

The New Elder Abuse: Senior Scams & Why They Have Such a Big Impact

The number of seniors who've fallen victim to scams has nearly tripled over the past 4 years. Here, we'll discuss why this is and which ones are most frequent.

By Derek Lakin • May 12, 2016

“Evelyn” was a divorcee when she married her husband “Robert,” himself a widower, in 1999. Little did she know that he was already showing sign of a genetic neurodegenerative disorder that would soon cause dementia-like symptoms, including trouble walking, disorganized thoughts, poor judgment, among many others.

Now, Robert was a smart guy. He had a PhD in electrical engineering, was a successful entrepreneur, and definitely wasn't someone who'd typically fall for a scam. However, his condition went undiagnosed for the better part of 5 years, which wreaked havoc on their lives and gave Evelyn a first-hand glimpse into how crooks target seniors and quickly steal their life savings.

Scams Aren't Only Online & Over the Phone

It all began in 2003 when Robert responded to an advertisement in the Washington Post

guaranteeing a 30% return on investment (judgment was one of Robert's first capacities to be consumed by the disorder). On their first meeting, "Hal," who was much younger, took Robert out to see some oil rigs in Annapolis, MD. Whatever story he told, he convinced Robert to write a check totaling \$2,000. This would be the first of many.

As promised, Hal got in touch with Robert several weeks later and told him he had his 30% profit. But, instead of handing Robert his money, Hal convinced him to reinvest it, which he promised would then net an even higher return.

Whether it was oil rigs in Annapolis or townhouses in Florida, this process went on for several months. Eventually, Evelyn had a bad feeling about what was going on under her nose. She happened to see Hal and her husband while out at lunch one day, and decided to confront him directly. She told Hal about her concerns, since she and Robert were expecting costly medical expenses in the near future. To ease her worries, Hal told Evelyn that he treated Robert "like a father."

The Beginning of the End

Fast forward several months, and Robert had recently fallen and broken his arm, so he couldn't write any checks. As a result, Evelyn had a chance to go through the checkbook and noticed that Hal was regularly writing his own checks from Robert's account. After this discovery, Evelyn dug deeper and quickly learned that Hal had stolen nearly \$400,000 from her husband to date.

She also learned that Hal was stealing relatively small amounts from Robert, so the transactions went largely unnoticed, although they added up very quickly.

Furious, she called Hal and screamed at him. But like any good crook, Hal decided he wasn't going down without a fight.

The two parties eventually met in court, and as a final judgment, Evelyn and Robert

were awarded one of Hal's investment houses in the area. In order to prevent them from taking possession though, Hal quickly re-titled the home to an individual in Maryland (Evelyn and Robert lived in an adjacent state). Since Evelyn had already spent tens of thousands in legal fees, and would have needed to spend even more to have a new judgment awarded in MD, she decided to call it quits; the stress and the outlay of money were just too much.

With such an unbelievable burden on her shoulders, Evelyn went to church and prayed that the money would be replaced, or that she and her husband wouldn't need it. Luckily, Evelyn told us she still has money to live on after the whole ordeal, which she feels is a miracle.

The Aftermath

From start to finish, Evelyn says this nightmare lasted a little over a year and a half (8 months of stealing from Hal, plus another year for the lawsuit to move through the courts)—but this wasn't her only scam to deal with. Because of his poor judgment, Robert talked to just about every salesperson who cold-called him, resulting in dozens of different "investments;" everything from stocks to stamps, which took Evelyn another year to dig out of.

As it turned out, Robert and Evelyn weren't Hal's only victims. Now that the whole situation was part of court records, she began hearing from others—like a waitress in North Carolina who had been scammed out of her entire life savings by this crook. Evelyn was even interviewed by the FBI, although the case didn't ever get off the ground.

Millions Just Like Evelyn & Robert

As sad as Evelyn's story is—and as devastating as fraud is for senior victims and their families—she's not alone. In fact, her story is just one among millions who fall victim to senior scams each year.

To put just how big the problem is into perspective, as well as how fast it's growing, the Wall Street Journal reports:

“The fleecing of older Americans is becoming an epidemic. People 60 years and older made up 26% of all fraud complaints tracked by the Federal Trade Commission in 2012, the highest of any age group. In 2008, the level was just 10%, the lowest of any adult age group.”

Today, senior scams are one of the most prevalent forms of elder abuse, and all the money lost to scammers has a massive impact on the economy. In fact, according to a 2015 report from True Link Financial, senior scams suck more than \$36 billion from our economy each year—which is nearly 13X previous estimates.

With such formidable numbers, what can be done to curb this growing tide? How can you and your family know what to look out for? Are some seniors more prone to falling victim to scams than others?

Here, in the first installment of our two-part conversation covering senior scams, we'll talk about how we arrived at this point—including the importance of psychology in determining who's most likely to willingly hand over their money. Then, we'll wrap up by outlining the senior scams you're most likely to encounter.

But to know where we are, we first need to understand where we've been.

Putting the “Boom” in Baby Boomers

After World War II ended, American soldiers flocked home and started families in droves, leading to a massive population boom. In fact, between 1946 and 1964—a generation aptly known as Baby Boomers—more than 76.4 million individuals were added to the census, who eventually made up nearly 40% of the population.

Today, because of their massive numbers, the Retirement Industry Trust Association (RITA) reports that a Baby Boomer turns 60 every 8 seconds. The 65+ population is expected to “double in size within the next 25 years” and “the age group 85 and older is now the fastest growing segment of the U.S. population.” According to the U.S. Census Bureau, there were more than 45 million Americans age 65 and over as of 2013.

Comparatively, there are only 41-51 million members of Generation X today (depending on the dates used). Based on the 74 million Millennials currently in the population though, we might experience a similar trend once they reach the same age as today’s Baby Boomers.

It’s easy to see why the sharp increase in the number of senior scams is so alarming: we now have an entire generation—a huge one at that—being targeted by crooks, and like a dynamite explosion, the economic shockwaves are undeniable.

What makes seniors so attractive to these criminals? Beyond this, how do they go about perpetrating these crimes? Let’s answer these questions next.

The “Money & Mind” of Senior Scams

The reason—or more accurately, reasons—why seniors make ideal scam targets relate to a unique combination of money, psychology, life experience, and family involvement. We’ll break each of these down here.

Show Crooks the Money

By and large, seniors have worked hard their whole lives to build considerable nest eggs in preparation for retirement. In fact, according to RITA, seniors own more than half of all financial assets in America. It’s also likely that a senior’s monthly expenses are fairly low, as their home (and even their car) is probably paid off.

So, you have a lot of money that's just sitting there, and like any other money-making scheme, crooks are drawn to the biggest payouts. On the other end of the spectrum, some seniors might be far behind on their retirement savings, so they're looking for some kind of "breakthrough" investment, cash prize, or get-rich-quick scheme to make up the difference.

Taken together, this is why the U.S. Subcommittee on Health and Long Term Care estimates that, although "seniors only represent 12% of the population, they represent 30% of the scam victims."

Biological & Psychological Factors

This is an admittedly massive topic, but as this 2014 study conducted by the National Center for Biotechnology Information concluded, "income, cognition, psychological well being, social support, and literacy" all play a role in seniors falling for scams. Since we've already addressed income, let's briefly talk about the other factors.

Even for the majority of seniors who don't experience some form of dementia, age-related memory loss can still make them less able to identify scams that others might find obvious. And even when they see their bank accounts dwindling, decreased decisionmaking abilities can make it difficult for them to stop.

Sometimes they don't want to stop, though. The sad reality is that seniors who lack social support can become lonely, eventually craving human contact so badly that they'll become emotionally attached to the person on the other end of the phone—even though they're fully aware they're being scammed.

This same longing for social contact, in addition to general politeness, also makes seniors especially susceptible to scams from strangers coming to their house and offering some kind of help (we'll talk more about this shortly).

Finally, although 6 in 10 seniors go online (meaning they might be technologically

literate), they're often not digitally literate. In other words, while they're surfing the web, they might not pick up on clues related to potential scams as easily as younger generations.

Lifestyle & Other Age-Related Factors

Can you imagine working diligently your whole life in order to save for retirement, only to have your nest egg pulled out from under you over the course of weeks or months? Among a whole host of other emotions, you'd probably feel a lot of shame and embarrassment. You might even wonder if you were fit to live on your own any longer.

This shame and concern about freedom loss means that many seniors don't report being scammed. Even if they want to, many don't know where to turn to get help. (Don't worry, we'll cover this in-depth in our next article!) Then, even if they do know where to turn, their fading memory might make it difficult for them to remember precise details.

Together, this means that only about one case out of every 100 instances of senior fraud is reported.

The Family Connection to Senior Scams

There's one final factor commonly involved in senior scams: family. What do we mean?

When talking about senior scams, you might immediately picture some slick, shadowy figure that's perfected the art of fraud, greasily preying on your grandparents. The sad truth, though, is that senior scams are most often perpetrated by the victim's own family, where they're least likely to suspect. They simply don't imagine that their own family would betray them like that.

How common is this? According to the National Council on Aging, "over 90% of all reported elder abuse is committed by an older person's own family members, most

often their adult children, followed by grandchildren, nieces and nephews, and others.”

Family aside, what kinds of scams do seniors fall for most often?

The 6 Most Common Senior Scams

#1: Advance Fee Scams

Steven Weisman, a Bentley University professor who teaches Elder Planning and White Collar Crime, told us that scams requesting money in exchange for a lottery or sweepstakes prizes are extremely common among seniors.

We already talked about how seniors’ sizeable nest eggs make them ideal targets for scammers. On the other end of the spectrum, many seniors find themselves without enough money to live on, making lottery and sweepstakes scams all the more attractive.

#2: Medicare & Pharmaceutical Scams

Professor Weisman also told us about the increasing prevalence of Medicare scams, where criminals will convince seniors that they should hand over their ID number (which is often the same as their social security number). Then, they’ll use this information to do any number of things, whether it’s filing false claims on their behalf, taking out a new credit card or loan in their name, and more.

As prescription medications have become increasingly expensive, seniors have also started turning to sources outside of traditional pharmacies, such as online ones located outside the US. While these businesses often can provide medicine for less, they’re often not regulated. In some cases, this has caused seniors to receive counterfeit medications that could cause a great deal of harm.

#3: Fake Investments

As we learned with Evelyn's story, whether it's in person or over the phone, it can be easy for scammers to convince seniors that they have a "once in a lifetime" investment opportunity that provides outrageous rates of return.

The vehicle used for these investment scams can be just about anything, including coins, stamps, CDs, annuities, real estate, oil and gas, and much more. In the end though, the pitch is almost always the same: "Give me as much as you can afford, and I'll make you wealthy."

#4: Contractor Fraud

Because seniors might be cut off from a regular social circle, when someone comes to their door asking for help, or offering a great deal, they might be more prone to fall for a contractor scam. As with many of the other scams we've already discussed, this can be presented in dozens of different ways; from roofing and lawn maintenance to paving and painting services.

However it's presented, these contractors rarely complete any work before moving on to their next victim—and if they do, it's often sub-par and not worth the money paid.

#5: Telemarketing Scams

The reality is that not all scams are illegal. According to a Huffington Post article by Ann Brenoff, "older adults who get multiple daily telemarketing calls are likely to experience three times as much financial loss as someone who receives only the occasional telemarketing call."

Professor Weisman also names telemarketing fraud among his top senior scams, and claims that it's important seniors understand "they can never be sure who is really on

the other end of the line.”

Often times, these telemarketers might be selling something as innocuous as recurring shipments of some high-priced, online-only anti-aging cream. While one or two orders might not amount to much, over the course of months (or even years!), things can really start adding up.

#6: Senior Dating Scams

Senior citizens are more susceptible to feeling alone and tend to have lower digital literacy levels, leading them a) to take greater risks in the search for companionship and b) to not recognize scam signs that some of us might find obvious.

To accomplish this, Justin Lavelle, Communications Director for BeenVerified, told us that these crooks “rely on building up a rapport with their victims and asking for increasingly large amounts of money to be wired to a foreign address.” Let’s carry this thought over to the next section.

Regardless the Type of Scam, It Rarely Happens All at Once

Whichever method scammers use to defraud seniors of their hard-earned money, it’s often a progressive process. In other words, it would be exceedingly rare for a criminal to steal someone’s life savings all at once. Instead, it’s a slow trickle that can go on for months, or even years, often involving multiple crooks. Again, referencing the Huffington Post article above:

“Once you trip up, all the sharks are somehow alerted and begin to circle. It might be easy to ignore a single loss of \$20 of an unwanted subscription to something, but the study found that seniors who lost \$20 or more to financial exploitation then went on to lose an average of \$2,000 a year to other scams over the next five years.”

How Can You Prevent Senior Scams?

Despite how everything might seem at this point, it's not all doom and gloom. Although there are hundreds of different types of senior scams, and there can be dire financial consequences falling for one, the good news is that there are only a handful of tips you need to remember in order to avoid them altogether.

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