

# Protecting Yourself From the Unscrupulous

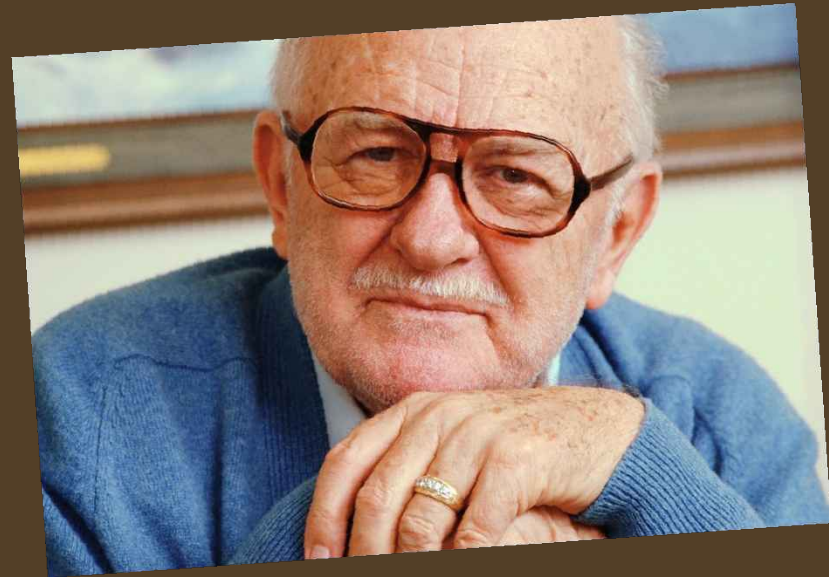


## Consumer Scams, Predatory Lending, and Financial Exploitation

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# Consumer Scams

- Most businesses are ethical in their dealings. However, there are some con artists who deliberately target seniors, hoping to take their money before they are exposed.
- Common consumer scams against seniors include:
  - Home repair fraud;
  - Door-to-door sales scams;
  - Travel scams; and
  - Telemarketing fraud.



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# Consumer Scams, cont'd

- Home repair fraud:

- Home repair and improvement scams are among the most common types of consumer scams used against seniors.

- Common scams:

- Asphalt—Solicitors offer to use leftover asphalt from an earlier job to repave your driveway. Workers usually start the job and then say it will cost hundreds or thousands of dollars more to complete it.
- Foundation and Attic Work—Solicitors recommend repairs to your foundation or attic. Repairs are often in unseen locations and may be unneeded or are never completed.
- Free Home Inspections—A solicitor offers a free evaluation to look for damage to your home. The solicitor may find problems that don't exist, or worse the solicitor may simply be trying to get into your home to rob you.
- Requests for Large Down Payments—Some solicitors offer to go to the bank with you to withdraw money for the services they have scammed you into getting.



# Consumer Scams, cont'd

- Home repair fraud, cont'd:
  - The do's and don'ts for avoiding home repair scams:
    - Beware of any worker who:
      - Solicits door to door;
      - Drives an out-of-state or unmarked vehicle, especially after damaging storms;
      - Has no identification or address, just a phone number;
      - Demands full payment before beginning the work.
    - Before starting home repair work:
      - Hire companies that you know or that are recommended by friends or relatives;
      - Check the background of companies by calling the Attorney General's Consumer Protection Hotline at 1-800-392-8222 or contact your nearest Better Business Bureau;
      - Check the credentials of companies: verify their telephone numbers and addresses in the phone book; check for county and local permits; and, ask if they are licensed, bonded and insured.
      - Get at least two or three estimate, and get all of them in writing.
      - Get all agreements in writing, including description of the job, completion dates and price.
      - Make full payment only when the terms of the contract are met.

# Consumer Scams, cont'd

- Door-to-door sales:
  - Door-to-door salesmen sometimes use high-pressure or scare tactics and may misrepresent the quality and value of products. Criminals may even pose as salespeople to enter your home.
  - To avoid being a victim:
    - Ask for proper identification before listening to a sales pitch or allowing a salesperson to enter your home;
    - Don't fall for the "sympathy" approach. Sellers may say they are working their way through college or use other lines;
    - Do not let yourself be hurried, intimidated or coerced;
    - If you are interested in a product, get everything in writing including price, warranty and all conditions. Tell the salesperson you will get back to him;
    - Use a credit card if you buy.



# Consumer Scams, cont'd

- Door-to-door sales, cont'd:

- Cancellation:

- State law gives you the right to cancel a contract within three business days (excluding weekends and legal holidays) if the seller personally solicited and presented the contract in your home.
- The salesperson must advise you of this right and acknowledge it in the contract. If you cancel, the notice must be in writing. The seller must return any payment or trade-in goods within 10 days after notification of cancellation, and must mark the contract "cancelled."
- The buyer may keep any item the seller does not request returned within 20 days of the contract's cancellation.
- Cancellation cannot be made when:
  - The buyer requested the goods or services immediately because of an emergency;
  - The dealer in good faith started to fulfill the agreement before receiving the cancellation; or,
  - The goods cannot be returned to the seller in "substantially" the same condition as when received by the buyer.



# Consumer Scams, cont'd

## ■ Travel Scams:

- If you receive a phone call or postcard offering a free vacation, beware. No business is in the business of giving away free vacations to strangers.
- Tips to Avoid Travel Scams:
  - Be cautious of firms that ask you to pay before confirming reservations. Most reputable travel agents will confirm before payment.
  - Deal with an established firm. If a firm is unfamiliar, check with relatives, friends, the Better Business Bureau or the Attorney General's Consumer Protection Hotline at 1-800-392-8222.
  - Don't give out your credit card information unless you expect to be charged.
  - Make sure any verbal promises are listed in the contract. Many consumers report being told one thing in a presentation, only to find out it is not in their written agreement.
  - Request written information for total cost and all items included. Any transportation, lodging, meals or other items not specifically mentioned may not be included. "Free vacations" often do not include meals, taxes, deposits or other surcharges.
  - Ask about the right to cancel or you could end up paying for a trip you never take. Also ask about cancellation insurance.
  - Be wary of vacation offers that are "good today only."



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# Consumer Scams, cont'd

- Telemarketing Scams:
  - Con artists are cheating consumers out of over \$40 billion a year by offering phony prizes, cheap products and using high-pressure sales tactics by phone.
  - NO-CALL LIST--
    - The best way to cut down on telemarketing calls is to register for free with the Attorney General's No Call list at 1-866-662-2551.
    - By including your telephone number on the NO-CALL LIST many telemarketers are prohibited from contacting you.



# Consumer Scams, cont'd

- Telemarketing Scams, cont'd:
  - Here are some things you should know about telemarketers:
    - Most telemarketers are forbidden by law from calling you if you are on the No Call list.
    - Some telemarketers are exempt: nonprofits, charities, companies that have an existing business relationship with you (your bank, insurance company, cable TV provider), political groups and researchers.
    - Telemarketers can only call you from 8 a.m. to 9 p.m.
    - You have the right to tell any telemarketer--even exempt ones--not to call again. Report violators to the Attorney General's Office at 800-392-8222.
  - Still, scam artists may continue to call you. Don't be caught off guard:
    - Free is free. If you are told you have won a great prize but you must pay an upfront fee, shipping charge or taxes--forget about it. That prize will not be worth the money sent to claim it.
    - Hang up on offers to buy tickets in foreign lotteries. It is a violation of U.S. law to buy lottery tickets by phone or mail.
    - Don't be pressured into acting if you are told an offer is good "today and today only."
    - Watch out when someone ask for your credit card, bank account or Social Security number. This is called a "phishing" scam, because an identity thief is fishing for your information.
    - Ask for written information. A legitimate company will be glad to send it.

# Predatory Lending

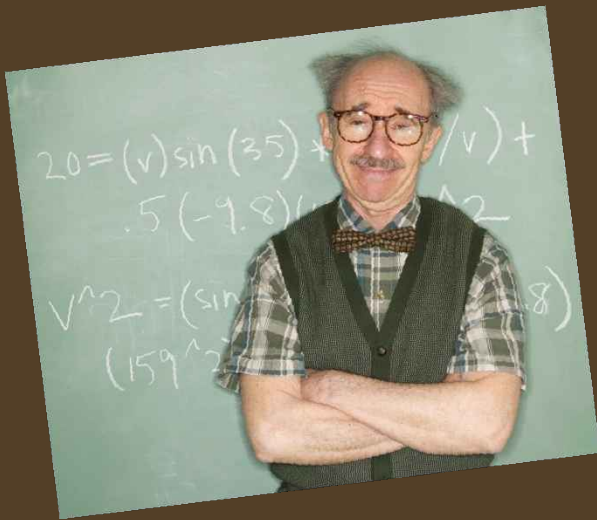
- Predatory Lending--Loans and Credit Scams:
  - Predatory lending is a term used to describe a wide range of shady financial practices.
  - Tactics used by predatory lenders:
    - A lender or investor tells you that they are your only chance of getting a loan or owning a home. You should be able to take your time to shop around and compare prices and houses.
    - The house you are buying costs a lot more than other homes in the neighborhood, but isn't any bigger or better.
    - You are asked to sign a sales contract or loan documents that are blank or contain information that is not true.
    - You are told that the Federal Housing Administration insurance protects you against property defects or loan fraud--it does not.
    - The costs or loan terms at closing are not what you agreed to.
    - You are told that refinancing can solve your credit or money problems.
    - You are told that you can only get a good deal on a home improvement if you finance it with a particular lender.



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# Predatory Lending, cont'd

- 10 tips on being a smart consumer:
  - Interview several real estate professionals (agents), and ask for and check references before you select one to help you buy or sell a home.
  - Get information about the prices of other homes in the neighborhood. Don't be fooled into paying too much.
  - Hire a properly qualified and licensed home inspector to carefully inspect the property before you are obligated to buy. Determine whether you or the seller is going to be responsible for paying for the repairs. If you have to pay for the repairs, determine whether or not you can afford to make them.
  - Shop for a lender and compare costs. Be suspicious if anyone tries to steer you to just one lender.
  - Do NOT let anyone persuade you to make a false statement on your loan application, such as overstating your income, the source of your down payment, failing to disclose the nature and amount of your debts, or even how long you have been employed. When you apply for a mortgage loan, every piece of information that you submit must be accurate and complete. Lying on the mortgage application is fraud and may result in criminal penalties.



# Predatory Lending, cont'd

- 10 tips on being a smart consumer, cont'd:
  - Do not let anyone convince you to borrow more money than you know you can afford to repay. If you get behind on your payments, you risk losing your house and all of the money you put into your property.
  - Never sign a blank document or a document containing blanks. If information is inserted by someone else after you have signed, you may still be bound to the terms of the contract. Insert "N/A" (i.e., not applicable) or cross through any blanks.
  - Read everything carefully and ask questions. Do not sign anything that you don't understand. Before signing, have your contract and loan agreement reviewed by an attorney skilled in real estate law, or consult with a trusted real estate professional.
  - Be suspicious when the cost of a home improvement goes up if you don't accept the contractor's financing.
  - Be honest about your intention to occupy the house. Stating that you plan to live there when, in fact, you are not (because you intend to rent the house to someone else or fix it up and resell it) this violates federal law and is a crime.

# Predatory Lending, cont'd

## ■ Payday Loans

- Payday loans are usually small, high interest loans that are designed to be repaid to the lender when you get your next paycheck.
- The payday loan industry has exploded in Missouri and across the country in recent years. These loans are intended to be paid back with your next paycheck. However, some borrowers cannot afford to pay the loan by the deadline and renew or extend their loan. This cycle becomes addictive for many consumers, and the fees pile up.
- In 2005, the average consumer in Missouri paid a 408 annual percentage rate on a payday loan. This is more than four times the original loan amount.
- Payday loans are usually used to help pay bills. But research shows that a payday loan is far more expensive than late fees for a credit card, rental property or utility bill.

# Financial Exploitation

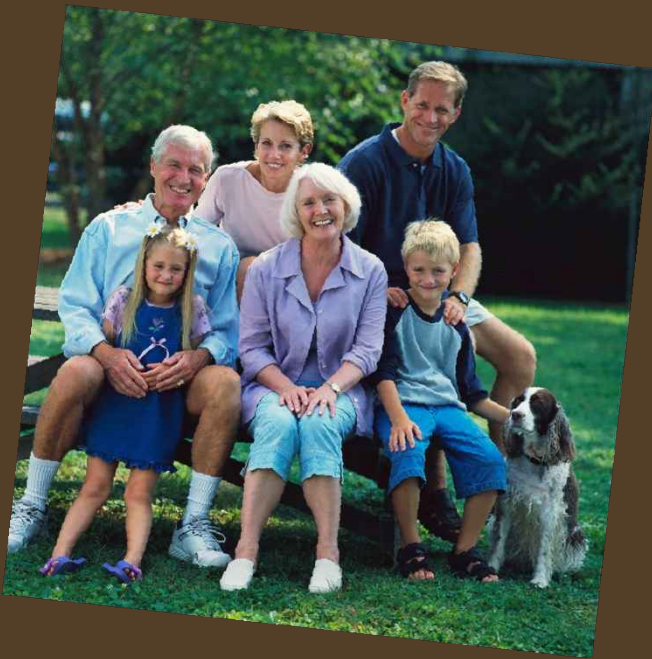
- Financial Exploitation
  - Financial exploitation is the unauthorized and improper use of an elderly person's funds, property or assets.
  - Financial exploitation commonly involves:
    - Misusing an elder's personal checks, credit cards, or accounts;
    - Stealing cash, income checks, or household goods;
    - Forging the elder's signature; or
    - Engaging in identity theft.



# Financial Exploitation, cont'd

- Who perpetrates financial exploitation?

- An exploiter can be an individual or an institution. They can include anyone in a position of control or authority. An exploiter can be a spouse, a relative, a friend or neighbor, a volunteer worker, a paid worker or a practitioner.
- Most often a perpetrator of financial exploitation is a spouse or a child.



# Financial Exploitation, cont'd

- Indicators of Financial Exploitation
  - At first, you might not recognize or take seriously signs of financial abuse. They may appear to be symptoms of dementia or signs of the elderly person's frailty--or caregivers may explain them to you that way. In fact, many of the signs and symptoms of elder abuse do overlap with symptoms of mental deterioration, but that doesn't mean you should dismiss them on the caregiver's say-so.
  - Signs and symptoms of financial exploitation:
    - Significant withdrawals from the elder's accounts.
    - Sudden changes in the elder's financial condition.
    - Items or cash missing from the senior's household.
    - Suspicious changes in wills, power of attorney, titles, and policies.
    - Addition of names on the senior's signature card.
    - Unpaid bills or lack of medical care, although the elder has enough money to pay for them.
    - Financial activity the senior couldn't have done, such as an ATM withdrawal when the account holder is bedridden.
    - Unnecessary services, goods, or subscriptions.

# Financial Exploitation, cont'd

- How you can protect yourself, as an elder, against elder abuse?
  - Make sure your financial and legal affairs are in order. If they aren't enlist professional help to get them in order, with the assistance of a trusted friend or relative if necessary.
  - Keep in touch with family and friends and avoid become isolated, which increases your vulnerability to elder abuse.
  - If you suspect a problem speak up. Tell someone you trust.

# Financial Exploitation, cont'd

- Reporting Financial Exploitation
  - To report financial exploitation call the Missouri Elder Abuse Hotline at 1-800-392-0210.
  - When a report is received, trained staff from the Division of Senior and Disability Services will listen to your concerns and help find a solution. Including:
    - Linking you to community resources.
    - Locating appropriate legal interventions.
    - Arranging emergency support.



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