

# Understanding Chronic Fraud Victimization

ABA Foundation Webinar

May 12, 2021

1:00 – 2:00 ET



# Moderator

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# Speakers

- **Christine Kieffer**, Senior Director, FINRA Investor Education Foundation
- **Farah Lamarre**, Senior Vice President, Team Lead for Global Financial Crimes Investigations and Intelligence, Citi
- **Kathy Stokes**, Director, Fraud Prevention Programs, AARP Fraud Watch Network



# Agenda

Prevalence and Impact



Chronic Victim Attributes



Triggers & Situational Factors



Intervention Strategies



Protecting Elders & Other Vulnerable Populations

# *Addressing the Challenge of Chronic Fraud Victimization*

*Kathy Stokes, Director, Fraud Prevention Programs, AARP*

*Christine Kieffer, Senior Director, FINRA Investor Education Foundation*

# Prevalence and Impact

**2.2M**

Fraud complaints to FTC in  
2020<sup>1</sup>

**34%**

lost money totaling<sup>1</sup>

**\$3.3B**

**1:18**

cognitively intact older adults est.  
victimized by scams each year<sup>2</sup>

**Unreported?**

<sup>1</sup> Federal Trade Commission. Consumer Sentinel Network. Data Book 2020.

<sup>2</sup> Burnes, Henderson, Lachs, et al. Prevalence of Financial Fraud and Scams Among Older Adults in the United States: A Systematic Review and Meta-Analysis. American Journal of Public Health 2017.

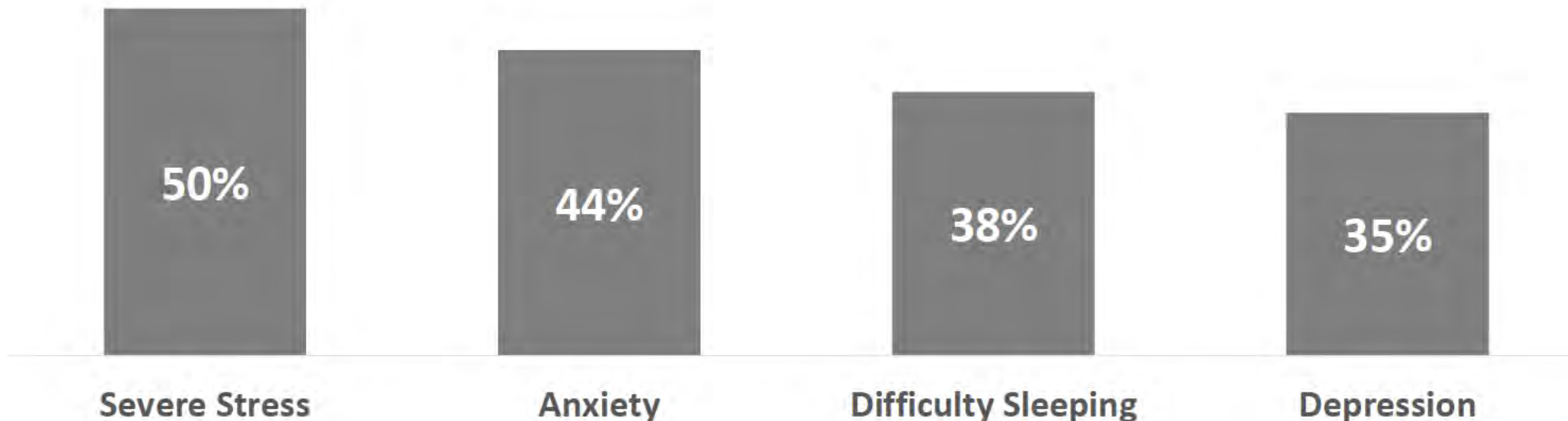
# Who's At Risk?



# It's Not Just About the Money



Nearly 2/3 of victims reported experiencing at least one serious non-financial cost of fraud





# How Mental Frames Guide Our Choices

Education  
Experiences  
Socialization



Narratives



Mental  
Frames



Interpretation



Choice

- **Compliance:** Duty or option?
- **Opportunity:** Lucky breaks or earned?
- **Order:** Personal responsibility or karma?
- **Intelligence:** Knowledgeable or curious?

# Goal of Chronic Victimization Deep Dive

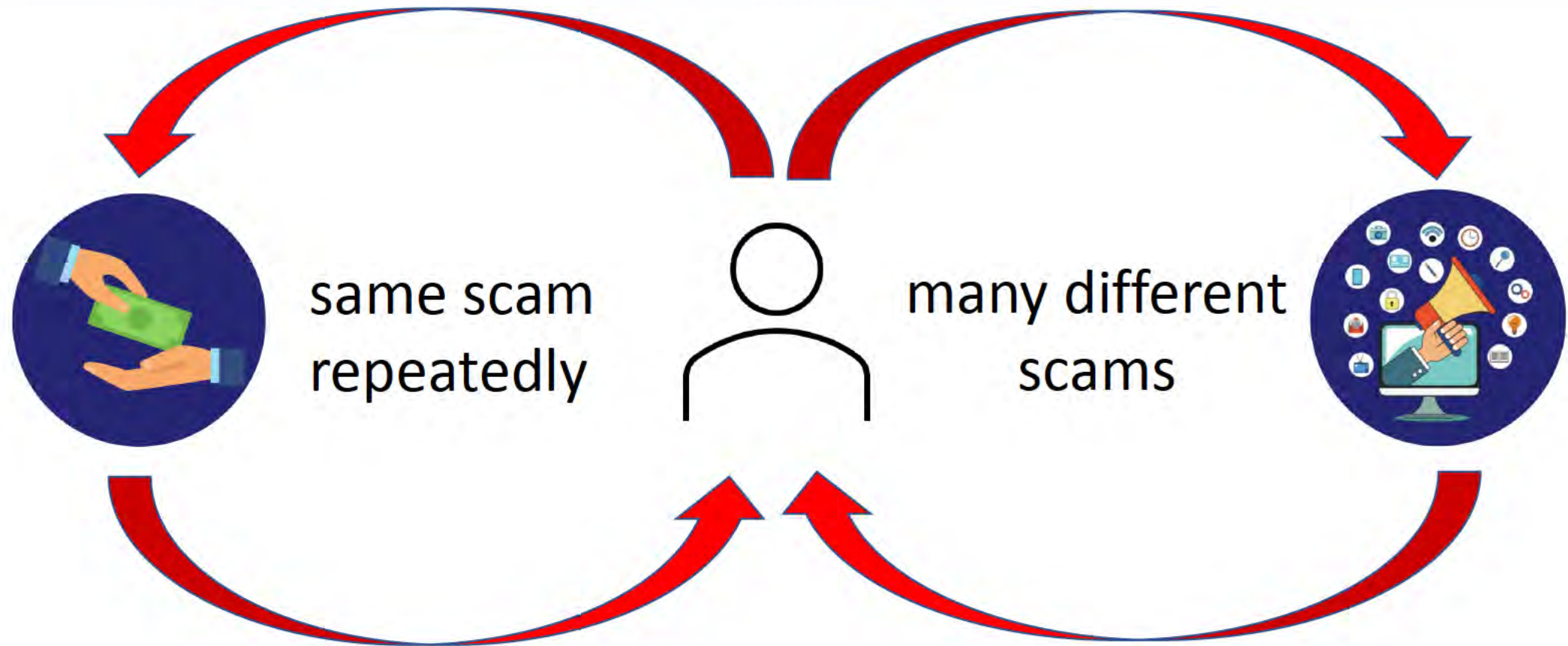
- Over-experienced, under-studied
- Define drivers: Why is a repeat fraud victim a repeat victim?
- Identify intervention strategies
- Develop consumer education content

**FINra**<sup>®</sup>  
Investor Education  
FOUNDATION

**HEART**  
**MIND**  
STRATEGIES

**AARP**<sup>®</sup>

# Chronic Fraud Victimization



# Chronic Fraud Victim Project Approach

- Lit review
- Interviews with subject matter experts, victims and families of victims
- Two expert roundtables

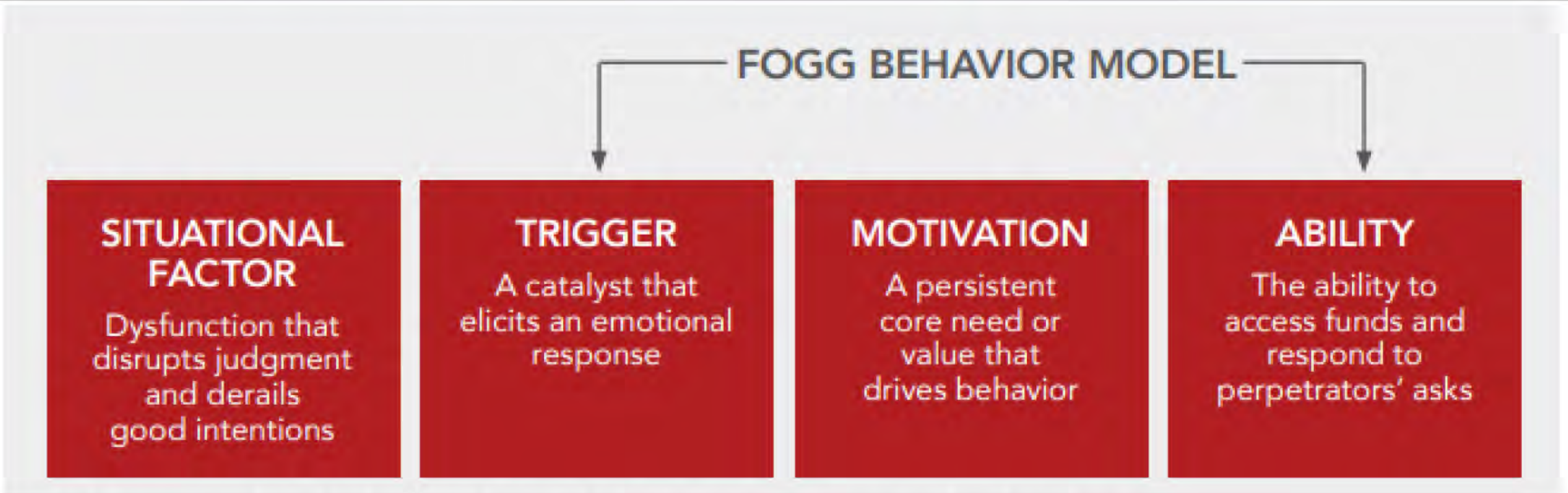
Download: [www.finrafoundation.org/knowledge-we-gain-share](http://www.finrafoundation.org/knowledge-we-gain-share)  
Subsection “Understanding and Combating Financial Fraud”



# Chronic Victim Attributes

- Not obviously impulsive, but need for fulfillment leads to taking more risk
- Pride in thoughtfulness, deliberation
- They've played by the rules, willing to take a calculated risk
- Cognitive decline is a factor with some, but not all, chronic fraud victims

# Chronic Fraud Victim Project Model



Addition to Model:

- Situational factor

BJ FOGG: Every behavior includes:

- A motivation
- An ability
- A prompt (or trigger)

# 3 Types of Situational Factors

## Circumstantial

- Isolation, loneliness
- Loss of a spouse
- Financial insecurity
- Life stressors
- Mobility issues

## Cognitive

- Cognitive bias
- Outcome bias
- Confirmation bias
- Availability heuristic
- Anchoring heuristic
- Blind-spot bias

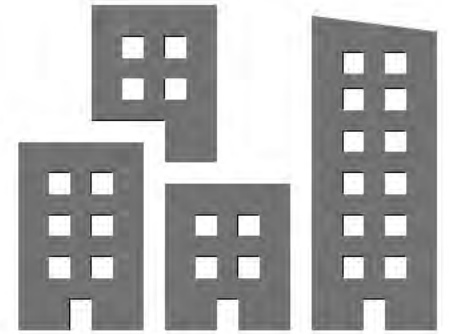
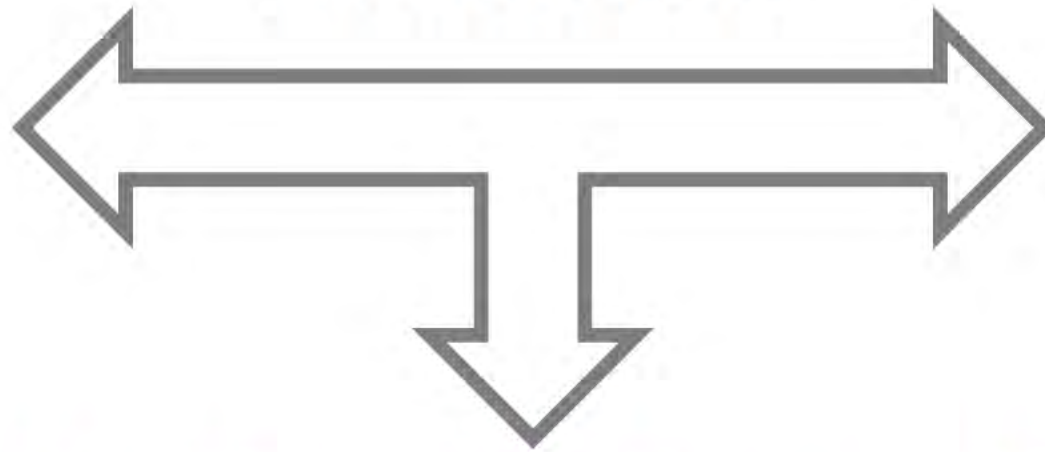
## Victim Characteristics

- Lack of sense of purpose
- Feeling unseen or lonely
- Physical/mental health changes
- Impulsivity
- Need to atone
- Overly trusting
- Lacking scam knowledge
- History of abuse

# Role of Situational Factors



Need for  
Fulfillment



**You're a Winner!!**

*(If you pay me first...)*



# One-off vs. Chronic Victim

Same dynamics apply, but:

- Chronic victim experiences more intense emotional swings
- Temporary feelings of fulfillment replaced with lingering despair once the scam is exposed
- Original void much deeper
- Results in heightened vulnerability to future scams

# Triggers & Motivations

## Triggers

- Urgent call for help
- Imminent danger of loved one
- Romantic seduction
- Financial insecurity
- Building trust
- Promising a windfall
- Establishing sense of scarcity
- Preying on desire to do good

## Motivations

- Helpful
- Loved
- Needed
- In control
- Important
- Leave a legacy
- Protect the family

# Ability

## Drivers

- Access to funds
- Need for money
- Abundance of time
- Trust
- Cognitive impairment
- Denial
- Changed neural pathways
- Prioritization of near v. long term goals

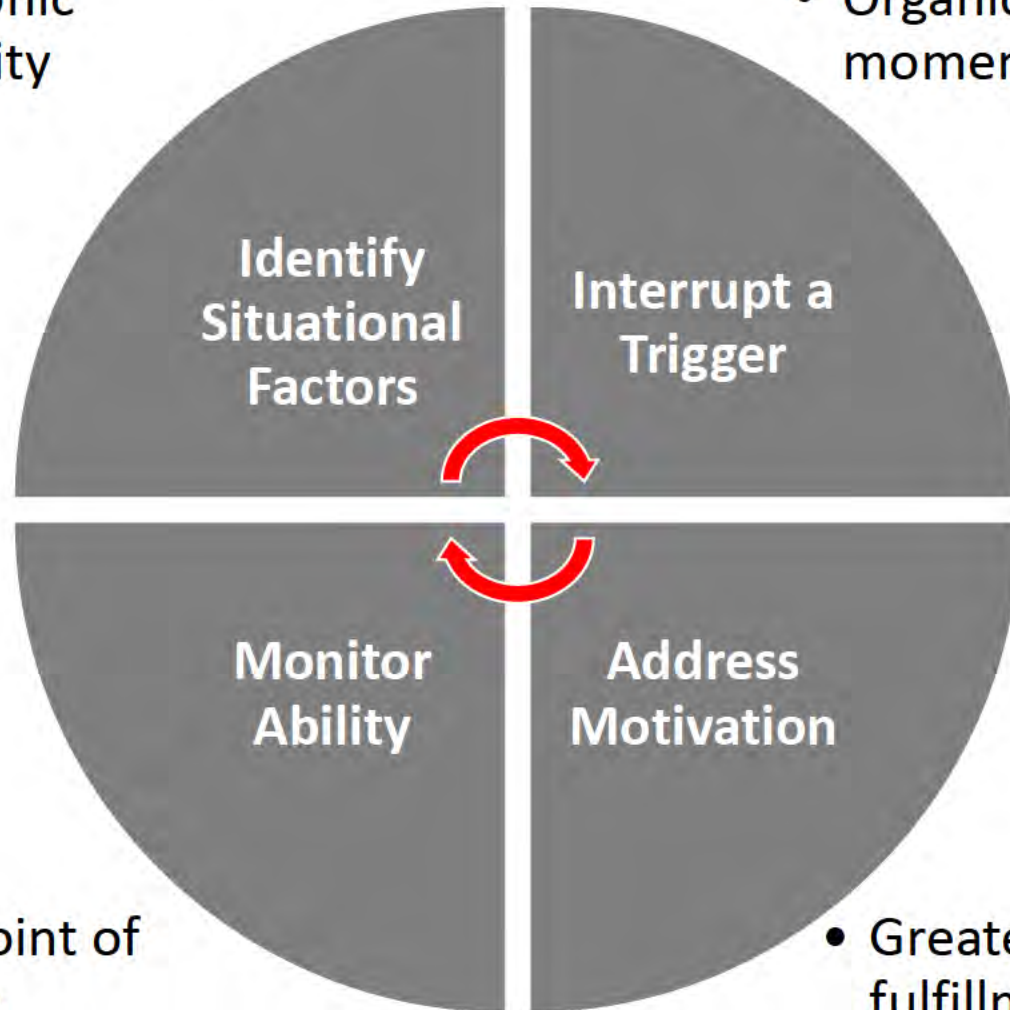
## Barriers

- Inaccessible money
- Inaccessible to the scammer
- Intervention by others
- Confusion
- Skepticism, distrust
- Worry about social judgment

# Disrupting the Cycle

- Tackle chronic susceptibility

- Organic, in-the-moment education

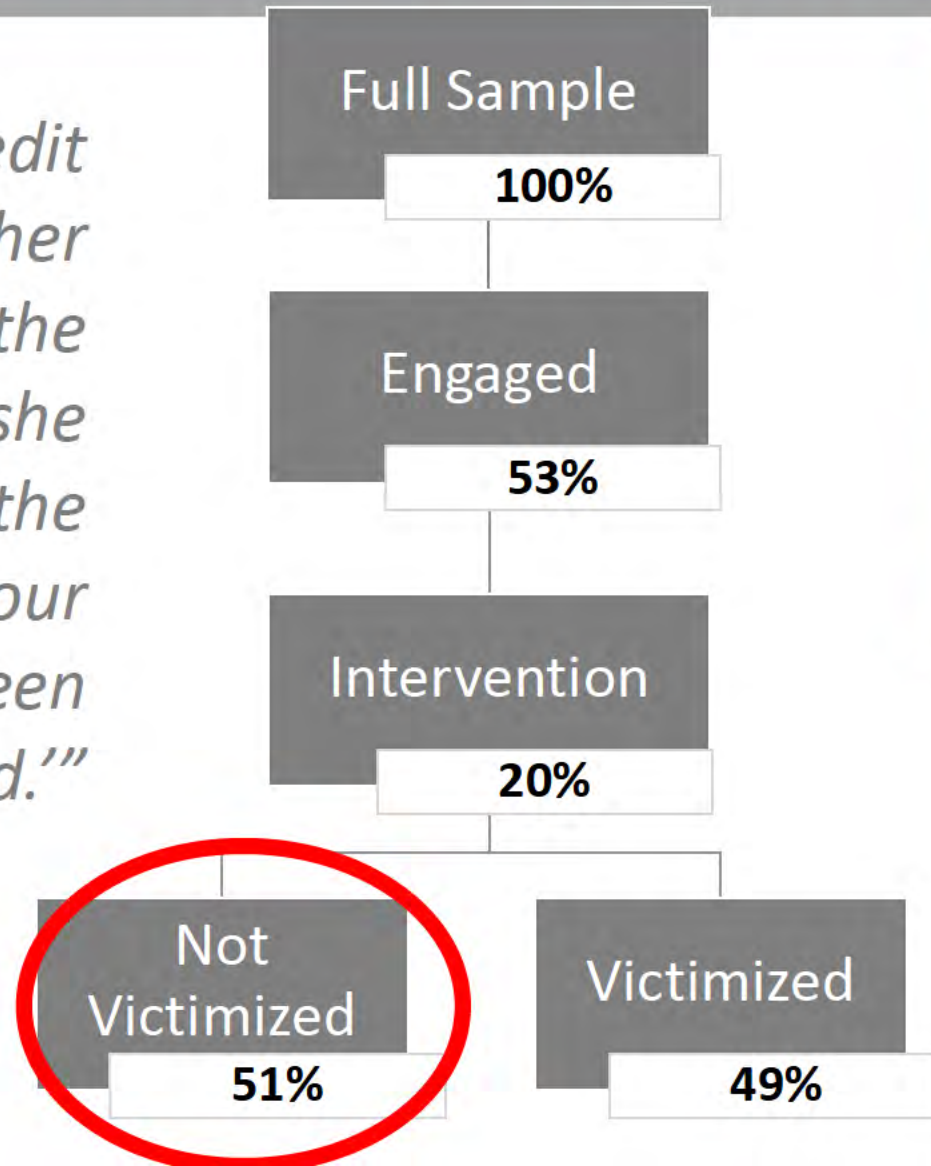


- Buffer at point of transaction

- Greater sense of fulfillment

# Ability: The Role of Structural Interventions

*“I called my credit card on another phone, gave her the billing name and she said, ‘Hang up the phone, turn off your computer. You’ve been hacked.’”*



Source: *Exposed to Scams: What Separates Victims from Non-Victims?*  
FINRA Foundation, BBB Institute for Marketplace Trust, Stanford Center on Longevity (September 2019)

# Preventing Financial Exploitation



FINRA®



## Trusted Contact

Requires firms to attempt to collect **alternate contacts** for investors

## Pause on Disbursements

Allows firms to place **temporary hold** on disbursements when fraud is suspected



### FINRA Securities Helpline for Seniors



A toll-free number that senior investors can call to get assistance from the Financial Industry Regulatory Authority (FINRA) or raise concerns about issues with brokerage accounts and investments.

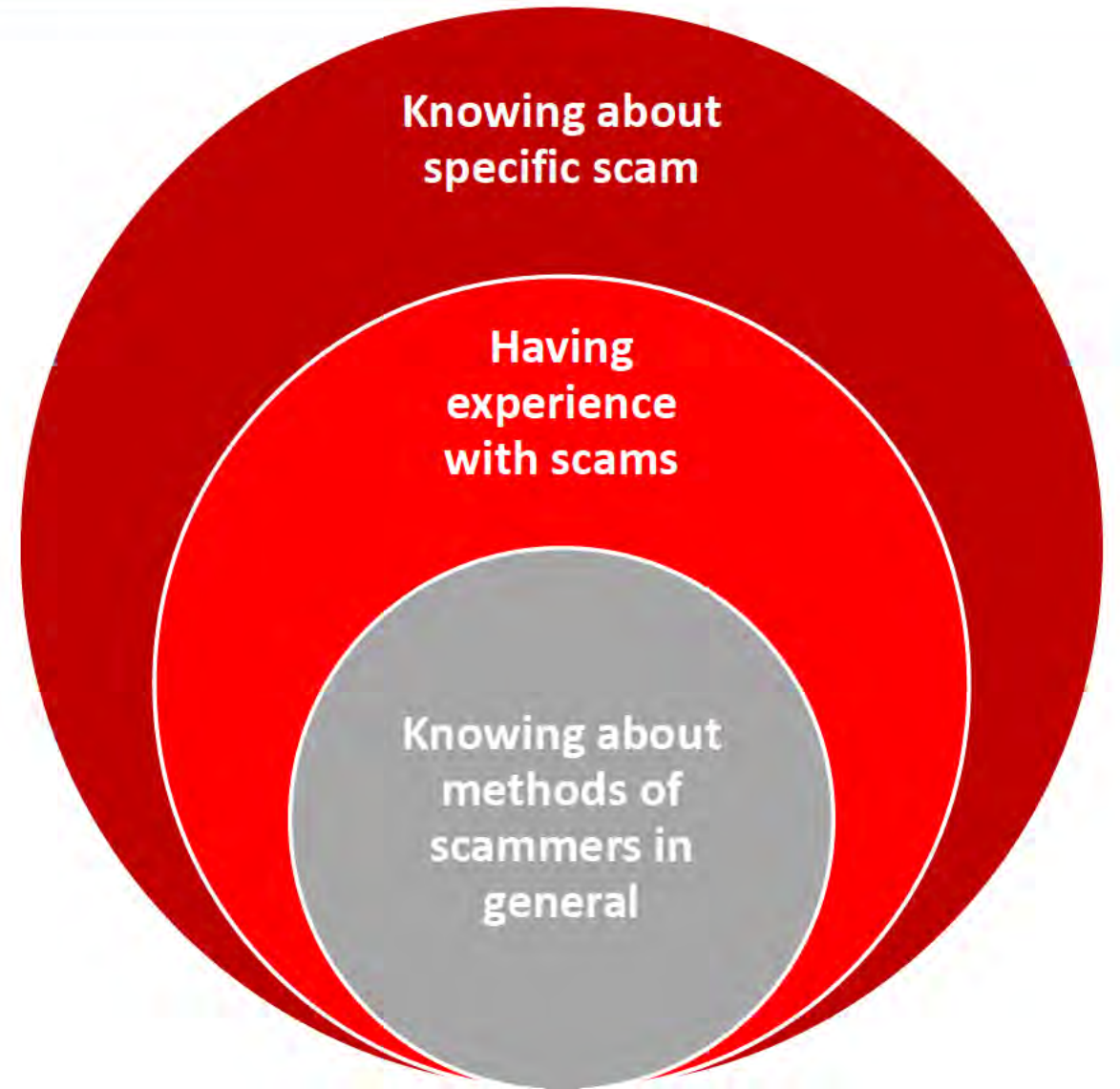
**Call 844-57-HELPS  
(844-574-3577)  
Monday – Friday  
9 a.m. – 5 p.m. Eastern Time**

Are you a senior investor with questions about your brokerage account statement or an investment in a brokerage account? Are you concerned that your account may have been mishandled by a broker? To help you with these and other investment-related questions, FINRA provides the Securities Helpline for Seniors.

# Can Education Prevent Fraud?

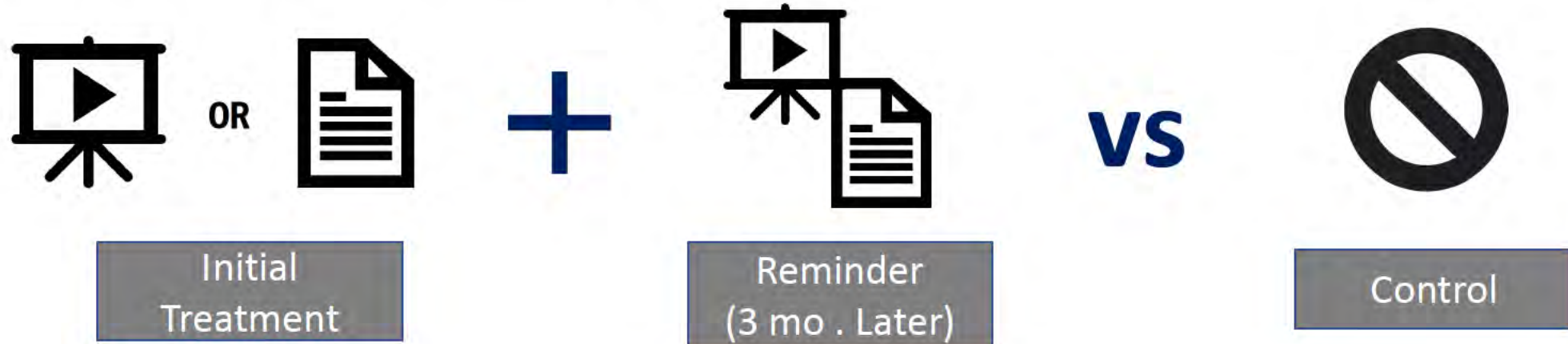
**YES!**

Prior knowledge  
reduces engagement  
with scammers.



# Evaluating Fraud Prevention Messaging

- Evaluating (online) fraud prevention messaging
- 2,000 subjects randomly assigned to:

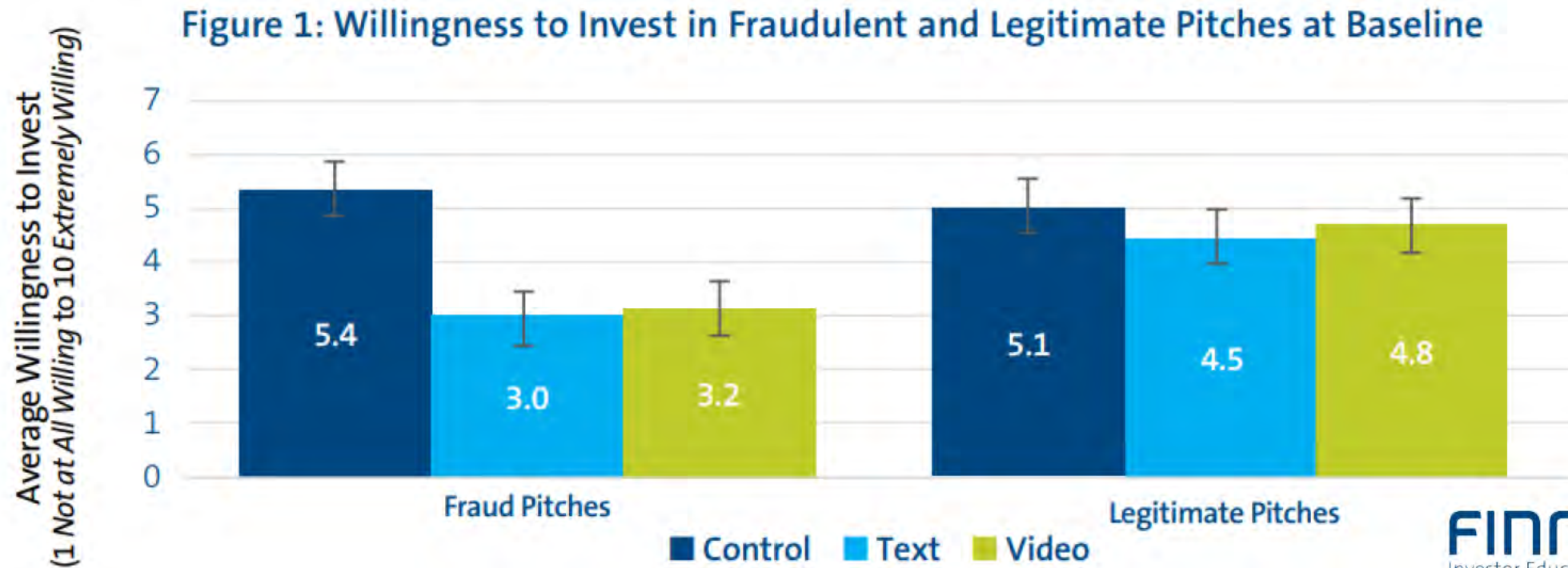


- Assess fraud susceptibility at start & six months out
- “Reminder” at three month



# Key Findings

- Short educational interventions can reduce susceptibility
- No differences on willingness to invest, generally
- Reminders are important. The effects decay over time.



# Let's Talk About How We Talk About Victims

A victim of financial crime **is as much a victim** as a victim of violent crime

Yet look at the language we use:

## SCAM VICTIMS...

- She **was duped**
- He **fell for it**
- He **got taken**
- They **were scammed**

...WE PUT THE BLAME ON **THE VICTIM**

## VIOLENT CRIME VICTIMS...

- She was **held at gunpoint**
- They were **viciously assaulted**
- He was **brutally murdered**
- She was **forcibly raped**

...WE PUT THE BLAME ON **THE CRIMINAL**

# The Language of Shame

*“I cannot fathom **the level of gullibility** it would take for someone to send money to someone they have never met. It's just beyond my level of comprehension. That is the kindest way I can express what I'm thinking right now.”*

*“Very sad, but really, these women **need their heads screwed on properly.**”*

*“Good God... **Where has common sense gone?** I know people are lonely; hell I am lonely **BUT I AM NOT STUPID...**”*

# How Shaming Weighs on Victims

“Actually, I was kind of **embarrassed**. My daughters sort of **made me feel stupid**.”

“**I've always thought I am smart** enough not to be caught in a scam, I think I was acting out of my emotions.”

“The **mental anguish still lingers** after its over. I hope in time I can overcome the **embarrassment and humiliation** of believing all the lies, of **feeling so stupid** for ignoring my intuition, and be able to gain some semblance of confidence to trust my decisions.”

# The All-Too Human Toll

- Billions of dollars lost, with little chance of restitution
- More than a million marriages damaged by the effects of dealing with fraud
- Thousands die by suicide

# Flipping the Narrative

## What if we said:

“Falling victim is not your fault. It's the fault of the criminal who perpetrated this crime. **I am sorry you've had to endure this.** Let's talk through it to understand what happened so you will be able to spot the red flags of scams in the future.”

# It Matters Because....

- **Fraud victims** deserve *empathy and respect*.
- **Families** will *protect their relationship*.
- **Police** may be *more inclined to take a complaint*.
- **Prosecutors** might respect the impact of financial crime on older adults and might *take on more cases*.
- **Policymakers** might *do more to address the scourge*—maybe even find a means of restitution.

# Let's Flip the Narrative

- **OUT:** Judging victims, lack of empathy
  - Scammed
  - Duped
  - Conned
  - Swindled
  - Fell for it
  - Got taken
- **IN:** Focus on the crime, empathy for victim:
  - Perpetrated
  - Coerced
  - Deceived
  - Targeted
  - Preyed on



# About the Fraud Watch Network

Resources	Free resources for all
Prevent	Help consumers proactively spot and avoid scams
Support	Provide support for those who have experienced a scam loss
Advocate	Advocate for legislative/regulatory reforms

[www.aarp.org/fraudwatchnetwork](http://www.aarp.org/fraudwatchnetwork)

Helpline: 877-908-3360



# About the Fraud Watch Network

877-908-3360

Call our free helpline if you  
a scam

A fraud alert from Kathy Stokes, AARP

**AARP**  
Fraud Watch Network



Freezing your credit cards  
would-be scammers

Dear Kathy,

Guarding your identity and credit doesn't have to be expensive. One of the most effective ways you can help protect yourself is with a free credit freeze.

A credit freeze safeguard

**TEXT FWN TO 50757**  
to receive biweekly alerts from  
the AARP Fraud Watch Network.

Message and data rates may apply.  
Terms apply: <https://aarp.info/tcofr>

## What We Help You Do



### Stay Informed

Knowledge gives you power over scams. The AARP Fraud Watch Network equips you with reliable, up-to-date insights, alerts and fraud prevention resources to help you spot and avoid scams and protect your loved ones.



### Find Support

If you've been targeted by scams or fraud, you are not alone. Our trained fraud specialists provide support and guidance on what to do next and how to avoid scams in the future. The AARP Fraud Helpline, 877-908-3360, is free and available to anyone.



### Have a Voice

AARP fights for consumers by advocating for laws and regulations to stop scams and shut down fraud attempts. We also provide a voice to consumer concerns and help shape the public discussion on fraud.



## Fraud's New Currency: Gift Cards as Payment

Gift card payment scams: A survey of U.S. adults 18+

by Jennifer Sauer, AARP Research, April 2021

### In the News



**Criminals Stole \$1.8 Billion from Older Americans**

FBI blames last year's scam surge on technology dependence during pandemic.



**Gifts Cards Are for Gifts — Not Criminals**

AARP survey finds some deceived into buying cards for strangers

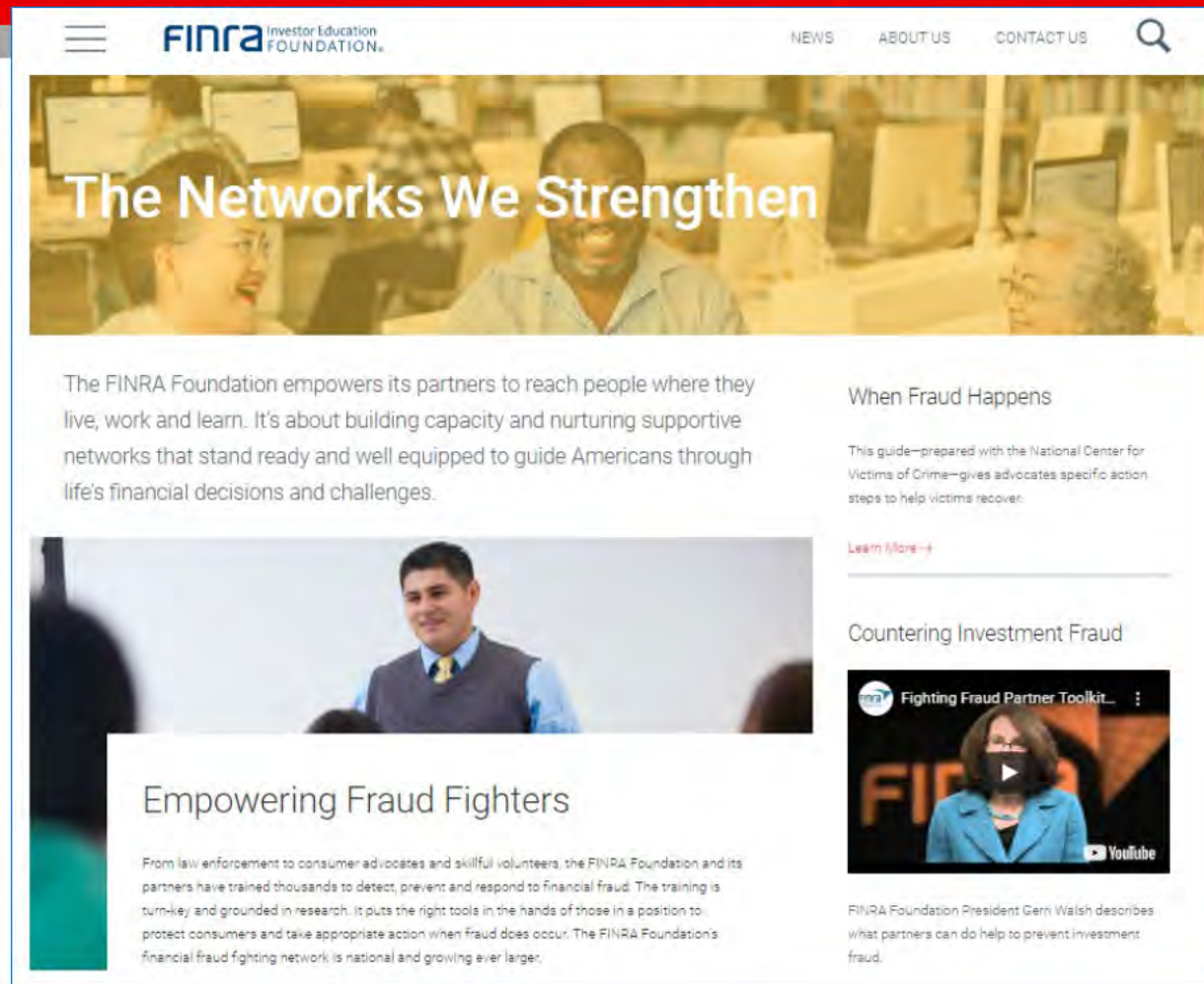


**Clergy Scams: How Impious Impostors Prey on the Faithful**

Fraudsters with sob stories cajole worshippers for gift cards — and keep the loot



# FINRA Foundation Research & Resources



The screenshot shows the FINRA Foundation website homepage. At the top, there is a navigation bar with a menu icon, the FINRA Investor Education Foundation logo, and links for NEWS, ABOUT US, CONTACT US, and a search icon. The main content area features a large banner image of people in a meeting with the headline "The Networks We Strengthen". Below this, there is a paragraph describing the foundation's mission. To the right, there are two featured articles: "When Fraud Happens" and "Countering Investment Fraud". The "Empowering Fraud Fighters" section includes a video player showing a man speaking.

**FINRA** Investor Education FOUNDATION

NEWS ABOUT US CONTACT US

## The Networks We Strengthen

The FINRA Foundation empowers its partners to reach people where they live, work and learn. It's about building capacity and nurturing supportive networks that stand ready and well equipped to guide Americans through life's financial decisions and challenges.

### When Fraud Happens

This guide—prepared with the National Center for Victims of Crime—gives advocates specific action steps to help victims recover.

[Learn More →](#)

### Countering Investment Fraud

### Empowering Fraud Fighters

From law enforcement to consumer advocates and skillful volunteers, the FINRA Foundation and its partners have trained thousands to detect, prevent and respond to financial fraud. The training is turn-key and grounded in research. It puts the right tools in the hands of those in a position to protect consumers and take appropriate action when fraud does occur. The FINRA Foundation's financial fraud fighting network is national and growing ever larger.

Fighting Fraud Partner Toolkit... [YouTube](#)

FINRA Foundation President Gerri Walsh describes what partners can do help to prevent investment fraud.

## Consumer Financial Fraud eJournal

The FINRA Foundation sponsors this eJournal on the Social Science Research Network. Subscription is free.

[Visit Site →](#)

[www.finrafoundation.org](http://www.finrafoundation.org)

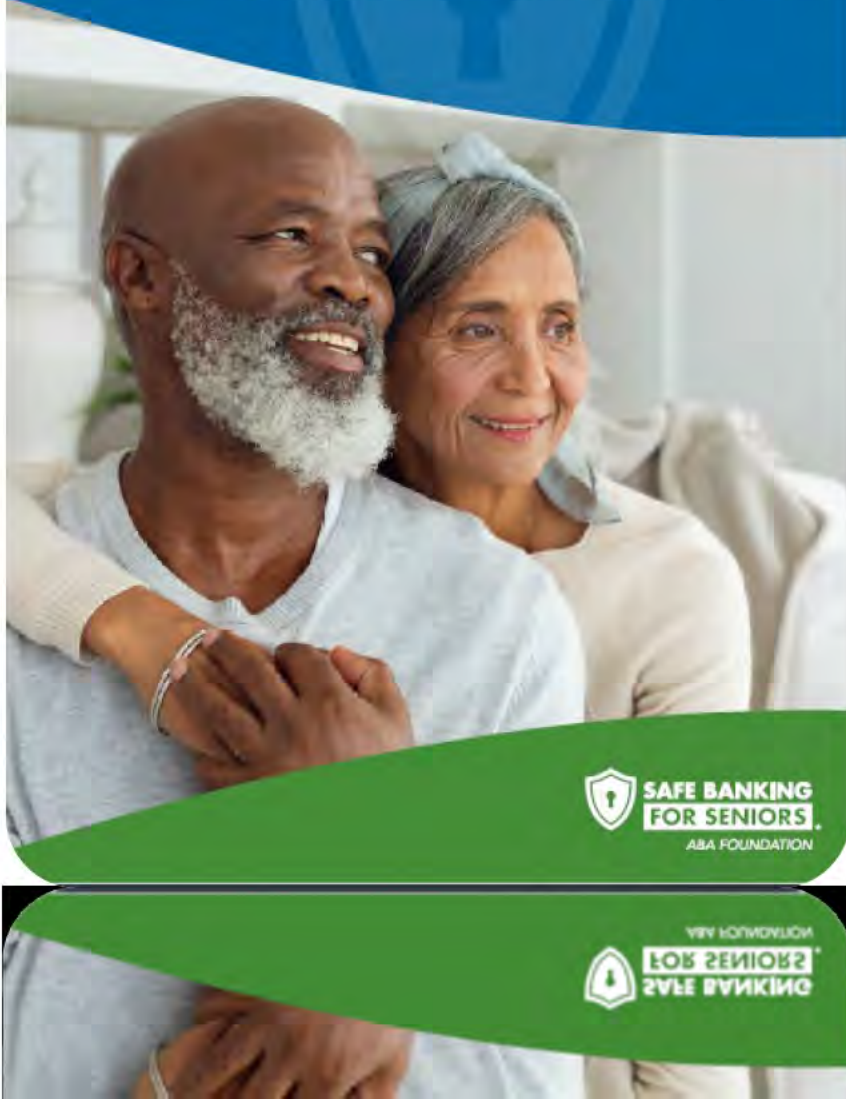
**FINRA**<sup>®</sup>  
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FOUNDATION

*Thank you*

*Kathy Stokes, [kstokes@aarp.org](mailto:kstokes@aarp.org)*

*Christine Kieffer, [christine.Kieffer@finra.org](mailto:christine.Kieffer@finra.org)*

## Financial Caregiving: Planning for Stages of Cognitive Decline



 **SAFE BANKING  
FOR SENIORS**  
ABA FOUNDATION

 **FOR SENIORS  
SAFE BANKING**  
ABA FOUNDATION

# New ABA Foundation Resource

The guide discusses:

- legal authority available through a power of attorney,
- recognizing impairments in cognition,
- identifying national & local resources to support caregivers, and
- assembling important documents to help fulfil financial caregiving responsibilities.



# The Financial Caregiver Journey

To be a financial caregiver, you'll need to recognize and respond to the needs of someone who may have declining cognitive skills. Cognitive ability tends to decline over time, in phases often described as Early, Middle and Late. Learn the stages with the following tips and signs:

## Getting Started

Obtain a **durable power of attorney (POA)** to act on behalf of the person whose finances you'll be handling.



**Working with a Bank:** Share the POA with your bank. In some cases, the bank may require their own POA in addition to the one you already have in place, so that you can fulfill all the tasks you'll be taking on as a financial caregiver.

## Early Stage

Mild symptoms of lessening mental ability, including:

- ✓ **forgetfulness about financial tasks like paying bills or filing taxes**
  - ✓ **difficulty with calculations like making change or leaving a tip**
  - ✓ **making irrational spending decisions, such as inappropriately generous gifts**
- Get all the financial information and account access you'll need to do your job: financial records for day-to-day banking, investments, sources of income like Social Security, retirement accounts, real estate, insurance policies, recurring bills, and short- and long-term debts
  - Plan to take on bill paying and monitoring accounts for unusual activity. Set up a bank auto-pay option for monthly payments that stay the same.
  - Remember to confirm that the account balance from which the bills are being paid is sufficient. You will also need to anticipate additional costs that are likely to arise and compare them with the care receiver's regular income.
  - Always communicate your intentions to act in the care receiver's best interest; preserving their dignity and a sense of self-worth is key.



**Working with a Bank:** Banks offer specific products and services to protect elders. Fraud protection, read-only access to accounts and withdrawal alerts can all help make your job easier.

## Middle Stage

Moderate symptoms of reduced cognitive ability, including:

- ✓ **increasing confusion**
  - ✓ **memory loss**
  - ✓ **possible inability to fully care for oneself or manage daily tasks**
- You'll now need to take fuller control of bill payments and other financial tasks. Eliminate unnecessary and/or unused expenses, such as a magazine subscriptions or season tickets to the theater, and plan for additional cost reductions to help cover the potentially increasing costs of care.
  - Professional advice from a tax advisor or an investment advisor can help address expenses. If the care receiver is a qualifying veteran, an attorney can help you apply for veterans assistance that can provide support for long-term care needs.
  - It can be challenging to convince the care receiver that it's time for you to take more responsibility away from them. To maintain confidence and goodwill, you may want to allow them to have some say or control over certain expenses, particularly those that contribute to quality of life.



**Working with a Bank:** Banks may ask their older clients to identify a **trusted contact** to serve as a point of contact for fraud or other communications. A trusted contact has no legal authority to act on the client's behalf, but can serve as an intermediary. You may be named as the trusted contact yourself.

## Late Stage

Severe symptoms of reduced mental and physical ability, including:

- ✓ **the inability to communicate clearly**
  - ✓ **increasing severity of Early and Middle stage symptoms**
- You are likely to assume complete control of the care receiver's finances through a POA. The main concern will be ensuring there are adequate funds to provide the level of care planned for this stage.
  - Spend additional time monitoring institutional and medical care bills to ensure that the care receiver did in fact receive all of the services billed, as over-billing does occur. You may also need to reconcile health insurance claims and appeal decisions as necessary.
  - Consider some end-of-life issues as the care receiver's condition deteriorates, including hospice care and coordinating with an estate professional or executor.
  - Your chief goal at this stage is making the final months or years as comfortable as possible given the available resources.



**Working with a Bank:** Your fiduciary responsibility as a caregiver includes ensuring that there is adequate money in the bank account to pay the care receiver's bills. Ask the bank about any programs that could alert you to problems with, among other things, direct deposits and automatic bill pay.



# Free Access

**Bankers Register:**  
[www.aba.com/seniors](http://www.aba.com/seniors)

## Safe Banking for Seniors

Safe Banking for Seniors

SAFE BANKING FOR SENIORS FAQs

SAFE BANKING FOR SENIORS FINEDLINK

SAFE BANKING FOR SENIORS CONSUMER RESOURCES

Safe Banking for Seniors (SBFS) is a free national program, sponsored by the ABA Foundation, that provides bankers with the tools and resources necessary to help older adults, their families and caregivers prevent elder financial abuse and exploitation. The program consist of four turn-key modules with presentations, activity sheets, resource sheets, and guides to help bankers connect with their local communities to share about: identifying and avoiding scams; preventing identity theft; choosing a financial caregiver; and acting as a responsible financial caregiver. Now, also available in Spanish!

**FREE REGISTRATION/UPDATE PARTICIPATION**

Banks of all sizes can access Safe Banking for Seniors materials for free simply by registering for the program. Within 24 hours of registration, bankers will receive a link to all Safe Banking for Seniors resources, including presentation lessons, participant activities, communications tools and promotional materials. The list of program participants is shared with State Bank Associations, policymakers and consumers.



Presenter's Guides



Presentation Slides



Activity Sheets



Resource Sheets

**Non-bankers Request:**  
[www.aba.com/FinEdLink](http://www.aba.com/FinEdLink)

## Host a Banker-Led Personal Finance Event for Your Community

Turnkey events available online or as in-person presentations for schools and organizations at no cost

Schools, community organizations, senior centers and other groups across the country use FinEdLink – the financial education link – to request banker-led financial education presentations. These interactive sessions are designed to engage audiences of all ages – students, Kindergarten through college, as well as adults 55+ and their caregivers.

**Ready to schedule an event in your community?**

**REQUEST A FREE PRESENTATION NOW**

Want to learn more? Click on the icons below for more details about each program.

Explore Our Financial Education Programs

KIDS GRADES K-8



TEENS & YOUNG ADULTS



ADULTS 55+ & CAREGIVERS



# Contact Information

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**Thank You**