

## Quick Tips for Smart Seniors, Smart Investors

1. Never give your personal financial information to someone you don't know or who contacts you. Often investment schemes are also attempts to steal your identity. Private information, including Social Security number, date of birth, and account numbers can all be used to wipe out your accounts.
2. Get it in Writing. Be sure to ask for written information about the investment and the organization behind the deal. This includes work history, and the background of the salesperson, as well as information about the company itself. Make sure all involved are licensed and the investment is registered. This protects you and reduces chances you'll misunderstand something. It's a good idea to put your investing instructions in writing also. Keep records of any and all transactions and conversations.
3. Ask questions. If the salesperson refuses to give you information, it is because they are hiding something.
4. End the conversation. Don't be a courtesy victim. Practice saying "no" by simply telling anyone who pressures you, "I never make investing decisions without (getting information in writing, speaking with my accountant, etc.). I will call you if I am still interested. Goodbye." Knowing how to get out in advance makes it easier to leave the conversation if the pressure starts rising.
5. Don't feel indebted to someone who gives you "unsolicited" financial advice. A person giving un-asked-for advice may be trying to gain your trust so he/she can get their hands on your money.
6. Don't invest in something you don't understand. If an investment is too complicated to understand, it is the wrong investment for you.
7. Don't be duped into a fraudulent Reverse Mortgage. Never sign your deed over to someone without seeking independent advice. Don't respond to unsolicited advertisements or promotions. Seek out your own reverse mortgage counselor.
8. Don't put all your eggs in one basket. The key is to diversify and divide your investments in order to limit potential losses.
9. Never make a check payable to an individual. Make all checks payable to a company or a financial institution — this leaves a more secure paper trail should you suspect fraud in the future.
10. Err on the side of Reporting. If you think you're a victim of abuse, don't be afraid or embarrassed to file a complaint. The situation will only become worse if you do nothing.

## Resources

**New York State Attorney General's  
Office Investor Protection Bureau**  
(212) 416-8222  
[www.ag.ny.gov](http://www.ag.ny.gov)

**FINRA**  
(Financial Industry Regulatory Authority)  
[finra.org](http://finra.org) - 800-289-9999  
For information about broker or  
advisor's employment and  
disciplinary history.

**NASAA**  
(North American Securities  
Administrators Assn.) [nasaa.org](http://nasaa.org)  
For consumer information about  
popular investment scams.

To find information about:  
Registration status of brokers,  
dealers, securities salespersons  
and investment advisers;  
registration status of  
investment securities;  
reporting suspected investment fraud.

# Smart Seniors: Smart Investors

## Don't Get Scammed!

It's unfortunate, but true: seniors are often targeted for financial exploitation and investment fraud. A recent study found that, in just a single year, older adults lost at least \$2.9 billion to fraud committed both by persons they know and trust and by complete strangers. And to make matters worse, victims who lose their money are unlikely to get it back, even if the perpetrators are apprehended.

It's important that everyone has the right tools and information to make decisions about their finances, to know the best ways to protect themselves and their hard earned money. This brochure provides some of those tools: how to recognize a scam; who is at risk; and, most importantly, how to protect yourself.

One of our office's primary functions is protecting New Yorkers from investment and financial fraud. If you believe that you or someone you know has been victimized, call us. We have investigators and prosecutors who specialize in fighting elder financial exploitation. We will do our best to answer your questions and provide the help you need.



**Office of the Attorney General  
Investor Protection Bureau**

[www.ag.ny.gov](http://www.ag.ny.gov)

**Phone: 212-416-8222**

**Fax: 212-416-8816**

**Consumer Hotline: 800-771-7755**

### Investor Protection Bureau

The Attorney General's Investor Protection Bureau enforces the New York State securities law. Under the law, the Attorney General conducts investigations of suspected fraud in the offer, sale or purchase of securities. The Bureau also protects the public from fraud by requiring brokers, dealers, securities

salespersons and investment advisers to register with the Attorney General's Office.

Please contact our office to check if someone is registered to sell securities or give investment advice, or if you suspect you have been a victim of investment fraud.

## The Targets for Scams

It's a simple fact. Older adults are targets for con artists. The reasons are also simple: that's where the money is. Senior citizens often have retirement savings and paid off homes. Recent estimates put the net worth of households over 65 at over \$18 trillion.

Older adults may also be worried about whether they have enough put away to last through retirement. Others are facing health problems or cognitive decline, putting them at particular risk for being scammed. Many live alone and can be easily drawn into conversations in which they reveal more information than they realize.

### Con artists: Who are they?

Investment fraud comes from many sources: phone calls; free lunch seminars; internet bulletin boards and emails; advertisements for "senior specialists." Most importantly, they are frequently people the victims know and trust: family members, friends and caretakers.

## The Anatomy of a Scam

All scams have the same structure. Learn what it is and you will recognize it when it is pitched to you.

### 1. The Distracting Hook

Money. Love. Fear

Con artist use one or more of these to draw victims into the scam, to divert their attention away from the details of the investment.

- The promise of riches can be irresistible. There is no such thing as a guaranteed return on investment, yet this is exactly what is promised.
- Love, trust and good will are basic human traits that scammers prey upon.
- Scammers will use your fear about your financial security, or worse, bully you into investing.

### 2. Trustworthy Seller

Credentials, references, success stories -- scammers will always let you know how good they are at what they do. Frequently, they will join churches and social groups in order to find victims.

### 3. Deadline

They use a deadline in order to keep the victim from the due diligence that would reveal the scam.

## The Language of a Scam

Just like the anatomy, scams have a vocabulary that's recognizable. When you hear phrases like these, you can probably count on it being a scam.

### "Keep this information to yourself."

Under the guise of "confidential" information, scam artists persuade the victims to keep quiet about their investments. They want you to believe they— and now you — have information the public doesn't have. They also don't want you to talk to financial advisors who will tell you it's a scam.

### "Guaranteed to MORE than double your money."

First, there are no guarantees in investments. Second, the higher the returns, the higher the risk — that's fact.

### "Profit like the Experts!"

These deals tend to be complicated, too difficult for the "regular" investor to negotiate. They are also very high risk, and more likely to lose money than profit.

### "Buy now, before it's too late...a one-time opportunity."

Clearly, the scammer wants the money before the investor has time to consider or research the product.

## Cut the Clutter

A good way to protect yourself is to reduce unsolicited offers. Here are some ways of cutting back on calls and credit card offers.

Telemarketing Calls  
[www.donotcall.gov](http://www.donotcall.gov)  
888-382-1222

Direct Mail and Email Offers  
[www.dmchoice.org](http://www.dmchoice.org)

Credit Card Offers  
[www.optoutprescreen.com](http://www.optoutprescreen.com)  
888-567-8688

Online Advertisements  
[www.networkadvertising.org](http://www.networkadvertising.org)

## Common Investment Scams

### Affinity Fraud

A con artist uses "common ground"— like a shared profession, ethnicity, religion, interest or experience — to raise trust and persuade investors. This is usually a large scale fraud that snowballs through a group of people, leaving entire communities financially devastated.

### Free Meal Seminars

The majority of these seminars are actually sales pitches, structured to appear as educational. The presenters often misrepresent their credentials and attempt to obtain important personal financial information from the attendees under the guise of helping them.

### Ponzi or Pyramid Schemes

These offer high profit returns for investing in an unknown but realistic sounding company. The ponzi formula is simple: promise high returns to new investors and use the money to pay previous investors. The investments are usually very complicated or secretive. These schemes always collapse and the victims always lose.

### Lending Schemes

Retirees are particularly vulnerable since they are often house rich and cash poor. Reverse mortgages, "reloading" loans and other predatory lending schemes provide cash but often rob the elderly of their home.

### Senior Designations

Scam artists may call themselves "Senior Specialists" to create a false level of comfort among seniors in order to get

them to invest. While some legitimate brokers may specialize in this area, it's important to question what those credentials actually are.

### Internet Schemes

Information found on internet bulletin boards, newsletters or in emails should never be taken at face value. Often they are outright scams or paid advertisements. Always check with independent sources before acting on any internet advice.

### Unregistered Sales and Salespersons

People who sell financial products (stocks, bonds, annuities, etc.) or provide investment advice must pass examinations and be registered. If a person is unregistered and tries to sell you a financial product or service, don't do business with them.

Even a professional such as a lawyer or accountant must be registered to legally sell financial products.

Legitimate investment products, excluding stocks sold on a national exchange, must be registered with state officials before they can be sold to the public. Common unregistered financial products that usually cannot pass the scrutiny of the registration process include: pay telephone and ATM leasing contracts, promissory notes, and investments trusts.

### Inappropriate Investments

There are legitimate investment products that may be inappropriate for you. Variable Annuities, for example, carry steep commissions, as well as lengthy terms and costly surrender fees. They are not good investments for many retirees.

## Protect Yourself: Ask and Check

### Ask:

- » Are you and your firm licensed? What is your registration number?
- » What training and experience do you have?
- » Do you have any written materials about this investment?
- » How long have you been in business?
- » Can you provide me with references such as the names of people who have invested with you for a long time?
- » How do you get paid—by commission? By salary?
- » Other people—get a second opinion from a knowledgeable source.

### Check:

- » If investment is registered with the Office of the New York State Attorney General;
- » If the salesperson is licensed and if any complaints have been lodged;
- » References — talk to long time clients about their experiences;
- » Whether the salesperson or their firm is registered with the SEC;
- » The company's financial statements and ask an independent professional to review them;
- » Your own statements and accounts for unauthorized or confusing charges.