

## Boomers Beware: Financial Scams are on the Rise

Many estimates show that financial scams have doubled since 2009. The vast majority of these scams have been launched against those 50 years of age and older.

Although investment fraud is only a portion of the perpetrated scams, we see reports like this one in The Wall Street Journal, "securities regulators and prosecutors are battling what they say is a nationwide surge in investment fraud against baby boomers" The paper goes on to say, "The number of criminal complaints filed this year is expected to be a record."

Other financial scams that are running rapid include mail fraud, internet scams, fake check scams, and phone scams. Although we could name far more, for discussion sake we are going to stop there.

Although mail and phone scams have been around for decades, new methods to defraud the unsuspecting by mail and phone are more effective than in the past.

Yesterday's mail scams were easier to discover. A fake letter from the IRS, a bank, or Publisher's Clearing House, just didn't look quite right. We could pretty well detect the real thing from the counterfeit. With today's technology and equipment it is far harder to tell one from the other. The use of the internet and other modern tools allows the perpetrator to gather personal information which we might believe only the government or a bank would have. No matter how official the letter might look, treat it as a fake until you can prove otherwise.

Since many legitimate companies and charities solicit information by the phone, we get comfortable, maybe too comfortable, in giving information over the phone. Unfortunately, con artists also use the phone. Daily they rob people with phones as their weapon. They are good at their "jobs" too.

Recently clients of mine received a phone call from a con artist telling them their grandson that lived in another state was in trouble and needed them to wire \$2,000 right away. Through the internet the con artist had gleaned enough information on them and their grandson to sound convincing and official. Wanting to help their grandson anyway they could, they quickly withdrew the cash. They never thought for a moment someone would be so brazen and as evil as this.

Thankfully, an alert official at Western Union recognized it as a hoax and saved the day.

While we are on the subject of your phone, let's discuss what may be hiding in your phone bill. We all know to scrutinize our credit card bills for charges unknown to us and to scan our bank statements for hidden charges. Now we know to search through our phone bill for any unauthorized fees lurking there.

Today we also have to worry about phishing, smishing, vishing, and other cyber scams. Since most of these scams are a version or combination connected to phishing let's start there. Identity thieves are using phishing and other similar internet scams to trick the unsuspecting into disclosing their Social Security numbers, financial account numbers, PIN numbers, passwords, and any other personal

information that can be of service to them in ID theft. Many times these thieves will send electronic mail as if it came from a bank, credit bureau, the IRS, or other federal, state, or city agency. Beware of any congratulations email you receive due to winning a lottery or other monetary proceeds. Any notifications you receive from Nigeria should be considered fraud, unless it can be proven without a doubt to be genuine.

Recently The Better Business Bureau has been alerting members of a scheme using their name directing viewers to register software with the BBB system. These messages are not coming from the BBB.

I personally received a very official looking email from The IRS wanting additional information. Although I was certain it was fraudulent, I contacted my CPA to be assured. I was told The IRS never asks for information this way and they will not even let accountants send them information by email. Beware of any electronic mail from a sender that is not familiar to you. Even opening an attachment or replying can cause real problems.

Any method of scam that we have discussed in this article can be connected to Investment fraud. All scams can be expensive if not discovered. However Investment scams can totally destroy one's financial future. If you believe you can discern a con artist from a professional, you are wrong.

The following are a some of the principles the Better Business Bureau suggest using to avoid getting caught in an investment scam:

- Buy only from licensed or credentialed financial professionals
- Make sure you are buying registered investment products
- Ignore spam email and "hot tips"
- If the promoter says it's practically a "sure thing," don't buy it
- Never make an investment payable to the salesperson
- Never make snap decisions or decisions made under pressure

All investments carry some level or type of risk. Don't buy into an investment if the salesman says there is no risk to it. There are times when a prospective investor feels added pressure or added comfort because they are contacted through a church group or association. Perhaps they are contacted through a friend or neighbor. Con artists know they can take advantage of these relationships. The caution flag should go up as it does in any investment opportunity.

Those that are out to defraud us depend on fear and greed to manipulate us into making mistakes that they can profit from. The greater the fear and the greater gain the greater the temptation to make those mistakes. In times of great fear, try to stay calm and check all facts before acting. The old adage, "if it's too good to be true, it probably is" should also control our actions. The Federal Trade Commission and The Federal Communications Commission (call 1-888-225-5322) may be helpful in investigating possible scams.