

# The Independent Investor

By Bill Schmick

## Financial scams targeted at the elderly are epidemic

As Baby Boomers age, the volume of reported financial scams directed against them continues to escalate. By some estimates, more than \$37 billion a year is now being stolen from America's elderly—and those are only the reported cases.

It is estimated that five million Americans are bilked by con artists every year. Some financial firms believe the total can exceed \$37.5 billion annually. The Office of Children and Family Services in New York begs to disagree. They say that in their state alone \$1.5 billion/year is stolen—and that for every case that is reported, 44 are not.

Aside from the impact of losing their entire savings, elder fraud victims are dying at triple the death rate of other elderly adults. That is understandable when you realize the physical and emotional devastation that results from this type of fraud. Rarely, if ever, do the victims get their money back. The stress and time required to pursue the criminals increases the impact on senior victims' health and well-being.

"I'm a trusting person," says Dorothy, my 89-year-old widowed mother-in-law, who was a victim of a computer scam. Fortunately, she did get her money back, thanks to her adult children's quick response to the incident. Asked why she would give her credit card information to a total stranger, she shrugged and said, "I never expected that people would do things like that."

Recently, the Justice Department announced the largest nationwide investigation of elder fraud cases. This incident victimized over one million people with estimated losses of over \$500 million. In this case the perpetrators used mass mailings and telemarketing to ensnare innocent and trusting victims such as Dorothy.

What makes matters worse is that Americans are living longer and many of them will suffer some form of dementia. Roughly half the population over the age of 89 shows some signs of impaired memory or other cognitive problems. That makes the scam artist's job even easier. And the more money you have, the higher the chance that you will be targeted. These criminals do their research carefully, identifying just the right set of circumstances that would make their victims an easy mark.

At my firm, which is small compared to the billions many of our competitors manage, I have seen several attempts of financial fraud among our clients. Fortunately, because of our size, we have been able to identify and thwart these efforts. The facts are that advisors like ours may be your best protection against these scammers. You see, many states now mandate that resident advisors notify authorities if they suspect that one of their clients may be the victim of financial fraud. Here in Massachusetts, there is no such rule, but that doesn't matter to us. We believe it is our duty and obligation as fiduciaries to report any such actions.

It has happened to me personally. I detected monthly withdrawals from an elderly client's portfolio that were above and beyond her normal monthly withdrawals. After questioning her, I contacted elder services in the area, which in turn brought in the police. It turned out that her "trusted" personal assistant, who had access to her account, her credit cards and everything else financial, had a gambling problem. She was financing her addiction by stealing from her client's checking account. Even though she was caught red-handed, she eluded jail time because she argued that she had "permission" to take what she needed from the account.

Trusting your advisor in this day and age, when one in every 13 financial advisors has been disciplined for some sort of misconduct, may seem like an oxymoron. It boils down to being sure that your advisor is, first and foremost, a fiduciary whom you trust and can supply the background and credentials to warrant that trust. Second, it is best that he or she has a limited number of clients. The more clients, the more difficult it is to be able to spot and report instances of financial fraud.

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## BHA Events

**Summer Party.** With live music from the band Night Years, catering by Scarborough Fare, an open bar, and over 100 live and silent auction items, this casual party on Saturday, July 7, from 7 to 11 p.m., will appeal to all. This fundraising event benefits the preservation and education efforts of the Beaufort Historic Site. This year's auction will be conducted using smart phones so bidding can take place by anyone, anywhere—before and during the party. Auction items are already available for bidding, including jewelry, vacation rentals, boat trips, two oyster shucking tables, sports tickets and much more. Auction items are added daily so keep an eye out and get those bids in. To view and start bidding on available auction items, visit [bidpal.net/summerparty18](http://bidpal.net/summerparty18). For more information on online bidding or to purchase tickets, contact the Beaufort Historical Association as shown below.

**Living History Programs** will be available at the Beaufort Historic Site all summer long for learning new skills and history. These hands-on workshops and demonstrations illustrate the traditional arts, crafts, and necessary skills of early Beaufort residents. Workshops for the month of July are as follows:

- **Gyotaku Fish Printing Workshop**—Saturday, July 14, 10 a.m.-2 p.m. Gyotaku is the traditional Japanese method of printing fish, a practice which dates back to the mid-1800s. Attendees will make their own fish print to take home. Free event; reservations suggested.
- **Dolphin Tales**—Wednesday, July 18, 7 p.m. Learn about the local bottlenose dolphins from expert Keith Rittmaster. Free to attend with refreshments provided; reservations required.
- **Blacksmithing Demonstration**—Thursday, July 19, 11 a.m.-2 p.m. Blacksmith Keith Bischer will be out on the Beaufort Historic Site grounds demonstrating the skill of blacksmithing and answering questions. Free to attend.
- **Beginning Rug Hooking**—Friday, July 20, 10 a.m.-2 p.m. Learn how to rug hook with Heidi Cawman and take home what you make. Materials fee of \$15; reservations required.
- **Children's Colonial Day**—Thursday, July 26, 10 a.m.-2 p.m. Experience gardening, old timey cooking, dressing up in colonial clothing and playing colonial games. \$10 for children; no charge for parents.

For reservations and tickets for the Summer Party and these popular and space-limited Living History programs, stop by the Welcome Center at 130 Turner Street, call 728-5255 or visit [beauforthistoricsite.org](http://beauforthistoricsite.org).

## Disposing of Cardboard

Cardboard boxes should be recycled—  
NOT placed in the trash

Break down boxes and place them in your recycling bin. If you have a large amount of cardboard, please break it down and deposit it in one of the town bins located behind town hall and at Lot C adjacent to the Public Safety Building.