

Preying on Elders: A Session on Financial Abuse

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6 Myths About Scams and Mass Marketing Fraud against the Elderly

Myth # 1. These crimes are not an “elder issue.” People of all ages are at risk.

While it is true that elders are proportionately less likely than younger people to experience frauds and scams (based on data of victims reporting crime), the actual number of elders affected and their losses are enormous.

- According to the Federal Trade Commission, nearly four million people age 65 or older were victims of consumer fraud in 2003 (Federal Trade Commission, 2004).
 - In 2004, consumers age 50 and over reported \$152,000,000 in fraud losses (Federal Trade Commission, 2005).
 - Elders are particularly likely to experience certain forms of fraud. In 2002, they accounted for 61% of all victims of prize and sweepstake fraud (National Consumers League, 2004).
 - Of the over 9 million people who reported ID theft in 2003, 9% were elderly (Javelin Strategy and Research, 2005).

Myth # 2. Elders are no more vulnerable to scams and other mass-market crimes than other groups.

Elders are particularly vulnerable for the following reasons:

- Elders with assets or good credit ratings make them attractive targets.
 - In 1996, 40% of the population aged 75 and older had a net worth between \$171,000 and \$485,000 (including the value of their homes) (Newcomer & Maynard, 2002).
 - Eighty percent of 65-plus Americans own their homes at an average value of \$96,442, an ownership percentage far above the national average. Of these, 76% own their homes free and clear (U.S. Census Bureau, 2000).
- An emerging body of literature suggests that elders are at heightened risk for certain financial crimes as a result of:
 - Cognitive impairment. Although many victims appear to be highly functional, advocates and service providers have noted subtle deficits in some victims' higher-level mental processes (sometimes referred to as executive function) that interfere with their ability to learn from their mistakes. Others suggest that memory deficits may raise vulnerability to scams (Jacoby, Bishara, Hessels, & Toth, 2005).
 - Susceptibility to undue influence (Pratkanis, 2005).
 - Inability of some seniors to hang up on predators, even those they know are not legitimate (AARP, 2003).

- Many elders are ashamed or frightened to report they have been victimized. Some continue participating in scams in hopes of getting their money back. Some are threatened not to report.
- Elderly are easily identifiable targets (e.g. predators can search through death notices to find persons who are recently widowed).

Myth # 3. Losses in these cases are usually not substantial. Most elders can afford to make small contributions to bogus charities or buy worthless products or services. Compared to other elder abuse cases, these cases don't warrant consideration.

Most elderly victims learn from their mistakes and protect themselves against further loss. Some, however, become “chronic victims” who are preyed upon relentlessly by highly skilled perpetrators who exercise high-pressure tactics, undue influence, disingenuous affection, and deception until their victims have depleted savings, mortgaged homes, etc. Many perpetrators engage in “information trafficking,” which is the selling or trading of victims’ contact information.

Myth # 4. Most elders have assets and can, therefore, hire private attorneys or private sector resources to stop financial abuse and recover assets.

- Most victims of mass marketing fraud are on limited budgets such as pensions and/or Social Security. Many are susceptible to fraud *because* they are financially needy or want income to leave their families when they die.
- Many mass marketing schemes and consumer frauds prey on low-income individuals and members of minorities. According to a 2004 study by the Federal Trade Commission (Federal Trade Commission, 2004)
 - Hispanics are twice as likely to be victims of consumer fraud as whites.
 - African Americans are three times as likely as whites to be victims.
 - American Indians are six times as likely as whites to be victimized
- Most private sector resources are not equipped to handle chronic fraud victimization cases. Few private attorneys are knowledgeable about these crimes or willing to sort through credit issues or talk to victims every time they are contacted by predators.

Myth # 5. Because these crimes are committed by strangers, they do not fit the traditional definition of “elder abuse,” which refers to mistreatment by family members, acquaintances, and persons in positions of trust.

The distinction between strangers and persons in positions of trust has become increasingly blurred. For example:

- Recent research has revealed that the overwhelming majority of perpetrators of identity theft are family members, acquaintances, and employees (Javelin Strategy and Research, 2005). Local programs are increasingly encountering cases of identity theft committed by personal care attendants as well as attendants working under stolen identities.
- Some perpetrators seek out, befriend, and endear themselves to their victims. Some contact their victims daily for months at a time and are not considered strangers by their victims (even though they are considered to be strangers by

investigating agencies). According to psychologist Anthony Pratkanis, “Criminals play different roles – authorities, friends, even dependents – to create a platform of trust. They then use many well-established social influence tactics to sell the crime – tactics that are well-known to social influence researchers such as foot-in-the-door, social consensus, expert snare, self-generated persuasion, and norm of reciprocity” (Pratkanis, 2005; Pratkanis & Shadel, 2005).

Myth # 6. The responsibility for helping victims of these crimes rests with federal, state and local victim advocates. APS and aging service providers do not have the time, expertise, or resources to address these victims’ needs.

Although agencies like the FBI and US Attorneys have victim assistance programs, a single advocate may have a caseload of hundreds of victims across the country. It is, therefore, virtually impossible for them to provide the individualized attention that many victims need or to familiarize themselves with local resources. State attorneys general and local district attorney’s offices typically lack sufficient victim assistance staff to ensure that these victims receive even the minimum information required under their state laws. Local police often take reports and do not refer victims to victim assistance, APS, or aging service programs.

Local APS workers, victim/witness assistance providers, law enforcement personnel, elder abuse professionals, and others who work with the elderly can break the cycle of victimization through the following actions:

- Identify chronic victims, alert them to the fact that they have been targeted, and educate them about perpetrators’ tactics, resources, and how and where to report. This may take frequent contact and support over an extended period.
- Assess and reduce the risk of future losses. Assist victims check credit reports, place fraud alerts or freezes on accounts, etc.
- Report to proper authorities
- Encourage and assist victims sever contact with perpetrators by getting them removed from “mooch” or “sucker” lists, changing phone numbers, not responding to ‘bait’ letters, or having their mail rerouted.
- Get families involved
- Assess for cognitive impairment and susceptibility to undue influence.
- Develop outreach campaigns using messages that have been proven to be effective. These include providing potential victims with (a) specific warnings about the crimes and, (b) coping strategies for dealing with crimes that build a feeling of self-efficacy – a feeling that “I can take charge of the situation and hang up” (Pratkanis, 2005).
- Advocate for services, public policy, and education to address the needs of financial crime victims:

Services that may be needed by victims:

- Restitution advocacy to help recover stolen assets
- Help to mitigate the effects of identity theft (e.g. checking credit reports)
- Court advocacy

- Mental health services to address the trauma associated with financial crimes
- Support groups
- Daily money management
- Capacity/undue influence assessments
- Legal assistance to void contracts, appoint surrogates, and reclaim misappropriated assets
- Guardianship
- Crisis intervention, including arranging for food, emergency shelter, etc.
- Counseling, including peer counseling, to explain the nature of these crimes to victims and help them develop strategies for preventing victimization.
- Case management or monitoring
- Credit counseling
- Assistance dealing with creditors and credit card and banking matters

Policy:

- Advocate for states to require federal employees (including U.S. postal workers, U.S. Attorneys, FBI, FTC) to report abuse under state reporting statutes (federal employees currently must report child abuse).
- Advocate for state and local victim service providers to serve victims of financial crimes (most limit coverage to victims of violence).
- Advocate for AoA and other “aging programs” to serve seniors who have been significantly impacted by financial crimes

Education:

The following groups need information and instruction:

- Seniors, aging service professionals, and the public need information about how predators operate, whom they should report to, and what they can do to prevent abuse.
- Allied professionals (e.g. staff of home delivered meal programs, personal care attendants, etc.) need instruction in how to identify red flags that indicate their clients are chronic victims.
- Federal law enforcement officials need information about state elder abuse laws such as enhanced penalties for crimes committed against the elderly or by persons in positions of trust.
- Local and federal victim/witness assistance advocates need information about the service needs of elderly victims and available resources.
- Banks need information about counterfeiting schemes so that they do not unknowingly assist predators.

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