

# Protecting seniors from financial abuse and investment fraud

**CHECKFIRST**



## THE FACTS:

- ⌚ According to the Alberta government, financial abuse is one of the most frequently reported forms of elder abuse in Alberta<sup>1</sup>.
- ⌚ The issue of financial abuse among elders is expected to get worse as Alberta's population continues to age. As of March 2011, there were about 410,000 seniors in Alberta. By 2031, when the last of the baby boomers reach 65 years of age, it is projected that there will be more than 923,000 seniors – meaning approximately one in five Albertans will be a senior<sup>2</sup>.
- ⌚ Among Albertans who reported that they were approached with investment fraud, the highest number of incidences occurred among males 55+<sup>3</sup>.
- ⌚ As a person ages, changes in their ability to make important decisions and difficulties with memory loss can increase their vulnerability and exposure to financial exploitation. They are more likely to be taken advantage of and approached with investments that are unsuitable for their circumstances.
- ⌚ Financial loss for seniors is magnified because they generally don't have the means or time to recover from their losses.



## COMMON TYPES OF SCAMS TARGETED AT SENIORS:

**Affinity fraud:** A fraudulent opportunity is introduced by a family member, friend or a member of a community organization (such as a church or a curling club) and exploits the trust built in these types of relationships by exposing seniors to fraudulent investment opportunities.

**Online advertising:** Online ads are designed to lure seniors in, with promises of “easy money” and “high return, low risk” investments. Pop-up ads appear on various websites that seniors may visit, such as lottery and investing sites and social media sites such as Facebook. Clicking on the ad will lead to the fraudster's website, which contains more misleading information on their company and/or investment opportunity. Contact information is provided, and once seniors engage in conversation with a company representative is when they risk losing their money to a scam.

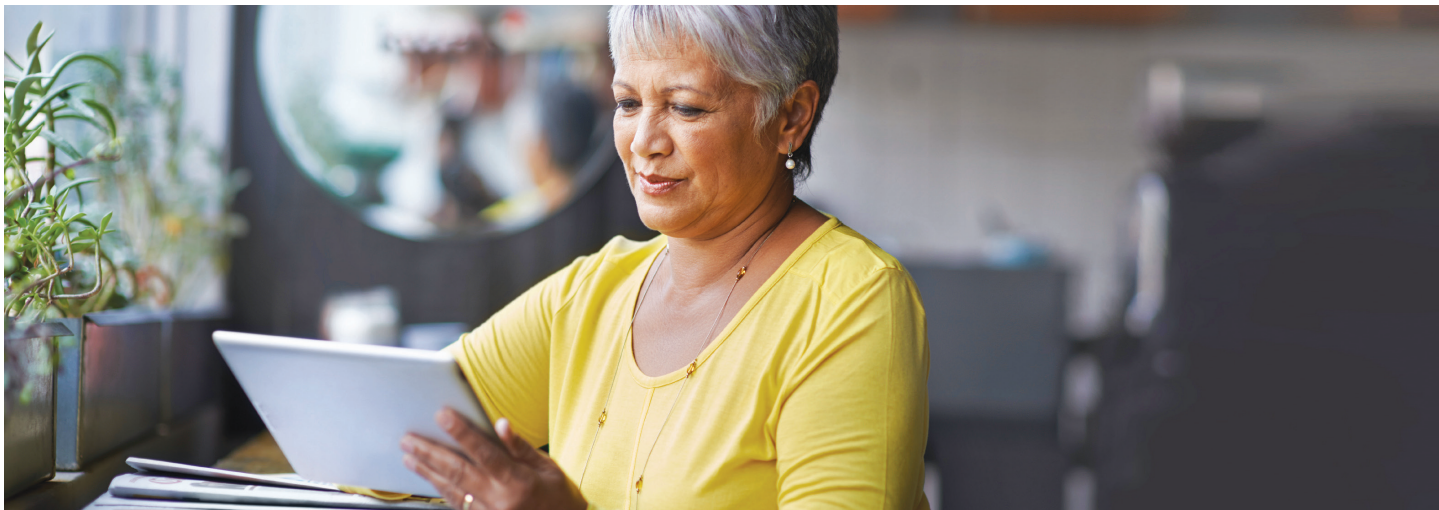
**Cold calls:** Persistent sales people use aggressive sales tactics over the phone to pitch genuine-sounding investment opportunities.

**Investment seminars:** Seniors are lured into an educational seminar, which often includes a free lunch or coffee. The seminars are usually sales pitches for “exciting” and “lucrative” investment opportunities. Seniors often feel obligated and pressured to invest because they have accepted the lunch or coffee.

**Charity scams:** Scam artists will take advantage of seniors' generosity by convincing them to donate their money to a non-existent charity or for a cause that could be related to a current event, such as a fire or a flood.



1. Source: [www.seniors.alberta.ca/seniors/elder-abuse.html](http://www.seniors.alberta.ca/seniors/elder-abuse.html)
2. Source: <http://www.seniors.alberta.ca/seniors/aging-population.html>
3. Source: ASC 2016 Alberta Investors Study



### SIGNS THAT A SENIOR MAY BE AT RISK:

- ⦿ They become socially isolated, depressed or lonely. Fraudsters will often develop relationships with their victims and prey on their need for conversation.
- ⦿ They mention the name of someone more frequently, a new friend or a family member that they were previously not close with.
- ⦿ They complain about being short on money or have suddenly become secretive or defensive about their finances. Unopened mail, especially bills and invoices start to pile up.
- ⦿ They complain that they cannot get in touch with the adviser or broker they have investments with and have trouble remembering the details of their investments.
- ⦿ Care of their home and personal hygiene has declined, which may be a sign that they cannot independently handle their finances anymore.



### IF YOU BELIEVE A SENIOR MIGHT BE AT RISK:

- + **Be proactive.** Engage the senior in conversations about money. Seniors who discuss their finances are more likely to take preventative measures against financial abuse.
- + **Bring up the topic in a calm, casual way, don't lecture.** Ask them for their opinion on what they would do if they were in a similar situation. Emphasize a news article on the topic and/or share a friend's experience. Explain how the incident had an impact on others and that it is important to speak up and report fraud if it happens to them.
- + **Listen and be empathetic.** Seniors are often embarrassed once they realize they have fallen victim to investment fraud. Many seniors also fear that their independence will be taken away if they speak up. If they are a victim of affinity fraud, it can be much more difficult for them to speak up against someone they know and trusted.
- + **Keep close tabs on their social circles.** Have they acquired any questionable new friends lately, or are they seeing anyone who's giving them advice, financial or otherwise?
- + **Speak up and report it.** Contact the ASC ([inquiries@asc.ca](mailto:inquiries@asc.ca) or 1-877-355-4488) if you suspect that a senior in your life may be a victim of investment fraud. We offer free, unbiased information to help Albertans recognize and avoid investment fraud. Reporting helps to protect other investors from becoming victims.