



Testimony by Frank W. Abagnale

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INTRODUCTION

Chairman Kohl, Ranking Member Corker, Members of the Committee, I am honored to be invited to testify before you today on the seriousness of identity theft and financial fraud against the elderly and the need for education. I am Frank Abagnale subject of the book, movie and Broadway musical "Catch Me If You Can".

I have a unique perspective having committed fraud as a teenager some 40 years ago and having spent the last 36 years of my life teaching at the FBI Academy and field offices of the Federal Bureau of Investigation. In my 36 year career, I have conducted over 3,000 lectures and written four books on these subjects. For the past 36 years, I have worked to try to prevent fraud, forgery, embezzlement, identity theft and other white collar crimes.

One serious issue we face is financial fraud against the elderly. This can be perpetrated by family members, financial advisers, home healthcare providers, friends, scam artists, and others. As I'm sure you are all aware, in 2010 the Consumer Financial Protection Board estimated \$2.9 billion dollars was stolen from financially exploited elders and the

instances of financial theft from seniors grew 12% from 2008 - 2010. This is probably a low estimate because many times the elderly are too embarrassed to admit that they have been defrauded and therefore it goes unreported. Their families may not even be told. Last year, white collar crime in America had reached the \$900 billion dollar mark. Medicare fraud alone was estimated conservatively at \$179 billion dollars. The IRS paid over \$5 billion dollars in fraudulent tax refunds filed by individuals using a stolen social security number.

I make my home in Charleston, SC. Last month 3.5 million social security numbers and over 300,000 credit and debit card numbers were stolen from the SC Department of Tax Revenue by criminals who hacked into the state's computer system. It is believed that they not only stole social security numbers and credit card information, but also the entire return of each person who filed a SC tax return. This means the criminals have the social security number of the dependents; the home address; bank account numbers and copies of the W-2s.

What is truly amazing to an individual like me is that what I did 40 years ago as a teenager is 4,000 times easier to do today due to technology.

Unfortunately technology breeds crime -- always has and always will.

There will always be individuals who will use technology in a negative and self-serving way.

I have always believed that the government should take the lead in education to combat this horrendous crime. However, sometimes it seems the government makes it easier for individuals to commit these crimes. For example. The Centers for Medicare and Medicaid Services uses Social Security Numbers as part of the Medicare number. This means that anyone who sees the Medicare number can determine the Social Security Number. In a hospital or medical setting, a worker could have complete access to a senior's Social Security Number, home address, date of birth, possibly credit card numbers, bank account, and other information. This threat of identity theft of seniors will not be alleviated until the Social Security Number is removed from the Medicare card.

The elderly are hungry for information but do not know about legitimate resources where they can turn for help. Numerous companies on television and radio, as well as talk show hosts, promote and market solutions which may or may not actually work. This is a great example

of the victim going for help, but being victimized again by those companies that are claiming to help them.

Throughout my career, I have always believed that education is the best prevention. If you educate and explain to people their risks, in most cases they are smart enough to take that information and reduce their risks. I believe education is the only approach to help eliminate elder fraud. Education is not only important for our seniors, but it also helps bring awareness to all citizens so they can recognize the signs of fraud and know how to protect themselves. I believe that one of the most powerful tools at the government's disposal is creative Public Service Announcements that point out the most common scams and explain how to avoid becoming a victim. I recommend the government sponsor Public Service Announcements, mailing stuffers and educational materials so that individuals can learn to protect themselves and their loved ones.

Protecting one's identity is an individual's responsibility. If a person ages to the point that they cannot take care of their personal issues then the family and friends should help take responsibility. Everyone has to be educated. Government regulation is not the answer.

I recommend the following to seniors to protect their identity:

- Review your credit report semi-annually
- Reconcile your bank accounts in a timely manner
- Be suspicious of calls, e-mails or letters asking for personal information
- Don't give out your SSN - Just because a form contains a space for your SSN doesn't mean you have to provide it.
- Invest in a micro-cut shredder.

Finally, I believe that punishment for fraud and identity theft and recovery of stolen funds are so rare, prevention is the only viable course of action.

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