

**TRUST YOUR INSTINCTS?
TOOLS TO EMPOWER SENIORS TO
IDENTIFY SCAMS AND FRAUD**

HEARING
BEFORE THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE
ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

INDIANAPOLIS, INDIANA

AUGUST 5, 2014

Serial No. 113-28

Printed for the use of the Special Committee on Aging



Available via the World Wide Web: <http://www.govinfo.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

WASHINGTON : 2023

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TUESDAY, AUGUST 5, 2014

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, DC.

The committee met, pursuant to notice, at 10:37 a.m., in the Farm Bureau Building Banquet Hall, Indiana State Fairgrounds, 1202 East 38th Street, Indianapolis, Indiana, Hon. Joe Donnelly, Committee Member, presiding.

Present: Senator Donnelly.

**OPENING STATEMENT OF SENATOR
JOE DONNELLY, COMMITTEE MEMBER**

Senator DONNELLY. Good morning. Thank you so much for being here today. We are honored to be here at the State Fairgrounds. This is a Senate Special Committee on Aging field hearing. We are honored that all of you were able to come by.

With me will be Representative André Carson, who is a guest of the committee. We have as witnesses an extraordinary panel that we are very, very lucky to have: Our Attorney General, Greg Zoeller, who has worked so hard on this issue; Cynthia Mormon, Assistant Inspector in Charge of the U.S. Postal Inspection Service; Mandla Moyo, Community Outreach Director, Indiana AARP; Mark Lindenlaub, Board President, Indiana Association of Area Agencies on Aging; and Joyce Walker, who is the daughter of a scam victim and who has lived through all of this.

One of the things we want to try to accomplish is to make sure that for all Hoosier families and for all Hoosier seniors, that this helps to provide them with additional information to protect themselves, to protect their resources, so that when people with ill intentions try to prey on them, that they have the ability and the understanding of how to protect themselves and their families.

I would like to start, as I said, by welcoming everyone to this field hearing. Today, we will focus our discussion on a problem of growing concern to Hoosier seniors, to law enforcement agencies, and to policymakers at all levels of government, and, I would also like to thank the U.S. Secret Service for being here today, because they deal with these issues on a regular basis, as well.

Consumer fraud and scams have been and continue to be a significant problem in the United States, especially among our growing senior populations. After a lifetime of hard work, seniors should

have peace of mind, knowing they can enjoy their retirement in peace and with financial security.

Our mission today is to empower Hoosiers to more easily identify and prevent common types of fraud and scams. We are also here to learn more about the work that is being done across our State to combat these schemes. To help me do that, we have this extraordinary panel here with us today.

We are lucky to have them, because they bring a broad array of perspectives to this issue. We look forward to hearing your testimony from all of you on how we can better utilize the resources currently available to our seniors and to what efforts we can do to make sure that we minimize the risk of fraud to our seniors in the future.

Scams and frauds, as our Attorney General will tell you and as all of you will, come in many forms and in many shapes and from many directions. They include identity theft, scams conducted over the phone, scams that go through the mail, Medicare scams, Social Security scams. By providing our seniors with additional knowledge and resources to identify these scams and fraud, we can reduce the number of victims who lose out financially to these often sophisticated schemes.

The Attorney General was saying to me earlier, he said how hard they work on these schemes. These are not simple run-of-the-mill operations. These take extraordinary planning and extraordinary effort, and, we laughed and said we wished they put their effort to better things than these kind of things.

In 2010, my own congressional office at the time was tipped off to a misleading mailing that was sent out to seniors in the congressional district that I represented, asking them to please pay to provide their responses to Census information. My name was right there on the letterhead from our congressional district and it was assumed by many that it was from our congressional office. An organization called the Council for Retirement Security—we learned they were affiliated with nothing more than just an online blog. They sent surveys to several Hoosier seniors asking for responses and, of course, credit card information.

More recently, a member of our team who is here today, her mom received a phone call from a stranger asking for money and claiming to be her grandson. In this particular case, which I think was quite a way to handle it, she said, “You ought to behave yourself better. Talk to your parents.”

However, people are calling our seniors, claiming to be sons, daughters, grandsons, granddaughters, friends, neighbors, needing immediate help. This common scam is known as the Grandparent Scam. It seeks to trick victims into believing that your loved one is in peril, such as in a car accident or in jail or having trouble returning from a foreign country. Whatever the excuse, the scammer convinces the victim they need to send money immediately, and they also need to keep that call a secret so that they are able to get their loved one out of trouble.

One of the most important messages we hope to promote today is that awareness is the key to helping prevent fraud. While Americans are generally aware that identity theft and consumer fraud are on the rise, many are unaware of the scope of the problem.

Today, we want to encourage victims to tell their stories about how con artists operate, how we can bring it to light, and how we can bring it to a greater sense of urgency, so, I want to thank all of you for being here.

Congressman Carson, if you would like to say a few words.

**STATEMENT OF HONORABLE ANDRÉ CARSON,
CONGRESSMAN, STATE OF INDIANA, INDIANAPOLIS, INDIANA**

Congressman CARSON. Thank you, Senator, and thank you for your leadership, particularly in putting this hearing together as presiding Chair. I want to certainly thank the panelists and our Attorney General and our friends in the Secret Service.

I am very pleased to be here today, and I also want to thank the staff of not only our organization, but of Senator Donnelly's organization for holding this field hearing to really provide resources and trusted information to help our seniors protect their privacy and security. In this age of information and technology, we all know that we are still faced with many bad actors who really wish to take advantage of other people, so, it is very imperative that lawmakers like Senator Donnelly and myself and community leaders and stakeholders continue to examine policies that distribute information that will help prevent fraud in the future.

I am honored that we have witnesses here today, accomplished witnesses, who are engaged in informing our community about how to really identify and protect themselves from these kinds of scams. We all know someone in our lives who can benefit from the tools provided here today, and perhaps we can do our own part by really listening and passing along what we learn. I hope some of us leave here today empowered on what to do if we or our loved ones are victims.

These criminals succeed when we remain silent and do not report our experiences. As we all continue to work together to improve those resources, basic communication and education are our most powerful tools.

I want to thank my good friend, presiding Chair and Senator Donnelly, for his leadership on this issue that impacts so many Hoosiers, so, I look forward to getting started and learning a lot more. Thank you, Senator.

Senator DONNELLY. Great. We are lucky to be joined by Joyce Walker of Hebron, Indiana, whose mom fell victim to a sophisticated phone scam.

I just want to let everybody know—have a good Hoosier laugh, so, we got here and we said, we do not have any gavel for the event, so, we looked around my office and there was a little plaque on the wall that had a gavel on it.

About an hour ago, we took it apart, we unscrewed it, and here is the gavel today.

We are in business. I was about to give my friend, Greg, a call and say, do you have anything in the office you could bring with you?

Joyce, if you could let us know what happened to your mom and how it developed.

**STATEMENT OF JOYCE WALKER,
DAUGHTER OF SCAM VICTIM, HARTFORD CITY, INDIANA**

Ms. WALKER. Thank you, Senator Donnelly, for this opportunity, and to Michelle Mayer for believing in me.

My mother may have been 93 years old, but she was nobody's fool. When he called her to tell her that she had won big money, she was not about to fall for that. However, six weeks later, when he called again, she fell under his spell. When I caught up with her, she had written and mailed checks for thousands of dollars to people she did not even know. What follows is a brief overview of 24 pages of documentation, which I call, "To Kill A Scam."

On August 13th of last year, our scammer hit for the first time. He called my mother to tell her she had won money and he needed her bank account information. My mother is a smart woman and she told him that her bank account information was none of his business and suggested that he call me. He did. He had a thick accent and he sounded like my parents' doctor. When my husband walked in the house and asked who I was talking to, I answered, "I do not know, but I think it is Dr. Sitar." Boom. I had just dropped my parents' name.

When I finally heard the word "three-point-five-million dollars," I laughed at him and hung up. He called back six more times that evening. Each time, we would either let it ring or pick it up and hang up on him, but he kept calling. When we looked at the caller ID, it said "J.M. Kingston." While trying to figure out who Jim Kingston was, the light bulb went off. This call was coming from Kingston, Jamaica.

The next day, he called two more times and my husband threatened to call the police if he called again. He never called again, and that was the end of that, or so we thought.

Six weeks passed, and my mother received a phone call from Dr. Sitar requesting a check for \$2,400 for my father's care. She mailed it to him. Here is the check. She then received a call from the doctor stating that he was on vacation, could not cash her check, and she would have to rewrite it to his mother, Beverly Hagerman, and mail it to her. Mom followed his orders. However, she did mention this to her alert Resident Assistant at Wynnfield Crossing, who called me and suggested that something seemed fishy and maybe I should look into it.

One call to the doctor's office confirmed that no such fees had been charged. I immediately called my mother's bank to stop payment on these checks, but Beverly Hagerman had already cashed her check. When I then visited my mother and looked at her check register, I asked her who Charlie Ugarte was. She had no idea. When I showed her, "Mom, you have written a check for \$2,000 to somebody named Charlie Ugarte," she said, "Oh, that is a friend of Dr. Sitar's."

After hours of searching on the Internet, I tracked down Beverly Hagerman, a 58-year-old woman in Houlton, Maine, and, thanks to the staff at Wynnfield Crossing, who diligently went through the trash, we came up with a Post Office Box number in Silver City, New Mexico, for our friend, Charlie Ugarte, who turned out to be a female, age unknown.

I was fortunate to find Beverly Hagerman on Facebook. We had numerous conversations on Facebook and she was checked out by Michelle Mayer of the Indiana Attorney General's office. Our scammer had identified himself to Beverly as David Anderson, told her she had won a car and money, gave her good reason to believe him, and called her on a regular, almost daily, basis. Scam victims like Beverly unwittingly launder money for him by cashing personal checks from scam victims like my mother, buying Green Dot Visa cards, and wiring money at his instruction. As I had done for my mother, I instructed Beverly to change her bank account numbers, get an unlisted phone number, set up fraud alert with the three credit bureaus, and never to talk to him again. She followed my instructions.

Charlie Ugarte surfaced when her bank would not cash my mother's check. Upon being told that it was part of a scam, she replied, "I am not a scammer. I am just trying to earn points to win a million dollars." She did take her check to the Silver City Police Department, where it is now laying in their evidence room.

Meanwhile, because we were disrupting his plan, our scammer, whatever you want to call him, David Anderson or Dr. Sitar, was not receiving his money, so he actually called Beverly's bank in Bangor, Maine, where he became very belligerent with the bank's vice president. Not gaining any ground there, he called the Houlton, Maine Police Department, told them they needed to arrest Beverly Hagerman, a scammer and a money launderer who owed him money. The police were skeptical, but did take a frightened Beverly in for questioning. Fortunately, she had already had Michelle Mayer and the Indiana Attorney General's office on her side.

I have filed complaints with the Federal Trade Commission and the FBI. If anybody wants to help me get this guy, thanks to Beverly and Facebook, I have the names of five of his receivers and I even have their pictures off of Facebook, and they all live in Jamaica.

I have learned numerous lessons from this incident. A few examples are: One, scammers are slick. If they get your money, you will not ever see it again. Be careful who you talk to on the phone. Get an unlisted number. Never pay a bill without a written statement. Never cash a check from someone you do not know.

Two, take charge of your aging loved ones' financial matters sooner than later. Use your Power of Attorney, watch their check registers, and get to know their doctors, bankers, and caregivers, and, three, we usually think to report scams to our local police departments. Police officers need to be equipped with the information that they will pass on that we need to not go to them but to State Attorney General's office or the AARP.

Senator DONNELLY. Thank you very much.

We are blessed to have an Attorney General in our State, Greg Zoeller, who has been a tremendous advocate for seniors, who has worked very, very hard to protect the people of our State, and I would say there is no State that has been better served in this area than our own. Attorney General Zoeller.

**STATEMENT OF HONORABLE GREG ZOELLER, ATTORNEY
GENERAL, STATE OF INDIANA, INDIANAPOLIS, INDIANA**

Mr. ZOELLER. Thank you, Senator, thank you, Congressman Carson, and, particularly for having this hearing and helping us raise attention to this, I would say, very important issue.

You know, we try in the State and local levels to do as much education and outreach as we can, but I do think that the role you play in raising the profile and bringing statewide attention to this is something that we all on this panel appreciate, so, again, thanks for your convening this and being here.

I will dispense with reading my formal remarks. I will submit that. I know how the Senate operates, so I will—maybe I can revise and extend my remarks later—

Senator DONNELLY. If there is a way to talk longer, we usually find it.

Mr. ZOELLER. I will shorten this, just to make a few comments.

First, we have got some statistics to share to show the extent of this problem, so, you will hear a number of examples. We all have as many as you want to listen to, but, we have statistics in terms of the number and the type, so we can present that for your information.

I think it is critical to recognize that the focus on seniors is because of their vulnerability. My office has always focused on the most vulnerable in our State, so whether it is children, whether it is recent immigrants, people in financial trouble, anyone who shows some vulnerability. The last time we were together, we were talking about military servicemen and women and the families when they leave to be deployed, so, again, scam artists focus on the vulnerabilities of people.

Combined with that, seniors often have resources in their possession, so, they have retirement accounts. They have 501(c)(3)'s with moneys that are in their possession that they have access. Sometimes, we have people that are asked to take out loans. They use resources from their home equity, so, they do have resources, or they would not be the same kind of targets.

I think some of what we are really looking at is in Indiana, the Indiana General Assembly has recently passed what is called a Senior Protection Act, so we have asked for additional enhancements to our consumer protection statutes to focus on those who will go after the vulnerabilities of seniors. I do think that it requires special attention and it is something that we have focused on.

Just since that statute has passed, we have had 3,067 complaints specifically regarding senior consumers, so, this is just a little over a year. A lot of these scams involve home improvement fraud. We have a lot of people that will offer what is really unnecessary work.

We have got a considerable number of examples where people will do the door to door, so, it is not all online. You will see things in the mail, but, a lot of it is door to door, so, you will have people that come up—some of the examples of when they come up and try to offer their services. If there is a son or a daughter there, they will come back later, recognizing that they need to get the seniors alone, so, these people really do deserve, let us say, an enhanced penalty, and we have at least gotten some of that.

One of the benefits of being in Indiana, we usually are not the first place a fraud starts, so scams come from both coasts. Sometimes, they originate out of Chicago, but, we get a little extra warning, so, in working with our Federal partners, particularly the FTC, other Attorneys General around the States, law enforcement, the Better Business Bureau, AARP, when we hear about scams that are likely to be coming to Indiana, we have created what is called a Fraud Alert System. We recommend that seniors go onto our website, Indianaconsumer.com, register for a fraud alert, and when we see things that are coming, they can literally get a short notice, so, it is either in an e-mail form or a text, depending on how they choose, but, sometimes, just knowing what the new scam is puts you at a heightened ability to recognize the scam when it comes.

The other thing that we have really focused on is the creation of our outreach system, so Michelle Mayer, who was just mentioned, she and her team of four others travel around the State giving programs, so, they will literally go through, how do you protect yourself, and a lot of the audiences that are most interested are our seniors, so, we will come to whatever group asks, and we can usually find ways that you can tailor fit to the needs and the vulnerabilities of the community, so, if it is not seniors, we have done a number of programs with other types of groups where we can literally go through and give common sense ways to protect yourself.

We have created what we call the tool kit, and again, it is all online at this Indianaconsumer.com, where you can go through and find easy ways to do simple protections. Now, again, education is always the best, but some of the things that I have always recommended, obviously, with some of the technology that is out there, the ability to steal identities and create new forms of loans or some type of a credit card where they can then run up the credit card.

The easiest thing to do is, again, on our online system and with the help of the Indiana General Assembly, we have what is called a security freeze, so, you freeze the credit reporting services, the three credit reporting services, so that if people did steal your identity, you cannot open up a new credit card. It takes, literally—when I did it, it was 10 minutes. It freezes all the ability to open up new credit. If you do want to—I think I was at Sears or something and they were going to give me a 15 percent discount if I opened up a Sears card—you can go online real quickly, open it up for, I think it is three days. They run your credit report, you get your credit card, and then I think it closes automatically, so, things like that, and, frankly, seniors are probably well advised. They should not be opening up new lines of credit anyway. I mean, they have already got their nest egg, hopefully, and they have got whatever fixed income they are living off of. Opening up new lines of credit is probably something that they are not really—they should not be in the market for. Offering that security freeze.

Obviously, everybody, hopefully, by now, we have promoted our “Do not call.” That does protect you in some ways, but with the new VOIP, the Voice Over Internet Protocol, these overseas calls now come in. A lot of them are robocalls. We are trying to teach people—and, again, seniors may be particularly vulnerable because

they are not from the generation that is used to hanging up on people. I have to tell them, I know we all love our neighbors and we trust each other, but just hang up and say a prayer for them, and maybe that will make it—

There are some things like that. We have a lot of examples. You know, when you were talking about the Grandparent Scam, the latest variation is that they go through Facebook accounts of our kids. They see pictures of the family, the names. They find that they are going on vacation and they are taking pictures from Florida, so, the call to the grandparent is already after they have done their own homework and education, knowing who to mention, what names to use, that they are in Florida, that they got in trouble, that they need money. These are not just random calls. These are people who have really targeted our seniors and are knowing a lot more about them because of the information that is all too available. Some of our younger citizens do not know what privacy means, but, it puts their grandparents at risk, and I think it is something we need to spend more time educating on.

The sweepstakes and the fake lotteries, those things, we have tried to educate people that if you did not register for it, you cannot win, but, again, particularly among people who would like to have something nice happen to them, I think the vulnerability is there.

Finally, I would just say that some of the things that I would also, while you are talking about seniors, we do have problems with prescription drugs being taken out of their medicine cabinets, so, we have talked a lot about the Take Back programs. We need your help with the DEA, that still has not passed rules that allow us to bring medicines back as easily as we would like, but, those are other risks to grandparents and their grandchildren that get into the medicine cabinet all too easily.

Finally, I would say, in addition to the panel you have got here today, I would pay special tribute to a group called the Triad, which is in, I think, 23 counties now. It represents usually the sheriff, sometimes the AARP or some other senior groups, and then community organizers. They have really been some of the best when it comes to local protection of our seniors, so, the Triad groups really are people that we should all appreciate, and a little shout out to them.

Finally, I will just say that, again, anything else that my office can do. We go all around the 92 counties, and we would be willing to work with either or both of you any time we might be of service. Thanks again for inviting me.

Senator DONNELLY. Thank you, Mr. Attorney General.

Congressman CARSON. Thank you, Attorney General.

Senator DONNELLY. We would next like to hear from Cynthia Mormon, Assistant Inspector in Charge at the U.S. Postal Inspection Service, and if you would speak into the microphone, that would be great.

**STATEMENT OF CYNTHIA MORMON, ASSISTANT
INSPECTOR IN CHARGE, U.S. POSTAL
INSPECTION SERVICE, DETROIT, MICHIGAN**

Ms. MORMON. Good morning, Senator Donnelly and Congressman Carson. Thank you, Senator Donnelly, for calling this impor-

tant hearing on tools to empower seniors to identify scams and fraud and for the opportunity to share the important work the Inspection Service is doing to combat fraud against older Americans.

As the Federal law enforcement, crime prevention, and security arm of the U.S. Postal Service, our goal is to promote confidence in the U.S. mail. We work to assure that American businesses can safely dispatch funds, securities, and information through the mail, that Postal customers can entrust their correspondence to the mail, and that Postal employees can work in a safe environment.

To effectively enforce some 200 laws under our jurisdiction, 1,300 Federal inspectors are stationed throughout the U.S., and in Puerto Rico, Guam, Germany, as well as at Universal Postal Union Headquarters in Bern, Switzerland. In the last fiscal year, the Mail Fraud Program obtained over 400 arrests and 410 convictions nationwide.

Today, I will discuss several schemes conducted through the mail that disproportionately target older Americans. These include foreign lotteries and illegal sweepstakes, secret shopper scams, and love losses schemes.

Foreign lotteries and illegal sweepstakes—these schemes, initiated by mail, e-mail, phone, or fax, are where scammers tell victims they have won a lottery or sweepstakes, often an international promotion. Victims must remit a fee, described as taxes, duties, or handling charges, to claim the prize. Unwitting customers remit large sums of money to these crooks, but instead of a prize, all they receive are more calls and mailings. Once victims take the bait, unrelenting scammers coerce them into sending even more of their hard-earned money. Some scammers send victims a check or money order as an advance and tell them they must send money to collect the rest of the prize, which is not how legitimate promoters operate. To gain victims' trust, some scammers use the name of well-known sweepstakes. Legitimate operators do not charge entry fees and do not require that customers pay a fee to collect winnings. When consumers win a legitimate promotion, they pay taxes directly to the government, not to the operator. Older Americans should get a promoter's number from directory assistance to verify the legitimacy, and any American who receives a notice that they have won a foreign lottery or sweepstakes should not believe it. It is illegal to buy or sell foreign lottery or sweepstakes tickets across the U.S. border.

Work at home schemes—these victims receive a solicitation by mail or e-mail or respond to a job ad online or in print. Fraudsters hire respondents without an interview or background check to work as payment processors. They must deposit checks or money orders from the company into their own bank accounts, then wire money to their employer and keep a portion as pay. In a variation known as the "mystery shopper," victims receive a check by mail or e-mail and must cash or deposit it. Once it is cashed, they are instructed to visit a store or money transfer company to test customer service or make some other observation. It usually involves making a small purchase and wiring the remainder of the money to the fraudster. In either case, victims are notified by their bank that the check they cashed or deposited is counterfeit and they are liable for the full amount.

Love losses scam—these schemes involve an e-mail or phone call from someone purporting to have a romantic interest in the victim, who they met in a chat room or a dating website. Again, after gaining rapport, the fraudster asks the victim to send money or tells the victim they are in a foreign country and have a check or money order in U.S. dollars they cannot cash. They may claim to have a medical emergency or other problem or promise to come to the U.S. to be with the victim, but need a check or money order cashed to cover expenses.

Postal Inspectors advise that people never send money to someone they do not know or have never met. Consumers should cash checks or money orders only for relatives or someone they trust. They are liable for any check or money order they cash or deposit, so they should ensure it is legitimate before they do so.

Senator Donnelly, thank you for this committee and for highlighting the significant and troubling issue and allowing us to testify. We look forward to continuing to work with local communities to educate our older consumers and their family members on how to identify these schemes and prevent them from happening to themselves, their loved ones, and others.

Senator DONNELLY. Thank you so much, and thanks for your service to the Postal Service.

We are fortunate to have Mandla Moyo here with us today. He is the Community Outreach Director for the Indiana AARP.

Mr. Moyo.

**STATEMENT OF MANDLA MOYO, COMMUNITY OUTREACH
DIRECTOR, INDIANA AARP, INDIANAPOLIS, INDIANA**

Mr. MOYO. Thank you, Senator. Thank you, Senator Donnelly and Congressman Carson, for being here today. More importantly, Senator Donnelly, thank you for convening such an important hearing on such an important topic that affects older Hoosiers whom I have the opportunity and pleasure of working with on a day-to-day basis. Thank you, also, to Senator Nelson and Ranking Member Collins for their leadership on working to protect seniors from fraud and scams.

Again, my name is Mandla Moyo and I work for AARP Indiana. AARP is a nonprofit, nonpartisan organization with membership of more than 37 million that helps people turn their goals and dreams into real possibilities by strengthening communities and fighting for the issues that matter most to families, such as health care, employment security, and retirement planning.

AARP has staffed offices in all 50 States, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Our Indiana office is located in downtown Indianapolis, and we currently have over 840,000 members statewide.

For more than 50 years, AARP has been providing Americans with resources and tools that help them protect their financial security. That is why we recently launched the Fraud Watch Network, because too many hard-working Americans were being scammed out of the money they have earned. Research shows that more than \$20 billion was stolen from about 13 million victims in 2012 alone. It is estimated that older adults are defrauded out of about \$3 billion every year.

A poignant quote from a recent AARP Report summarizes the devastation of these criminal activities. After a lifetime, and I quote, “After a lifetime of doing all the right things to prepare for a comfortable and dignified retirement, too many older Americans are having their retirement security threatened by financial predators.”

The AARP Fraud Watch Network connects people to experts, law enforcement, and fellow Hoosiers who are spotting fraud and sharing their experiences so others know what to watch out for. Available free of charge to AARP members and nonmembers alike, and people of any age, is the Fraud Watch Network, which provides Watchdog e-mail alerts that deliver breaking scam information, prevention tips based on the latest information from experts, an interactive map with the latest law enforcement warnings from each State, a phone number that people can call to talk to volunteers trained to help fraud victims, and access to a network of people who are sharing their experiences with scams so they can help others protect themselves. Folks can sign up either online, by going to fraudwatchnetwork.com, or by calling 877-908-3360, to get resources by mail and sign up for phone alerts.

Locally, we currently have 27 Indiana volunteers working specifically on getting the word out about the Fraud Watch Network. For one of the most active Fraud Watch volunteers, this issue of online fraud became too real. Melvin from Carmel, although a tech savvy individual, Melvin was a victim of identity theft after making a purchase online. If it can happen to him, it can happen to anyone.

For example, the GFK Group conducted an Internet-based survey for AARP last November which showed that while the vast majority of Indiana online users—76 percent—say they are concerned about being scammed over the Internet, they only were able to answer an average of five out of the ten questions in a simple online literacy test designed to test their knowledge about how to be safe online. For instance, 56 percent of Hoosier respondents are unaware that a privacy policy does not always mean the website will not share information with other companies. Thirty-eight percent are unaware that banks do not send e-mails to their customers, asking them to click on links to verify personal information, and, 72 percent of Indiana adults that access the Internet, or as many as 2.7 million people, received at least one online fraud offer in 2013.

The most common scams that target older Americans involve buying and selling gold, the emotional grandparent scam where the caller poses as a distressed grandchild needing money, and bogus sweepstakes that offer an irresistible pitch—you have won, just pay this simple processing fee. According to the Federal Trade Commission, reports of consumer fraud have increased over 60 percent since 2008, and online scams doubled, from just 20 percent in all fraud in 2007 and nearly 40 percent of all fraud in 2011.

As such, AARP will continue to spread the word about the Fraud Watch Network and help safeguard the retirement security of older adults.

Thank you again for inviting me to testify today, and I look forward to taking your questions.

Senator DONNELLY. Thank you very much. The final statement we will have will be from Mark Lindenlaub. After that, we will be asking a series of questions to get your best ideas, but, Mark is the Board President of the Indiana Association of Area Agencies on Aging. Mark, thank you for being here.

**STATEMENT OF MARK LINDENLAUB, EXECUTIVE
DIRECTOR, THRIVE ALLIANCE, COLUMBUS,
INDIANA, AND BOARD PRESIDENT, INDIANA
ASSOCIATION OF AREA AGENCIES ON AGING**

Mr. LINDENLAUB. Thank you, Senator. Thank you for the opportunity to be here. I am the current Board President of I4A, or the Indiana Association of Area Agencies on Aging. I am also the Executive Director of Thrive Alliance in Columbus, Indiana, which is a local Area Agency, or AAA, serving five counties in South Central Indiana, so, on behalf of the 16 Indiana AAAs, the older Hoosiers, persons with disabilities, caregivers, and family members of those that we serve, I want to thank you for the opportunity to be here. Thank you for convening this committee and bringing us all together.

In Indiana, AAAs are the gateway through which most Hoosiers access long-term care services. We administer a variety of local, State, and Federal funding sources, such as the aged and disabled Medicaid waivers, the Older Americans Act Title III funds, social services block grants, and a State appropriation called the Choice Program, all of which allow older adults and people with disabilities of any age to live and age safely in their own homes and in their own communities. We also assess all Indiana residents who are seeking nursing home admission.

The U.S. Administration on Aging has established a national network of Aging and Disability Resource Centers, or ADRCs. These ADRCs comprise a very specialized focus network of “no wrong door” that serves as trusted places in communities all across the country where people of all ages, incomes, and disabilities can go for information about these topics. Thanks to the foresight and investment of the Indiana Family and Social Service Administration in the mid-2000’s, Indiana was the first State in the Nation to have all 16 of its AAAs designated as ADRCs, which gives us a very powerful network and sort of unique position among your peers in Washington.

As the State’s front door to senior services, Indiana ADRCs know firsthand the toll that fraud, scams, and other forms of financial exploitation have on Hoosier older adults, but we know, as we have talked, we cannot really address the things that are reported to us, so, to this end, I think one of the unique roles that we play as local agencies and as a network is to be that vital trusted local resource that seniors feel like they can call when they have a sensitive issue regarding exploitation to talk about. As we know, victims of exploitation are particularly embarrassed, feel stigmatized, or generally are not comfortable contacting local law enforcement or other officials many times.

Victims can also contact their local AAA for assistance in navigating the complex web of other agencies, some of which you have heard this morning, who are involved in handling the variety of cases of fraud and exploitation, including Medicare, Postal Service,

Social Security, Indiana Medicaid, Indiana Attorney General, and so forth.

Every Indiana AAA can tell you many, many stories about fraud and exploitation. You have heard some terrible stories already this morning. We have several that are listed in the testimony, that I will not go through all of those, but, I do want to highlight just one.

This is an 89-year-old woman in Columbus who called our office to say that she thought she had been a victim of fraud. She had received a call from a man that told her due to changes in Medicare with Obamacare coming online, she needed a new Medicare card, so, he proceeded to collect her Medicare information, including her Medicare number, as well as bank information so that he could process that new card for her. She gave the scammer the information, hung up the phone, thought about it, and realized that was probably the wrong thing to do, so, the next day, she called her bank, told them not to allow any charges to be made, and then a couple of days later, she was called by the same person, very irate because he was not able to access her financial information.

She hung up on him, but felt like she needed to tell her story, so called our office. Through conversations with her, we were able to counsel her to make sure that she followed up with her bank, talk to the Medicaid office. She talked to local police. As a result of those conversations, there was a newspaper article the next day and she ended up, instead of feeling a victim of her experience, feeling very empowered that she was able to not only help herself, but help others who saw her story.

In conjunction with the other AAAs and senior center partners, I4A also administers Indiana's Senior Medicare Patrol, which identifies and reports individual cases of fraud, such as those that have been described this morning. I think another unique way that the SMP works is to work closely with news media to get the stories out. We have found very often that when stories of fraud are publicized, the details of that fraud are recognized by seniors who receive similar letters or phone calls or e-mails and they can then understand how those scams are trying to target them and protect themselves from being a victim themselves.

Statewide, we know reports of senior financial exploitation have exploded over the last few years. Over the last decade, in particular, the Division of Aging, Adult Protective Services has reported calls to their office have increased 400 percent. Abuse cases increased 30 percent, neglect cases 13 percent, but financial exploitation an alarming 83 percent. Many more times faster growth than some of the other traditional abuse and neglect cases that they deal with. APS now reports an average of 126 reports per month, which is a 15 percent increase from last year, and these calls on financial abuse represent nearly 15 percent of all the calls they receive, or about 1,500 calls in 2014.

Given the epidemic proportions of senior financial exploitation in Indiana, ensuring the sustainability of the AAA network is critical, in particular, the ADRC network that is associated with us. We play some key roles in fraud and exploitation prevention, including being that safe trusted place that people can call at the local level. We provide general fraud and abuse information and education in our local communities. We work closely with all of the other agen-

cies involved in fraud prevention and refer cases to them, as appropriate. We do one-on-one counseling with people who call our office to help them figure out a plan forward. As I just mentioned, we host the Senior Medicare Patrol staff and volunteers and help their work to integrate with the full range of services and resources that we have in our offices.

Finally, we also help victims rebuild after exploitation. It is not just the financial hit that people take, but very often, it is an emotional hit, as well, and we help them to regain some confidence in their lives.

This amazing network is in place now, but it is not assured to be a sustainable network due to some funding issues at the Federal level, so I would like to urge you and the Senate Special Committee on Aging to champion the renewal and reauthorization of the Older Americans Act, which has been stalled in Congress. Among the various titles in that Act, the Title VII does provide elder abuse protection and ombudsman programs and funding for those.

Further, we would urge the committee to ensure the sustainability and adequate funding of the AAA network as a whole through the Older Americans Act. That funding has remained relatively flat, if not slightly declining, over the last ten years. As we know with our aging population, the number of people who are requesting services, and in particular potential victims of financial exploitation, are growing exponentially, so, we believe that reauthorization should and will have bipartisan support and would ask your support there.

We would also ask your support. We believe the committee can play an integral role in advocating funding for the Elder Justice Act of 2009. Parts of that Act are in play, but many vital parts have not had any appropriation and we would urge you to support the President's \$25 million Elder Justice Initiative that he has included in his Fiscal Year 2015 budget proposal.

Finally, we anticipate the elder justice and senior financial exploitation is going to be a very important topic in the 2015 White House Conference on Aging and we would urge congressional support of the Conference. In particular, we ask you, Senator, and you, also, Congressman, that you would ensure that the Indiana Association of Area Agencies on Aging would have an active role in providing information for that effort.

Thank you again for your consideration of our testimony and our request for your support.

Senator DONNELLY. Thank you very much.

We all know the challenges that our seniors face. It, obviously, is something that goes across the board, though, too. I just wanted to relate to you real quick, when I was fortunate enough to be elected to the Senate, I had to look again for a place to live in Washington, which is an outrageously expensive city to have a place, and so it is, how can I find something that is smaller than a studio but costs what a three-bedroom apartment costs in Indianapolis, is basically the formula.

I checked, called the number—or, actually, it was an online. I went online and they said, sounds terrific. We have it available for just a couple of days, so you have to jump in on it quick. Before we are able to let you have the keys to take a look at the place,

you have to wire us this amount. I happen to be in England and I am studying for my Master's degree or whatever it is, so, if you can wire the funds for a first month's rent, if everything looks amenable to you when you go in, we can close the deal.

I sent back an e-mail that said, how about I just contact the superintendent, take a look, and then find out after I take a look at it how the place looks. Never heard from them again.

It comes in so many directions and in so many ways, and the Internet has opened this up to just about every creative ne'er do well that seems to be out there.

Joyce, I want to ask you, in regards to stigma and that people, our seniors, can be embarrassed about being involved in something like this, where they look up and they go, oh, I have worked so hard, my children will be embarrassed if they find out about something like this, did that ever get involved with your mom, that she did not want to tell you too many of the details or anything like that?

Ms. WALKER. Well, my mother has a degree from South Bend Business School back in the 1940's. She worked in a bank in South Bend, one in Culver. She always managed all the finances, took care of the taxes, the forms, and that was her pride, that she was so good with finances and money, and, the first time he called, she was on top of things. No, I do not give out any bank information.

Senator DONNELLY. You are calling the wrong person today.

Ms. WALKER. Exactly, but, then, when he identified himself as her doctor—the coincidence in timing was really odd, because my dad—we were spending thousands of dollars for my dad's care. He was very ill at that time, and, so, she was writing checks for that kind of money, and so this was just another one. It fell right in.

She did not believe me. Weeks and weeks went by and I kept telling her, that is not your doctor, and she would not believe me at all. Finally, I sent her 16 pages of my homework, because I know she can read, and then she got it, but, to this day, she will not talk about it. She was very humiliated by the whole thing.

Senator DONNELLY. Here you are, her daughter, and, in effect, they almost set up a relationship where it is they and your loved one against the family. They create personal relationships, in effect, too, as they do this kind of thing.

Ms. WALKER. Yes.

Senator DONNELLY. Mr. Attorney General, as you look at this, do you see for our seniors that they are embarrassed by this sometimes, and how do we reach out and tell them, look, do not be ashamed of what has happened. It is most important to work with people, let them know what is going on, and to get that information out.

Mr. ZOELLER. I think there is no doubt, it is true that they do not want to admit it to people, including their own family, so, it is often after they have gotten themselves in trouble financially that they finally have to admit that they have paid more and more money, so, these things often have a long track record before they finally come forward.

You know, one of the things that, and it is hard to believe, but if you have been scammed, you will now be on the list and people will contact you over and over, so, the vulnerability that one has

recognized now gets passed around, so, whatever this network of scammers is is very sophisticated, because we find people that are re-victimized, so, one of the things we have done in our office is, in the Identity Theft Unit, particularly, we have created opportunities to go and not only freeze your accounts, you can now go into Circuit Court in your county of residence and show that you have been a victim of identity theft and get a court order that now allows you to pass that order on to some others who do not believe you that you have been scammed, but, this repetitive nature of once you have been a victim to be identified as vulnerable and re-victimization is something that we really need to have more tools at our disposal.

Senator DONNELLY. Assistant Inspector, this is pretty sophisticated in its operations, too, is it not? It is not just a person who is calling to a senior. This is an intricate operation.

Ms. MORMON. Yes, it is, and we have a fraud complaint system that we use to take in the consumer's information, but, we also receive complaints, and when we receive the complaints, then we send them out to the field and to other law enforcement agencies, as needed, but, the things that we are looking for is whether it contains identifiers that represent it as part of a scam, and if it is something that is a scam, it is probably happening, like you said—it is disproportionate in that the scammers will often change the scam and they will move on to another area and then they are still repeating the same scam in another format, but, those are things that we are alert to that we have to get out as we educate the American public.

Senator DONNELLY. Mr. Lindenlaub, you work with our seniors a lot. How do we get them to talk to each other about this and about the dangers of these things, the calls they have been getting, as opposed to them saying, well, I do not want to let anybody know because I am embarrassed. I am embarrassed somebody hoodwinked me after—for instance, your mom, after a lifetime of running a small business or of being involved in another business—that, at this point in my life, I got snookered, in effect. How do we get our seniors to talk to each other about this rather than be embarrassed about it?

Mr. LINDENLAUB. Well, I think the first person they are going to talk to is somebody they really trust a lot, so, keeping our seniors—especially for people who are living at home, keeping them engaged in the community is really critical, making sure they have support networks among caregivers, family, and other friends, so, I think one way is just kind of helping people to build that personal support network at the local level.

Communities can help by reaching out with this topic. I know that the film “Fleeced” has been going around the State, and you are probably familiar with that. That has been, I think, a great vehicle for helping to open up some communications. I know we showed that down in Columbus and had over 70 people attend that showing and had a really great conversation around that.

It takes some effort. It takes some effort on our part to reach out, and I think we just have to keep hitting the facts that people are a victim. They are the ones that are victims. It is the people who

are perpetrating the fraud that should be the ones that suffer the consequences.

Senator DONNELLY. Great. We are going to take turns, about six or seven minutes, asking questions, and I was going to—I will not say—I was going to jokingly say my partner in crime, and that would be a bad way to approach this—

With the Attorney General and the Secret Service here, that would be the wrong thing to say. My colleague and fellow Member of Congress, Congressman Carson.

Congressman CARSON. Thank you, Senator. Thank you, friend.

Attorney General Zoeller, as we move into a more digital age, where are even Federal offices—everyone is transitioning, locally, federally, statewide, into more electronic communications. How do we improve verification with these new systems and to create firewalls to let seniors know that they are dealing with a trusted source on the other side?

Mr. ZOELLER. Well, some of the problems in technology really require technological solutions, so, some of the identifiers on your computer—so, for instance, when we work with people like the software manufacturers and all the players in the field, they are working on these new systems where they will have a randomly generated number that will protect them from the IP address that everybody now can see.

The sense that people think of themselves as being, let us say, anonymous, is not really true, so, in some cases, it helps law enforcement that we can track down who owns this computer. On the more vulnerable side, we are now identifying who owns the computer to the hackers and the more sophisticated fraud, so, I think, all of these problems really lend themselves—first of all, we need to let people know that they are vulnerable.

The difference, and I always make this reference, that the difference in our sense of what is personal information—the difference between the United States and Europe is remarkable, and I think there ought to be more attention paid to the way the European Union has addressed privacy rights. Companies do not own the information in Europe. In the United States, we have the opposite. Unless you have denied them the permission, they automatically own all this information.

The amount of information that people can access, that is sold legitimately, and then illegally sold to others is how the scam operators operate, and if you compare that between here and the European Union, you will see a remarkable difference. Target gets hit. They have millions of people during the holidays that were—their information was hacked. No one in Europe, because Target in Europe cannot collect that information and maintain it.

Again, we really need to address what are the vulnerabilities of our systems. We need greater technological improvements to protect people, but, we also need to look at this idea of how privacy is addressed, and I think that is something that I have tried to get people to focus on, the difference between our country and, particularly, the EU.

Congressman CARSON. Thank you, sir.

Inspector Mormon, would a more coordinated national public service campaign help reduce the scams that you have encountered,

and what is your current educational strategy in informing the public?

Ms. MORMON. Yes, we do several campaigns. Each year, we have a National Consumer Protection Week where we partner with the AARP, and we actually provide shred events and presentations. We provide the shred events so that people know how to get rid of their personal information. Instead of throwing it away in the trash, then they can bring it to a local place where all their information will be shredded onsite while they are there.

We also have what we call our Consumer Alert News Network, which is a partnership we have with Litton, and those are Public Service Announcements that are shown nationwide in segments that demonstrate the different types of frauds that are out there. They have Postal Inspectors that talk about the frauds as well as victims or the loved ones of the victims that will talk about how those schemes have affected them.

We do presentations with senior communities and recreation centers, any sorts of agencies and organizations that work with seniors, as well as educating our own employees to be on the lookout for some of these mailings that may come through the Postal Service itself.

Congressman CARSON. Thank you.

Last, Mr. Lindenlaub, in your observation, sir, what is the best way for nursing homes or other elderly care providers to inform family members of suspicious interactions without doing a disservice to the privacy of the clientele?

Mr. LINDENLAUB. Yes, and certainly, privacy is an issue. We have gotten reports from nursing facility staff members. We have heard from bankers that we work with. We have heard from investment folks that you would go to for IRAs and so forth, all calling our office saying, you know, I have got this client. They are writing checks. They are kind of exhibiting behavior that is a little unusual for them. It goes as lot of different ways. It can be for things through the mail that they have gotten.

Sometimes, it is a family member, so, we have not really touched on that too much today, but, there is the grandson who cannot quite get and hold a job but needs to pay their rent kind of scheme, too, that is out there, and sometimes, family members are the worst, and, those are probably even less likely to be reported.

Congressman CARSON. Absolutely.

Mr. LINDENLAUB. I would just say that we need to make sure that we have a system that allows that kind of information to go back and forth. If there are laws or regulations that clamp down on that, and I know we do want to protect privacy, we have got to kind of weigh that against the victimization that happens when that observation cannot be given to the family members to take action on.

Congressman CARSON. Sure.

Senator DONNELLY. Thank you.

To give you an idea of the scope of this, it is estimated that, in regards to the Jamaican lottery scam—think of this—they make 30,000 calls every single day into the States, trying to find people, trying to create relationships—30,000 calls every single day. There was a family member who testified before our committee earlier, in

Washington a few months ago, who testified that they created a relationship with her mom where they basically told her mom not to let everybody else know what was going on. They really cared about her. They had her best interests out, and you never know about your family and what they are thinking and all of these things, and, in effect, pitted the family, the children, against her buddy who calls her every day, and, the mom was saying things like, well, he calls me every single day to see how I am doing. Do I hear that from you every single day? In effect, sets up a dichotomy, that, who loves you move, and winds up using money—the opportunity to obtain money as part of this.

As we look at this and the importance of education, Mr. Moyo, what are the kind of things that AARP can do through community outreach to educate our seniors and the public as to what is going on?

Mr. MOYO. Sure. Just to highlight some of the other issues that have come up, I think one of the important things that we have done as an association is that we have decided to do a lot of our education and outreach through the hands of volunteers, and that gives it a face, or a community face where people can open up and share. I think, a lot of times, like we have mentioned and a lot of my colleagues have mentioned on the panel, that a lot of folks feel a stigma with being victimized, and so we have chosen to take it out of the hands, say, of a staff member and put it toward volunteers and actually have folks that live in the communities and that have relationships to do these presentations in the community and educate themselves.

Then, we have also taken it to—the next step is to provide that information, again, free of charge—all of our literature, all of our presentation material is all free of charge, and folks can access that and take that home and have those conversations with grandma and with mom. That simplifies the conversation and brings it home and allows for that conversation to happen freely, to where some of the issues that you have talked about, where family members are being pitted against each other and scammers are using that emotional touch to get at that senior's resources, so, I think we have taken an approach where we, as sort of a staff or a team, would much rather have somebody in the community, a local volunteer, to share that message and it allows for that free communication to happen, as well, so, thank you.

Senator DONNELLY. Mr. Attorney General, how do they identify targets, for instance, with the grandparent scam that you talked about, and you mentioned Facebook. There is, obviously, research that goes into this.

Mr. ZOELLER. Well, the information available online is really remarkable in terms of its misuse, so, we often focus on why it is so great to have this technology and the vast amounts of information that is available.

You know, for instance, when our outreach office goes around and gives presentations, they give helpful little hints on how to avoid the scam. The one, I think, that is kind of demonstrative of this is that if you sign up for a magazine subscription, it is only ten dollars for the year, and yet they want all of your mailing infor-

mation, all your, I would say, personal information, so, they sell that information.

One of the hints that Michelle Mayer gives out is to use your pet's name at your address, and, then, every time you see "Fido" or whoever—show up on your mail, you know where that came from.

Senator DONNELLY. Maggie Donnelly.

Mr. ZOELLER. Yes. Little tricks like that, and it helps educate people as to where this information is coming from.

Now, online, when you sign up for things, that information is being sold over and over, and I think the risks of it being sold illegally—and that is the part that we have to really address. Sometimes, in the privacy listings it says that we will sell this information to only, and then it is, like, a half-a-page of who—well, they do not ever take responsibility to where that information goes from there, and, I think it is that tertiary market of selling the information that has made us very vulnerable in the United States.

Senator DONNELLY. Ms. Mormon, as we educate seniors and try to get them to understand the different angles that these people are attacking from, I mentioned the mailer that went out with our congressional office—my name on it, our congressional—Indiana Second District—and it was survey, or, like, Public Census Survey, so it looked very, very official, and then asking for credit card information and then money. What are some of the warning signs, not only for seniors but for others, that they should be aware of when they are opening the mail or when they are speaking to someone in regards to these kind of pieces?

Ms. MORMON. Well, as we always say, if it looks too good to be true, it probably is, and some of the information that is contained in there is—it is always a rush, or you have won this prize, now send money. There are never any fees or any duties or taxes associated with things of that nature, so, some of the things they have to look out, when it is a legitimate sweepstakes that is being conducted, then they have to put, "No purchase necessary." They have to have all the rules written out on the information. They have to have the business address and the name of the person that is actually sponsoring that.

A lot of the times, if you are working with a scammer, they are not going to have any of this information available, so, it is always good to not only contact the Attorney General's office or the Better Business Bureau to find out if that is truly a legitimate company that you are responding to.

Senator DONNELLY. Thank you very much.

Congressman CARSON.

Congressman CARSON. Thank you, Senator.

Adding on to that, Ms. Mormon, what sort of training do regular Postal workers have or need to have to ensure the proper handling of even reporting scams?

Ms. MORMON. We actually educate our employees on things to look for, such as mail that might be arriving in various names, or even our clerks right now with the Jamaican lotteries, they are taught—because a number of the older Americans will come in with large sums of money that they want to send out Express Mail, and they are taught to contact us immediately when those mail-

ings—when they are trying to mail something so that we can get those mailings identified and try to stop them at one of our International Service Centers before they actually leave the country, because we certainly do not want them to be victimized, and our clerks understand the magnitude of the type of scam that is being involved, and, sometimes, the customers do not have a vested interest in knowing that that is a scam that they are a part of. They just know that they have to send the money, so, our clerks are well aware of contacting us immediately when any large checks or sums of money are brought in and they want to go out express, especially to a foreign country.

Congressman CARSON. Madam Walker, you mentioned in your prepared testimony—one of the things you said is that families should consider using legal means, such as Power of Attorney, to be able to oversee finances for elderly relatives. How would you recommend individuals approach that subject without appearing as though they are trying to take away independence or control from their loved ones?

Ms. WALKER. Exactly what happened to me. There is one group we have not mentioned today, and that is doctors. My father was a stroke victim, and my parents lived in an assisted living home, and last June, he took a turn for the worse and he did not want to go to the nursing home. He was still trying to make his own decisions. Bless his heart, the real Dr. Sitar, my parents' real doctor, was very terse with me on the phone. He said, you need to get out those Power of Attorney papers, wherever you have them hidden, and you need to start—he said, when people get in their 90's, they do not make rational decisions anymore.

Congressman CARSON. That is right.

Ms. WALKER. He said, you need to make the—you need to step up to the plate and make decisions, and thank God that happened, because that happened. Then, I started taking over the finances before the scam, so, I already had some control, but, I just feel like there are too many doctors out there that say, we will give you some medicine to make you feel better, and they are not on top of that end of the situation.

Congressman CARSON. Mr. Moyo, not only are there numerous vulnerable seniors living on fixed incomes, they often do not have access or even utilize or even trust technology in the same way younger generations do. Many Federal and State agencies have become more reliant on remote communications. How would you suggest we strike a balance in making sure seniors are protecting themselves from scams while benefiting from the wonderful technological advancements that have been made in the past few decades?

Mr. MOYO. Great question, Congressman. I think one of the things that has to be—I think even understanding the fact that some seniors have an apprehension to technology, I think education—through education and outreach, I think it is key to bring folks along on the correct ways to use technology. I think that a lot of our—I think my own grandparents are on Facebook solely because they want to see pictures of us and their other grandchildren, so, I think, if we can coordinate an effort or an education piece that highlights the importance or the great things about tech-

nology, that shows them that that is something that they should not be afraid of, because if you look at medical records and things like that, all of that stuff is kind of moving in that direction.

I think, we have to be able and comfortable enough to bring our seniors along in a manner that is respectful to their needs, as well, but not totally shutting out the phone trees or being able to access either your office or other offices through the telephone, as well, so, I think it is important to have both of those measures happen at the same time.

Congressman CARSON. That is good. Thank you, sir.

Senator DONNELLY. Thank you.

Mr. Attorney General, I want to followup on the Congressman's question in regards to Power of Attorney and family situations. Are there any recommendations for those situations where one of our parents is getting older and the decisions do not seem as logical in regards to finances or other things? You go into a checkbook and you find these checks written out to Charlie whatever-his-name-is, who turned out to be a her. Do you have any recommendations as to how to handle that progression in financial responsibility in the family?

Mr. ZOELLER. Well, Senator, there is a growing area of practice—usually lawyers do not specialize, but there are a number of practices that allow you to specialize, and the most recent one is on what is called elder law, so, it is a specialty. You have to learn a lot of those techniques of how to work with the aging population.

Now, the problem is not enough people still have the family lawyer, so, in, let us say, another generation, you would have had the family lawyer, who would recommend an elder law specialist that would help you with the complexities of, let us say, elder law, so, it deals with Medicaid, Medicare, your investments, all the things that seniors really have to focus on, which would include—you know, obviously, we always had wills, but the idea of Powers of Attorney and some of the, let us say, the more specific legal documents that help protect our seniors and give other people the opportunity to protect them.

Those things really are a growing area of the practice of law, and again, there are not enough elder law specialists available, but the ones that we recommend can give programs and tell people what they ought to be doing to prepare for having their parents, their grandparents, protected in this, let us say, more complex area.

Senator DONNELLY. Mr. Lindenlaub, this has been an area where there have been pretty strong partnerships, too, is it not, where you have worked with the Attorney General, with AARP, with others. Could you explain that a little bit, how this is not just your organization by itself but pretty much a teamwork effort to try to help?

Mr. LINDENLAUB. Yes, absolutely. I mean, we have talked about how sophisticated and, in some cases, just how large some of these scam operations are, and I think there is a really important role to play at the local level, because when the scam happens, it happens to somebody who is local in their community, and if we can prevent that, great, but when it does happen, we need to have it reported and be able to take action on that.

Often, at the local level, because of the scope and scale of sophistication of some of these efforts, we do not have the resources or the knowledge to effectively deal with that, so, whether it is the Post Office, Indiana Attorney General, or other organizations that we would work with, we need to have really good working relationships and clear communication so that when scams are reported at any one of us, we can make sure that the victim is directed in the right ways to further protect themselves from any additional being taken advantage of, as well as, hopefully, to get to the scammer themselves and put them out of business.

Senator DONNELLY. Inspector Mormon, do you have a, like, a graph almost, or almost a spreadsheet, of all the partners that the Postal Service works with on this, because I would think you are one of the key spokes in this whole wheel and you see, more than almost anybody, from the different angles, the different parts of the country, the things that are going on, and, so, I would imagine you have a pretty extensive network of partnerships.

Ms. MORMON. Yes, as a matter of fact, we do. Nationwide, with the Federal Trade Commission, we have an excellent relationship, but, our working levels in the field are dependent upon the area that you are in, because some of the larger departments or agencies tend to have—they do not work so closely with us, but, in your smaller cities, because they rely more and communicate more on the different resources they may not have available, then we reach out more with some of the smaller communities, but, it just depends on the area that we are in as far as the field level in some of your major cities, but, nationwide, as a whole, then we do have partnerships which are maintained at our headquarters in Washington, DC.

Senator DONNELLY. Congressman Carson.

Congressman CARSON. Thank you, Senator.

Attorney General, in your experience—I know you work very hard and deliberately with building relationships with the General Assembly and Members of Congress and the Senate—in your experience, what sorts of policies are needed to really deter potential scammers, or do you even think that these criminals are going to continue what they are doing because of ease of access to information that they have?

Mr. ZOELLER. Well, there is no question that we ought to be prepared for more and more of this, so, I wish I could tell you that we are going to get out ahead of it and stop it, but, I do think some of what we do at the State and local level is always going to be frustrated with our inability to go after scammers who are overseas, so, we do not have the long arm of the law that will reach the Jamaican scam artists.

I will say, the Federal Trade Commission should really be—let us say, we should all thank them for their efforts. They have what is now called the Consumer Sentinel, which a lot of States have started to send our scam information into, so, it is kind of a one-stop shop and you can try to connect up with what else is going on in other States. You can see patterns. That has been particularly helpful.

The one that—I hate to, as I say something nice about one agency, I have to criticize another, but the Federal Communications

Commission should singularly be, let us say, complained about. The massive numbers of robocalls that penetrate onto our landline systems that they claim are an exercise of free speech really need to be stopped. I have testified in front of the FCC a number of times. They continue to tell me that it is free speech to blast literally millions of robocalls to the citizens of Indiana. It is three violations of our statute to do that.

The FCC is the only agency that can prevent these calls, and they have steadfastly refused. I have threatened to hire my own robocaller to call each of their landline numbers with a few thoughts from our Hoosier—but, it is really—the FCC is remarkably bad in terms of helping the States where we really need their help.

Congressman CARSON. That is it.

Senator DONNELLY. Thank you, Mr. Attorney General.

I want to say that one of the greatest things, I think, the Attorney General's office ever did—it may not have been the most critical to our legal history as our State, but, I think, to the lives of the people who live here, the “do not call” list was something that was extraordinary. I actually got to finish dinner without having phone calls occur.

Congressman CARSON. That is right.

Mr. ZOELLER. We are losing a little bit of the war, though, and it is the FCC that can stop that.

Senator DONNELLY. Understood. One of the things I want to emphasize, again, is to never, ever, ever give out your Social Security numbers or your credit card numbers or your banking information to someone who is calling you. I think our media—all of you have done a terrific job of disseminating information, putting it out there. The more our media can through, whether it is Public Service Announcements or in the paper, talk about these kind of things so that someone who is at home in Terra Haute or in Richmond or in Sullivan can look and go, “I just got a call on that yesterday.” The more we know, the more information we have, the better armed we are.

I would just like to ask this final question, which is this. If you had one recommendation that you could give to try to help with this situation or to tell others, if there is one thing you could say, what would it be? I will just go down the line. Ms. Walker.

Ms. WALKER. I would like to see the police departments better equipped. My mother and I went—first, it was just phone harassment at first, and there was no money involved, and they did not point us in—like, I never heard of your organization down there. They need to point us in who do we go to. We felt pretty—I felt pretty helpless that day.

Senator DONNELLY. Okay. Mr. Attorney General.

Mr. ZOELLER. I think I would come back to, in terms of the Federal Government's role, you really need to look at the growing distinction in privacy policies. This will always haunt the United States so long as companies are allowed to collect and maintain mega-data with literally no vulnerability other than States suing them for data breaches. They make a lot of money selling this information, but there ought to be a lot of raised responsibilities, and, I think, more and more, those companies need to think about

whether they have higher duties when they collect and maintain information. If they do not need it, if it is not that vital, they should not be collecting it, and people should all be told how much information is being collected.

Senator DONNELLY. Inspector Mormon.

Ms. MORMON. Yes. I think it is very important for us to reach out to our loved ones, so not just educating our older Americans, but we need to reach out to our parents, our families, our friends, and check on them when you go visit them. Look at their mail. Look at their calling histories on their phones. Check to see, as Ms. Walker did, about checks that are being written, and, if they do not report it, then at least you can contact the Postal Inspection Service and get some direction on how to handle that particular fraud or scheme, but, definitely, check up on your loved ones.

Senator DONNELLY. Mr. Moyo.

Mr. MOYO. I think for us, as AARP, I think the biggest thing is that we want folks to share their stories. I think there is power in being able to hear from what is happening, and, I think the folks that are in charge of persecuting those issues, if they do not know what is out there and the folks are keeping it to themselves or feeling ashamed about sharing their story—I want to commend Ms. Walker for being here today to share her story, because I think that is where the power comes from, and folks like the Attorney General and the Inspector General are able to know what to be on the lookout for. I think if more and more people are willing to share their story, that is where the power will come from in terms of fighting some of these issues that we have today.

Senator DONNELLY. Mr. Lindenlaub.

Mr. LINDENLAUB. I would agree that knowledge is power, and the more knowledge we can get out in the communities on how these schemes work, the more—better prepared people are to defend themselves. In Indiana, we are pretty familiar with the 2-1-1 system, if you want to call and get some information, much less familiar, apparently, with the ADRCs, which do cover the State and actually are nationwide. That is a great network for specialized resource information. We need to do a better job of getting that information out and making sure people feel comfortable giving us a call.

Senator DONNELLY. Thank you.

To my colleague, Congressman Carson, thank you so much for your presence here today—

Congressman CARSON. Thank you, Senator. Thank you, friend.

Senator DONNELLY [continuing]. for your advocacy on behalf of our seniors and all the people of your district and our State.

To all our witnesses, thank you. It is extraordinary to see people who are so dedicated to standing up and fighting for our seniors and for the people of our State.

To all the scammers out there, know that there are people on the other side who are pushing back, who, if you are going to do this, we are going to work hard to prosecute you. We are going to work hard to expose the schemes out there.

To our seniors, please be careful. When in doubt, call. Call our office. Call the office of the Attorney General. Call the office of

Postal Inspection. Contact your AARP folks. Call Ms. Walker at her house.

We will have to put in another line for you, Ms. Walker.

We want to be of help. We want to be a team that stands up for the people of Indiana.

To all of you, thank you. Thank you for your hard work.

This hearing has concluded.

[Whereupon, at 12:09 p.m., the committee was adjourned.]

APPENDIX

Prepared Witness Statements

**STATEMENT
THE HONORABLE ANDRÉ CARSON
SENATE SPECIAL COMMITTEE ON AGING**

FIELD HEARING: INDIANAPOLIS, INDIANA

**TRUST YOUR INSTINCTS: TOOLS TO EMPOWER SENIORS TO IDENTIFY SCAMS AND
FRAUD**

August 5, 2014

Good morning. I am pleased to be here today and want to thank Senator Donnelly for holding this field hearing to provide resources and trusted information to help our seniors protect their privacy and security.

In this age of information and technology, we are still faced with bad actors who wish to use it to take advantage of others. It is imperative that lawmakers and community leaders continue to examine policies and distribute information that will help prevent fraud.

I am pleased to see that we have witnesses here today who are engaged in informing our community about how to identify and protect themselves from these scams. We all know someone in our lives who can benefit from the tools provided here today and perhaps we can do our part by listening and passing along what we learn.

I hope some of us also leave empowered on what to do if we, or our loved ones, are victims. These criminals succeed when we remain silent and do not report our experiences. As we all continue to work together to improve those resources, basic communication and education remains our most powerful tool.

I would like to thank the Senator again for his leadership on this issue that impacts many Hoosiers. I look forward to learning more about this subject from our esteemed witnesses.

Testimony of Joyce Walker
August 5, 2014
Special Aging Committee

I would like to thank Senator Donnelly for this opportunity and Michelle Mayer for believing in me.

My mother may have been 93-years-old, but she was nobody's fool. So when "he" called her to tell her that she had won big money, she was not about to fall for that. However, 6 weeks later when "he" called again, she fell under his spell. When I caught up with her, she had written and mailed checks for thousands of dollars to people she didn't even know.

What follows is a brief overview of 24-pages of documentation, which I call "To Kill a Scam":

On August 13 of last year, our scammer hit for the first time. He called my mother to tell her she had won money and he needed her bank account information. My mother is a smart woman and she told him that her bank account information was none of his business and suggested that he call me. He did. He had a thick accent so I wondered if it was their doctor. When my husband walked in the house and asked who I was talking to, I answered, "I don't know, but I think it is Dr. Sitar." Boom! I had just dropped their doctor's name! When I finally heard the words 3.5 million dollars, I laughed and hung up on him. He called back 6 more times. Each time we would let it ring, or pick it up and hang up on him, but he kept calling. When we looked at the caller ID it said JM KINGSTON. While trying to figure out who Jim Kingston was, it hit me: This call was coming from Kingston, Jamaica! The next day he called 2 more times and my husband threatened to call the police if he called again. He did not, and that was the end of that. Or so we thought.

Six weeks later, my mother received a phone call from "Dr. Sitar" requesting a check for \$2,400 for my father's care. She mailed it to him. Then she received a call from "the doctor" stating that he was on vacation, could not cash her check, and she would have to rewrite it to his mother, Beverly Hagerman, and mail it to her. Mom followed his orders. However, she did mention this to her alert Resident Assistant at Wynnfield Crossing, who called me and suggested that something seemed "fishy", and maybe I should look into it.

One call to the doctor's office confirmed that no such fees had been charged. I immediately called my mother's bank to stop payment on these checks, but Beverly Hagerman had already cashed her check. When I then visited my mother and looked at her check register, I asked her who Charlie Ugarte was. She had no idea. When I showed her that she had written a \$2,000 check to someone named Charlie Ugarte, she explained that he was a friend of Dr. Sitar.

After hours of searching on the Internet, I tracked down Beverly Hagerman, a 58-year-old woman in Houlton, Maine. And, thanks to the staff at Wynnfield Crossing who diligently went through the trash, we came up with a post office box number in Silver City, New Mexico, for our friend Charlie Ugarte, who turned out to be a female, age unknown.

I was fortunate to find Beverly Hagerman on Facebook. We had numerous conversations on Facebook and she was checked out by Michelle Mayer of the Indiana Attorney General's Office. Our scammer had identified himself as David Anderson to Beverly, told her she had won a car and money, gave her good reason to believe him, and called her on a regular basis. Scam victims like Beverly unwittingly launder money for him by cashing personal checks from scam victims like my mother, buying green dot Visa cards, and wiring money at his instruction. As I had done for my mother, I instructed Beverly to change her bank account numbers, get an unlisted phone number, set up fraud alert with the three credit bureaus, and never talk to him again. She followed my instructions.

Charlie Ugarte surfaced when her bank would not cash my mother's check. Upon being told that it was part of a scam she replied, "I am not a scammer, I am just trying to earn points to win a million dollars!" She took her check to the Silver City police department where it is laying in the evidence room.

Meanwhile, because we were disrupting his plan, our scammer, David Anderson, was not receiving his money. So he actually called Beverly's bank in Bangor, Maine, where he became very belligerent with the bank's vice president. Not gaining any ground there, he called the Houlton, Maine police department and told them that they needed to arrest Beverly Hagerman, a scammer and money launderer, who owed him money. The police were skeptical but did take a

frightened Beverly in for questioning. Fortunately, she already had Michelle Mayer and the Indiana Attorney General's Office on her side.

I have filed complaints with the FTC and the FBI. And, if anybody wants to help me get this guy, thanks to Beverly and Facebook, I have the names and faces of 3 of David Anderson's 5 "receivers," all living in Jamaica.

I have learned numerous lessons from this incident, a few examples are:

- 1.** Scammers are slick. If they get your money, you won't ever see it again. Be careful who you talk to on the phone. Get an unlisted number. Never pay a bill without a written statement. Never cash a check from someone you don't know.
- 2.** Take charge of your aging loved ones' financial matters sooner than later. Use your Power of Attorney, watch their check registers, and get to know their doctors, bankers, and care-givers.
- 3.** We usually think to report scams to our local police departments. Police officers need to learn to refer victims to agencies such as the State Attorney General's office and the AARP.

APPENDIX:

Things I will never understand:

1. How he got my parents' phone number.
2. The impeccable timing:
 - A. Incidents coincided with my mother's onset of dementia and Dad leaving assisted living home and going to nursing home.
 - B. Posed as their doctor and called on the day before Mom and I had a meeting regarding Dad at the nursing home.
 - C. What are the odds that my husband would have walked in on the conversation at just the "right" moment that lead me to drop my parents' doctor's name?

Things I have learned:

1. Just like taking away the car keys, it is also important to take control of, or at least monitor, your aging loved ones' financial matters sooner rather than later.
2. Use your Power of Attorney and manage their finances for them. Electronic banking is wonderful. Get to know their bankers.
3. Aging adults from the Greatest Generation are very responsible about paying their bills and they like to write checks. Look at their check registers regularly.
4. If you cannot check on them daily, have someone who can. Don't just see if they are "all right," but look into their bills and mail.
5. Seniors use the phone a lot and are trusting and nice to people who call them.
6. Change their phone numbers to unlisted. If they are "with it" enough, they will understand it is for their own protection. In my mother's case, she doesn't even know her phone number has been changed to unlisted. I contacted the friends and relatives who might call her (or they contacted me when they were

unable to call her), explained the situation and gave them her unlisted number. Also, for a small fee, phone companies will block up to two numbers.

7. Local police departments are not able to be very helpful. Contact the State Attorney General's Office; create reports for the FTC and FBI.

8. Local police departments need to be equipped with the right information to tell people where to seek help. They need to refer victims to agencies such as the State Attorney General's office and the AARP ElderWatch at 1-800-222-4444, option 2.

9. The post office can be more helpful than the police department. (For example, the post office in Silver Springs, New Mexico, red flagged Charlie Ugarte's P.O. Box in order to monitor it for future fraudulent activity.)

10. Doctors need to be real about the elderly. Instead of sugar-coating their situation, they need to be frank about their lack of ability to make rational decisions when they are in their 90's. The best thing my parents' doctor ever did was get stern with me about the fact that I needed to use my Power of Attorney papers and take over the finances and the decision making. My mother didn't like it one bit. She felt that she was still able to handle all of her affairs. Also, she firmly believed that she was dealing with her doctor and not a scammer. She never believed it until I mailed her my 16-page document. After she read that, she knew.

11. Be aware that this can be very embarrassing and humiliating for the victims. My mother won't talk about it and I don't bring up the subject.

12. Employees at assisted living facilities like Wynnfield Crossing need to be very alert to signs that their residents have been caught up in fraudulent activity. Quick thinking by my mother's Resident Assistant saved our family thousands of dollars.

Senate Aging Committee Field Hearing
Remarks on Senior Frauds and Scams
By Attorney General Greg Zoeller
Tuesday, August 5, 2014

AG Zoeller:

Good morning Senator Donnelly and thank you for convening this important hearing to gather information about tools Hoosier Seniors and their families can utilize to protect themselves from harmful fraud and scams.

Every day, Hoosier Seniors lose money to scam artists – online and at their front door. My office is working on this issue by tackling it from several fronts.

Seniors are often targeted because of their vulnerability and financial resources. After hearing from many families about how their elderly parents were approached and felt forced to give money but got nothing in return, I worked with the Indiana legislature to address this problem.

In 2013, we enhanced our consumer protections to stiffen civil penalties against those found guilty of financially exploiting Hoosiers 60-years and older. Since that change, we have received 3,067 complaints from senior consumers. These complaints include home improvement fraud, where unnecessary work was contracted, often at inflated prices, financial fraud, and just outright scams designed to separate seniors from their money. We have already taken action against companies that targeted our seniors and sadly expect we will have others in the future as our investigations conclude. This new statute closed a loophole to address a situation where seniors feel intimidated or coerced into turning over their property or paying for a service they did not want.

Over the years we have developed the Fraud Alert Program, offering another tool for Hoosiers to stay aware of the latest frauds to avoid falling victim to scams. Consumers can sign up via my website – to receive fraud alerts by email or text message (www.in.gov/attorneygeneral).

The consumer alert program works as an early warning system. Once you sign up, you will be alerted of frauds believed to pose a threat to Hoosiers with links to tips on how to avoid the scams and what to do if victimized.

Also, our Outreach Services team travels the state conducting workshops that teaching Hoosiers about scams and the tactics fraudsters use so that our citizens will know not to send money to strangers. There is very little we can do to recover lost funds for a victim of a cross-border scam, but we can educate them before they are contacted and empower them to make the right decisions to avoid becoming victimized.

All of our programs are free. I encourage anyone listening to contact our office to schedule one of these seminars in their community. (phone number 317/234-6668).

The operation of scams today is increasingly more sophisticated causing millions of Americans and thousands of Hoosiers to fall victim every year. The office tracks fraud trends across the country on behalf of consumers because very few scams actually originate in Indiana. The office scans and monitors frauds from coast to coast to identify which pose the greatest threat to Hoosiers.

The Attorney General's Consumer Protection Division coordinates with the Federal Trade Commission, National Association of Attorneys General, Better Business Bureau and other consumer protection agencies to gain knowledge of scams occurring in other states in order to provide quick notice of the potential threat to Hoosiers. We also offer an ID Theft Prevention Toolkit. This kit was designed by our office to not only assist victims through the process of correcting their records, but to assist consumers in taking steps to minimize the risk of identity theft. Among other things, the toolkit allows you to easily keep an accurate inventory of the contents of your purse or wallet so you can quickly contact creditors if the information is ever lost or stolen. The toolkit also contains other useful tools that can help protect you from becoming an identity theft victim. (www.indianaconsumer/idtheft).

In addition, you can place your phone number on The Do Not Call List, which is for residential, wireless or VOIP telephone numbers or prepaid wireless numbers used primarily in Indiana. Registration is provided free of charge to Indiana residents. Registrations on the Indiana Do Not Call list do not expire.

There is information on our website too about placing a security freeze on your credit reports, which can potentially block an identity thief from opening a new account or obtaining credit in your name. A credit freeze keeps new creditors from accessing your credit report without your permission. If you activate a credit freeze, an identity thief cannot take out new credit in your name, even if the thief has your Social Security number or other personal information, because creditors cannot access your credit report.

Any Indiana resident can request a credit freeze free of charge. The types of scams we see are varied, but consistent in the theme – tricking you into sending money after preying upon your vulnerabilities...family and promises of windfalls.....

We see many seniors falling victim to the Grandparents Scam. This is when someone impersonates a grandchild and claims to need money to be bailed out of jail or to pay a repair bill on a wrecked car. Never send money to someone claiming to be a relative. Beware, this is not only a phone scam, but is also perpetuated through FaceBook and other online social media sites.

We also see the Fake Lotteries and Sweepstakes. Follow these two tips – First -- A legitimate contest will never require you to send money to claim a prize. Whether it is for taxes, handling fees, custom fees, vehicle registration – you will never have to send funds from your personal accounts to get the prize. Second, it is illegal for you to play or win a contest in another country. Unless you are standing on the soil in that country at the time of the contest, you can neither play it nor win it.

The bottom line is —— DO NOT SEND MONEY TO STRANGERS!

Scams are one of the most visible and can be one of the most devastating issues my office deals with – but seniors across the state should also be aware of the increasing theft of prescription drugs.....family members, neighbors, friends and strangers may target your medicine cabinet. Be aware of the prescription drugs you have in your home and get rid of any expired or unused medicines that might attract those who are addicted or misuse these drugs. For your safety, you can join in drug take back programs twice a year in Indiana. Some pharmacies are now offering a take back program called Yellow Jugs, Old Drugs – ask your pharmacist if your pharmacy participates. The Indiana prescription Drug task force is working on ways to reduce the epidemic of prescription drug use in Indiana...as a leader in the number of pharmacy thefts due to addiction, it is imperative we all focus on how to attack this difficult problem raging across Indiana. Locally, Indiana has a treasure for our Seniors in county TRIAD organizations. In closing, I need to applaud the individuals and organizations that support local TRIADs – When I took office in 2009, there were a handful of organizations – now we have 21 groups serving 23 counties. TRIAD is key in helping to prevent fraud and other crimes against seniors. An attorney general staff member has been designated to work with existing TRIAD groups and to help other interested counties start TRIAD programs.

Thank you, Sen. Donnelly, for your tireless efforts to protect and serve Hoosier Seniors and thank you for this opportunity to speak about the Attorney General's efforts in this area as well.

Thank you.

STATEMENT OF
ACTING INSPECTOR IN CHARGE, U.S. POSTAL INSPECTION SERVICE
CYNTHIA MORMON
BEFORE THE SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

AUGUST 5, 2014

Good morning Senator Donnelly and members of the Committee, I am Acting Inspector in Charge Cynthia Mormon of the U.S. Postal Inspection Service, Detroit Division. In this role, I direct the division's activities in the states of Indiana and Michigan through the management of programs encompassing criminal and security investigations in support of the U.S. Postal Service by protecting its people and assets, securing the nation's mail system and ensuring public trust in the mail.

Thank you, Senator Donnelly, for calling this important hearing on Tools to Empower Seniors to Identify Scams and Fraud, and for the opportunity to share the important work the Inspection Service is doing to combat fraud against older Americans.

As one of our country's oldest federal law enforcement agencies, founded by Benjamin Franklin, the U.S. Postal Inspection Service has a proud and successful history of fighting criminals who attack the nation's postal system and misuse it to defraud, endanger, or otherwise threaten the American public.

As the federal law enforcement, crime prevention, and security arm of the U.S. Postal Service, our goal is to promote confidence in the U.S. Mail. We work to assure that American businesses can safely dispatch funds, securities, and information through the mail; that postal customers can entrust their correspondence to the mail; and that postal employees can work in a safe environment.

To effectively enforce some 200 laws under our jurisdiction, 1,300 federal Postal Inspectors are stationed throughout the U.S. and in Puerto Rico, Guam, and Germany, as well as at Universal Postal Union (UPU) Headquarters in Berne, Switzerland. In the last fiscal year, the mail fraud program obtained over 400 arrests and 410 convictions nationwide. Of those, approximately 37% were specifically related to foreign lottery/sweepstakes schemes, work-at-home scams, and sweetheart scams. These schemes that are conducted through the mail disproportionately target older Americans.

I will also discuss prevention efforts the Postal Inspection Service engages in to educate all citizens of these crimes and ways they can protect themselves. Finally, I will discuss how a consumer who has fallen victim to these crimes can receive help.

Foreign Lotteries and Illegal Sweepstakes

Foreign lottery and illegal sweepstakes schemes are initiated by mail, email, phone, or fax. These types of frauds are characterized by sometimes hostile, escalating intimidation. These telemarketers gain the trust of the victims by spending hours on the telephone with them. Victims generally don't believe they have fallen to a fraud scheme and may describe the fraudsters as their "friends." In reality, the fraudsters are relentless and demanding. They threaten, coerce, and use psychological intimidation tactics. The fraudsters begin by telling the victim they've won a lottery or sweepstakes, often an international promotion. The victim must remit a fee, described as taxes, duties, or handling charges, to claim the prize. Unwitting consumers remit large sums of money, but instead of a prize, all they receive are more calls and mailings. Once victims take the bait, unrelenting scammers coerce them into sending even more of their hard-earned money. Some scammers send victims a check or money order as an "advance" and tell them they must send money to collect the rest of the prize—which is not how legitimate promoters operate. To gain victims' trust, some scammers use the name of well-known sweepstakes. Legitimate operators don't charge entry fees and don't require customers pay a fee to collect winnings. When consumers win a legitimate promotion, they pay taxes directly to the government, not to the operator. Older Americans, and anyone subject to such schemes, should get a promoter's number from directory assistance to verify their legitimacy. And any American who receives a notice that they've won a foreign lottery or sweepstakes shouldn't believe it, as it is illegal to buy or sell foreign lottery or sweepstakes tickets across the U.S. border.

Some may ask, why older Americans are the target of this type of fraud. Older Americans, the physically challenged, and "shut-ins" conveniently receive many of their purchases by mail. Sadly, that makes them easy prey for mail fraud operators. The problem is compounded by operators who sell the names and addresses of their victims to other criminal elements, resulting in the repeated victimization of many older citizens.

Americans receive thousands of unsolicited phone calls from dishonest telemarketers each year, with older citizens often the target. By definition, telemarketing involves the use of the

telephone. However, calls are often preceded or followed by a postcard or letter. In most business transactions, including fraudulent ones, it is difficult not to use the mail. Telephone calls are being made from overseas using Voice over Internet Protocol (VoIP) devices. These technological devices can be purchased online and connected to any computer. They allow individuals to select a U.S. area code to make international telephone calls appear as domestic calls.

Callers may use well-rehearsed sales pitches designed to sound believable. The victim may be transferred from person to person, so it sounds like a genuine business setting. Beware of high-pressure pitches that require immediate decisions! Legitimate firms will always give consumers time to think an offer over.

As stated before, victims are sometimes reluctant to tell anyone that they have been victimized. It is important for family members and close friends to know the signs of someone in the midst of potential victimization. Victims can receive phone calls and solicitations from several fraudsters at the same time. When stacks of mail offering lottery tickets for sale or contest information are discovered, community members are encouraged to talk to their loved ones and inquire about these mailings. Relatives could also volunteer to help older family members balance their checkbooks, and ask about any questionable checks or sudden large withdrawals, offer to go over credit card statements to ensure that only authorized purchases are listed, or ask to go through the mail to see if they are receiving unsolicited lottery offers.

Work-at-Home Schemes

Work-at-Home scheme victims receive a solicitation by mail or email, or respond to a job ad online or in print. Fraudsters “hire” respondents without an interview or background check to work as a “payment processor.” They must deposit checks or money orders from the company into their own bank accounts, then wire money to their “employer” and keep a portion as pay. There are several variations of the work-at-home scheme. The “envelope stuffing” scam requires the victim to pay a fee to obtain a “starter packet” to stuff envelopes at home. If anything is received, it’s likely to be information on how to convince *others* to send the victim money for information on envelope stuffing—in essence, the victim starts to become part of the scam. Modern mailing techniques and equipment have virtually eliminated the need for people to perform legitimate envelope stuffing, addressing, and mailing services from their homes. The “shipping specialist” scam requires the victim to accept packages from United States merchants

and reship them to a foreign address. These items were purchased with stolen credit cards and the victim becomes an accomplice in the fraudulent activity. In a variation known as the "mystery shopper," victims receive a check by mail or email and must cash or deposit it. Once cashed, they're instructed to visit a store or money-transfer company to test customer service or make some other observation. It usually involves making a small purchase and wiring the remaining money to the fraudster.

Older Americans are targeted by these scammers because they tend to spend a lot of time at home and are sometimes looking for ways to make additional money. Unfortunately, by the time the victim finds out, usually through their banking institution, the money they have spent on these work-at-home "jobs" is gone.

'Love Losses' Scam

'Love Loss' scammers create male and female characters to entice potential victims. The criminal may send "photos" of an attractive person purporting to be of the person on the other side of the computer screen, but it's just part of the scam. They move quickly from general chatter to professions of love and marriage. After a short time, they ask the victim to assist them in coming to the United States to meet. The fraudster has a check that needs to be deposited into the victim's bank account and then wire-transfer thousands of dollars to them to expedite their visit. Perhaps they claim to have a medical emergency or other problem and they need assistance with by cashing a check or money order. Other scams might be a family member of the criminal was in a serious or fatal car accident and they need money to cover hospital or funeral costs.

Victims are drawn in by these scammers, because of the personal interaction which usually takes place over the phone. Scammers use phone redirect services that can be answered by anyone anywhere in the world. It's a favorite service of fraudsters who pretend to be in one country but are actually halfway around the world. During these phone conversations, the criminals will quickly refer to the victim as their "boyfriend" or "girlfriend" in an effort to move the online relationship forward. It's all calculated to make the victim believe they want to meet them but need financial assistance to do so. They prey on unsuspecting, innocent victims who are searching for a relationship. It's only after they've built trust that the request for funds begins.

Postal Inspectors advise people *never* send money to someone they don't know or have never met. Consumers should cash checks or money orders only for relatives or someone they know personally and trust. They are liable for any check or money order they cash or deposit, so they should ensure it's legitimate before they do so.

Postal Inspection Service Prevention Efforts

The Postal Inspection Service works to educate older Americans against these and other types of fraud that may affect them. Postal Inspectors provide on average 1600 fraud prevention presentations per year nationwide.

The Postal Inspection Service is also heavily involved in several international multi-agency task forces attempting to combat the issue of foreign lottery fraud. One of these task forces is Project JOLT. This task force was established to combat Jamaican-based telemarketing fraud that preys on older Americans and citizens of other countries. In December 2012, the Inspection Service hosted a two-day summit focused on Jamaican lottery fraud. More than 90 federal, state, and private-sector stakeholders joined together to discuss our investigative efforts, challenges, and "best practices" in fighting these types of crimes.

In addition, in 2011, the Inspection Service partnered with Litton Entertainment to produce Public Service Announcements that air on 115 local news stations. These PSAs include a synopsis of a specific fraud along with a victim who tells their story and how the fraud has affected them as well as their loved ones.

The Postal Inspection Service partners with the Postal Service every year on the National Consumer Protection Week campaign. During the 2013 campaign, AARP joined the Inspection Service in their prevention messaging. As part of the campaign, a postcard was sent to every resident in the country. AARP set up a "Fraud Fighter Call Center" in Washington State and special postcards were sent to residents. These postcards provided the phone number to the call center. At the completion of National Consumer Protection Week, AARP was able to directly correlate the number of phone calls to their call center and the prevention postcard sent to residents of Washington State.

During the campaign of 2014, the Detroit Division hosted several events in Michigan and Indiana. During these events, Postal Inspectors were present during the multiple shred events

throughout the states. At those events, Inspectors interacted with consumers bringing sensitive documents to be shredded. Postal Inspectors educate them on how to protect themselves against fraud, one of those ways being to shred sensitive documents instead of throwing them away in a garbage can. Inspectors also conducted prevention presentations at local post offices and senior living centers. An Inspector in the Fort Wayne Domicile participated in a radio show. During the radio show, the Inspector discussed the mission of the Postal Inspection Service as well as prevention tips to listeners.

The prevention tips discussed at all of these venues help the consumer understand the fraud before they fall victim to it. When discussing any type of fraud related crime, Inspectors stress the importance of the consumer taking their time. It is a good idea to contact the Better Business Bureau and request information on the company who is seeking payment. The consumer can inquire about the firm or organization making the offer. Often, the company has no track record of complaints. But the scam may be very familiar to watchdog consumer-protection agencies. It is also important to ask questions and not rush into anything, especially when money is involved. One of the most important prevention messages Inspectors provide related to foreign lotteries is that no legitimate lottery requires payment before winnings are awarded. It is recommended that anyone who has received solicitations of any kind in the past place their phone number on the Do Not Call Registry. They can do this by calling 1-888-382-1222.

How to Report Fraud

If a customer believes they or a family member has been victimized, and it involves the U.S. Mail they need to report it to the Postal Inspection Service at 1-877-876-2455. The victim should also consider filing a complaint with the Federal Trade Commission. If the victim's identity has been affected, they should contact the fraud units of the three major credit bureaus and request a "fraud alert" be placed on their credit file. A copy of their credit report should be ordered from the credit bureaus to check whether fraudulent accounts were opened without consent. If their financial information has been affected, the banking institutions need to be contacted, by phone and in writing, to report the crime. Also, financial PIN and passwords need to be changed immediately. Always retain any fraud-related correspondence that is received.

The first line of defense against con artists is good judgment. We tell consumer to be skeptical of anything that sounds too good to be true.

The Postal Inspection Service enforces the Mail Fraud Statute, which is the oldest and most effective consumer protection law. This statute can help consumers receive justice for any scheme to get money or something of value from them by offering a product, service, or investment opportunity that does not live up to its claims.

Senator Donnelly, thank you and the members of this Committee for highlighting this significant and troubling issue and allowing us to testify. We look forward to continuing to work with local communities to educate our older consumers, and their family members, on how to identify these schemes and prevent them from happening to themselves, their loved ones and others.

Testimony of Mandla Moyo
August 5, 2014
Special Aging Committee

Thank you, Senator Donnelly, for convening such an important hearing on such an important topic that affects so many Hoosier seniors with whom I work day in and day out. Thank you, also, to Chairman Nelson and Ranking Member Collins for their leadership on working to protect seniors from fraud and scams.

My name is Mandla Moyo and I work for AARP Indiana. AARP is a non-profit, nonpartisan organization with a membership of more than 37 million that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for issues that matter most to families such as healthcare, employment security and retirement planning. AARP has staffed offices in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. Our Indiana office is located in downtown Indianapolis, and we currently have more than 840,000 members statewide.

For more than 50 years, AARP has been providing Americans with resources and tools to help them protect their financial security. And that is why we recently launched the Fraud Watch Network - because too many hard-working Americans are being scammed out of the money they've earned. Research shows that more than \$20 billion was stolen from about 13 million victims in 2012, according to the latest Javelin Strategy and Research reports on identity fraud. It is estimated that older adults are bilked out of about \$3 billion every year. A poignant quote from a recent AARP report summarizes the devastation of these criminal activities, "After a lifetime of doing all the right things to prepare for a comfortable and dignified retirement, too many older Americans are having their retirement security threatened by financial predators."

The AARP Fraud Watch Network connects people to experts, law enforcement and fellow Hoosiers who are spotting fraud and sharing their experiences so others know what to watch out for. Available free of charge to AARP members and non-members alike, and people of any age, the Fraud Watch Network provides:

- Watchdog Alert emails that deliver breaking scam information,
- Prevention tips based on the latest information from experts,
- An interactive map with the latest law enforcement warnings from each state,
- A phone number people can call to talk to volunteers trained to help fraud victims, and
- Access to a network of people who are sharing their experiences with scams so they can help others protect themselves.

Folks can sign up either online by going to fraudwatchnetwork.com, or by calling 877-908-3360 to get resources by mail.

Locally, we currently have 27 AARP Indiana volunteers working specifically on getting the word out about the Fraud Watch Network. So far this year they have already given 14 in-person presentations.

For one of our most active Fraud Watch Network volunteers – Melvin from Carmel – this issue hits very close to home. Although tech-savvy, Melvin was a victim of ID theft after making a purchase online. If it can happen to him, it can happen to anyone.

For example, The GFK Group conducted an Internet-based survey for AARP last November and December in 2013, which showed that while the vast majority of Indiana online users -76% - say they are concerned about being scammed over the internet, they were only able to correctly answer an average 5.16 out of 10 questions in a simple online literacy test designed to test their knowledge about how to be safe online. For instance, 56% of Hoosier respondents are unaware that a privacy policy does not always mean the website will not share information with other companies. Thirty-eight percent are unaware that banks do not send email to their customers asking them to click on links to verify personal information. And, 72% of Indiana adults that access the Internet – or as many as 2.7 million people – received at least one online fraud offer in 2013.

The most common scams that target older Americans involve buying and selling gold, the emotional grandparent scheme where the caller poses as a distressed grandchild needing money and bogus sweepstakes offers with the irresistible pitch: You've won! Just pay the small processing fee!

According to the Federal Trade Commission, reports of consumer fraud have increased by over 60 percent since 2008 and online scams doubled from just over 20 percent of all fraud in 2007 to nearly 40 percent of all fraud in 2011. As such, AARP will continue spreading the word about the Fraud Watch Network and helping safeguard the retirement security of older Americans.

Thank you, again, for inviting me to testify today. I look forward to taking your questions.



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“Trust Your Instincts? Tools to Empower Seniors to Identify Scams and Fraud”
August 5, 2014

Testimony of Mr. Mark Lindenlaub
 Executive Director, Thrive Alliance, Columbus, Indiana
 (Area Agency on Aging / Aging and Disability Resource Center serving
 five counties in South Central Indiana)

Good Morning. My name is Mark Lindenlaub, and I am the Executive Director for Thrive Alliance in Columbus, Indiana. Thrive Alliance is the Area Agency on Aging, or “Triple A”, serving five counties in South Central Indiana. Currently, I also serve as the President of the Indiana Association of Area Agencies on Aging, or “I Four A” the trade association representing Indiana’s 16 AAAs.

On behalf of Indiana’s AAAs and the older Hoosiers, persons with disabilities, and their families and caregivers that the AAAs serve, I thank Senator Donnelly, his staff members, other Special Committee on Aging members and witnesses, and all in attendance for giving me this opportunity to speak about the role Indiana’s AAA network plays in helping to protect older adults from senior financial exploitation.

In Indiana, AAAs are the gateway through which most Hoosiers access long-term care services. They administer local, state, federal and private resources such as Aged & Disabled Medicaid waivers, Older American’s Act Title III, Social Services Block Grant, and a state appropriation called CHOICE, all of which allow older adults and people with disabilities of any age to live and age safely and independently in their own homes and communities. AAAs also assess all Indiana residents seeking nursing home admission.

Thanks to the foresight and investment of the Indiana Family and Social Services Administration in the mid-2000’s, Indiana was the first state in the nation to have all 16 of its AAAs designated as Aging and Disability Resource Centers, or ADRC’s, by the U.S. Administration on Aging. ADRCs comprise specialized, streamlined “No Wrong Door” systems that serve as highly visible and trusted places available in every community across the country where people of all ages, incomes and disabilities can go to get information and one-on-one person-centered counseling on the full range of long-term services and supports options and issues.



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As the state’s front-door to senior services, Indiana ADRCs know first-hand the toll that fraud, scams and other forms of financial exploitation have on Hoosier older adults. But we cannot stop what older adults don’t report. To this end, Indiana’s AAAs are the vital trusted local resource that seniors feel comfortable contacting to talk about sensitive matters, especially for exploitation victims who are embarrassed, feel stigmatized or don’t know or aren’t comfortable contacting local law enforcement or other officials.

Victims also can contact their local AAA for assistance in navigating the complex web of agencies that are involved in handling in cases of fraud of exploitation, including Medicare, the Postal Service, Social Security, Indiana Medicaid, the Indiana Attorney General, the Indiana Secretary of State, Indiana Adult Protective services and local law enforcement.

Every Indiana AAA has horrific stories to share regarding their discovery of financial exploitation of the clients they serve. Here are a few stories from my own agency.

- A widowed 83 year-old woman living in rural Brown County reported feeling as though she were being run out of her home because she received a series of threatening calls from a male caller requesting her bank account information. At one time, the caller threatened to kill the woman if she reported him to the sheriff’s dept. The woman blocked numerous phone numbers and changed her own phone number, but the calls continued—one call came disguised as a relative’s phone number. Her family lived close by but was not involved with her care. The woman thought her only answer was to move.
- A retired professional in Jennings County was forced into bankruptcy after responding to numerous flyers declaring he has won thousands, even millions of dollars. He lost his retirement savings and received stacks of mail each day from these companies. His family reported that the man often would not leave his home for days because he had to respond to each of these mailings because he knew that “he would hit the jackpot!” He would not allow the family to throw away any of these flyers when they came, and they were distraught with trying to figure a way out of his debt.



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- An 89-year old woman from Columbus called to say she thought she had just been scammed. She received a call from a man who told her that due to the Affordable Care Act taking effect, she needed to update her Medicare information through him, including her Medicare number and her bank account number. She gave the scammer the information, subsequently decided she should not have done so, and notified her bank. When he could not access her account, the man called again and became aggressive with her. She hung up on him, but felt she needed to tell someone. She called Thrive Alliance (AAA) because she was familiar with the organization and felt she could trust Thrive Alliance to help her.
- At a recent presentation by Thrive Alliance to a group of older adults on senior financial exploitation and abuse, a 79 year-old gentleman revealed that he had been scammed by an organization that offered him an opportunity to work from home and supplement his Social Security income. All he had to do was make an investment of \$7,000, which he did by placing a charge on his VISA card. He never received the materials and the VISA card company refused to take the charge off his account. He thought that if he did not make a payment on his card that he was actually not paying this fraudulent company. Information was given to the gentleman on how to report the crime to consumer protection of the Attorney General’s Office and obtain a police report to send to the credit card company.

In conjunction with its AAA and senior center partners, IAAAA administers Indiana’s Senior Medicare Patrol, which identifies and reports cases of potential fraudulent activity such as:

- An 89-year-old woman in South Bend, Indiana, whose medical and financial identity was stolen by a telephone scammer claiming to be a Medicare representative who told her she needed a new Medicare card.



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- A man from Hamilton County who received an unsolicited phone call from a durable medical equipment, or DME, company advising him that he could receive some free durable medical equipment. This is considered a marketing violation as DME companies are not allowed to solicit beneficiaries directly, unless beneficiaries have given written permission or already received the item, or the supplier has furnished a Medicare-covered item within the previous 15 months.
- Medicare beneficiaries who received calls during the Affordable Care Act open enrollment period. Scammers ostensibly tried to enroll them in the Healthcare Marketplace, for which Medicare enrollees are NOT eligible, with the intention of stealing the beneficiaries' medical and financial identities. The scammers told the beneficiaries they needed a new card because of Obamacare, and that there was a small fee. Luckily, they didn't fall for this trick, but we still reported it so the government can track fraud trends.

Indiana's SMP also works with news media to get coverage of current frauds, schemes and scams targeting seniors. We find seniors will realize that they received a similar letter, email, or phone call as the one detailed in a news story. Having knowledge of how these scams work empowers seniors to identify when they are being targeted.

Statewide, reports of senior financial exploitation have exploded over the past decade. Covering the twelve year period from 2001 through 2013, Indiana Division of Aging / Adult Protective Services' indicates the following:

- Calls for services rose 400%.
- Abuse cases increased 30%.
- Neglect cases increased 13%.
- Financial exploitation increased an alarming 83%.



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Current reports of financial exploitation to APS now average 126 reports per month, a 15% from FY 2013 to FY 2014. Further, financial exploitation also represents nearly 15.0% of total APS cases opened in FY 2014. Total APS calls for service in FY 2014 were 30,448; total cases opened and investigated were 10,719; of these financial exploitation cases totaled 1,506.

Given the epidemic proportions of senior financial exploitation in Indiana, ensuring the sustainability of the AAA network is critical. Indiana’s AAAs play a key role in fraud and exploitation prevention and intervention:

- We provide general fraud & abuse information and education in our communities, and inform and empower consumers.
- We refer consumers to proper authorities or other legal assistance.
- We host Senior Medicare Patrol staff and volunteers, integrating them into our full continuum of services to provide a special emphasis on Medicare fraud prevention, and medical and financial identify theft.
- On a statewide level, we have built strong partnerships with law enforcement agencies, the Attorney General’s office, the Secretary of State’s Office, Better Business Bureau and Adult Protective Services. Many AAA’s also play leadership roles in their own local community-wide coordinated efforts.
- We have a “No Wrong Door” system set up with legal and protection agencies. AAAs refer to the legal services, adult protective services and law enforcement agencies, and in turn make referrals to the AAAs. For instance, APS often contacts AAAs when they work with someone who is suspected to be a fraud or abuse victim to refer that person for an in-home assessment for needed home and community-based services. AAAs are able to expedite these APS-referred assessments.
- The home and community-based services and supports that the AAAs can put into place through our funding sources and community resources can provide some safety and oversight for fragile individuals at-risk for abuse, neglect and financial exploitation.
- Finally, the AAAs help victims rebuild after exploitation has taken place and try to ensure abuse does not happen again.



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This amazing network is in place in Indiana now. But, the network’s long-term sustainability is far from assured. Therefore, we urge the Senate Special Committee on Aging to champion the reauthorization of the Older Americans Act, which has been stalled in Congress. Among its titles, the Older Americans Act’s Title VII supports elder abuse prevention and ombudsman programs. We believe reauthorization will have bi-partisan support. Further, we urge the Committee to ensure sustainable and adequate funding for the AAA network through the Older Americans Act. Older American’s Act funding has remained flat for more than 10 years despite both demand for services that is accelerating exponentially given the demographics of our aging society and the increased prevalence of senior financial exploitation.

The Committee can also play an integral role in advocating funding for the Elder Justice Act of 2009. Many parts of this vital act have languished for lack of any appropriation. However, the work of the Elder Justice Coordinating Council, established by the Act to coordinate activities related to elder abuse, neglect, and exploitation across the Federal government, has begun. The Elder Justice Coordinating Council is directed by the Office of the Secretary of Health and Human Services and the Secretary serves as the Chair of the Council. To further the implementation of the remaining parts of the Elder Justice Act, we urge the Committee to advocate support for the President’s \$25 million Elder Justice Initiative included in his FY 15 budget proposal.

Finally, we anticipate that elder justice and senior financial exploitation will be an important topic for the 2015 White House Conference on Aging. We urge Congressional support of the Conference, and particularly ask Senator Donnelly to assure Indiana Association of Area Agencies on Aging’s representation and full participation in the conference.

Thank you again for your consideration of our testimony and request for support.

Mark Lindenlaub

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