USC Davis
School of Gerontology

Contact: Marguerite DeLiema
Tel: 805-729-4189
Email: riparett@usc.edu

FOR IMMEDIATE RELEASE

NEW STUDY REVEALS TACTICS USED FOR TRAINING SALES ASSOCIATES TO DECEIVE OLDER ADULTS

LOS ANGELES, CA—Why do telemarketers and other sales persons seem to have no moral qualms peddling bogus products and services to consumers? Do they know that they are actively participating in a scam? Do they care? A new study from the USC Davis School of Gerontology helps answer these questions.

Researchers analyzed transcripts from a two-day training seminar held by *Alliance for Mature Americans*, a now defunct financial services and insurance company. In 1996, the company was charged and convicted by the State of California and the State Bar of California for scamming nearly 10,000 older adults out of over $200 million through deceptive sales practices. Their sales agents masqueraded as financial planning experts to convince retired older adults to buy their company's living trusts. The company would then use the information recorded in the trusts to aggressively market annuity products to the retirees. The researchers focused on understanding how new sales associates were trained to perpetrate fraud and target older consumers without feeling morally accountable.

The study, published in the journal *The Gerontologist*, found that the trainers used techniques to give their new sales agents a sense of moral authority and make them believe that they were protecting older adults' estates from probate. These "neutralization techniques" involved verbal and symbolic cues to rationalize unethical behavior.

"The company essentially indoctrinated its sales agents to 'buy in' to the product they were selling, even through the products were often detrimental to their clients," explained the study's lead author Marguerite DeLiema, a PhD candidate at the USC Davis School of Gerontology. "They worked hard to make the trainees believe they were doing nothing wrong, that they in fact were helping poor, unsophisticated older adults with their financial planning."

DeLiema and her co-authors documented the hard-sell persuasion tactics presented in the training seminar. According to DeLiema, "Many tactics relied on ageist beliefs about older adults' inability to understand complex financial information and played into their fears about growing old and not leaving a legacy for their heirs." Older adults, who are common targets for fraudsters, are less likely to acknowledge and report losing money to fraud, or to seek recourse after being swindled.

Although the sales training happened two decades ago, the authors report that the sales techniques are still practiced today. Many of these tactics are also common in the financial services and insurance industries, making it difficult for consumers to differentiate fraud from legitimate operations. And similar to financial services, fraudulent practices are evolving with the marketplace. The study's senior researcher Kathleen Wilber, the Mary Pickford Foundation Professor of Gerontology at USC, commented that financial fraud is a moving target. "Fraudulent organizations continue to seek susceptible older adults through free lunch seminars, senior center presentations, and direct mail marketing. But fraud is gradually becoming more sophisticated as the internet gradually replaces telephone and door-to-door solicitations."

Financial fraud is estimated to cost consumers approximately $50 billion annually, often leaving victims reliant on the social safety nets of Medicaid and SSI (Supplemental Security Income) just to get by. This study provides a glimpse inside the world of fraudulent companies, revealing how fraud is orchestrated and how sales agents are inoculated against feelings of moral accountability.

*****

To view the article in *The Gerontologist*, please visit http://dx.doi.org/10.1093/geront/gnu039

For more information, contact Marguerite (Marti) DeLiema at 805.729.4189 or riparett@usc.edu.