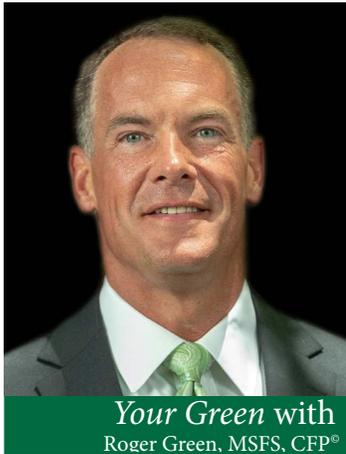


# Senior Fraud - Prevention and Action



Your Green with  
Roger Green, MSFS, CFP®

**Scams to exploit money and information from consumers age 60+ are at an all-time high. One in five older Americans are victims of**

**financial exploitation each year, according to a 2016 report by the AARP Public Policy Institute. The researchers found that these victims lose \$3 billion annually, or more than \$120,000 each<sup>1</sup>. Those at highest risk are physically disabled, living alone and isolated from family. Victims are not always disabled or in a state of diminished capacity – more than 1 out of 18 cognitively intact older adults are victims of financial scams, fraud, or abuse<sup>2</sup>.**

Scams might seem easy to spot, but many fall victim because scams are more emotional-based than intellect-based. Humans can be bad at realizing how much our emotions impact our behavior. Scammers know how to play to emotions which is why smart people get defrauded all the time. The con artist will look for ways to move you out of logical thought and into an emotional reaction by asking a series of personal questions. Once they find something that bothers you, they'll get you to focus on it until you're in a heightened emotional state.

**According to Money Saver magazine, some tactics used to appeal to emotions include:**

**Phantom riches** – Offering you something you want but can't have. According to the Financial Industry Regulatory Authority (FINRA) this is one of the most common tactics. It can be in the form of a sweepstakes win, or a no-risk investment with a huge return, or even use a dating website tactic to present themselves as exactly what you've been looking for to prompt an impulsive decision.

**Fear** - One of the biggest emotional drivers is fear. Scammers use threats of IRS audits, jail time, computer meltdowns, or a grandchild in trouble. Any of these can spark an instant emotion-driven misjudgment.

**Intimidation** - Calling you 50-60 times a day, claiming to know where you live, and threatening bodily harm is a tactic sometimes used.

**Scarcity** - The notion that something is rare means it must be valuable. They'll say the product is limited, and the offer ex-

pires soon, and only 1 in 10 million win.

**Source credibility** - Defrauders will do everything they can to convince you they are the FBI, police, IRS, or from your bank or financial institution to get personal information from you.

**Commitment** - Most people innately want to keep their promises, so scammers will try to get you to make a commitment, such as to follow instructions. Later, if you resist, they'll accuse you of going back on your word.

**Reciprocity** - The idea that if I do something for you, it's natural for you to return the favor is a cultural norm that scammers use by granting their victims small favors, like free shipping, and ask for a bigger one in return<sup>3</sup>.

**Never make a financial decision immediately. Always wait 24-48 hours. Never engage a stranger in a dialogue about your personal life.**

**What kind of scams are common?**

Medicare and other health insurance scams where the perpetrator poses as an insurance representative seeking to collect personal information or send fraudulent bills are common; as are reverse mortgage scams. Funeral and cemetery scams may involve someone going through obituaries to contact surviving family members and claiming the deceased has outstanding debts. Phone scams wherein the perpetrators pose as someone selling a good or service, or even as a grandchild; are common. With COVID-19, new ways of exploitation have arisen, including email scams purporting to contain helpful information from the Centers for Disease Control and Prevention (CDC) and other medical sources, and phishing emails that ask recipients to provide their personal information in order to supposedly receive an economic stimulus check. And there are countless others. I encourage you to do your research and work with your advisor to be best prepared when things like this threaten your assets.

**I have an elderly relative, what can I do to protect them?** - Watch out for "odd" behaviors, forgetting making a major purchase, unexplained decisions not in their best interest, suspicious personal contact with a new "friend" or absentee relative, or reluctance to talk about their financial activity. Signs of dementia or other cognitive problems include memory loss, challenges in planning or solving problems, personality changes, and having a hard time completing familiar tasks. Advice from a healthcare professional may be necessary. Help make sure they stay on top of their accounts and that financial obligations are being met, especially when dealing with medical issues or memory loss. Consider a credit freeze to restrict access to their credit report, and check or have them check

their report regularly.

**What do I do if I suspect something is wrong?** - If you suspect financial exploitation, we encourage you to seek help immediately. Evidence is not necessary – just reasonable suspicion. You can contact Adult Protective Services (APS), local law enforcement, or their financial institution. Don't allow fear of getting involved stop you from helping to save someone's lifetime accumulated assets from being stolen from them. As always, prevention is the best form of medicine.

**How can my financial advisor help?**

- Financial advisors have a vantage point that others don't and are able to spot signs of exploitation that might otherwise go undetected. These might include being able to see suspicious transactions, a change to their long-established pattern of investing, sudden change in their Power of Attorney (POA), being unable to access their own funds, and large and unexplained withdrawals. There are laws within the financial industry to guide advisors as they see these issues arise. **Please take their feedback seriously. I have personally seen some of my clients victimized by the very scams described in this article.**

It is helpful for investment account to designate a trusted contact. We should all designate a Financial Power of Attorney (POA) early on to help ensure we trust who handles our affairs, well before any issue with incapacity or mental decline begin. **Forms to draft your own Georgia Financial Power of Attorney are available at [www.RogerSGreen.com](http://www.RogerSGreen.com) under our Helpful Web Links tab.** Make sure to provide your financial advisor and trusted family members with copies of these important documents.

**Plan for these possibilities with your loved ones under the guidance of a financial advisor and an estate planning attorney.**

Some additional resources:

- [www.AARP.org/content/dam/aarp/money/scams\\_fraud/2013-10/The-Con-Artists-Playbook-AARP.pdf](http://www.AARP.org/content/dam/aarp/money/scams_fraud/2013-10/The-Con-Artists-Playbook-AARP.pdf)
- <https://www.ic3.gov/media/2020/200320.aspx>

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1. Sackett, Victoria. "New Law Targets Elder Financial Abuse." AARP.org, May 2018.

2. Burnes, et al. "Prevalence of Financial Fraud and Scams Among Older Adults in the US: A Systematic Review and Meta-Analysis." NCBI.gov, 2017. <https://www.ncbi.nlm.nih.gov/pubmed/28640686>

3. Doug Shadel, Outsmart Fraud. Moneysaver. May 2020.