



OFFICE OF THE DISTRICT ATTORNEY COUNTY OF SAN DIEGO

PROTECT YOUR SAVINGS FROM CON ARTISTS!

Even if you're enjoying your golden years and have been reaping the benefits of years of good financial planning, you might be surprised to learn that you are more susceptible to financial scam artists than you think. Senior citizens continue to be among the most vulnerable victims to these criminal opportunists. The San Diego District Attorney's Office and the California Department of Insurance are committed to putting them out of business.

YOU, as the consumer of an array of financial and insurance products, are the first and best line of defense against these predators. By staying informed and aware of the tactics they use, you can avoid falling prey, and hold onto every last penny of the savings you worked so hard for throughout the years.

Although the vast majority of life insurance agents are honest, hard-working individuals, there are exceptions, and it's important to note that one of the most shocking aspects of insurance or annuity fraud is how the financial predator often takes advantage of those whose trust he or she has worked to gain. Here are a few "real life" examples which were prosecuted by the San Diego DA's office just in this past year:

In one case, the defendant was a licensed insurance agent for more than 20 years. Many of his victims lived in the same retirement community in San Diego. One couple felt comfortable enough to invite him to visit them in their home in another state. He ingratiated himself to many of his victims by spending time with them, including sponsoring golf tournaments in their retirement communities. He earned their trust and was able to convince his victims to withdraw their hard-earned investment monies to invest in other companies he recommended, which he promised would yield higher rates of return to compensate for the exorbitant surrender charges they suffered in order to move their money. It was later revealed – after his victims had entrusted more than \$1 million with him – that he took much of their money

and deposited it into his own bank account to pay for his personal expenses. This predator pled guilty last spring and is serving a three year prison sentence.

In another similar case, the defendant was a life insurance agent who had been friendly with her victims – most of them part of the same family – for 15 years. She spent time in their homes, enjoyed holidays with them and earned their trust. She approached them five years ago with an opportunity to earn 9% on their investments for a two year term. She convinced them to withdraw money from their bank accounts and **write checks payable to her**. She told her victims that she was personally investing all of her retirement savings with the same company, and that she was their “in”, since the company generally didn’t allow “little people” to invest. She initially provided them with “account statements”, which she fabricated, using a fake address. Eventually they stopped receiving these statements and upon further inquiry, learned that although the company existed in another state, it had no accounts in any of their names. Investigators were able to determine that the checks written to the defendant were deposited into her personal account, but no money was ever paid into any investment. This woman was able to ingratiate herself with these family members and convince them to turn over more than \$90,000 to her, which they will likely never see again.

There are a variety of resources at your disposal, including published materials from the California Department of Insurance (CDI), available in print format or on-line at www.insurance.ca.gov. One of these items is the “**Senior Insurance Bill of Rights**”, and is available from any CDI office or the San Diego DA’s office. Due to the prevalence of this burgeoning class of crime, CDI has been instrumental in getting passed a series of regulations and laws to protect senior citizens and hold responsible those who prey on them. Here are some examples:

- A prospective insured 65 years of age or older is **owed a duty of honesty, good faith and fair dealing** by an insurer, broker, agent, and others engaged in an insurance transaction
- It is a felony for an insurance agent to misrepresent the terms or benefits of an insurance policy to a senior citizen
- You have **30 days to review a policy** of Life, Annuity, Long-Term Care, or Medicare Supplement and if you return the policy to the company by the 30th day after you receive it, you are entitled to a full refund of your premium, in a timely manner
- You must be provided all information relating to benefits – including negative consequences – with regard to replacement of an existing policy or annuity

There is a specific set of requirements which must be met when an agent meets with you in your home in connection with a sale of annuities. Specifically:

- You must receive written notice at least 24 hours before anyone meets with you in your home in connection with the sale of a life or annuity policy. The notice must indicate:
 - the reason for the meeting
 - the name, license number and phone number of all persons coming to your home
 - that others are invited to attend, including family or friends
 - that you have the right to end the meeting at any time
 - that you have the right to contact CDI for more information or to lodge a complaint
- **You are entitled to full disclosure of all surrender charges and related time frames in connection with a life and/or annuity policy prior to purchase**

The purpose of this article is not to advocate storing your life savings underneath your mattress, but rather to help you to be aware of some of the things to look for, as well as questions to ask when considering any investment. Remember that in many cases, financial predators will try to make their victims feel the pressure of time – beware of the “limited time offer” or other tactics intended to force you into a quick decision. Take the time you need, consult closely with those you trust, ask lots of questions, run your agent’s name or license number on the CDI website (above), check with the Better Business Bureau (www.bbb.org), get everything in writing, and most of all, trust your instincts – remember the old adage: if something sounds too good to be true, it probably is!

If you believe you've been the target of financial crime related to life insurance or annuity products, please call the Department of Insurance Consumer Hotline, (800)927-HELP(4357) between 8 am and 5 pm, Monday through Friday.

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