

TESTIMONY



STATEMENT
OF
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BEFORE THE

**PERMANENT SUBCOMMITTEE ON
INVESTIGATIONS**

HEARING ON
CROSS-BORDER FRAUD
JUNE 14, 2001

My name is Ann Hersom. I appreciate this opportunity to address the distinguished members of the US Senate Permanent Subcommittee on Investigations regarding how my family was victimized by cross-border telemarketing fraud.

I am a 62 year old business woman and my 80 year old husband is retired. I have owned a small gift shop in downtown Sanford since 1994. My husband, Mr. Leon Hersom, was initially contacted sometime in 1997 through mail solicitations offering chances in foreign lotteries. I really did not pay much attention to what my husband was doing until 1998. I suffered an injury to my back in January of 1998 and had surgery in August of 1998. Since 1999 I have remained at home caring for my husband and 20 month old grandson. My son took over the day-to-day operations of my business. Since remaining at home I became aware that my husband was receiving numerous telephone calls during the day from telemarketers. I could not help but notice, the calls would started at 7:00 a.m. and continue until 9:00 p.m. at night. It was only then that I discovered that my husband had been sending money to Canadian telemarketers and sweepstakes drawing in the United States in the belief that he had won a lottery and needed to pay the "taxes" on the

winnings. While I have no exact way of knowing how much my husband actually sent these people I believe our financial loss is between \$15,000 and \$20,000. From the records I could piece together I know that my husband wired via Western Union \$2,700 dollars to specifically pay for the "taxes" on his winnings. In one instance he wired \$1500 which was all of our income for the month.

I am sure you can understand how hard it is to manage when all of your money for the month has been thrown away. After I became aware of this situation I reviewed our checkbook and credit cards and found numerous checks and credit card charges made out to these people for \$300 to \$500 at a time. It was so bad that I had to take the checkbook and credit cards away from him.

I then discovered that my husband was obtaining cash and mailing that directly to Canada. When he was unable to obtain cash he would take his medical insurance reimbursement checks from the mail sign them, cash them and send the money to people in Canada and the United States. My husband would receive approximately 20 sweepstakes mailings on Monday and 5 - 10 sweepstakes mailings the other days of the week. These sweepstakes mailings would be from all over the world telling my husband that he had won the lottery and just had to pay for "processing fees." Many of the mailings have "catchy" slogans - "you are a winner of one million dollars and all you have to do is pay \$19.95."

Many of the tactics from the mailings and telemarketers are also - "this is a one time only offer, you can only do this today", "you mean you don't want to win all this money" and "you could really use this money couldn't you?" These tactics prey on people's minds.

Senior citizens need to be made aware that you don't have to pay to win something.

We have started to receive telephone calls at our home from people with foreign accents, the telephone operator will call and say "you have an

international collect call - will you accept?" And before I can say "no" someone with a foreign accent will say "pick up the phone Mr. Hersom", say "yes, Mr. Hersom." This has been very, very frustrating - I try to always be the one to answer the phone.

My husband still insists that he will win "the lottery" and even opened a postal box, unbeknownst to me in order to continue to receive "lottery" information. I don't think I can fully explain how surprising and frustrating this experience has been. My husband was a businessman for many years, who owned his own lumber business. My husband was always very intelligent and was good at making smart business decisions. He is not the type of man that I would have imagined could fall for a con-artist. However, my husband is not in good health. He suffers from congestive heart failure and is on oxygen 24 hours per day. With the onset of his illness it also appeared as though he became exceedingly concerned about having enough money to pay for his ongoing medical treatment as well as just to meet normal living expenses. I believe that as people get older and they can no longer work to support themselves they become fearful as to how they will be able to manage.

Senior citizens are afraid that their money will not last as long as they will: this is a deep-seated fear that younger people – who are able to work and make more money if they need to – do not fully understand. I think these telemarketers prey on this fear to the point that people respond to an enticement that under normal conditions would not make sense. Even now I still monitor the mail and phone calls to ensure that telemarketers are not getting to him.

This entire experience has been extremely hard on our marriage. At one point, in desperation, I told him I would leave him if he didn't stop. Even today, after everything we have been through - he still believes he can win "the lottery." Or that he already has "won" and merely has to pay a "processing fee."

I hope my remarks today may alert potential victims

to this type of fraud. More importantly I hope that spouses, brothers or sisters and the children of the elderly pay attention to their loved ones and become involved in their lives in order to prevent some telemarketer from defrauding them. Many senior citizens are alone and fearful. They are easy targets for telemarketers whose scripted calls appear to offer friendship but only play on senior citizens' fears in order to steal their life's savings.

I want to say today to everyone that "if it sounds too good to be true, it is." I also want to say that senior citizens should not be embarrassed to talk about this with their families. Their families can help them to understand that this is not their fault, they are being preyed upon by these telemarketers and what is needed is for more people to know about this so that it can be prevented in the future.

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