

KEEN ON RETIREMENT



Are You Getting Scammed by the "IRS?"

Welcome to Keen on Retirement
With Bill Keen and Steve Sanduski

Steve Sanduski: Hello, everybody, and welcome back to another episode of Keen on Retirement. I'm your co-host Steve Sanduski, and I'm here with Bill Keen. Hey, Bill, how are you?

Bill Keen: I'm doing well today, Steve. Good afternoon.

Steve Sanduski: Yes, good afternoon. Gosh, we are winding down summer now, and I kind of look back and wonder where it went. We're getting ready. School is going to be starting here. Yeah, summer's really gone fast.

Bill Keen: That's right. I walked one to the bus stop this morning at about 8:00, and I was up there in my suit and at 8:00, Steve, it was about 95 degrees and 95% humidity, I think.

Steve Sanduski: Yeah, yeah.

Bill Keen: Summer here is still alive and well in Kansas City.

I was up in your neck of the woods, but I didn't come by your place. My wife and I were up in Oshkosh at the big air show a few weeks ago, and sorry I didn't come by, Steve.

Steve Sanduski: I know. I felt bad about that. Maybe you don't like me anymore.

Bill Keen: I'll drop in on you guys. Don't worry. I don't know that I've shared this with you, but when I transitioned into the current airplane that I fly now, it was a couple of years ago. It's considered a high-performance, complex aircraft.

I looked around the country and I found one of the top, if not the top transition training pilot in the country. His name is Major General Hank Canterbury, and Hank was a Thunderbird pilot. He spent many, many years in the Air Force and has a lot of time in fighter jets but also a lot of time in Beechcraft Bonanzas and Barons. I

actually had General Canterbury come into town and spend a week with me. We did about 15 hours of flying, and we did about 20 hours of ground school.

I got to tell you, Steve, there was times where the general raised his voice a few times as we were flying around. His style was he takes it very, very seriously and the stakes are high, and he's going to get his points across. I'm very grateful for that experience. I had the privilege of running into him at Oshkosh with his son, Todd, who is a colonel in the Air Force and was also a Thunderbird pilot. What an opportunity and what an honor to be able to spend some time with them.

Steve Sanduski: Yeah, I think that's a great story there. Gosh, he'd probably be a great candidate to be a guest on the podcast.

Bill Keen: It's funny you say that, because I was thinking that as well.

Steve Sanduski: We may have to tone him down a little bit, though.

Bill Keen: No, this is mostly an adult ...

Steve Sanduski: That's right.

Bill Keen: Isn't it?

Steve Sanduski: Do we want him to be raising his voice on the podcast?

Bill Keen: I'll have him sit back from the microphone, okay?

Steve Sanduski: Yeah. That would be fun if you could get him on.

Bill Keen: It would be an absolute honor to have him on. I'll make some calls and we'll see if we can't work that out, Steve. That would be great.

Steve Sanduski: Sounds great. All right, well, let's talk about scams. This is not a subject that is fun to talk about necessarily, but it definitely is an important one because with today's technology, we do see more and more people getting scammed, whether it's IRS scams, whether it's e-mail hacking or phishing. If you're in a work environment, if you're still working, I'm sure your companies have a lot of policies and procedures to make sure that you don't get hacked in the office, but it's also very easy to get hacked while you're at home. Bill, I know you've done a little research in this area and have some experience here as well in terms of some of these scams. What are some of the more common ones that you're seeing out there.

Bill Keen: The first one is, this IRS scam that has been going on now for several years. Have you received any calls on this, Steve? I got a voice mail message a couple of times on this.

Steve Sanduski: I don't recall getting one, but I've definitely had phishing attempts and that sort of thing.

Bill Keen: What's happening now is people are getting calls all across the country, and they sound very convincing. They're coming off as the IRS, and they're even working their caller ID to show Internal Revenue Service.

Steve Sanduski: Yeah. No, that's a trick in and of itself, because that's one of the ways I try not to answer my phone is if I look at the caller ID and it shows such and such telemarketing. It's like, okay, that's too obvious.

Bill Keen: I think if somebody sees IRS calling in, they probably would want to deflect that call as well. Wouldn't they?

Steve Sanduski: Or let it go to voice mail.

Bill Keen: That's right.

Steve Sanduski: See what they say. Yeah.

Bill Keen: What's happening, these callers, they may demand money or say that you have even a refund due and try to get you to share private information. They may even have some minor information about you, possibly an address. The one that I've seen repeated the most was telling folks that they had 2 or 3 years or 4 years of back taxes and that there's a lawsuit that's been issued against them and that someone will be coming to their house to take their house and their car and their license will be revoked and all their personal belongings. Could you imagine? How scary would that be for anyone, actually? We kind of joke about this, tongue in cheek because a lot of us are at a point where we think, "Well, we would never fall for that."

Steve Sanduski: Right, we're too smart for that.

Bill Keen: Yeah, too smart for that, and we would never fall for it. I'll tell you, these things are pretty convincing and can really scare people and trick people. The concept that they're coming up with is they will be able to get all the charges dropped as long as you will settle up with them on the phone.

Steve Sanduski: Oh, how nice of them.

Bill Keen: That's right. You get to keep your house, your license, your car, all your personal belongings and you won't have to go to jail if you can just give them \$3,000 right now. Something to kind of be on the lookout for, the IRS will never, they will never call to demand an immediate payment or call about any taxes owed without having first mailed a bill and had some correspondence through mail.

Steve Sanduski: Okay.

Bill Keen: Here's the confusing thing, and that comes right off the IRS website, Steve. Here's the confusing thing. We used to think that the IRS would never, call, ever, but now what they're saying is we would never call to demand payment without first having mailed you a bill. It indicates to me that the IRS may call as long as they sent you a bill. Do you follow that nuance there?

Steve Sanduski: Oh, sure.

Bill Keen: It's confusing to people.

Steve Sanduski: Yeah, Yep, yep. If someone calls you and says they're from the IRS and you've never received a bill from them saying that you owe something, then maybe you just ask them, "Why don't you resend the bill?"

Bill Keen: Yes. Yeah, exactly.

Steve Sanduski: Yeah. Better yet, if you know it's a scam, I'm sure we got a phone number here that we need to call to report the scam.

Bill Keen: Another thing the IRS will never do is demand that you pay taxes without giving you the opportunity to question or appeal the amount, so it kind of goes in line with the letter and giving you a chance to come back and make some negotiations or just get further understanding. One of the things that they'll never do as well is require you to use a specific payment method for back taxes, let's say. What these scammers are doing is they're telling folks to settle up, they've got to use either a personal debit card or do a Western Union, do some kind of a wire. The IRS would never do that.

Then finally, the IRS would never threaten to bring in local police or law enforcement groups to have you arrested for not paying. That would never happen. If someone gets a message on their voice mail, which I actually did, I got a voice mail to this effect, and you hear any of those things, you know immediately that it's a scam. Then lastly, if you believe that you have some issue or you have taxes that you might owe, you simply call the IRS directly, and we can link to that on our show notes, Steve.

Steve Sanduski: Okay.

Bill Keen: I'm trying to bring information to the table that's educational and relevant and pertinent, that can help people be successful but then avoid big mistakes. I just thought on Episode 20 here that we really should think about alerting people to these scams that are out there because they're real, and people fall for them all the time and millions of dollars are lost. I'm glad that you were agreeable to doing this episode, Steve. It's not that exciting. It's kind of negative, but I still think we need to bring attention to it.

Steve Sanduski: Yeah, as we were talking offline a little bit, that there's a lot of value that the folks here at Keen Wealth Advisors deliver that goes above and beyond just the investment management piece. It's things like this. It's alerting people to scammers out there who might be trying to get you out of your money, and there are some very simple remedies that people just are aware of it and are familiar with what to watch out for and how to report problems like this. Let's put those scammers in their place.

Bill Keen: That's right. I also might say that if anyone has something come up that seems odd, or anything actually, make sure they give us a call. We have information that we're able to vet things and kind of help folks work through some of these things to either figure out if it's real or not and then help people get to the right authorities if there's something that's gone awry.

Steve Sanduski: Good. Any other scams you want to talk about out there?

Bill Keen: One of them is the Medicare Health Insurance scams. We're a retirement-based firm and this is a retirement podcast, but there are perpetrators out there that will pose as Medicare representatives to get people to give them their personal information, or they will actually provide bogus services for elderly people at makeshift mobile clinics and then use that personal information they provide to bill Medicare and pocket the money. Who would ever think that someone would go to that length? I always say that some of these scams you hear about, if these people would just put their efforts into something legal, they would probably be doing something very well for themselves.

Steve Sanduski: Yeah, how true is that? Exactly. Yes. Just put that energy toward positive uses and you'll earn money legitimately.

Bill Keen: There's another one that's the counterfeit drug scams as well on the Internet. We're finding that seniors are increasingly going online to find better prices on specialized medications, and this scam has grown in popularity a ton in the last 10 years. The danger really is that besides paying money for something that won't help a person's medical condition, because truly in some cases the medicine is not the medicine, victims may purchase unsafe substances that can inflict more harm.

Then they share that information with other online scammers as well. It's interesting, but there's a whole kind of dark pool of this scam world that once you're in it, you just have to be on point because now they share information back and forth they know that, hey, these people are susceptible. They fell for it once. They might fall for it again or 2 or 3 or 4 times. It's sad.

Steve Sanduski: That's a list you do not want to be on.

Bill Keen: That's right.

Steve Sanduski: Any other ones here?

Bill Keen: It's almost become a joke, they call it the Nigerian prince scam.

Steve Sanduski: Oh, yeah. Yeah. Oh, gosh, see those all the time.

Bill Keen: Right. There's a Nigerian prince that he's inherited all this money, but he needs to be able to unlock it all and share it with you. He needs you to wire him \$2,500 or some number. Right?

Steve Sanduski: Yeah.

Bill Keen: That's one that, unfortunately, we had an elderly parent of a client of ours who actually went down to Western Union and wired the money.

Steve Sanduski: Oh, my goodness.

Bill Keen: That opened up the flood gates and finally, a Western Union rep ... After they had wired money several times, the Western Union rep actually shut it down.

Another one that I wanted to share kind of along those lines is where someone will call an elderly person and they'll say, "Hey, this is your grandson," or, "This is your granddaughter," and they will wait for the grandparent to say, "Oh, is this Mary?" or "Is this Tommy?" When they say that, the person on the other end, having had no other information except the phone number, will say, "Well, yes, this is Tommy. Yes, this is Tommy." Next thing you know, they're telling, "Please don't tell Mom and Dad, but I'm stuck over here. I don't have rent money and I have a car payment." This happened with another one of our client's parents, where there had been multiple wire transfers sent to someone they thought was their grandson.

Steve Sanduski: Oh, boy.

Bill Keen: Before it was actually ... they figured it out. I wanted to bring light to some of this because I just think that, again, we talked up front, you don't think it could happen to you, but a lot of these things are tricky and they look very real.

Steve Sanduski: Yeah, and I'm glad you're bringing all this up because I think just being aware of it and being on guard, being on alert here, that when you do get a phone call, if it just remotely sounds a little fishy, then your ears should be perked up after listening to this podcast and pay even closer attention to it. If it is anywhere close to sounding fishy, then definitely investigate it further and figure that out and just be aware of it I think will go a long way toward preventing it.

Bill Keen: We get a lot of questions here at the firm about do we see anything coming into our firm, and we have not. We haven't seen anything like this come into our firm, but the one thing that I will just share with our listeners is just know that

instructions cannot be taken by e-mail. That's my policy at Keen Wealth. We will not take instructions by e-mail. We have to talk to you in person.

One of the scams that has been going around is they will break into your e-mail contact list. This is scary. I had a client that owns a business here in Kansas City, and his CFO got an e-mail that said, "Please wire X amount of money to a certain account to pay a payable," and it came from the co-owner of the firm to the CFO. The CFO wired \$100,000 based on that e-mail that came from the secondary owner of this firm, that looked exactly like his e-mail. They found out about a week later that that was a scam.

Steve Sanduski: Oh, boy.

Bill Keen: Someone had broken into their e-mail system and figured out how to make an e-mail look like it was from one of the owners to the CFO and requested that, and they never confirmed it verbally or in person. They're not getting that money back. It is a real thing. If I get an e-mail here at the firm or any of the Keen Wealth team, we are all over the phones and talking and making sure that we have that instruction and that it's legitimate. We are on high alert for that type of thing over here.

Steve Sanduski: Yeah, yeah. I know I've seen a lot of scammy e-mails from PayPal. Now they were not legitimately coming from PayPal, but they were people impersonating PayPal, because I do have a PayPal account. That makes you a target there, too. Yeah, unfortunately, there are some bad people out there who are trying to take your money, so we just have to be wide alert for those potential situations.

Bill Keen: Steve, I have something I want to direct our listeners to, and you may have seen this, but this will be a great example of what these scams are exactly like. You know, of course, my friend Scott Hanson of Hanson McClain?

Steve Sanduski: Yeah, yeah.

Bill Keen: Scott is a retirement advisor, and I'm honored to call him a colleague. I had spent some time with him at the last Barron's meeting getting to compare notes. Where are they headquartered? They're in Sacramento. Is that right?

Steve Sanduski: Yeah, Sacramento area.

Bill Keen: They've had a radio show for about 20 years, and they just do a fantastic job. I actually listen to their podcast of their radio show, Steve, and I get a kick out of it. I love their style. They're fun.

They got a call from one of these fraudulent IRS scams, and they recorded it. They called back and recorded the call.

Steve Sanduski: Oh, fun.

Bill Keen: It was funny because I heard Scott and Pat bantering back and forth like, "Hey, is it legal to record a call without telling the people?" I think Scott said something like, "Well, I don't know. Who's going to sue us? The IRS scam guy overseas?" Anyway, I'm sure their compliance department said, "You're fine," but they recorded the call, and it's out there on YouTube.

Steve Sanduski: Okay.

Bill Keen: I would love for you to help me link to that or have that embedded in our podcast or our blog so our listeners can go to that and listen to it and watch it. One, I think it's entertaining. It is funny, but it's not funny either because a lot of people are falling for it and I think it gives our listeners an idea of truly what to expect if they get one of these calls.

Steve Sanduski: Right. No, I think that's a good idea. What you just said right there at the end is we'll give our listeners a good idea of what to expect when someone calls. I'm imagining that there's probably some dead giveaways on the call as to this really doesn't sound too legitimate.

Bill Keen: Again, if you're someone and you weren't expecting it and you got these calls, it could be very scary if you weren't prepared.

Steve Sanduski: Yeah, for sure. Good. All right. Bill, anything else that you want to wrap up with here?

Bill Keen: There's a couple of things. One is if you have been a victim of one of these scams, if you will, or even so far as to have some identity theft, which we hadn't talked about a lot today, but a lot of these things, it's kind of one and the same where you get involved in some sort of a scam and they in some way steal your identify, there's a couple of major tools that you can use. One is called a fraud alert and another is called a security freeze. I just wanted to bring a little bit of attention to these.

A fraud alert is a notation placed on a person's credit report. It requires potential creditors to verify a borrower's identity before any new credit is issued in their name. Now fraud alert doesn't cost anything.

There's no real specific rules for how to verify, for how these new firms issuing credit to verify if fraud alert is on your account. We're not sure how tight an actual fraud alert is, because a lot of the firms that are creditors want to loan money. That's their business.

By contrast, a security freeze is much deeper. It's called a credit freeze also. That prevents potential creditors from even viewing a credit report. This means no one, not even you can open a new line of credit in your name unless the freeze is lifted. It's a little deeper and a little more ongoing. It does cost about \$30.00 or so to have

those set up, depending on the states of residence.

Steve Sanduski: Then how to you undo the security freeze if you want to undo it?

Bill Keen: Permanently thawing a security freeze can be pretty involved. Consumers must contact each of the 3 bureaus to request an end to the freeze. It's a nominal fee, maybe \$10.00 or so, and then provide a personal identification number that they had received when they first initiated the freeze. It's a little more in depth, but the information that I have says that you can get that freeze lifted within a week or so.

If you think you're going to be applying for credit, it's really kind of a double-edged sword. If you've got somebody out there that's stolen your identity and they're making charges on your accounts, you definitely want to stop that and get a handle on it. Again, if you needed to borrow money and you have a freeze on your credit, you're kind of backed into a corner, aren't you?

Steve Sanduski: Yeah. I know that credit card fraud, we haven't really talked much about that, but that has happened to us several times where someone gets ahold of our credit card number and all of a sudden we start seeing these random charges in some remote place in Florida. Fortunately, our credit card company has been really quick to call us or send us an e-mail and say, "Hey, please verify these transactions," and we've been able to shut it down pretty quickly. We had one here just in the past, gosh, probably past 9 months where they racked up dozens of charges within a 24- or 48-hour period. It was just a real hassle. The credit card company was good about it, but it was just a hassle to make sure that they reversed every single charge ...

Bill Keen: Yes.

Steve Sanduski: ... and they did it the first time and then I had to double check it again and call them again. It just was a series of phone calls that none of us have time for but we got to do. Now, they've got these chips in the credit cards.

Bill Keen: Yes.

Steve Sanduski: I was at a baseball game last night. I think I mentioned that earlier. I went to one of the food stands to get my food and went and sat down at my seat there, and about 15 minutes later, one of my friends comes with his food and sits down, and he says, "Man," he says, "these chips in these credit cards, they delay the transaction," because apparently, it takes longer with the chip transaction than before when you just used to do the swipe.

Bill Keen: Okay.

Steve Sanduski: Apparently, this verification process with the chip takes longer than the old swipe. He was somewhat jokingly saying that these new credit cards that have tighter security are creating longer food lines at the ballpark.

Bill Keen: Oh, no. A byproduct of I guess technology.

Steve Sanduski: An unintended consequence, but I'm sure it's a small price to pay for greater security.

Bill Keen: These aren't fun things to talk about or consider or go through, but I do think that being proactive and thinking ahead is way better than being reactive and once it's happened having to scramble and come up with ideas. Again, we don't have control over it. If somebody gets a card number and you start seeing charges coming through, you have to deal with it.

I do think it's good that we take the time to talk about it, because, hey, it's financial. Are we talking about the bond market or the stock market or inflation or interest rates today? We do that a lot on our podcast, but today this is focused around these issues that's every bit as financial as anything else that we might be talking about. You know it?

Steve Sanduski: Mm-hmm (affirmative). Yep, definitely. Bill, hey, great. Another great show here, Bill, and I appreciate all the wisdom and research that you do here to help bring some of these issues to light, and we'll look forward to the next episode.

Bill Keen: Okay, Steve. Thanks much. I always enjoy our episodes.

Steve Sanduski: All right. Thanks, Bill. Take care.