

## Scams That Target Veterans

### Why are service members and veterans targets?

- **Guaranteed income** – Fraudsters are aware that service members and veterans receive a steady monthly income or government pension. They will often use this to their advantage when timing their solicitation, knowing the target has recently or will soon receive their guaranteed payment. It is also a well-known fact that veterans are eligible for the G.I. bill, which fraudsters use to their advantage in education-based scams.
- **Military Association** – Often, warriors are vulnerable to scams simply because of their designation as a former or current service member. Scammers will prey on this association, and the goodwill and patriotism of service members and veterans, to lure the victim into a fraudulent arrangement (see Affinity Fraud).
- **Physical and mental status** – Wounded veterans may be at an increased risk for becoming victims to scammers, who may use their combat-related injuries, including post-traumatic stress, to manipulate them into disclosing sensitive or personal information.

### There are two primary types of fraud targeting veterans and service members:

1. **Affinity Fraud** – This occurs when the scammer claims to be a veteran, or working for an organization that support veterans, in order to gain access and trust.
  - a. **Deployment Scam** – This scam targets military family and friends in addition to non-military, well-meaning supporters. Scammers post classified ads on websites, claiming to be a service member who is being deployed and needs to sell an expensive item, such as a car, motorcycle, or electronics in a hurry and at a significant discount. Typically, the scammer requests a wire transfer upfront, before the item is even seen by the purchaser. Once the funds are received, the scammer stops communicating with the purchaser, and the merchandise is never received.
    - i. **TIP** – Do not send a wire transfer for any purchase; this may give the fraudsters access to your personal banking information, which they can then access and withdraw additional funds from.
  - b. **Rental/Real Estate Scam** - This scam involves a fraudulent rental property or real estate listing classified ad, promising military or veteran discounts and other incentives. Often, the address and

pictures of legitimate properties are used to trick the target into wiring a security deposit or down payment. Once the funds are wired, the scammer – and the property – disappear. In extreme scenarios, the renter prepares to or actually does move into the home, only to discover the landlord is not the rightful owner of the property they are now forced to vacate.

i. **TIP** – Always research the property or management company thoroughly via online property/deed records. A security deposit or down payment should not be processed until the property ownership has been verified and a contract is signed.

c. **Phishing Scams** – In this scenario, a scammer calls a veteran or current service member stating that they work for the Department of Veterans Affairs (VA) and claim that they need to update the veteran’s information. Alternatively, the scammer may state there has been a system glitch, and request the service member’s Social Security Number, Banking Information, or other personal information.

i. **TIP** - The VA will **NEVER** ask you for your sensitive personal information by phone, email, or text message – hang up and contact your local VA to verify the caller’s identity.

d. **Charitie Scams** - Fake veterans charities and service organizations use names that closely resemble those of a legitimate charity; often referencing the Armed Forces, a particular branch of the military, a specific military unit, or including the words “Veteran” or “Military Family” to make the fake charity seem legitimate. These charities are more likely to pop up around patriotic holidays, including Memorial Day, Veterans Day, or July 4<sup>th</sup>.

i. **TIP** - Always verify the legitimacy of any charity by visiting The Better Business Bureau’s Wise Giving Alliance at [www.give.org](http://www.give.org).

2. **Benefits Fraud** – This type of fraud occurs when a scammer attempts to manipulate or gain access to a service member or veteran’s government benefits through nefarious means.

a. **Charging for Records/Forms** – Any financial or investment agent attempting to charge for your military records or government forms is acting fraudulently.

i. **TIP** - This information is already available to you for FREE through your local VA. Always obtain copies of your records individually, and do not give others access to obtaining your

information directly from the VA without an authorized power of attorney.

- b. **Investment/Pension Scam** - Scammers pose as “Veterans Advocates,” and claim that a veteran may be entitled to additional benefits they can secure for them through a review of the veteran’s investment portfolio. The scammer may attempt to persuade the veteran to invest in an irrevocable trust or annuity so they appear to have fewer assets than they really have, entitling them to an additional pension. The risk to the veteran includes the possibility of losing some of your VA benefits, eligibility for Medicaid services, or limited access to funds for a significant amount of time.
  - i. **TIP** - Always check out the credentials of an investment adviser via your [state regulatory office](#).
- c. **Benefits Buyout Scam** - Scammers target Veterans in need of quick cash, offering an upfront cash payment in exchange for their future disability or pension payments and benefits. However, these buyouts are typically only 30-40% of what the value of the benefit actually is, and are structured in such a way that they are harmful to the Veteran’s finances.
  - i. **TIP** - When dealing with VA benefits, only use VA accredited representatives, including attorneys. A searchable list of VA-accredited representatives including Veterans Service Organizations, agents, and attorneys, is available at the VA Office of General Counsel website: [www.va.gov/ogc/apps/accreditation](http://www.va.gov/ogc/apps/accreditation).

The U.S. Department of Justice-Civil Division’s Consumer Protection Branch enforces and defends the consumer protection programs of four client agencies, including the Federal Trade Commission and the Consumer Product Safety Commission. The Financial Fraud Enforcement Task Force was established in 2009 to investigate and prosecute financial fraud, maximizing the ability both to recover proceeds of these frauds and obtain just and effective punishment of those who commit them. To learn more about scams targeting service members and their families, visit [www.stopfraud.gov/service-members.html](http://www.stopfraud.gov/service-members.html).