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# Financial Fraud: The Top 4 Scams Against The Elderly

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By [Princess Clark-Wendel \(/companies/wendel/\)](/companies/wendel/)

Recently, four people have been charged by the FBI for [allegedly scamming \\$2.4 million \(http://www.fbi.gov/miami/press-releases/2014/four-charged-in-nfl-related-securities-fraud-scheme-targeting-senior-citizens\)](http://www.fbi.gov/miami/press-releases/2014/four-charged-in-nfl-related-securities-fraud-scheme-targeting-senior-citizens) from the country's most vulnerable citizens: seniors. And it is a growing problem.

Anyone with an [aging parent \(http://business.time.com/2011/12/16/financial-scams-target-boomers/\)](http://business.time.com/2011/12/16/financial-scams-target-boomers/) should take precautions;

financial exploitation among the elderly is widespread and costly. According to a dated, but still widely cited 2011 study conducted by [MetLife and the Center for Gerontology at Virginia Tech about elder financial abuse. \(https://www.medamericaltc.com/bomba/BL%20Vol.XI%20No.5%20June%202011.pdf\)](https://www.medamericaltc.com/bomba/BL%20Vol.XI%20No.5%20June%202011.pdf)

the annual financial loss suffered by senior victims of financial fraud is estimated to be \$2.9 billion. That is more than the [gross domestic product \(GDP\) of Aruba \(http://www.indexmundi.com/aruba/economy\\_profile.html\)](http://www.indexmundi.com/aruba/economy_profile.html).

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Financial fraud against the elderly doesn't only impact the victim; it impacts the entire family. It causes confusion, disrupts lives, and can tear families apart.



*Preying on the elderly? Unfortunately some people do. Educate your loved ones about these financial scams, before they fall victim!*

### **Will Your Parents Be The Next (/companies/next/) Victims Of Financial Fraud?**

When Amy, who wishes to remain anonymous because of the nature of this story, discovered her smart and savvy elderly parents were victims of fraud, she had never seen her brother so upset. Here's what Amy said happened to her parents, who were in their early 80s at the time:

“My parents were victims of fraud. They got a call in the middle of the night saying their grandson had been arrested in Panama and needed bail money. They wired \$2,000 and immediately after it was wired, realized that it was probably fraud. The criminals then called and said that he (my nephew) was out on bail but would need additional money for a lawyer.”

Although they reported the fraud to the police and FBI, no money was ever recovered. Amy and her brother tried to put a withdrawal limit on their parents' checking account, but their bank wouldn't allow it. When they tried to get their parents to switch banks, their parents refused. To this day, Amy and her brother are still afraid that their parents are easy targets for scammers.

## **Are Your Parents Easy Prey?**

“Yes,” according to Kai Stinchcombe, founder and CEO of True Link (<https://www.truelinkcard.com/>), which offers financial protection service to help seniors live happily and independently longer. “Scam artists are out there, and they’re preying on all of us, but are especially targeting older victims. People with memory loss make for ideal bait.”

Stinchcombe co-founded True Link as a result of trouble with his grandmother, Betty, being bilked by numerous sweepstakes and spending snafus that threatened to wipe out her nest egg. She admits getting bilked by “every single scam” out there from TV shopping and mysteriously recurring bills to home repairs and sweepstakes.

“I get scammed all the time! They target elderly people, you know; it’s such a problem. And it just sounds so good when they’re telling you about it, whatever it is; you just can’t resist it! But when you get it in the mail, it’s not really like what they told you about,” says Grandma Betty.

## **Educate Your Elderly Parents or Grandparents About These 4 Commonly Perpetrated Scams**

### **1. The Home Repair Scam**

The Repair Scam can occur both on and offline. Due to loneliness or diminished capacity, the elderly are particularly vulnerable because most seniors live alone and may not be able to withstand a pushy salesman.

Stinchcombe says they may contact the victim by phone or email and say something like this: “Mrs. Brown, your new air conditioner has arrived, and we are ready to come and install it, but we just need your credit card information to run the payment and then we can get your installation scheduled.”

This scam works because, according to Stinchcombe, people often pay for things to save themselves embarrassment (they may not remember ordering something like a new air conditioner). He says that people with genuine repair needs can suffer greater risks from unscrupulous vendors. They might be overcharged or charged multiple times for the same work.

### **2. The Magazine Subscription Swindle**

Anyone can be targeted for this one, but seniors are especially vulnerable. Here is how it works: For the last three months, your parents receive free issues of a magazine. Once the three months are over, the calls begin. The call might sound something like this: “Hi, Mr. Reader, this is Sally Fraudster in accounting with Free Catch Magazine. I’m calling because your subscription with us is approaching the deadline. You’ve received Free Catch Magazine for

free for the last three months and according to the offer today is the final deadline. I just need your credit card to ensure timely delivery of your magazine.”

Everything Sally Fraudster has said is true: Mr. Reader has received the magazine for free for the last three months, but Mr. Reader incorrectly believes he owes them money.

Stinchcombe says this scam works because people with any form of memory impairment generally believe that they probably did order something. Similar to the Home Repair scam, con artists are banking on the elder preferring to pay up rather than suffer the embarrassment of trying to convince the caller that they did not place the order.

### **3. The Uncollected Debt Scam**

This scam preys on seniors at a very vulnerable time in their lives: after their spouse has died. Scammers search the obituaries hoping to find a widow. Then they call her and inform her that her husband left behind thousands of dollars of unpaid debt. The scammers often threaten the widow with financial ruin, eviction, and public disgrace unless the debt is paid immediately.

This works in households where one person manages the finances. The widow does not want to be embarrassed and ends up paying the “alleged “debt to the criminals.

### **4. The Phony Bank Inspector Scam**

This is a scam which preys on the tendency of older people to have a “public spirit:” the phony bank inspector. It was detailed in an episode of *Dragnet 1967* (<http://www.hulu.com/watch/783>). A criminal poses as bank inspector and pretends to investigate bank fraud at the senior’s bank. He calls the senior and asks the senior to help him with his investigation by withdrawing a large sum of money. Once the senior withdraws the money and hands it over to the phony inspector as “evidence,” the inspector disappears along with the money.

### **How to Find Help**

If you are reading this and feel your parents may be vulnerable, don’t worry. There are consumer protection laws, [government resources](#) (<http://www.usa.gov/Topics/Seniors/Health/Abuse.shtml>), and private companies such as [True Link](https://www.truelinkcard.com/) (<https://www.truelinkcard.com/>) that can assist you. True Link has an innovative solution to help children protect their parents’ money from scammers. It’s a prepaid debit card that enables loved ones to set up controls, monitor spending, and provide alerts to ensure mom’s or dad’s money is safe.

Individual states may also offer additional consumer protection remedies. [www.USA.gov](http://www.usa.gov/) has (<http://www.usa.gov/>) an excellent index (<http://www.usa.gov/directory/stateconsumer/index.shtml>) of consumer agencies representing all 50 states and the District of Columbia.

If your parents have been a victim, contact your local law enforcement agency immediately. Remember, financial fraud against the elderly is often unreported (<http://www.illinoisattorneygeneral.gov/seniors/>); don't let your case be another one of them.

*\*\* In honor of Grandparents Day, September 7, Sungard ASVoice is pleased to present a series of articles on senior citizens this week!\*\**

*Read Part 2 of this 2-part series*

*(<http://www.forbes.com/sites/sungardas/2014/09/10/how-to-protect-your-parents-grandparents-from-financial-crimes-against-the-elderly/>), to learn how to determine if the senior citizens in your life are at risk, and find tips and strategies for reducing their vulnerability.*

*Princess Clark-Wendel*

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