

## SENIOR LIVING

## ELDER LAW NOTES

# Scammers target seniors

Seniors are often victims of financial scams that can jeopardize their financial independence.

Some seniors frustrated with historically low CD interest rates are getting reeled into investment schemes, which make promises they cannot fulfill. Others fall prey to more traditional scams, such as a telemarketer selling a bogus product.

Part of the problem is that older generations are socialized to be more polite to strangers, making them vulnerable to con artists. Seniors grew up in a more trusting time when one's handshake was his word. Unfortunately, cognitive decline may make an elderly person susceptible to a scheme they would not have believed in their younger years. Loneliness is another factor in a senior's willingness to engage in conversation with a huckster and agree to a scheme just to please the stranger.

It is important to report scams. Seniors are reluctant to report a crime of financial abuse or exploitation because of shame or pride. Some hesitate to report because they believe it may make them appear to their loved ones as unable to handle their financial affairs. However, reporting is the most important thing a senior can do to prevent someone else becoming a victim.

Encourage any senior who has been the victim of financial abuse or exploitation to contact their local police, the attorney general's office or a friend or family member.

Seniors are attractive targets for charlatans because they usually own their own homes, have excellent credit and have a "nest egg" to invest. Not all financial investments are appropriate for seniors. Some investments, though legal, are simply too uncertain to risk losing a life savings. Just as high risk investments are inappropriate for the elderly, so are products that lock up



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their investments over a long time period. Seniors must be aware of financial advisors selling products and charging high, and often hidden, commission fees. Beware of "free" investment lunches or things that hype exaggerated problems or claims, such as guarantees for "tax-free" products.

Additionally, it is important to know a financial advisor well. Regulatory reporting information about financial advisors, stock brokers and investment advisors is available at the Financial Industry Regulatory Agency's website: [www.finra.org](http://www.finra.org). The website reports the financial agent's employment history, exams they have passed, the date they became licensed, as well as any disciplinary action they have received.

As seniors plan for retirement, they may fall victim to more traditional investment related schemes. These include prime bank note scams, pyramid schemes and Nigerian letter-writing hoaxes.

Many Ponzi schemes are camouflaged to sound like sophisticated and enticing investments producing high yields. They may include investments in oil and gas leases, promissory notes in start-up companies and real estate deals.

Other tricks may involve something as exciting as investing in the Hollywood production of a movie, or

something seemingly worthwhile like investing in housing for the homeless. If you believe you have been the victim of any type of Ponzi scheme, contact the Texas Attorney General at 1-800-252-8011.

Many other schemes that target the elderly include health care fraud, telemarketing scams, fraudulent reverse mortgage schemes, counterfeit prescription drug scams and fake anti-aging scams. The FBI issues alerts regularly about which scams seniors are especially vulnerable to, and the AARP has part of its website devoted to scams targeting seniors. Many con artists' initial contact with the senior population is through direct mail or telemarketing.

If you are the loved one of an elderly person, who you believe is vulnerable to a financial scam, there are many ways to protect them from becoming prey for a financial scammer. Clear communication is key. Knowing their financial advisor and how they are compensated is also important.

Make sure they know that legitimate banks and other financial institutions do not ask for personal financial information through email. Be certain that legal documentation is up to date, so if necessary, you can step into their shoes quickly and directly with a financial power of attorney to deal with any issues involving scams.

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