



Office of Inspector General

Legal Services Corporation

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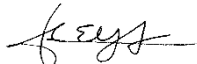
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## FRAUD ADVISORY 23-0156-A-FA

**TO:** Executive Directors

**FROM:** Thomas Yatsco   
Inspector General

**DATE:** July 18, 2023

**SUBJECT:** How to Identify and Prevent Financial Fraud Schemes Committed  
Against Senior Citizens

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This Legal Services Corporation (LSC) Office of Inspector General (OIG) advisory is intended to highlight the growing trend of financial fraud committed against the senior citizen population. Seniors are a substantial portion of the United States population and the LSC grantee client base. If affected by the fraud schemes described in this advisory, eligible senior clients may request assistance from your legal aid program. According to the Council on Aging, fraud schemes targeting seniors are costly, widespread, and on the rise. Seniors may become targets because they can be more trusting, may own homes, may possess personal savings, may be socially isolated, and may be less tech savvy. For example, in its fiscal year 2024 budget request, LSC reported that more than one quarter of seniors dealt with consumer and finance problems such as consumer scams and abusive debt collection practices.

Through this advisory, we want to make you aware of the work of the U.S. Department of Justice's (DOJ) Elder Justice Initiative, which has identified a number of common financial fraud schemes that are often committed by either (1) someone who is known to a senior citizen or (2) a stranger who is able to gain the trust of a senior citizen in order to defraud them.

### **A PERFECT STORM OF CONDITIONS FOR DEFRAUDING SENIOR CITIZENS**

LSC recognizes that low-income seniors are a highly vulnerable population, a large proportion of whom are eligible for LSC-funded legal assistance. LSC's Budget Request for fiscal year 2024 includes a section titled, "Protecting Seniors." In this section, LSC states that "Low-income seniors' limited resources, health challenges, and physical and social isolation expose them to a range of civil legal problems. Seniors account for a growing share of Americans living in poverty, because of their precarious financial status, nearly eight million seniors are eligible for LSC-funded assistance. The financial conditions of seniors have significantly worsened compared to the rest of the population in recent years." The LSC budget request

further states that the factors affecting seniors increase their risk of experiencing elder abuse, which includes financial exploitation, physical, psychological, and emotional abuse, which an estimated 10-percent of seniors are subjected to each year.

In this memo, we are highlighting the DOJ's Elder Justice Initiative, which is focused on combating senior abuse, and providing other resources to help identify and address financial abuse affecting seniors. DOJ's Elder Justice Initiative was established to support and coordinate the DOJ's enforcement and programmatic efforts to combat elder abuse, neglect, financial fraud, and scams that target our nation's older population. The Elder Justice Initiative website, [www.justice.gov/elderjustice](http://www.justice.gov/elderjustice), provides helpful resources to seniors. The Initiative stresses that people who commit financial crimes may charm, persuade, lie, threaten, and use a variety of other approaches in order to separate seniors from their money. No senior is ever to blame for his/her/their financial victimization, and anyone can become a victim. The blame lies with those who commit these crimes, and your clients have the right to report financial crimes against them and receive assistance.

## **IDENTIFYING AND PREVENTING COMMON FINANCIAL FRAUD SCHEMES AGAINST SENIOR CITIZENS**

The following are examples of the major types of fraud schemes that can be committed by someone who knows a senior citizen or a stranger who gains the trust of a senior citizen in order to defraud them.

### **Known Individuals Committing Financial Fraud Against Seniors**

No one expects that a trusted family member or friend will take advantage of or steal money from him/her/them. The following are examples of how financial abuse might occur:

**Power of attorney abuse:** A financial power of attorney names someone else (the agent) to make decisions for an individual if they cannot make decisions about money matters for themselves. An agent abuses the power of attorney when they take money or things for their personal use. For example, an agent might withdraw money from a bank, sell stock, or change the name on the deed to a house in order to keep the proceeds.

**Using a credit or debit card:** Someone takes and uses the senior's debit or credit card without asking. This person might use it to get cash at an ATM, cash back at a store, or to make purchases.

**Trusted professionals:** Professionals like lawyers or financial advisers may take advantage of an individual's trust and withdraw money from an account for personal use.

**Extortion:** A known person threatens to harm a senior in order to intimidate them into giving up money or items. For example, the individual might threaten to put a senior in a nursing home or stop caring for them in order to coerce them into handing over money.

**Forgery:** Someone who is known signs the senior's name on a document, pretending to be them, in order to obtain their money or property. They might forge a name on a check, a power of attorney, a trust, a deed, or a loan document.

**Using money meant to cover care costs:** Instead of using a senior's funds to pay assisted living or nursing home expenses, the person who is supposed to pay the bills uses the money for him/her/themselves.

**Theft by someone who works at a nursing home:** For seniors living in a nursing home, an employee or other person connected with the nursing home might steal their personal property (such as jewelry or cash), convince them to sign a document such as a power of attorney, or make them a joint owner of the senior's bank account in order to get access to their money.

**A new friend:** Someone enters a senior's life and offers to help with ordinary tasks. Over time, the friend becomes increasingly involved in that senior's life until he/she/they have gained the individual's trust and then abuse it in order to take money or assets.

### **Strangers Committing Financial Fraud Against Seniors by Gaining Their Trust**

Seniors may also fall victim to fraud schemes involving a stranger who is able to gain their trust in various ways, such as trolling them online as a potential new friend, pretending to be someone in a position of authority, or offering to provide support to them.

**Romance scams:** Someone contacts the senior online, possibly through a dating website, an online game, or social media. These scammers pretend to be someone they are not so they can gain trust and then ask for money. The scammer will say they have fallen in love but have some reason why they cannot meet in person. The scammer will ask for money so they can meet, deal with an emergency, or start a business.

**Imposter scams (business and government):** Someone contacts the senior and pretends to be from the government (such as the Social Security Administration, Internal Revenue Service, or the police), or a company (such as a bank or online business). Scammers will say there is a serious problem with an account or benefits, or that the senior is a suspect in a crime. They may warn the individuals that their benefits are being discontinued, that they will be arrested, or that their money is not safe. A scammer will say that the way to fix this problem is to pay money or move money to a "safe" account that the scammer provides.

**Lottery/sweepstakes scams:** Someone contacts the senior and says that he/she/they have won a sweepstakes, lottery prize, or gift. The scammer claims that the senior must pay a fee to obtain the winnings knowing that a prize or gift will never be provided.

**Technical support scams:** Scammers send a pop-up to a computer, make a phone call, or send an email saying that the senior has a problem with his/her/their computer. The scammer may pretend to be from a well-known company. Then the scammer will ask for remote access to the computer, allowing him/her/them access to and control of any information on the computer, including bank account information.

**Grandparent scams/person in need:** A senior receives a phone call from someone pretending to be a family member, such as a grandchild, or someone calling on behalf of the family member. The scammer will say that a family member is in trouble—often arrested or seriously injured—and needs money right away. The scammer often demands that the phone call be kept a secret.

**Investment scams:** Someone offers “one of the best investment chances you’ve ever seen.” Scammers trick the victim into putting money in stocks, cryptocurrency, real estate, or other ventures. Scammers promise big returns on their investment with little or no risk. At times, scammers may even provide a fake statement showing that the investment is doing well, or they may send money to the victim in order to entice them to invest more.

**Phishing scams:** The victim gets an email or text message that looks like it is from a company (a bank or a shipping company) or the government, but the message is actually a trick to get the victim to provide personal information. For example, the scammer may say that he/she/they is concerned about activity on a bank or credit card account or that they need to double check some information, such as a username and password, Social Security Number, or credit card number. The scammer will then use that newly obtained information to take the senior’s money, or open accounts or seek benefits in the senior’s name. (Legitimate businesses or government agencies will never ask for a username and password via personal contact, such as phone, email, or text).

### **ADDITIONAL RESOURCES TO INCREASE AWARENESS OF SENIOR CITIZEN FINANCIAL FRAUD AND HOW TO REPORT IT**

The American Association of Retired Persons (AARP) stresses that you must act fast in order to assist in stopping fraud and exploitation, as time is of the essence. As soon as an exploitation is suspected or confirmed, action should be taken. Assets are more likely to be recovered and returned to the victim if they can be located before they are spent. The AARP recommends that legal actions such as injunctions or restraining orders may prevent the scammer from doing more harm.

The Elder Justice Initiative website also provides an interactive roadmap that provides a listing of the appropriate department or agency to contact based on the circumstances surrounding the attempted fraud. See [Elder Abuse Resource Roadmap – Financial | EJI | Department of Justice for more information](#).

The National Elder Fraud Hotline, provided by DOJ Office of Victims of Crime, is a place where seniors who have been scammed can report abuse by clicking [here](#) or dialing (833) 372-8311.

Complaints can also be filed at the Federal Bureau of Investigation (FBI) Internet Crime Complaint Center using the following link: [www.ic3.gov/Home/EF](http://www.ic3.gov/Home/EF).

In 2022, the Internet Crime Complaint Center issued a 19-page Elder Fraud Report with the purpose of “bringing awareness to this problem (Elder Fraud) and preventing future victimization.” The report can be accessed using the following link:

[www.ic3.gov/Media/PDF/AnnualReport/2022\\_IC3ElderFraudReport.pdf](http://www.ic3.gov/Media/PDF/AnnualReport/2022_IC3ElderFraudReport.pdf).

The FBI has also prepared a pamphlet entitled “Older Adult Financial Exploitation,” which discusses senior fraud and provides resources to assist seniors who believe they are a victim of fraud. This pamphlet can be printed and provided to clients during outreach at senior facilities. The pamphlet can be accessed at the following link:

[www.fbi.gov/file-repository/vsd-older-adult-financial-exploitation-brochure-2019.pdf/view](http://www.fbi.gov/file-repository/vsd-older-adult-financial-exploitation-brochure-2019.pdf/view).

If you have any questions or would like additional information about this or any other article, please contact Daniel O’Rourke, Assistant Inspector General for Investigations, LSC OIG, at (202) 295-1651, or by email at [dorourke@oig.lsc.gov](mailto:dorourke@oig.lsc.gov).

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