Safeguarding assets for the elderly

RBC Wealth Management

Criminals targeting senior investors have become an increasingly large problem in recent years. In most cases, the individual may not even realize they have been victimized as it is very difficult to recognize a scam until it is too late. Knowing how to recognize and prevent you from becoming a victim of fraud is essential in today's environment for everyone, especially seniors.

At RBC Wealth Management, helping you protect yourself from fraud is a top priority, and we believe that a little education can go a long way in the prevention of falling victim to scams. Criminals have a wide variety of tactics they use to swindle others, and we have identified some of the most common types of fraud below.

Phishing — A scam in which criminals try to get you to reveal personal or confidential information by sending you emails purporting to be from a reputable business, government agencies, or other regulator, including but not limited to the IRS, SEC and FDIC. Criminals then use that information to steal your identity, open accounts, make unauthorized credit card purchases, or wire funds.

Caregiver fraud — Elder abuse happens when a caregiver, who may or may not be a family member, takes advantage of or targets the elderly for fraudulent purposes. Caregiver fraud centers on abuse of trust and vulnerability of the elder or dependent. When a caregiver enters into the life of an elder, the caregiver can often gain access to much of the elder's personal and financial information, including access to the elder's financial accounts and records. People who allow caregivers this sort of access are at risk for caregiver fraud. It is important to be aware of the following signs that could be indicators of caregiver fraud, including attempting to isolate the elder or preventing the elder from speaking to people; accessing the senior's will, real estate, investments, or other financial accounts; and asking to be granted "power of attorney."

International lottery scams — Scam operators generally use the telephone and direct mail to entice U.S. consumers to buy chances in high-stakes foreign lotteries. These lottery solicitations violate U.S. law, which prohibits the cross-border sale or purchase of lottery tickets by phone or mail. Other scam operators simply inform their victims that they have won a lottery, but the taxes or other fees must be paid before the prize may be issued. Then, criminals use victims' bank or credit account numbers to make unauthorized withdrawals or purchases.

Email hacking and wire fraud — The fraudulent scheme at issue typically originates after a third party accesses your email account. Armed with information obtained by way of sent mail or contact lists, the perpetrator, impersonating you, sends an email to your financial advisor from your personal email address. The fraudulent request typically contains instructions to wire funds to an account, often overseas, controlled by the perpetrator. The request may include or be followed by an invoice or a letter of authorization, purportedly bearing your signature which may have been copied from attachments from your sent mail.

Charitable giving/socially responsible investment opportunities — A scam in which criminals create bogus charities claiming to provide assistance to those in need while collecting the money for themselves.

Affinity fraud — These types of scams exploit the trust among members of a group of citizens who have something in common, such as seniors. They are often based on pyramid schemes, where new investor money is used to pay earlier investors, thus maintaining the illusion of authenticity.

Internet investment fraud — Any type of fraud scheme that uses the internet to present fraudulent solicitations to prospective victims or to conduct fraudulent transactions. These include pump-and-dump scams, pyramid schemes, supposedly "risk-free" offers, and off-shore scams.

"Boiler room" cold calls — A criminal enterprise in which people who may not be properly registered to sell securities call potential investors and use high-pressure sales tactics — such as claiming to have a once-in-a-lifetime opportunity or to have developed a break-through technology — in an attempt to sell speculative or fraudulent securities.

Clearly, with the wide variety of criminals and scams out there today, it is important to remain alert and well-informed. To receive a copy of a fact sheet we have prepared on how to help protect you from fraud, please contact your financial advisor. The fact sheet includes additional information you can share with your loved ones on who is at risk, how to recognize common scams, and where you can find additional resources. If you have any questions, or believe you have been a victim of fraud, please contact your RBC Wealth Management financial advisor.