

# FINANCIAL FRAUDSTERS PREYING ON BOOMERS & ELDERS

by Dominic Lucente

## If something sounds too good to be true, it probably is.

If you are in or near retirement, it is a safe bet that you would like more yield from your investments rather than less. That truth sometimes leads liars, scammers, and fraudsters to pitch any number of too-good-to-be-true “investment opportunities” to retirees. Given all that and the classic money scams perpetrated on elders, you have good reason to be financially skeptical as you get older.

**Beware of unbelievable returns.** Sometimes you hear radio commercials or see online ads that refer to “an investment” or “an investment opportunity” that is supposedly can’t miss. Its return beats the ones achieved by the best Wall Street money managers, only the richest Americans who know the “secrets” of wealth know about it, and so forth.

Claims like these are red flags, the stuff of late-night infomercials. Still, there are retirees who take the bait. Sometimes the return doesn’t match expectations (big surprise); sometimes their money vanishes in a Ponzi scheme or pyramid scheme of sorts. Any monthly or quarterly statements – if they are sent to the investor at all – should be taken with many grains of salt. If they seem to be manually prepared rather than sent from a custodian firm, that’s a hint of danger right there.

**Beware of equity investments with “guaranteed” returns.** On Wall Street, nothing is guaranteed.

**Beware of unlicensed financial “professionals.”** Yes, there are people operating as securities professionals and tax professionals without a valid license. If you or your friends or relatives have doubts about whether an individual is licensed or in good standing, you can go to [finra.org](http://finra.org), the website of the Financial Industry Regulatory Authority (formerly the National Association of Securities Dealers) and use their BrokerCheck feature.<sup>1</sup>

**Beware of the “pump and dump.”** This is the one where someone sends you an email – maybe it goes straight to your spam folder, maybe not – telling you about this hot new microcap company about to burst. The shares are a penny each right now, but they will be worth a thousand times more in the next 30 days. The offer may be entirely fraudulent; it may even promise a guaranteed return. Chances are, you will simply say goodbye to whatever money you “invest” if you pursue it. Brokers pushing these stocks may not even be licensed.<sup>2</sup>

**Watch out for elder scams.** In addition to phony financial services professionals and exaggerated investment opportunities, we have fraudsters specifically trying to trick septuagenarians, octogenarians, and even folks aged 90 and above. They succeed too often. To varying degrees, all these ploys aim to exploit declining faculties or dementia. That makes them even uglier.

You still see stories about elders succumbing to the “grandparent scam,” a modern-day riff on the old “Spanish prisoner” tale. Someone claiming to be a grandson or granddaughter calls and says that they are in desperate financial straits – stranded without a car or return ticket in some remote or hazardous location, in jail, in an emergency room without health insurance, could you wire or transfer me some money, etc. A disguised voice and a touch of personal information gleaned from everyday Internet searches still make this one work.<sup>3</sup>

Would you believe some crooks prey on the grieving? Elders can be targeted by funeral scams, in which a criminal reads new obituaries, and then calls up widowers claiming that the deceased spouse or partner had an outstanding debt with them. Occasionally, the crook even attends the funeral and presents the bogus claim to the bereaved in person. Identity thieves may present themselves as official representatives of Medicare – they are calling from Washington D.C. or the local Medicare office, they have detected an error, and they need a senior’s personal information to make things right. In reality, they aim to do wrong.<sup>4</sup>

Everyone wants to look younger, and unsurprisingly, new scams have surfaced pitching bogus anti-aging products. One Arizona-based scam pushing fake Botox brought in \$1.5 million in just over a year before its masterminds were arrested. Expect to see more of this, with the cosmetics or medicines offered either amounting to snake oil or resulting in physical harm.<sup>4</sup>

**A little healthy skepticism can’t hurt.** If you are recently retired or approaching retirement age, be aware of these scams and schemes – and inform your elderly parents about them, too.

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