fraud criminals out of business. Awareness of potential scams and the way criminals work is the first step in avoiding victimization.

Lloyd Brunet
NACA member
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NACA

The National Advisory Council on Aging consists of up to 18 members from all parts of Canada and all walks of life. The members bring to Council a variety of experiences and expertise to advise the federal Minister of Health, his/her colleagues and the public on the situation of seniors and the measures needed to respond to the aging of the Canadian population. Current NACA members are:

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■ Facing up to fraud

Fraud goes by many names: scam, con game, bunco scheme... and criminals are endlessly inventive when it comes to ways of robbing their victims. Here are some common swindles:

- **Phoney sweepstakes, draws and contests** — The most widespread scam targeting seniors. You are told you've won a big prize and are asked to send money to cover handling and transfers. Needless to say, the 'prize' never materializes.
- **Fake investment opportunities** — "A no-risk investment with guaranteed returns!" Sales of phoney stocks, 'gold' bars or coins, 'diamonds' and other 'gems'.
- **Phone frauds** — You receive a card in the mail saying you've won something and what looks like a toll-free number to claim the prize. In fact, you're running up charges on your phone bill and the criminal is making money from these charges each time you call, but there's nothing on the card or the information line to alert you to this.
- **Home renovation scams** — Substandard work at inflated prices, unnecessary or shoddy repairs, done by unqualified workers. Or a "free inspection" – usually of the roof or another part of the house you can't inspect yourself – which usually turns up "serious problems" requiring "urgent repairs".
- **Misleading advertisements** — The "9 x 12 rug" you ordered turns out to be measured in inches, not feet.
- **Retirement estates and property** — The proverbial swampland in Florida.
- **Medical frauds** — Miracle cures, useless mail-order devices and "medicines".
- **Fraudulent or unethical fundraising** — None or just a



very small percentage of the money raised goes to the ‘good cause’.

- **Confidence games** — You’re approached by a stranger who says he’s found a large sum of money. The criminal offers to split the money with you – but you have to put up some cash first to show your “good faith”. In another scheme, the criminal claims to be a bank inspector or police officer trying to enlist your help to catch a dishonest bank employee.

The problems don’t end once the criminal has your money. If you fall for a scam once, your name may go on a ‘sucker list’, to be sold to other criminals. Or you may be scammed again by the same person. There are even criminals who defraud by posing as lawyers, accountants or court officials who promise that, for a fee, they will help you recover money you have lost through a previous scam.¹

While many fraud crimes are perpetrated using the telephone, they aren’t to be confused with legitimate telemarketing. Many law-abiding companies and charities use telemarketing to sell goods and services or solicit donations over the phone. But these organizations are always willing to send you written information and give you time to think over the offer, so you can make an informed decision, with no pressure or haste. Criminals won’t do this; it’s one of the warning signs of fraud.

Pull the plug on fraud!

End a call if you have any doubts, can’t get enough information or feel pressured.

It’s not rude to hang up on a suspicious call. Say “Take me off your list and don’t call here again.” Then hang up – even if the caller continues speaking. Sometimes it doesn’t pay to be polite!

HANG UP!

■ **Seniors a target**

Crime surveys show that more than half the reported victims of deceptive or fraudulent telemarketing – those phoney contests and investments – are over age 60, and more than two-thirds are women. People over 60 account for three-quarters of those defrauded of more than \$5000 and the vast majority are victimized more than once. Altogether, this type of scam bilks Canadians of an estimated \$40 million annually.

In the United States, the FBI says targeting older people is a cornerstone of illegal telemarketing. The **American Association of Retired Persons** agrees: 42% of seniors they surveyed had received 20 or more calls in the previous six months from someone who tried to sell them something, talked to them about a contest or sweepstakes, or asked for a contribution to charity. What’s more, many of the victims were well educated, socially active people with higher than average incomes – in other words, no one is immune to fraud.

¹ American Association of Retired Persons, “Consumer Fraud: Telemarketing”, online at <http://www.aarp.org/fraud/home.htm>.



The victims of home repair scams tend to be women: their average age is 74.5, and 95% are living alone, possibly recently widowed. By contrast, investment and securities frauds target men.²

■ Why are seniors susceptible?

Criminals look for vulnerability, not a particular age category. But vulnerability is often more pronounced among seniors. Many live on a limited or fixed income, so the prospect of a ‘good deal’ can be tempting. What’s more, seniors belong to a generation given to trust and fair dealing; most are honest and polite, finding it hard to terminate a telephone conversation, even if they’re not interested.

Seniors are also generous – this age group makes the largest average donations to charity – and so may be susceptible to a criminal soliciting contributions for what appears to be a worthy cause.

And since seniors are more likely to live alone, they often don’t have someone readily available to give a sober second opinion. When they encounter a pleasant caller on the phone or a friendly salesperson at the door, their enjoyment of the exchange can prevent them from being critical. Even if they’re not isolated, many seniors are reluctant to seek advice about financial



matters – it’s just something you don’t talk about.

Another problem is that many older victims are not aware of this category of crime and may not recognize or report fraudulent telemarketers and deceptive salespersons as criminals.

When you add to all this the fact that seniors are home during banking hours and that they can readily access their cash (the proverbial nest egg!) it’s easy to understand why criminals seek out seniors as potential fraud victims.

■ Fraud fighters

Combatting crimes of persuasion demands concerted efforts in law enforcement, crime prevention, and public education. Tools used to commit fraud – telephones, the postal system, the Internet – aren’t limited by geographic boundaries, so fighting fraud requires harmonized laws between

² Toronto Police Services, Fraud Squad, presentation at The Canadian Association of Retired Persons forum, June 1998.



jurisdictions and co-operation by law enforcement across provincial and international borders.

Fraud is a crime under Canada's *Criminal Code*, and misleading advertising and other deceptive marketing practices are covered by the *Competition Act*. Deceptive telemarketing is punishable by a maximum of five years in prison and a fine (with no limit on the amount – in 1999 a Montréal court imposed a fine of \$1 million).³ It's **against the law** to make 'payment in advance' a condition for receiving a prize, to offer gifts or prizes as an inducement to buy other products without disclosing the actual value of the gift, or to offer a product at a grossly inflated price and require payment in advance.

Still, fraud can be difficult to prosecute. Canada has a relatively low rate of prosecuting these crimes, for several reasons. In the eyes of the Criminal Code, the crime occurs where the scammer operates – not where the victim lives. If a con artist makes an illegal telemarketing call from Ontario, the crime has to be prosecuted in Ontario, even if the victim lives in another province. Investigating such crimes and mounting an effective prosecution faces many obstacles. Most police forces don't have the resources to travel across the country or abroad to interview victims, and victims may be unable or unwilling to travel.

Banking regulations can be another obstacle. A bank manager or teller notices unusual transactions on a senior's account – say, large or frequent withdrawals – but may not be able to report the situation to family or law enforcement because of privacy rules.

In short, the risks of engaging in crimes of persuasion can be small relative to the potential rewards. Criminals are fully aware of this situation and exploit it to the hilt.

The Internet is the latest tool used to bilk people. To counter Internet fraud, Manitoba became the first jurisdiction in Canada – and possibly North America – to pass legislation (in August 2000) protecting consumers in electronic commerce transactions. The goal is to ensure that Internet transactions have the same legal protections as conventional transactions.

■ Getting help

One of the difficulties in combatting frauds and scams can be seniors' own reluctance to report the crime because of their shame and

Wolves in sheep's clothing

Con artists are charming and friendly. They come in all shapes and sizes – women and men, younger and older, working alone or in pairs. They impersonate bank officials, police officers, municipal drain experts, electricity, water, furnace or gas inspectors, snow-clearing volunteers, health care workers, travel agents, meter readers.

BEWARE!

³ Industry Canada, "A Better Law to Fight Telemarketing Fraud", *Consumer Quarterly* 4/2 (June 1999).



Spotting a fraud

If an offer sounds too good to be true, chances are, it is!

- You have to send money — to cover delivery, processing, taxes or duties — before receiving a prize.
- Pressure or haste — “It’s your last chance.” “This offer ends today.”
- Confidentiality — “This offer’s so good, let’s keep it just between us.”
- Cash in advance — Legitimate home repair contractors with secure, established businesses have credit with their suppliers and don’t need a cash deposit.
- Cash only — no cheques or credit card charges that can be traced or cancelled. The caller wants you to wire the money or send it by courier – or offers to send a courier or a Priority Post driver to pick it up.
- The caller tries to befriend you, sympathizing with your problems, phoning several times over a period of days or weeks, calling you by your first name, asking for personal details (Do you live alone? Any family living close by?)
- The caller claims to be investigating a banking problem or employee theft. Banks and police never involve customers in these investigations.
- The caller asks for private financial information, especially banking or credit card details, when you aren’t buying anything. You shouldn’t have to disclose your bank branch or the type of account you have. And never give your PIN or SIN numbers.
- Scammers play on people’s fears and concerns. Be careful of people who make their pitch right after a death in the family, during a natural disaster, or following a widely reported tragedy.

(Adapted from Phonebusters).

embarrassment at having been taken in. Seniors need to be aware that these crimes are frequent and that frauders are practised criminals, extremely persuasive, and able to con even the most sophisticated among us. If crimes or suspicions aren’t reported, there is little hope of catching the criminals or of prosecuting them.

One of the most successful programs to defeat frauders and help victims is **PhoneBusters**, the national deceptive telemarketing call centre – operated by the Ontario Provincial Police, and accessible from across the country. PhoneBusters receives an average of 100 to 120 calls a day about fraudulent telemarketing schemes, mainly phoney sweepstakes or contests. (See *Resources* for the toll-free number and web site.) Working with PhoneBusters is a group of senior volunteers known as **SeniorBusters**, who provide telephone support and information to seniors who’ve been victims of this crime. Since PhoneBusters came into existence, the number of telemarketing crimes seems to have dropped, but the low overall reporting rate – estimated at 15% or less – remains a concern.



PhoneBusters is sponsored by the **Deceptive Telemarketing Prevention Forum**, a group of businesses and government organizations (among them Industry Canada, the Canadian Bankers Association, MasterCard, VISA, and the RCMP) that have joined forces to fight fraud. Their strategy: informing consumers about how to spot a phone scam, what to do about it and how to report it. Forum members are reaching out to seniors and others with a video and notices in bank statements and telephone and credit card bills.

In addition to national efforts like PhoneBusters, community programs are often a good way to reach vulnerable seniors. Services that have regular contact with seniors – meals on wheels, home care – are a good vehicle for heightening awareness of consumer needs, rights and appropriate sources of help. At the same time, seniors with ample social support and a network of contacts may be less likely to fall victim to predatory defrauders.

The news media – especially television – are another way to give consumers information to protect themselves. Some reporters specialize in frauds and scams. CTV's Dale **Goldhawk**, CBC television's **Marketplace**, and the Radio-Canada program **La Facture** do a great deal to raise awareness about common scams, showing how easy it is to become a victim. Banks and other financial institutions are also starting to get involved

The Walking Aid Scam

A pleasant young woman, pushing a brand new walker, gains access to a seniors' building. She knocks on doors, presenting herself as a representative of a company selling the walkers at a "special one-time price" of \$100 – a significant savings. After making a sale, she takes the senior's money and promises to fetch a new walker, which is "downstairs in her van". The victim never sees the woman, the walker or the money again. (Source: "Fraud Alert", in *Solutions*, Fall/Winter 2000.)

in fraud prevention and awareness training (see *Resources*).

■ An ounce of prevention

Seniors can protect themselves from criminals who steal by persuasion. Awareness of the pervasiveness and nature of these crimes is the first step. Many seniors are vulnerable to frauds, and anyone can be a victim. Learn how to recognize the warning signs of an illegitimate pitch and always consult someone you trust before disbursing a large amount of money.

If you do become a victim, report the fraud. Deceptive telemarketing and other frauds are serious and growing crimes. Don't let criminals get away with it.

Finally, don't be ashamed or embarrassed to talk about how you were defrauded: share your experience with others to raise awareness – it's the best defence against crimes of persuasion. ■



Resources

Help by phone

- PhoneBusters: 1-888-495-8501 (toll-free).
- Your local Better Business Bureau.
- The crime prevention and/or victims' services section of your local police service. Some have crime alert systems to let residents know about current scams in a local neighbourhood or city.
- In all provinces and territories except Ontario and Quebec, your local RCMP detachment. In Ontario, the Ontario Provincial Police and in Quebec, the Sûreté du Québec.
- ScotiaBank's *Fraud Awareness Program: ABCs of Fraud*, started at the Volunteer Centre of Toronto in 1996, led by trained senior volunteers. Group presentations and materials available across Canada and in several languages:
Vancouver (604) 521-1235
Calgary (403) 266-6200
Winnipeg (204) 956-6440
Toronto (416) 961-6888
Halifax (902) 455-7684
St. John's (709) 737-2333.

Further reading

Royal Canadian Mounted Police, "Cons and Frauds and Senior Citizens" (1985) and "Seniors' Guidebook to Safety and Security" (1994) downloadable at www.rcmp-ccaps.com/seniors.htm

Videos

"Too good to be true...", produced by and available from the RCMP, a video mainly about renovation scams, using two real-life situations.

"Scams", sponsored by the RCMP, Stentor and Industry Canada and available through the RCMP. Looks at personal finance and telemarketing frauds and seniors as targets. Useful for seniors' groups and municipalities.

Help online

www.phonebusters.com: PhoneBusters' website.

www.bbb.org/pubpages/scampage.asp: Better Business Bureau: information about telemarketing fraud and tips on protecting yourself.

strategis.ic.gc.ca/oca: Consumer Connection and the Prevention forum on the Industry Canada site.

www.fifty-plus.net: Canadian Association of Retired Persons, for scam alerts.

www.city.medicine-hat.ab.ca/cityservices/police/seniors.htm: tips and descriptions of three common scams targeting seniors.

www.aarp.org/fraud/home.htm: American Association of Retired Persons: facts on fraud and tips on how to avoid being a victim.

heads-up.ca/publications.htm: an Edmonton-based site with tips on avoiding frauds of all kinds.



Lloyd Brunet is a National Advisory Council on Aging member from the Northwest Territories. Until he retired in 1995, he was Superintendent of Public Works for the town of Hay River. He has been the NWT representative of the Seniors Advisory Council for the past three years, and

a member of the Board of Directors of the NWT Seniors' Society for four years. Mr. Brunet is an untiring volunteer with and for the seniors/elders of the community. He believes that volunteer work benefits the giver as well as the receiver and encourages seniors to stay healthy and involved. He was guest speaker at the launch of the 2001 International Year of Volunteers in Yellowknife.