

Seniors' Awareness and Education Help Stave Off Financial Predators

By Jennifer Wake

Ever since he was a deputy district attorney in Contra Costa County more than 10 years ago, Lafayette resident and former superior court judge Dan O'Malley says the scam artists, telemarketers, and drug addicts have been preying on seniors.

With more than 7 million California citizens expected to reach the age of 65 by 2020, financial predators are honing their skills, whether it be through phone solicitations, junk mail offers, free "financial seminars," and Internet scams.

"The problem is so wide-spread. With the Internet, it's expanding and seniors are a prime target because of their vulnerability, and because they won't turn them in," O'Malley said. "The seniors are so embarrassed by their behavior and that they were taken, they won't even tell their loved ones."

A recent study by the California Department of Corporations Seniors Against Investment Fraud (SAIF) Program noted that more than 70 percent of people aged 50 and above have been approached fraudulently, and according to the U.S. Senate Special Committee on Aging, 84 percent of elder abuse cases go unreported.

The Elder Financial Protection Network (EFPN) estimates that more than 200,000 elderly Californians are victims of financial abuse each year, with the Bay Area being a hotbed of activity. Wells Fargo Bank manager Kris Rambrich stated that the bank's Moraga branch has handled approximately 15 fraud cases involving seniors in the past

six months.

Saint Mary's College Psychology Professor Mary McCall, Ph.D., says financial predators have become very good studies of personality.

"They see the body language of an older person – how they walk, eye contact – and they figure out what pitch to use," McCall said. "Pitches might vary from helping someone out personally to helping out a religious organization, playing on lifelong beliefs. Victims might think, 'Maybe I should donate to this religious organization before I die'."

A SAIF benchmark study found that in 2002 monetary loss to senior financial scams in California alone exceeded \$3 billion, and with many seniors living in homes nearly paid off, the recent run up in home equity has brought a slew of predatory lenders to the area, increasing the chance of losing all of a home's equity through these scams, or even the home itself.

Predators look for seniors who live alone and who have access to funds or equity. And they are not always transients or junkies. One of O'Malley's clients at age 96 gave \$800,000 to a stock broker to invest. "He took all her money that she had safely invested, liquidated it and put it into stocks," O'Malley said. "They were giving her back her own money, while she now had to pay \$100,000 in taxes and the broker collected \$100,000 in fees."

The client just turned 100 and O'Malley is concerned that she may not live to see the case come to trial. "It

breaks your heart," he said.

An important issue, McCall says, is many seniors grew up during the Depression or have a life-long personality trait of being open to helping others. "They want to help people who are down on their luck. People who are open and friendly don't expect to be scammed," she said. "They see themselves as nice and helping out. They have a basic personality of trust."

Unfortunately, EFPN notes that once a senior has been targeted, there is a tendency for the perpetrators to repeatedly prey upon the elder until all their resources are gone.

So what can be done?

The California Commission on Aging states the best way to avoid becoming a victim is through awareness, prevention, and education.

O'Malley agrees. "Seniors need to make a decision about steps they are going to take well in advance before anyone knocks on the door," he said. "Have a checklist already in place, so if you get an offer, you say 'I'll get back to you,' immediately go to your list and start calling agencies like Adult Protective Services, Consumer Protective Services or even the SEC to check them out. Don't sign anything until you run it by somebody."

EFPN CEO and executive director Jenefer Duane adds that seniors should plan ahead for their needs and be very careful who they appoint to manage their affairs in the event they are unable. "Be very diligent about checking references of persons you hire - it's best to involve a

friend or family members in the interview and hiring process," she said. "And never give out personal financial information to anyone who calls you on the phone or comes to the door. Don't be rushed into a deal, stay away from living trust seminars, hang up on telemarketers, shred old financial documents and offers you receive in the mail."

If elders suspect they, or someone else, has been exploited or victimized, they should call adult protective services and report the situation. "If the elder is in danger or a crime has been committed, call the police," Duane said. "The identity of the reporter is kept confidential."

To report suspected elder abuse call the Attorney General's hotline at (888) 436-3600. Or to get more information, you can attend the free EFPN workshop, "Be Wise: Prevent Scams, Fraud, and Identity Theft," on Jan. 17 at the Lafayette Community Center (500 St. Mary's Road). For information on the seminar, call (925) 284-5050.