Pass it on: Older Adults, Fraud, and the Federal Trade Commission

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• Collaboration developed by the Administration for Community Living/Administration on Aging between the National Consumer Law Center, National Senior Citizens Law Center, American Bar Association Commission on Law and Aging, Center for Elder Rights Advocacy, and the Center for Social Gerontology
• See upcoming trainings, conferences, and webinars
• Request a training
• Request consulting
• Request technical assistance
• Access articles and resources
• Jennifer Leach is a Consumer Education Specialist in the Federal Trade Commission’s Bureau of Consumer Protection, where she works on a range of issues.

• Jennifer leads the agency’s efforts to reach older adults, heading up the creation of ftc.gov/PassItOn, an education campaign for active older people. She also leads outreach to underserved groups through consumer education, spearheading Consumer.gov, the FTC’s first resources for people with limited English reading proficiency.

• She also has guided the agency’s outreach to children, leading the team that created Admongo.gov, an interactive game to teach advertising literacy and critical thinking skills to middle-level kids, and ftc.gov/YouAreHere, a website to explain the FTC to kids. Prior to joining the FTC, Jennifer worked on AARP’s Consumer Protection Team, and spent six years at the World Bank, three of them based in Bolivia, developing, supervising, and evaluating social development projects throughout Latin America, the Caribbean, and Eastern Europe.
• Lisa Weintraub Schifferle is an attorney in the Federal Trade Commission’s Division of Privacy and Identity Protection. At the FTC, she serves on the Identity Theft Team, in addition to handling data breach and privacy investigations.

• She regularly speaks on identity theft and elder fraud issues, training advocates across the country about how to assist identity theft and fraud victims. Before arriving at the FTC, Ms. Schifferle spent eight years at the Maryland Legal Aid Bureau, as a Staff Attorney and Supervising Attorney.

• Prior to that, she served as a law clerk to the Honorable Ronna Lee Beck. She received her B.A., summa cum laude, from Yale College and her J.D. from the University of Virginia Law School.
• Persis Yu is a staff attorney at NCLC and works in the Student Loan Borrower Assistance Project and on other consumer advocacy issues. Prior to joining NCLC, Persis was a Hanna S. Cohn Equal Justice Fellow at Empire Justice Center in Rochester, New York. Her fellowship project focused on credit reporting issues facing low-income consumers, specifically in the areas of accuracy, housing and employment.

• Persis is a graduate of Seattle University School of Law, and holds a Masters of Social Work from the University of Washington, and a Bachelor of Arts from Mount Holyoke College.
What Is Pass It On?
Pass It On / ¡Pásalo!

- New consumer education campaign
- Just launched
- [ftc.gov/PassItOn](http://ftc.gov/PassItOn) or [ftc.gov/Pasalo](http://ftc.gov/Pasalo)
Consumer education for active older adults

Respecting a lifetime of experience

Encouraging sharing of information on:

- identity theft
- imposter scams
- charity fraud
- health care scams
- paying too much
- “you’ve won” scams
Poll: Who are you?

(a) Elder advocate/attorney
(b) Consumer advocate/attorney
(c) Consumer
(d) Other
Pass It On –
First steps

Identified the target audience

- FTC’s normal audience: all consumers
- This audience: active older adults
Testing hypotheses

- Who to reach
- Where to reach them
- How to reach them
  - Messages
  - How to deliver content
A difficult idea for a federal agency:

“Tell people what they need to know, not what you need to tell them.”
Things we learned

➡️ An excellent proxy

➡️ Printed materials
  • Short and to the point
  • Friendly
  • Respectful
Things we learned

- Don’t “protect yourself”
- Acknowledge life experience
- Ask them to share
“You’ve got this. But you probably know someone who doesn’t. So pass it on. Share what you know.”
Overall message

- Not more vulnerable
- Not a frail victim
- Part of the solution, not the problem
Applying learnings

- One-page articles
- Bookmarks
- Coffee cup
- Conversational, not scary
Applying learnings

- Activities
- Video
- Presentations
- Sample press release
- Tweets
Applying learnings

Things we wish we could do:

- Do the talks ourselves
- Bring food
- Offer prizes
Things to do

- Grab and post the video
- Use the text for newsletter articles
- Do a presentation
- Tell us what else you need
- Start a conversation
- Share what you know, your strategies, your ideas
- Get more information at ftc.gov/PassItOn
In Demand

200,000+ pieces distributed in 5 weeks

Veterans groups, AAAs, state and local government, police officers, non-profits, social groups

49 states + Puerto Rico, USVI, Guam
The Scams
Types of Scams

- Imposter Scams
- Charity Scams
- Identity Theft
- Health Care Scams
- Paying Too Much
- You’ve Won
Poll: What scams are you seeing most?

(a) Imposter scams
(b) Charity scams
(c) Identity theft
(d) Health care scams
(e) Lottery scams
Imposter Scams
Imposter Scams – How They Work

Someone who pretends to be somebody else calls you, emails you

Asks for personal information

Asks for money – wire transfer or money card
Imposter Scams – Examples

- “Grandma, I need money for bail. Don’t tell mom.”
- “I’m from the IRS and you owe back taxes.”
- “I wish I could come meet you, but I don’t have enough money for a plane ticket.”
Imposter Scams – What You Can Do

- Stop. Check it out before you wire money to anyone.
  - Don’t give out personal information unless you’re sure who you’re giving it to
  - Call back at a number you know to be correct
- Sign up for Do Not Call
Imposter Scams – *FTC v. Grant Connect*

- Scammers used websites designed to look like government.
- Scammers falsely claimed they could help consumers get government grants.
- Court ordered websites shut down.
- $1.7 million redress paid to 22,764 injured consumers.
Charity Fraud
Charity Fraud – How it Works

Here’s how it works:

• Phone call
• Charity name sounds familiar
• Pressure you to pay quickly
Charity Fraud – What You Can Do

- Take your time
- Say no
  - “No, thanks.” Hang up. …OR:
  - “I don’t give money over the phone. If you send something in writing, I’ll consider it.”
- Never send cash, wire money or load prepaid debit cards
Charity Fraud – *FTC v. Handicapped & Disabled Workshops*

- Telemarketers duped consumers into buying overpriced garbage bags & light bulbs
- Falsely claimed that proceeds would benefit handicapped and disabled individuals
- Court ordered company shut down & defendants to pay $15 million to injured consumers
Identity Theft
Identity Theft – How it Works

- Someone uses your personal information to fraudulently obtain goods or services
- Can be the result of imposter scams, data breaches, theft
Identity Theft – What You Can Do

- Protect your information
- Read your statements
- Read your explanations of benefits
- Watch your bills
- Check your credit at www.annualcreditreport.com
- Practice online safety
Identity Theft - Federal Prosecution

Southern District of Florida

Woman was indicted and pleaded guilty to federal charges

- obtaining a fraudulent driver's license in the name of the victim,

- using the license to withdraw more than $13,000 from the victim's bank account

- obtaining five department store credit cards in the victim's name and charging approximately $4,000 on those cards.
Health Care Scams
Health Care Scams – How It Works

They’ll say you need...

- A new Medicare card
- A new health insurance card
- Discounted health insurance
- To act now!
Health Care Scams – Examples

- Miracle cures
  - Offers quick cures to MS, Alzheimer’s, cancer
- Affordable Care Act scams
- Medicare-related scams
Health Care Scams – What You Can Do

- Take your time
- Check it out
  - 1-800-MEDICARE
- Consult reliable sources of health information (healthcare.gov, cdc.gov)
- Do not delay medical treatment
Health Care Scams -
FTC v. 9107-4021 Quebec

- Prescription discount scam
- Online pharmacy sold sham memberships to seniors
- Claimed you could save 30% to 50% on prescriptions
- Consumers got nothing or a worthless prescription card
- Court ordered company to pay $7.5 million to injured consumers
Paying Too Much
Paying Too Much – How it Works

Charges on bills

- Rate increase
- Interest rate change
- Unexpected charges
Paying Too Much – What You Can Do

→ Read your bills
  • every statement, every time

→ Read contracts carefully before you sign them
  • look for balloon payments, variable interest rates
Paying Too Much—
FTC v. T-Mobile

- Complaint filed 7/1/14 in W.D.Wa.
- Alleges that T-Mobile put hundreds of millions of dollars on mobile bills for bogus charges never authorized by customers
- “cramming” = phone company puts charges on bill for 3rd party & gets a percentage
“You’ve Won” Scams
“You’ve Won” Scams—How They Work

- You get a call, an email, a card
- Says that you’ve won a prize, lottery, trip
- You just need to pay fees, taxes, custom fees first
- They want you to wire money or give your credit card information
“You’ve Won” Scams – What You Can Do

What you can do:

• Keep your money to yourself
• Keep your information to yourself
• If in doubt, check it out
• Never wire money
You’ve Won Scams –

FTC v Dayton Family Productions

- American Health Associates called and said you’ve won a car, boat, vacation
- All you have to do is buy $300 to $500 in vitamins to claim it
- Consumers never got items, got nothing or junk
- FTC won injunctive relief shutting down company
Report frauds and scams to the Federal Trade Commission

→ 1-877-FTC-HELP

→ ftc.gov/complaint
Questions? Comments?

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Protections under the Fair Credit Reporting and Fair Credit Billing Act

Persis Yu
September 10, 2014
FCRA ID Theft Remedies

• Initial fraud alert ("one-call" alert)
  – 90 days
  – Only requires "good faith suspicion" of ID theft
  – 1 free report

• Extended fraud alert
  – 7 years
  – Requires ID Theft report
  – 2 free reports
FCRA ID Theft Remedies

• User obligations re: fraud alerts
  – Requires users (generally lenders) to form a reasonable belief about ID before extending credit
  – For extended alert, requirement extends to credit scores and lender must call consumer at listed telephone number
State law security freezes

• Best defense against ID Theft
• Required by 49 states and D.C.
  – Available nationwide on a voluntary basis
• Cost anywhere from $0 (for ID theft victims and sometimes seniors) to $10 per credit reporting agency.
• Prevent credit report from being used by new lenders
  – Exceptions for existing lenders, government agencies, insurers, prescreening
FCRA ID Theft Remedies

• Blocking of items resulting from ID theft

• Consumer must send:
  – Proof of consumer’s ID
  – Copy of an Identity Theft Report*
  – Consumer’s identification of fraudulent information
  – Statement by consumer stating the information does not relate to any transaction by consumer

• General dispute rights
Credit Card Dispute Rights

Three credit card dispute rights under the Truth in Lending Act

• Unauthorized use provisions
• Right to withhold payment
• Billing error procedures (often referred to as “Fair Credit Billing Act”)
Unauthorized Use Protection

• Limits liability for unauthorized use to $50
  – In some cases, not even $50 imposed
• Consumer can give notice orally or in writing
  – No written dispute required
• Lender must conduct investigation

• Can be useful in ID theft case
Right to withhold payment

• Can raise claims against merchant by withholding payment from credit card company
  – Exception for tort claims
  – Could be useful in the case of a scam
• Must not have paid disputed amount already

• Requirements
  – Must make good faith effort to resolve with merchant
  – $50 or more at issue
  – Goods or services bought in home state or within 100 miles
    • Does not apply when lender mailed ad or is seller
    • Issue – telephone and Internet sales
Billing Error Procedures

• Require written notice of dispute within 60 days of statement in which error appears
• Lender required to investigate and report results to consumer within 2 billing cycles or 90 days.
• Can withhold payment of disputed amount (but only disputed amount)
Questions?
Since 1969, the nonprofit National Consumer Law Center® (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. www.nclc.org