

# A Fresh Look at Fraud

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# **A FRESH LOOK AT FRAUD**

**THEORETICAL AND  
APPLIED PERSPECTIVES**

Edited by  
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# Goals of Lecture

## Learning Objectives:

- Fresh Look at latest trends
- Updates on factors that increase susceptibility in older adults.
- Review literature on psychological impact of fraud on elderly victims.
- Tools & Interventions



# Latest Trends in Fraud from FTC Feb 2022

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Lost 5.8 billion to fraud 2021.

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> 70 % Increase over 2020

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Top Scams:

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Imposter Scams

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On-line Shopping

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Identity Theft

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Vacation and Travel

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Romance Scams

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Scams involving crypto

- HUGE Increase in scams originating on Social Media.
- 1:4 cases per FTC Sentinel
- Undelivered products on facebook/ Instagram
- Increase in scams across platforms: job boards, social media, linked in.....

Released February 22, 2022 <https://www.ftc.gov/news-events/news/press-releases/2022/02/new-data-shows-ftc-received-28-million-fraud-reports-consumers-2021-0>



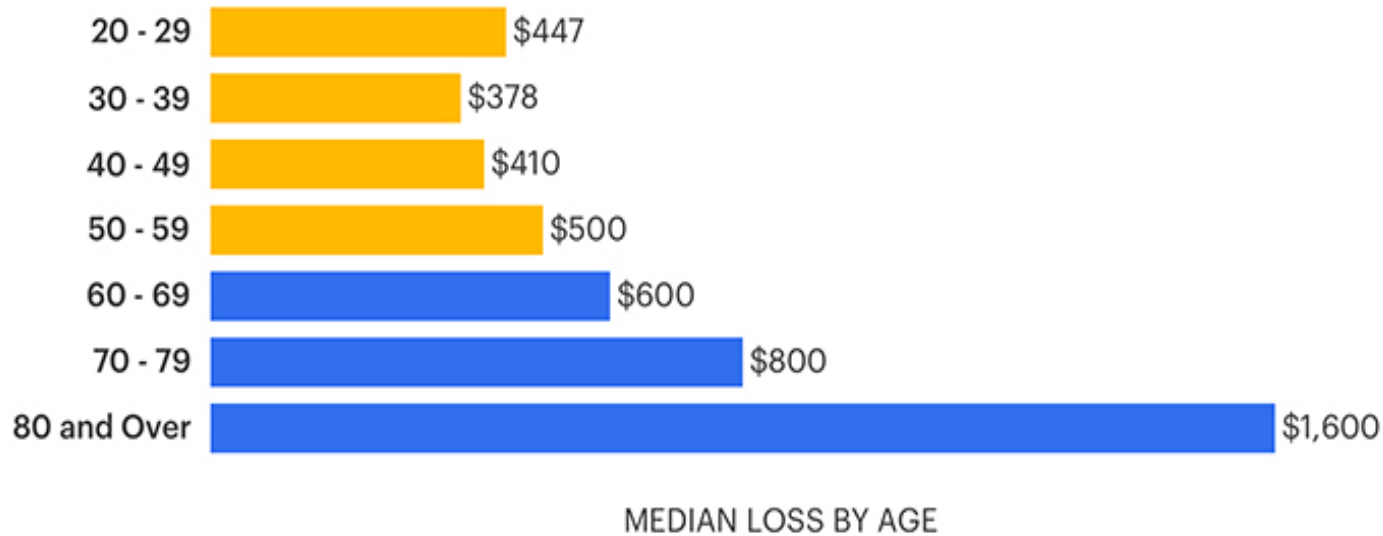
## Romance / Crypto scams

- Case Example:
- Christine is 72 years young, active on social media.
- Approached on social media for a job opportunity.
- Scammer combines element of romance scam (works in London), with elements of investment scam- phony cryptocurrency investment scheme.
- Elaborate plot details and drama keeps Christine on the hook.
- Lost 600 k.

# Main Trends for Older Adults (2021)

## 2019 Median Individual Monetary Loss Reported By Age

Older adults reported higher median fraud losses than younger age groups.



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Median losses calculated based on reports in each age group indicating a monetary loss of \$1 to \$999,999

# 2019 Top Fraud Types by Total Dollars Lost (Ages 60 and over)



Sentinel fraud types classified as "unspecified" are excluded. The Investment: Advice, Seminars, Investment: Art/Gems/Rare Coins, Investment: Stock/Commodity Futures Trading and Investment (Other) fraud types are grouped as "Investments" for this visualization.



# Factors that Increase Risk For Financial Elder Abuse

Cognitive  
Impairment /  
MCI

Psychological  
Factors

Exposure /  
targeting

Health

Dependency

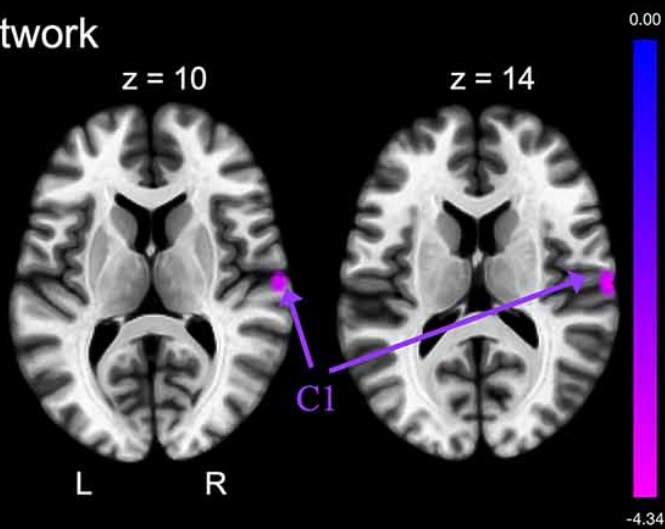
Isolation



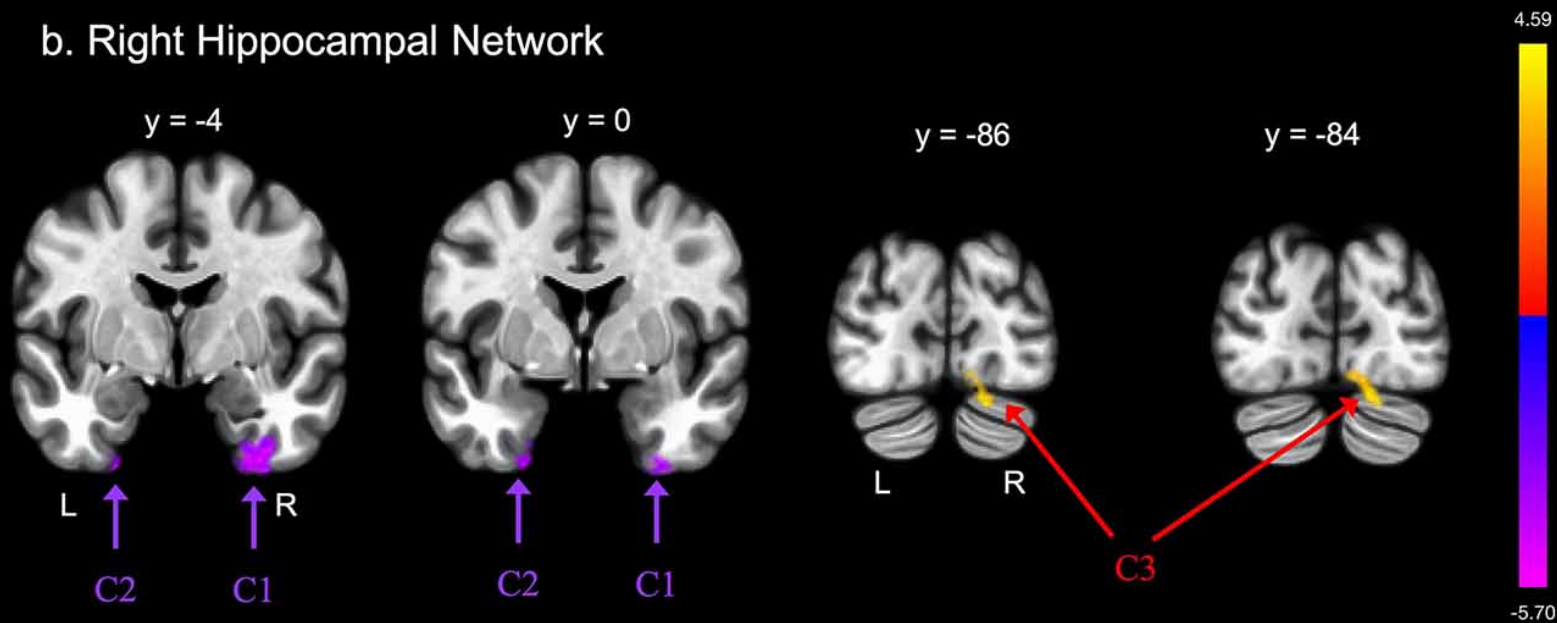
## MCI / Early Dementia

- Declines in financial capacity, judgement may be EARLIEST symptoms of dementia, predating a diagnosis by years.
- Can be frustrating to all involved because these subtle changes can have a huge impact on vulnerability but neuropsychological testing may be inconclusive.
- Emerging evidence (Duke Han USC) that there are subtle changes on neuroimaging in non demented elderly people with risk for FE versus low risk.

### a. Left Hippocampal Network



### b. Right Hippocampal Network



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# Model of Vulnerability

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- Psychological Vulnerability
  - Depression
  - Changes in social need fulfillment
    - Status
    - External Validation
    - Affection
  - Financial Satisfaction



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# Loneliness & Isolation



Older adults who report feeling lonely were more likely to be victims of any type of elder abuse including psychological abuse, physical abuse, sexual abuse, financial exploitation and caregiver neglect (Wang & Dong, 2018).

- Older adults who experience loneliness and low levels of social support are much more likely to also report depression, which increases risk of elder abuse further.

Lichtenberg, 2013; Liu, Wood et al., 2017; Wood & Hengerer, 2022)

# Psychological Impact of Fraud

- Consistent evidence that **the emotional costs of fraud are more distressing than economic costs** in survey research of fraud victims.
- Modic and Anderson (2015) survey of 10,000 participants assessed types of fraud victimization and impact.
  - Emotional impact as assessed by asking participants to self report perceived affective consequences.
  - Across fraud categories, emotional impact was rated as higher than financial impact.
  - Pyramid schemes had highest financial and emotional impact.

# Fraud victims are Similar to other Crime Victims

Button (2014). Survey by phone 800 fraud victims, 30 in person in depth interviews. Most common fraud investment, boiler room and identity.



Some findings:

- Increased reported stress
- Anger
- Lack of esteem
- Self blame
- Damage relationships
- Physical Health
- Mental health / increased risk of suicide
- Loss of confidence / change in financial behavior



# Research from Ponzi Scheme Victims

Spalek (1999). Interviewed at length 25 of the 32,000 retirees who lost their pensions to Robert Maxwell using a mixed methods approach. Key themes were anxiety, anger, worse health, premature death, self blame, disillusionment, decreased trust in financial institutions, loss of sleep.

“Mrs Riches had been burgled: when asked how that compared with the Maxwell scandal she answered:

*‘No, it's nothing like it. That's (the burglary) a one-off thing that you don't think about much. I was shocked but I didn't think too much about it, I got on with my life. But I couldn't get on with my life once Maxwell came, because it was there, it was there everyday of our lives. It was haunting Jack and his distress was haunting me.’”*

# Research from Ponzi Scheme Victims continued

- Freshman (2012), conducted a survey of 172 Madoff victims. **She reported that the sudden and dramatic personal financial loss resulted in PTSD like symptomatology.**
- 10 months post event, 56 % of the sample met criteria for PTSD as a group using DSM-4 criteria.
- 61 % reported high levels of anxiety, 58 % reported high levels of depression and 34 % indicated health related issues.
- Over 90 % affirmed a loss of confidence in financial institutions.

# Research Related to Physical Health and Importance of Financial Recovery.

- Zunzunegui et al (2017), conducted a survey of 188 individuals who were either victims of "preferred shares" and "foreign currency" mortgages in Spain using national health data.
- Individual who were victims of fraud had poorer health, more mental health issues, poorer sleep, and decreased quality of life that a comparable population matched for age.
- Those who had received financial compensation had better health and better quality of life than victims who remained uncompensated.
- **Financial fraud is detrimental to health.**



# Tools & Approach

**Social / Environmental  
Factors**

**Risk Considerations**

**Financial Knowledge and  
skills**

**Financial Vulnerability  
and undue influence**

**Psychological  
Vulnerability**

# Overall Approach continued

- Clinical Interview
  - Background
  - Education
  - Values
  - Meaning of financial security
  - Role money plays in life
- Diagnosis / Medical:
  - Health conditions
  - Health trajectory
- Cognitive Factors
  - Role of MCI
- Emotional / Psych Factors
  - Vulnerabilities
  - New Symptoms
  - Tests / approaches
- Functional
  - ADLS
  - IADLS
  - Sensory / hearing /vision



# Financial Exploitation Vulnerability Assessment

- How worried are you about having enough money to pay for things?
  - How satisfied are you with your finances?
  - Who manages your money day-to-day?
  - How satisfied are you with this arrangement?
- 
- <https://www.olderadultnestegg.com/for-older-adults/>



# Financial Decision Tracker

- What Financial Decision are you making or have you made?
- Was this your idea or did someone else suggest it or accompany you?
- What was the primary purpose of your decision?
- Who does it benefit? What are the risks?
  
- <https://www.olderadultnestegg.com/for-older-adults/>
- Created by Peter Lichtenberg

# Elder Justice

A Resource Guide for Action

## Interventions

- Identify and address risk factors including psychological vulnerability AND financial Vulnerabilities BEFORE fraud happens.
- SAFE Program:
  - After Scam SAFE assists seniors with financial counseling, concrete steps to restore credit, deal with creditors, add fraud alerts, and provide other resources
- WISE: Support groups for chronic compliant scam victims.
- <https://www.olderadultnestegg.com/for-older-adults/safe-financial-coaching/>
- <https://www.wiseandhealthyaging.org/programs-services>



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**WISE**  
*Healthy Aging*





# Literature Review

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- Norris et al (2019): The Psychology of Internet Fraud Victimization: a Systematic Review
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