

# FRAUD AIMED AT OLDER AMERICANS



Department  
of Commerce

Division of Securities

## FRAUD AIMED AT OLDER AMERICANS: HOW TO AVOID BEING A VICTIM

Older Americans are the number one target of investment con artists. Additionally, a financial professional or con artist engaged in abusive practices often seek out the elderly. Fortunately, such victimization can be avoided by following 10 self-defense tips developed for older Americans by the North American Securities Administrators Association (NASAA).

### 1. Don't be a "courtesy victim."

Con artists will not hesitate to exploit the "good manners" of a potential victim. Remember that a stranger who calls and asks for your money is to be regarded with the utmost caution. In these circumstances, it is not impolite to explain that you are not interested and hang up the phone.

### 2. Check out strangers touting "strange" deals.

Say "no" to anyone who presses you to make an immediate decision, giving you no opportunity to check out the salesperson, firm and the investment opportunity itself. Before you part with your hard-earned savings, get written information about the investment opportunity, review it carefully and make sure that you understand all the risks involved.

### 3. Always stay in charge of your money.

A con artist who wants your money will be more than happy to assure you that he or she can handle everything, thereby relieving you of the need to watch over and protect your nest egg. Constant vigilance is a necessary part of being an investor, even when your professional is licensed.

### 4. Never judge a person's integrity by how they "sound."

Successful con artists sound extremely professional and have the ability to make even the flimsiest investment deal sound as safe as putting money in the bank. Some swindlers combine professional sounding sales pitches with extremely polite manners, knowing that many older Americans are likely to equate good manners with personal integrity.

### 5. Watch out for salespeople who prey on your fears.

Con artists know that many older Americans worry that they will either outlive their savings, or see all of their financial resources vanish overnight as the result of a catastrophic event, such as a costly hospitalization. Remember that fear and greed can cloud your good judgment and leave you in a much worse financial position.

### 6. Exercise particular caution if you are an older woman with no experience handling money.

Ask a con artist to describe his ideal victim and you are likely to hear the following two words: "elderly widow." Women of this generation often relied on their husbands to handle most major money decisions. Elderly women who are on their own and have little know-how about handling money should always seek the advice of family members or a disinterested professional before deciding what to do with their savings.

### 7. Monitor your investments and ask tough questions.

Too many older Americans not only trust unscrupulous investment professionals and outright con artists to make initial financial decisions for them, but compound their error by failing to keep an eye on the progress of the investment. Do not be swayed by assurances that such practices are routine or in your best interests.

### 8. Look for trouble retrieving your principal or obtaining profits.

Many older Americans have little ongoing need for investment funds, while others need returns that are paid out to them regularly in order to supplement limited incomes. If an individual with whom you have invested stalls you when you want to pull out your principal or even just profits, you may have uncovered someone who wants to cheat you. In many cases, they will pressure the investor to "roll over" non-existent "profits" into new and even more alluring investments, thus further delaying the point at which the fraud will be uncovered.

**9. Don't let embarrassment or fear keep you from reporting investment fraud or abuse.**

Some senior citizens have indicated that they fear that their victimization will be viewed as grounds for forced institutionalization in a nursing home or other facility. Recognize that con artists know about such sensitivities and, in fact, count on these fears preventing or delaying the point at which authorities are notified of a scam. While it is true that most money lost to investment fraud is rarely recovered beyond pennies on the dollar, there are also many cases in which older Americans who recognize early on that they have been misled about an investment are then able to recover some or all of their funds by being a "squeaky wheel." Remember that anyone of any age can be a victim of a financial scam.

**10. Beware of "reload" scams.**

Some older Americans are dealing with a finite amount of money that is unlikely to be replenished in the event of fraud and abuse. The panic to replace lost funds is well known to con artists. They have developed schemes to re-victimize senior citizens who already have been scammed. Though the desire to make up lost financial ground is understandable, all too often the result is that unwary investors lose whatever savings they have left in the wake of the initial scam, and possibly more in the second scam

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Ohio Department of Commerce, Division of Securities.  
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