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What to know about auto service contracts and extended warranty scams

Colleen Tressler

FTC, Division of Consumer and Business Education

You may think buying an auto service contract can help ease the burden of costly repairs. While a service contract might sound like a good idea, it could duplicate coverage you have through your manufacturer's warranty. And you might actually pay more for a service contract than you get back in benefits. What's more, some companies pitching warranty extensions are scammers. Read on to learn more.

An auto service contract is a contract to pay for some repairs or services. Service contracts are sometimes called an "extended warranty," but they're not a warranty as defined by federal law. They're sold by car manufacturers, dealers, and independent companies. You can buy them anytime.

Do some research before deciding whether to buy an auto service contract.

- You don't need (or want) duplicate coverage. Check your existing auto warranty coverage first.

Thinking about buying an auto service contract?

Check your existing auto warranty coverage first.

Learn to spot the scams:

ftc.gov/cars



- The more coverage, the higher the cost. Pricing can range from several hundred dollars to several thousand. You also may need to pay a deductible each time your car is serviced or repaired.
- Look for exclusions that deny coverage for any reason, or tell you where your car has to be serviced.

Learn to spot the scammers. If you've ever gotten calls, texts, or mail warning that your warranty is about to expire, the companies behind the messages may give the impression they represent your car dealer or manufacturer when, in fact, they're likely trying to sell you a service contract. The truth is

- they probably have nothing to do with your car dealer or manufacturer
- if you respond, you're likely to get pressured to give them personal

financial information and a down payment right away, before you get any details about the service contract

- if you buy a service contract from one of these companies, you may find they won't be in business when you need to use it.



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Nebraska Adult Protective Services

2 Scams to Watch For During Tax Season

How to protect yourself — and recover — from preparer fraud and identity theft

By John Waggoner, AARP



Tax time is stressful enough. Having someone file a bogus claim in your name or discovering that your tax preparer is a fake can ratchet up the stress to stratospheric levels.

Prevention is the best way to avoid getting your tax return hijacked. If someone does file a false return in your name, you can fix the problem, but it's a sure bet that your refund will be delayed.

Preparer fraud

Scammers have plenty of ways to take advantage of you, but two favorite scams occur during tax time. Since the start of the COVID-19 epidemic, tax-related identity theft has increased by 45 percent, says Linda Williams, community outreach and training manager for Consumer Action.

The first type of tax scam is preparer fraud. The criminals set up shop as expert tax preparers and promise big refunds. For a fee, they fill out a return filled with trumped-up tax deductions and credits, with your name on the return. When the refund rolls in, it will go to their own bank accounts. By the time you come looking for them, they'll be long gone.

WARNING SIGNS THAT YOUR TAX PREPARER MAY BE A FRAUD

- They refuse to sign the return or enter a Preparer Taxpayer Identification Number. The Internal Revenue Service (IRS) requires both if someone else prepares your return. The IRS

will initially assume that it's you who attempted tax fraud. You can look up legitimate tax preparers in a searchable IRS database.

- They base their charges on a percentage of your refund.
- They ask you to sign a blank or incomplete tax form.
- They file the return without allowing you to review it.

But the crime can get worse: "If that person is willing to lie [to get your business], they probably are willing to use your information to steal your identity," says Rosario Mendez, an attorney with the Division of Consumer and Business Education at the Federal Trade Commission.

That brings us to the second type of tax fraud.

Identity theft

When tax filing involves identity theft, the scammers will get your Social Security number and other information, submit the return, and get the refund delivered to them through their bank. Most often, you won't discover the fraud until you try to file a return and IRS computers kick it back because a return for you has already been filed. Alternatively, you'll get an inquiry from the IRS questioning fraudulent deductions.

WARNING SIGNS THAT SOMEONE HAS HIJACKED YOUR TAX RETURN

- You can't e-file because of a duplicate Social Security number.
- You get a letter from the IRS

asking about a suspicious return you didn't file.

- You get an IRS notice that an online account has been created in your name, and you didn't create it.
- You get an IRS notice that you owe additional taxes.
- IRS records indicate wages from an employer you didn't work for.
- You've been assigned an Employer Identification Number (EIN) that you didn't ask for.

No matter who prepares your return, you are ultimately responsible for its accuracy. "The best thing you can do [to prevent identity theft on your tax return] is to sign up to get an Identity Protection Personal Identification Number," or IP-PIN, says IRS spokesman Eric Smith. Once you're part of the program, you get a new IP-PIN each year, which you use alongside your Social Security number when you file a return. "In that sense, it's a little like two-factor verification in that it gives you an extra layer of protection," Smith says.

Another easy way to thwart identity theft tax fraud: File early. If you get your return in before the scammer does, the phony return will be rejected.

WHAT TO DO IF YOU'VE BEEN TAX HACKED

Act quickly if you think someone has filed a false return in your name, and never ignore IRS

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notifications. Note that the IRS doesn't initiate actions via telephone, email or social media, nor does the IRS threaten to cancel your Social Security number. A real IRS letter has a notice letter or a letter number on the top or bottom right-hand corner. If you're suspicious, contact the IRS at 800-908-4490.

WHAT TO DO IF YOU DISCOVER THAT YOUR TAX PREPARER IS A SWINDLER

First, call the police. You're a victim of a crime, and you should file a police report naming the preparer as a suspect.

You'll also want to fill out IRS forms 14157 and 14157-A. You'll need a copy of the bogus return, a signed copy of the return you intended to file, proof of the refund amount, and proof that you've received the refund. You'll also need copies of the docu-

ments you received from the preparer.

If you've received a letter from the IRS about the preparer, send the forms to the address on the letter. Otherwise, send them to:

**Internal Revenue Service
Attn: Return Preparer Office
401 W. Peachtree St. NW
Mail Stop 421-D
Atlanta, GA 30308**

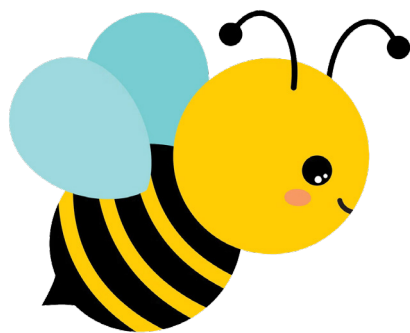
If the IRS hasn't tried to contact you and you think your identity has been stolen, fill out IRS Form 14039, Identity Theft Affidavit. IRS Identity Theft Victim Assistance will work to help you resolve your tax issue, and help you identify other areas where you might have been compromised, such as with your bank, credit cards or credit rating.

They will ensure that your correct return is processed, and release your refund (provided you are due one). The IRS may also put you in the IP-PIN program and get you a new PIN every year.

Try to be patient. The IRS says that resolving ID theft typically takes 120 days. Unfortunately, the COVID-19 pandemic has created an enormous backup in processing cases. Current average wait time: 430 days.

While you wait for the IRS to resolve your case, you'll have plenty of other things to do. Check with your state tax agency to see what you need to do if the scammer also filed a phony state tax return. You should also report your case to the FTC or by calling 877-438-4338.

John Waggoner covers all things financial for AARP, from budgeting and taxes to retirement planning and Social Security. Previously he was a reporter for Kiplinger's Personal Finance and USA Today.



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Nebraska Adult
Protective Services

Scammers use AI to enhance their family emergency schemes

By Alvaro Puig | Consumer Education Specialist



If you spot a scam, report it to the
FTC at [ReportFraud.ftc.gov](https://www.ftc.gov/report-fraud).

You get a call. There's a panicked voice on the line. It's your grandson. He says he's in deep trouble — he wrecked the car and landed in jail. But you can help by sending money. You take a deep breath and think. You've heard about grandparent scams. But darn, it sounds just like him. How could it be a scam? Voice cloning, that's how.

Artificial intelligence is no longer a far-fetched idea out of a sci-fi movie. We're living with it, here and now. A scammer could use AI to clone the voice of your loved one. All he needs is a short audio clip of your family member's voice — which he could get from content posted online — and a voice-cloning program. When the scammer calls you, he'll sound just like your loved one.

So how can you tell if a family member is in trouble or if it's a scammer using a cloned voice?

Don't trust the voice. Call the person who supposedly contacted you and verify the story. Use a phone number you know is theirs. If you can't reach your loved one, try to get in touch with them through another family member or their friends.

Scammers ask you to pay or send money in ways that make it hard to get your money back. If the caller says to wire money, send cryptocurrency, or buy gift cards and give them the card numbers and PINs, those could be signs of a scam.