What’s Hot in Aging 2015

Fraud and Financial Abuse: Risk Factors, Victims, and Tactics

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The List

- “Hi Grandpa/grandma”
- There’s been an accident.
- I’m in trouble
- I need your help
- Please don’t tell anyone
- I’m frightened

The Call

![Image of a man on the phone and a car accident scene]
Grandparent Scam

- Cognitive issues are usually not an issue
- Elder is worried: “blinded by emotion”
- A sense of crisis is created
- Send the money right away and don’t tell anyone
- Scammers skills are well honed:
  - Trained to believe that elders don’t need the money; they are rich
  - Grandchild has been hurt (broken nose) so they don’t sound like themselves
  - Don’t tell anyone
Types of financial exploitation

- **Fraud**
  - Email “opportunities” and Phishing
  - Phone (grandparents, charity, investment)
  - Mail (sweepstakes)
  - Door to door (home repair, help a kid, magazines)
  - Investment (radio, TV, direct mail, telemarketing)

- **Financial Abuse (“trusted other”)**
The Problem

- $50 Billion annual lost in US due to fraud
- Incidence of financial exploitation by “trusted other” over 5% annually
- Risk for fraud and “undue influence” is unclear
- High health and social service costs
Non-financial costs

Experienced to a serious degree as a result of fraud (N=600)

- Stress: 50%
- Anxiety: 44%
- Difficulty sleeping: 38%
- Loss of personal confidence: 38%
- Depression: 35%
- Lost personal time: 32%
- Loss of respect from others: 25%
- Physical health problems: 24%
- Negative relationship consequences: 21%

FINRA, 2015
Possible Signs of Financial Exploitation

1. Elder isolated by caregiver or “trusted other”
2. Another person is financially dependent on elder
3. Elder has a new “best friend”
4. Unusual banking activity / property transfers / changes to will, trust, powers of attorney
5. Family members are fighting over money/property
6. Suspicious checks made out to “cash”
7. Excessive delivery of spam mail & telemarketing calls
Targeting Older Adults: Greater returns and/or easier to deceive?

- More assets to exploit
- Less likely to report victimization to authorities
- Age-related changes in cognitive functioning
- May be more trusting
- May be more socially isolated
- More dependent on others for care
Fraud Victim Profiles (FINRA, 2007)

**Bogus lottery scam victim**
- Older, single women
- Low education, low wealth
- “Live for today” attitude
- Low financial literacy

**Investment fraud victim**
- Married men (60-75 yrs)
- Relatively wealthy
- Risk-taking personality
- Better educated than the general public
Persuasion Tactics
Scam artists use visceral persuasion tactics to influence their targets

- Loewenstein (1996) describes visceral factors as emotions, drive states, and feelings that have "a direct hedonic impact."

[Diagram showing Emotional Arousal connected to Desire, Fear, Hunger, and Pain]
Influence Tactics

- Emotional Arousal
- Legitimacy/authority
- Social consensus
- Landscaping
- Liking (building rapport)
- Persistence
- Scarcity (act now!)
- Distraction
- The Truth Effect
Bottom line

• Scam artists blend in adopting marketing & sales tactics used in the legitimate marketplace

• We are all targets!
  – Persuasion messages crafted to stereotypical goals, emotions, and values of each demographic group & tailored to needs and desires of individuals
Some Examples of Remedies

• “Trusted Guardians” someone is paying attention
  – Pay attention—check in with people—talk to them

• Educate potential victims about specific types of scams
  – No matter what, tell someone
  – Depends on the scam
    • Question for grandchild—name of pet?

• Macro-level support
  – Banks as mandatory reporters for suspicious activity
  – Educate banks/wire agencies to warn possible victims
  – “Do not call list” and “do not mail” credit card apps
  – “Harden the target” (True Link Visa prepaid, spam filters, etc.)
93% of elder abuse is never reported.

A Guide for Elder Abuse Response

GEAR

1 In 10 respondents reported emotional, physical, or sexual mistreatment or potential neglect in the past year.

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Los Angeles County
ELDER ABUSE FORENSIC CENTER

Huntington Park Police Department
6542 Miles Ave
Huntington Park, CA 90255
(323) 584-6254

Visit Website

Calculate Age

Report Abuse
Prevention Resource List

• Do not call: [www.donotcall.gov](http://www.donotcall.gov) or 1-888-382-1222

• Register with DMA Choice mail to remove names from junk mail [http://www.DMAchoice.org](http://www.DMAchoice.org)

• Opt out of lists: 1-888-5OPTOUT or [www.optoutprescreen.com](http://www.optoutprescreen.com)

• Look up charities: [www.guidestar.com](http://www.guidestar.com)

• National Consumer league: [http://www.fraud.org](http://www.fraud.org)

• True Link Visa prepaid credit card offers oversight and monitoring [www.truelinkfinancial.com](http://www.truelinkfinancial.com)

Slides available at: [http://www.usc.edu/projects/wilberlab/People.html](http://www.usc.edu/projects/wilberlab/People.html)