



How does someone get scammed into buying \$160,000 in gift cards?
Marketplace Morning Report

Brains and Losses

Age of fraud: Are seniors more vulnerable to financial scams?

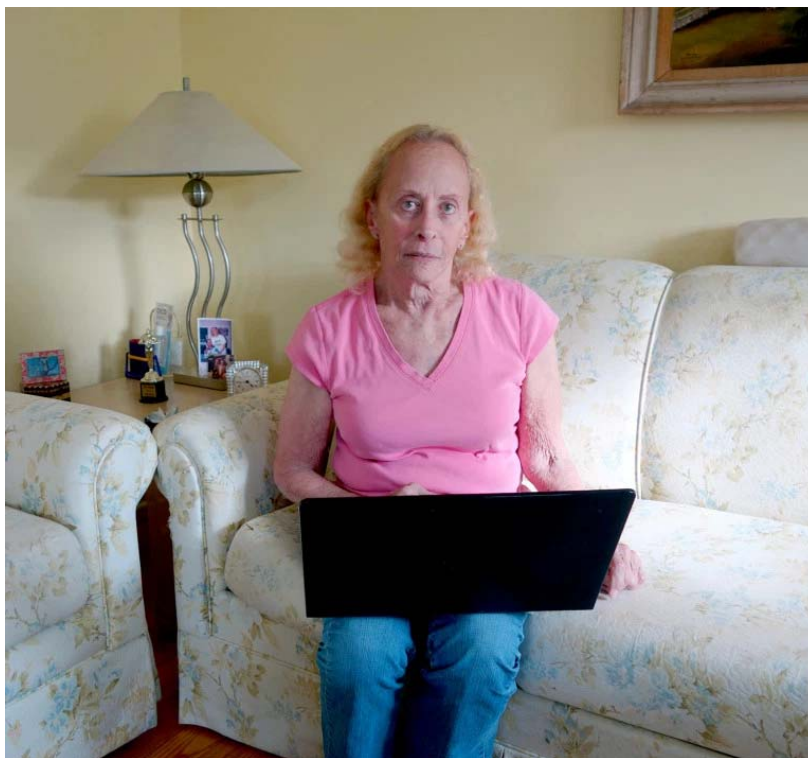
David Brancaccio | May 16, 2019





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Judy Fern is 79 but reads as 15 years younger. She hops the high step into her Honda CR-V, hits the button for public radio (not just for my sake) and expertly pilots through the streets of her seaside town.



Judy Fern, 79, is a New Jersey nurse who was defrauded out of nearly \$200,000.

The plan is to visit one of the scenes of the crime, the gift card rack at Walmart in Egg Harbor Township, New Jersey.

Department store gift cards are a favorite money transfer device of fraudsters. Over a two-week period, just after Thanksgiving 2017, Fern got caught in an elaborate scam that cost her close to \$200,000. That is a fortune to most of us, and it was a fortune for Fern.

Fern is a registered nurse, skilled in the operating room. Well into what most would consider their retirement years, she acts as a fill-in nurse for several public school districts. She goes to Pilates once or twice a week.



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Are seniors more vulnerable to financial scams? | Brains and Loss...



Not only are older people heavily targeted by scammers, but surprising data suggest that, as we get older, we become more vulnerable to fraud in so many of its forms.

The part that especially floored me is this: Doctors are studying older people who are on the ball, A-OK. People who — when tested — seem to have no diagnosable cognitive impairment, but who may still be at special risk from those who want to take their money, be it strangers or family.

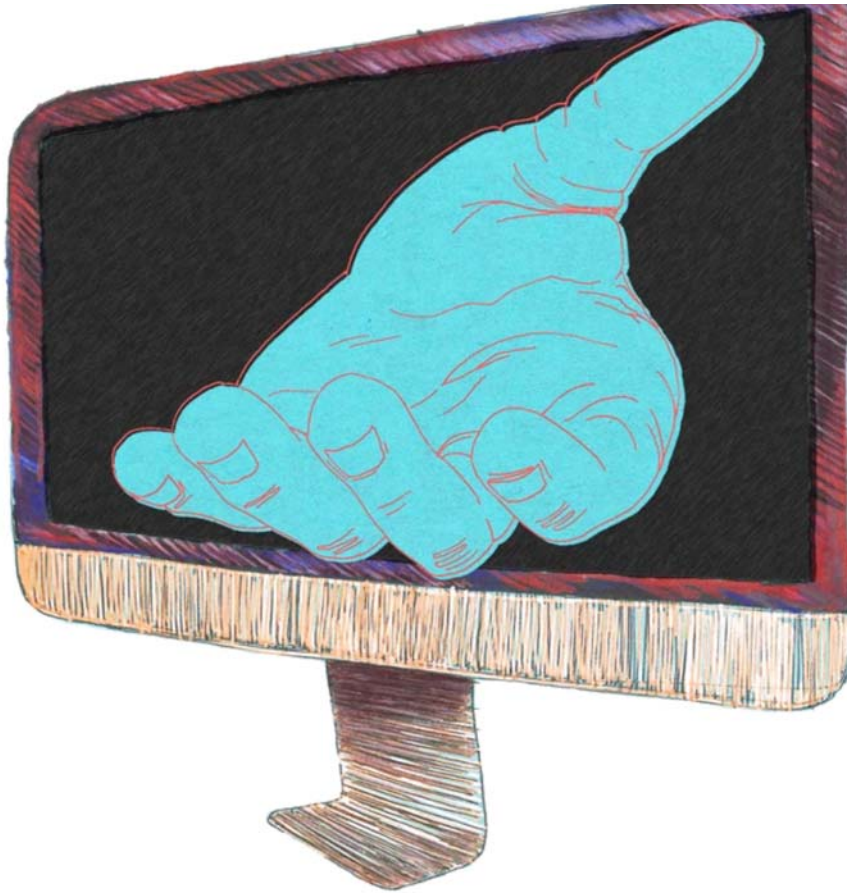
There is brain research about this. In some cases, it's like a person's radar for scams goes dark.

According to a 2016 study, [people 50 and older hold 83% of the wealth in America](#); households headed by people in their 70s and 80s tend to have the highest median net worth. That makes them prime targets for financial scams and the effects can be devastating.

With an aging population this is an elder justice issue, a personal finance issue and a public policy issue. It's hard to pin down the numbers: A study out of New York state estimates as few as [one in 44 cases are ever reported, and studies have calculated that](#)



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Rose Conlon/Marketplace

Fern's nightmare began with a phone call from someone claiming to be from computer tech support who said he needed to get into her computer to fix something. It spiraled from there.

According to Fern, the scammer who took control of her computer directed her attention to what looked like a readout from one of her accounts at US Bank. The account should have had \$29,819. She freaked out when it appeared the account had been drained to nothing.

Fern was led to believe if she gave the caller even more money, she would get all of it back. Her life then became an odyssey out of Greek tragedy.



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IT, if I'm mad at him or mad at me? NO KIDDING," Fern said. "I mean, why am I out here on this freaking road again? Driving all the way out to Walmart."

Back in Fern's kitchen, we laid out all the used cards, piles and piles of them, covering every available spot on a small table. In all, there were more than 100 used Target and Walmart gift cards, some decorated with pretty pink flowers or cute cartoon penguins or, as it was the holidays, Santa Claus.



Fern with \$166,000 in used department store gift cards.

She kept the receipts. My total: \$165,970. And that's not all. The scammer also talked Fern into two bank transfers, including \$45,000 to a company in Nepal. It could have been worse, but one of her credit card companies reversed nearly \$25,000, agreeing it was fraud.

By my calculation, Fern lost something close to \$196,000. All this was paid for through savings, retirement money and running up credit cards, with the scammer repeatedly



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money still. Fern said she could see it was fraudulent.

“I could tell, because the comma was in the wrong place. It was not right.” At this point, she was done and cut off communication, her accounts ravaged.

Maybe this could happen to any of us at any age. But it’s possible there is also something else at work with some older scam victims.

Changes to the brain

“The most frustrating people, in my science and in my clinical practice, are people who test, up and down, neuropsychologically normal,” said Mark Lachs, a physician at Weill-Cornell Medicine in New York, one of New York City’s biggest hospitals.

“I mean, they’ve had the million-dollar neurologic workup and yet they still give away the farm in ways that they would not have when they were younger.”

Lachs and his colleagues have put a label on what they see as an all-too common condition: [“age-associated financial vulnerability.”](#)

“We are learning that there are changes in the aging brain, even in the absence of diseases like Alzheimer’s disease or other neurodegenerative illnesses, that may render older adults vulnerable to financial exploitation.”

There is neuroscience and psychological data to suggest our ability to detect sketchy situations may decline. Or, we may become prone to seeing the upside of a risky deal and blow off the downside. Some people are more inclined to believe the last person they spoke to. Others may lose the ability to push back on a high-pressure predator. Researchers emphasize that this phenomenon goes way beyond changes in the brain.

“It also involves all of these other social and environmental factors like social isolation, like cultural factors and societal factors, like older adults having more wealth compared



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who had lived nearby, had died of cancer. Without a strong local support system around to act as a second set of eyes and ears, people can be lured into financial traps.

But scientists looking into age-related financial vulnerability are very interested in physical changes to the aging brain, the way eyesight and hearing can get less keen. In some cases, a new pattern of making mistakes with money may be a harbinger of cognitive bad things to come, the “first thing to go,” as it were.



Rose Conlon/Marketplace

McGill University neuroscientist Nathan

Spreng was able to track down 13 elderly scam victims and 13 others equivalent in age, gender, and education who had successfully fended off a scam. Spreng’s research found [the brains of the two groups were physically different](#).

“When we looked at the structural integrity of their brain, we identified one region in particular that was significantly smaller in those individuals who had been scammed than those who had not,” Spreng said.

He noticed this thinning of the part of the brain called the “insula,” which, along with a lot of other things, may help us trigger our “spidey sense,” the hunch that can warn us away from dicey financial situations.

“It gives you this ‘body sense’ of the perceptions of the environment that something’s not quite right and it’s a signal that all of us in life kind of need to learn how to listen to. In the case of aging, that signal is just not as loud,” said Spreng, who is still in the early stages of the research.

Some experts are skeptical about practical applications of research like Spreng’s.



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“There is no one aging pattern,” Lichtenberg said. “You know, some older adults are as good as they were in their fifties and sixties. Others are showing a more significant decline.”

In an [award-winning paper published by the Brookings Institution](#), researchers identified a peak age for handling money matters: on average, 53 years old. That astonishing number personally gave me pause now that I am past that summit and, according to that finding, hiking the downward slope myself.

People of all ages get taken by scams, not just seniors. And Dr. Spreng at McGill notes that many older people can have an edge over their younger selves, an antidote to what we’ve been talking about. You might call it wisdom.

But while this kind of life experience counts, even non-scientists, including social workers and lawyers, have long wrestled with the broader problem. Shannon Miller, an attorney based in Gainesville, Florida, says she sees it all the time in her practice: a subset of older people who are not legally considered incapacitated are, nonetheless, extra vulnerable.

“What is it that makes one person exploitable and another person not?” Miller asks. “It’s like a perfect storm, really, when we’re talking about these vulnerable people who have enough capacity that they’re not necessarily going to be on anybody’s radar, like their doctor.”

Safeguarding people is especially complicated because taking away rights based on age, but not necessarily competence, has a name: *ageism*.

Lawyer and elder rights advocate Marie-Therese Connolly is working on a book about elder abuse to be called “Aging Dangerously”, and worked closely on the drafting and passage, in 2010, of the Elder



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what we want our old age to look like, and to what extent should we be entitled to make bad decisions,” Connolly said.

She finds the “age-associated financial vulnerability” label a useful idea, but she wonders if they got the name wrong.

“I’d rather just call it financial vulnerability,” she said.

I wondered if it would really be discriminatory if — for instance — credit card companies tweaked their fraud protection superpowers to better watch over the accounts of older people in particular. Connolly’s response?

“Why only older people?” Protect people of all ages, is her point.



Lawyer and elder rights advocate Marie-Therese Connolly worked closely on the drafting and passage of the 2010 Elder Justice Act.

Defense mechanisms

Safeguards against financial fraud take the shape of a state-by-state patchwork and, too often, once the money is gone, it is gone for good. Many advocates are pushing for better defenses.

A new federal law, the 2017 [Elder Abuse Prevention and Prosecution Act](#), appointed what are called “elder justice coordinators” at U.S. Justice Department offices around the country.

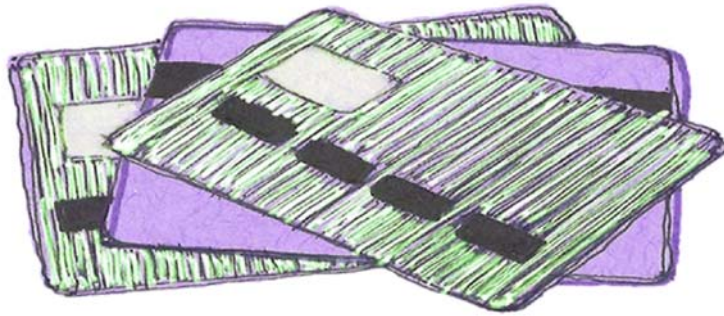
That 2018 law also encourages different regulators, law enforcement jurisdictions, and protectors of older people to share info about exploitation, teaching both potential



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banks have no such rule.



Rose Conlon/Marketplace

In Florida, [a new legal tool](#) makes it much easier for the state's vulnerable older victims to file paperwork — in the absence of an attorney — to quickly freeze their scammed money without notifying the scammer, a kind of “pause button.”

Where else can people turn? Local and federal law enforcement, which can convey fraud complaints to the Federal Trade Commission's [Consumer Sentinel Network](#). Victims who get scammed specifically online can report it to the FBI's [Internet Crime Complaints Center, IC3](#).

Catching fraudsters is no easy feat, [though millions of victims complain](#). I met with one family that was able to win a partial restitution after a con woman persuaded a dad in his 90s that she was his “special friend” and in need of money for treatment for “cancer.” The victim's kids worked on this for many months, one a law school professor, the other a former prosecutor.

Busts are not common, nor is getting money back. The feds pulled off several elder fraud sweeps in the last two years: the [two biggest](#) pulled in more than 500 defendants.

In one high-profile conviction this year, a scammer from Jamaica was sentenced to nearly seven years in the US for trying to swindle a guy in his 90s. It started with



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law to help protect seniors, experts say there is still not sufficient rigorous research on what strategies work best to inoculate people from potential fraud. This at a time when the population is aging: the number of people 65 and older [will nearly double in 30 years](#), to one out of five in the U.S. As the U.S. population of older people expands scammers are getting more technologically sophisticated.

Over the last six months, I sat with families grappling with scammers. I spent time with a son in his 20s living at home as he finishes college, trying to cope after he saw emails showing his mother had been sending an online love interest she's never met about \$100,000. The son says the emailer has always been a no-show for any in-person meeting with his mom.

Near St. Louis, I met with Art Schreiber, who moved in with his son's family after his spouse died. Art is in his 80s, an army veteran who had a career fighting financial fraud, rising for a time to be the top insurance fraud regulator in Missouri.

His son, Chad, shared a home office with his dad, where he repeatedly had to intervene to stop people trying to pick his dad's pocket via phone, snail mail and email. Chad now has his father Art's consent to make financial decisions on his behalf, power of attorney. The Schreibers, mindful of their father's need for independence, regard this as a step not to be taken lightly.



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Chad Schreiber, who lives in a St. Louis, Missouri suburb, gestures toward a photo of his father, Art, who was besieged by fraudsters.

It's not just strangers stealing from seniors. One study found that nearly [58% of the perpetrators of financial exploitation](#) of the elderly are people victims could see in their family photo albums: perpetrators who are relatives.

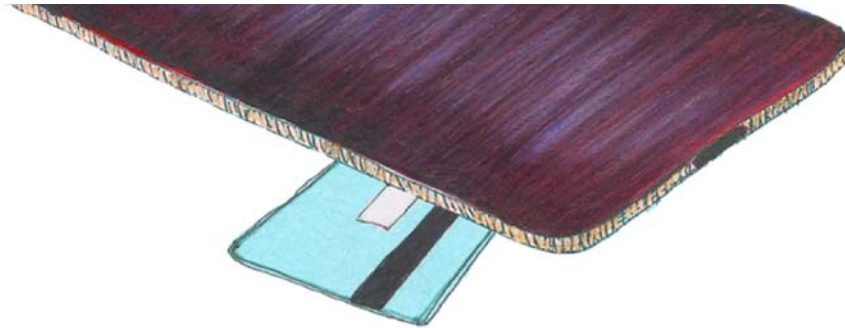
Solving the problem

Meanwhile, scammers are still targeting Judy Fern in New Jersey.

Late last year, about a year after the scam that cost her \$200,000, I was recording a follow-up interview at Fern's tidy home near the Jersey Shore. Her phone kept warbling with some guy with a filtered-sounding voice insisting she'd won millions in a jackpot if she paid some upfront fee.



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Rose Conlon/Marketplace

He'd left 15 messages offering \$2 million but, while I was there, this live voice upped the amount to \$2.2 million. Where did the extra money come from, Fern asked him. The caller claimed her winnings had accrued "interest" after being deposited temporary in the "Federal Reserve Bank of Washington, D.C." More baloney, Fern concluded, and called the cops.

When I checked in again with her this spring, a fresh set of scammers were trying to shake her down. Prosecutors say once someone's been scammed, the fraudsters often put their contact info on a list they pass around.

This time, Fern seemed to be on the fence about whether she had actually won something or not and told me she had given them money. I was able to alert her sister, two states away, who got Fern, reluctantly, to sign a power of attorney to help the family help her.

Experts say these are conversations to have before a financial or health crisis hits. There is something called "limited guardianship," where a judge grants only specified powers to a trusted person. There is the "springing" power of attorney that can be set up in advance that springs into action when someone's cognitive abilities decline past a certain predetermined threshold.

The advice from the Stanford Longevity Center's Marti DeLiema is to set up a financial plan for the future. Who will become a person's designated driver for money matters if and when that becomes necessary?



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Dr. Lichtenberg, the Wayne State psychologist who studies capacity for financial decision-making, says he has data showing 20% of older people admit when they do talk about money with others, it's out of loneliness. That is, people might engage with a scammer because they want to talk to someone, anyone.

One gerontologist put it to me this way: abuse of the elderly is, at its core, lack of social support. The cure is social support. It's possible that the best way to help vulnerable loved ones is just to be there, to be present in their lives.

For resources to help you deal with financial scams and to read more about the “Brains and Losses” series, [continue here](#).

“Brains and Losses” was made possible by Marketplace’s generous supporters, including the Park Foundation.

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