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## Financial Fraudsters Preying on Boomers & Elders

Submitted by Plan Partners: retirement plan consultants on February 6th, 2015

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### retirement saving Financial Fraudsters Preying on Boomers & Elders

*If something sounds too good to be true, guess what: it probably is.*

Provided by your friends at Plan Partners

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, interest rates are so low today – and retirees so hungry for decent yields – that every once in a while, someone takes 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>

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**Beware of the pump-and-dump.** In the earlier days of the Web, you used to see online ads linked to this scam, but now email is the preferred route. This is the one where someone sends you an email – maybe it goes straight into your spam folder, but 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, and you will simply say goodbye to whatever money you “invest” if you pursue it. Last year, McAfee’s Threats Report noted a big jump in the frequency of such emails.<sup>1</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 they are in prison in another country or stranded without a car or return ticket in some remote or hazardous location, could you wire or transfer me some money, etc. A disguised voice and a soupcon of personal information gleaned from everyday Internet searches still make this one work.

Some elder scams seem recycled from old television plots. On old episodes of *Dragnet*, people used to get busted for magazine subscription scams – either falsely selling them door to door or over the phone for “charity,” or checking mailboxes in the neighborhood to see who gets what magazine, then phoning the elder to tell them that they’ve actually been getting the last X issues for free, their subscription has expired, the grace period is over, now they have to pay via credit card. This scam is still being used, successfully. Another one from the *Dragnet* archive is the “fake FDIC inspector” scam, where someone calls an elder up, claims to be with the FDIC and spins a convoluted story about an investigation of his or her bank. The elder can help the “FDIC” by coming down to the bank and withdrawing a few thousand bucks – handing it over to the “inspector” parked a few hundred feet from the bank as evidence, of course.<sup>2</sup>

Widows and widowers may be victimized by the “debt collector” scam – a crook looks at local obituaries, then calls up the bereaved and claims unpaid debts of the late spouse need to be collected very soon. The caller is quite pushy, and forcefulness is also a hallmark of the tried-and-true “home improvement” scam, in which a call or email mentions that the elder’s new refrigerator, air conditioner, septic tank, etc. has arrived and that a credit card number is needed to proceed with the installation.<sup>2</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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**Citations.**

1 - marketwatch.com/story/dont-fall-prey-to-retirement-scams-2014-04-01 [4/1/14]

2 - forbes.com/sites/sungardas/2014/09/09/what-everyone-should-know-about-financial-fraud-against-the-elderly/ [9/9/14]

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