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UNITED STATES ATTORNEY

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I. Introduction

Good afternoon and thank you all for being here today. I am fortunate to be joined by my good friend Chief Chris Perkins of the Roanoke City Police Department, as well as my new friend Julie Wheeler, President and CEO of the Better Business Bureau of Western Virginia. Both Chris and Julie have years of experience in looking out for seniors and in helping educate them to avoid becoming victims of crime. I thank them for coming, and for helping us bring attention to this important issue today.

We have convened this event to talk about an issue that has implications on almost each and every one of our families: financial fraud schemes that specifically target senior citizens.

Unfortunately, across the country and right here in Roanoke, the prevalence of these scams is a growing problem, with the number of local victims steadily increasing by large margins.

I want to talk about our approach to this problem - a combination of our core enforcement work with affirmative support for prevention and education. Protecting our seniors from falling victim to financial fraud is something that will only be accomplished through a holistic approach that combines both “front end” education efforts and “back end” prosecutions of fraudsters.

Chief Perkins will speak about the specific scams his department has seen in Roanoke, the increase in the numbers of these scams and who people can call if they feel they have been a victim.

Julie Wheeler will then offer some tips to seniors on how to protect themselves, why it is important for seniors to be aware of these scams and who to call to get involved in the local senior citizen community.

II. Enforcement

The Department of Justice, even at its highest levels, is committed to protecting our seniors from falling victim to financial fraud.

The Department's Consumer Protection Branch has done terrific work combating fraud on the elderly as part of a broader emphasis on frauds targeting vulnerable populations.

Here in the WDVA, we have a number of committed AUSAs who deal in these types of white collar cases and routinely secure convictions against the men and women who target our elderly friends and neighbors. We have done dozens of these cases through the years.

A. US v. Active Solutions and Michael Cowen

Our office recently prosecuted a company called Active Solutions and its CEO Michael Cowen. This Ohio-based company ran national television ads advertising mobile scooters to senior citizens who were

Medicare recipients. However, upon delivery, instead of a mobile scooter, victims were given a big, bulky electronic wheelchair.

Delivery drivers were trained by the company to tell their elderly victims that since they had already taken the wheelchair off the truck, a $700 cash restocking fee must be paid up front. This was clearly a scam that preyed on the vulnerability, and often disability, of older victims. The defendant counted on the fact that a senior citizen was not going to argue with a delivery driver out in public.

Unfortunately more than 3,000 seniors fell victim to this fraud. However, after a length and difficult investigation, our office secured convictions against the company and Mr. Cowen.

B. <u>US v. John Donnelly</u>

In other cases, fraudsters have abused the trust of elderly customers. Consider the case of John Donnelly, who was convicted of running a decade-long Ponzi scheme that bilked his victims out of more than $5 million dollars. This was a classic “ponzi scheme,” in which

Mr. Donnelly promised unreasonable returns to investors, then used their money to pay off other investors in a downward spiral of default. Many of the “investors” that Donnelly targeted were elderly, and in many cases they lost their life savings. Mr. Donnelly targeted older investors because he knew they were more trusting and less likely to be involved in the day-to-day activity of their money.

Mr. Donnelly was ordered to pay $5.3 million in restitution and is currently serving a 7 ½ year federal prison term.

C. US v. Sheila Wright

Just last week, Sheila Wright, a former bank teller in Lynchburg, pleaded guilty to embezzlement. Ms. Wright was stealing money out of the accounts of elderly customers and using it for her own benefit. Essentially, she assumed the identity of older bank customers and drew funds from their accounts. Like John Donnelly, she preyed upon their trust, used that trust to steal these seniors’ money. Ms. Wright now faces a possible 20 year prison sentence.

D. US v. Mary Sanderford

Earlier this year, a Tennessee woman named Mary Sanderford was convicted of credit card fraud after she took advantage of her elderly aunt and obtained credit cards in her name.

Ms. Sanderford used the ill-obtained credit cards to buy herself sunglasses, tires for her truck and other vanity items. In all, she took more than $169,054 from her elderly aunt.

She is now serving prison time for her crimes.

In all of these cases, the defendants specifically targeted older victims because they felt they were easy prey. Unfortunately, far too often they are. It is for precisely these reasons that we as law enforcement community must act as both the educator and protector of our elder residents.

III. Importance of Protecting the Elderly

We can do cases against the John Donnellys and Sheila Wrights of the world all day and not solve this problem. As I said, it is only with effective prevention that we’ll make a dent in this persistent problem.

The Department of Justice has made great strides in making the elderly population aware of financial scams through enhanced public awareness in collaboration with the AARP and other groups.

We’re trying to adopt a similar level of collaboration here in the Roanoke Valley. Earlier this year, Chief Perkins approached our office and representatives from the FBI and the Marshal’s Service and asked if there was a way to join forces on an education effort to help Roanoke’s seniors protect themselves.

We willingly accepted the Chief’s offer, as we saw that a little education here would go a long way. Our Community Outreach Coordinator Gwen Mason coordinated an effort between law enforcement groups and local advocacy groups to form a “strike force” to help get the word out regarding this type of fraud, which has brought us all here today.

Just prior to this event, our “strike force” met and came up with some great ideas to get the word out about scams targeting our elderly citizens.

One of the early deliverables from this “task force” is this simple board you see here next to me. It includes tips for seniors so they can check before they write that check.

We have come up with a few simple questions seniors, or really any potential customer can ask themselves when someone they don’t know calls on the phone or knocks on the door.

- Did I ask for this service or was in unsolicited?
- Did I ask to see some form of ID?
- Did I get a phone number to return their call?
- Do they want me to prepay?
- Did I tell someone, children, spouse, care giver?
- Did I give myself 24 hours to think about it?

The message recognizes that seniors answer their phones, they answer their doors. They were brought up having good manners and thinking it was rude to hang up on someone or shut the door on a visitor, even an uninvited visitor.

We hope seniors benefit by having a small checklist list to go by when considering the purchasing of good or services and we know that sometimes they are embarrassed to tell their spouses, their children or their care givers that they might have been "had."

This message will be printed onto flyers and will be placed at locations throughout the Roanoke Valley that are frequented by seniors.

They will also be delivered by the local Meals on Wheels program where 800 flyers will be included with upcoming dinners.

In the near future, we also hope to put the message on magnets that can be placed for easy review on the refrigerators of local seniors.

All of these efforts leads to the ultimate goal for everyone here: protecting seniors from becoming victims of financial fraud. I know the group who gathered together before this event will continue to look for ways to protect our seniors and, in those cases where someone is made a victim, this office will prosecute them for their crimes.

IV. Partners

We are fortunate in Roanoke to have community leaders who are working to fight these very problems day-in and day-out.

In the City of Roanoke, one of those leaders in law enforcement if Chief Chris Perkins.

Chief Perkins speaks about local efforts, local scams, increase in number of scams;

Julie Wheeler talks about what local groups are doing, where seniors can go for more help).

V. Conclusion

Educating our elder population is of paramount concern to the Department of Justice. We must be vigilant in both giving our elder citizens the knowledge and resources they need to combat these fraudsters while at the same time prosecuting those individuals who target seniors.

With the help of our local “strike force” I know we are making Roanoke a safer place for older residents.

Thank you all for coming, we will now answer any questions you may have.