

Stanford Center on Longevity
A TOOLKIT SERIES BRIEF

TRICKS FRAUDESTERS USE TO FOOL THE ELDERLY

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TAKE-HOME POINTS

- Financial fraud is ubiquitous in the consumer marketplace, and no one is immune to solicitations from fraudsters.
- Older adults are particularly targeted because they are believed to be more trusting, be socially isolated and have more assets to exploit.
- Regardless of the exact fraud type, fraudsters tend to rely on very common persuasion tactics to convince their targets to comply.
- Learning to recognize these persuasion tactics will go a long way toward preventing fraud victimization.

This toolkit describes popular tactics that fraudsters use to deceive and manipulate elders, as well as tips for turning them down.



EMOTIONAL AROUSAL

THE TRICK Fraudsters are always promising something to their victims. They might offer something desirable, like a free cruise, a pill to lose weight without diet or exercise, or a profitable investment opportunity. This is called “phantom fixation”—dangling the promise of wealth and reward before a target. Alternatively, they might claim that something terrible has happened—a grandson is in jail, or taxes are owed and the IRS is calling to collect—and the target needs to take action to protect themselves or a loved one. Their goal is to get the target into a state of emotional arousal called “the ether.”

Researchers at Stanford University recently found that when older people are in a state of high emotional arousal—either excited or angry—they become more interested in purchasing items that were falsely advertised.¹ It turns out that emotional arousal is a powerful influence because it causes people to ignore their normal good judgment. Compared to younger adults in the study, Stanford found that older adults were more willing to purchase the products being sold in the misleading ads when they were in these highly emotional states, even if they didn’t actually find the ad credible. This means they were more likely than younger adults to allow their emotions to cloud their logical decision-making abilities.

THE DEFENSE A target should never accept an offer in the heat of the moment. Before paying any money, it’s important to wait, think it over and discuss the offer with trusted friends and family members—people in the elder’s social portfolio.² These trusted people can help the older adult see through the con. Another way to reduce emotional arousal is to avoid conversations with fraudsters in the first place. Older adults should use caller ID, hang up the phone if they don’t recognize a caller, and say “No” or “I’m not interested” if they feel pressured into making a decision where they’re asked to pay, donate or invest money.³

You’re the lucky winner!

Think about what this means for your children.

If you don’t pay up now, the police will come arrest you!

Wait, don’t act! Notice your emotions (like excitement or anxiety). Talk it over with a friend before making a decision.

SCARCITY

We don’t know when we’ll have this in stock again.

This deal expires soon.

One-time only offer!

Don’t decide on the spot. Give yourself a “cooling off” period.

THE TRICK Scam artists know that people are most vulnerable when they’re in the emotional ether, so they’ll try to convince people to pay up when they’re in these heightened states. Fraudsters may say things like “This deal won’t last” or “This item is so popular, you better get it now while supplies last.” These messages create a sense of urgency and instill fear in the targets that they’ll miss out if they don’t act immediately.

THE DEFENSE The best strategy for resisting the scarcity tactic is to institute a “cooling off” period before forking over any money. Putting a few days between hearing a pitch and making a decision is a useful practice to follow before making any big financial decision. It can help prevent buyer’s remorse. A research study by DeLiema et al. (2016) found that sales representatives are told to give up on people who say “Let me think about it” after getting pitched a deal.⁴ According to the study, it’s a waste of a salesperson’s time to solicit those same people again because consumers are far less likely to bite once they’ve had a chance to think it over.

SOURCE CREDIBILITY



THE TRICK People are much more likely to believe information when it comes from people and organizations they trust than from strangers. Fraudsters often pretend to be associated with a well-known company, firm, charity or government agency to create a false sense of legitimacy. Why start from scratch if they can borrow someone else's identity to establish credibility? Brand association gives them more persuasive power.

THE DEFENSE Do some research. Targets should ask for the solicitor's credentials and verify the answer by calling the organization directly. Most information and ratings about companies or nonprofit organizations can be found online. For example, if the solicitor claims to be a financial adviser, the target should check to see if they're registered with the SEC⁵ or with their state securities regulator,⁶ and then check their credentials. If a caller claims they're a bank representative, the target should hang up and call the bank directly instead of providing any personal or financial details over the phone. No account information should ever be sent via email either. To check the legitimacy of nonprofit organizations, use a website like GuideStar,⁷ CharityNavigator⁸ or CharityWatch⁹ which provides ratings and overviews of the use of donor contributions by charitable organizations.

SOCIAL CONSENSUS

THE TRICK In general, people will exert minimal mental effort when judging the validity of a claim. Instead, we often base our opinions and behaviors on cues from the social environment, such as how other people acted when they were in the same situation. Fraudsters use this inherent mental laziness against their targets. In addition to using false celebrity endorsements, they make assertions like "Hundreds of people got rich off this investment. You wouldn't want to be the only fool who missed out, would you?" After hearing this statement, a person might think "What are the chances all those people were wrong?" Moreover, the desire to keep up with the Joneses is incredibly persuasive—no one wants to fall behind their peers.

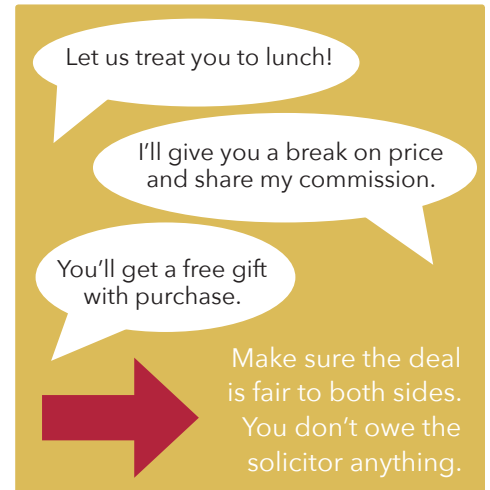
THE DEFENSE Targets should never trust claims that "everyone is doing it." Doing just a little research to validate these assertions is critical, particularly by searching for testimonials from real customers or investors, not those whom the solicitor mentioned in their pitch.



THE NORM OF RECIPROCITY

THE TRICK According to the norm of reciprocity, doing small favors for someone makes them more likely to return a bigger favor later on. The initial good deed creates a sense of indebtedness, and the other person feels obligated to agree to a later request. Fraudsters who use this trick may promise a price reduction or a share in their commission, knowing full well that it makes the target more likely to accept the deal. Ultimately, the fraudster benefits much more in the exchange.

THE DEFENSE The urge to reciprocate is strongest immediately following the initial favor. Waiting reduces the pressure to give something in return. Targets should take a step back and evaluate whether the exchange is actually fair and think about who is really getting the better end of the deal.



DISTRACTION



THE TRICK Fraudsters assume that older adults can't process too much incoming information at one time, making them more vulnerable to distraction. A research study found that salespeople were instructed to divert older consumers' attention to something else if they tried to ask questions about the price of a product or the details written in the fine print.⁴ Distraction and other sleight-of-hand techniques are also very effective when paired with phantom fixation and emotional arousal.

THE DEFENSE If a solicitor is being vague about the details of the proposed exchange or tries to change the subject, that's a clear sign that something fishy is going on. Salespeople should give clear answers to questions about a contract's fine print and what the customer is being asked to sign.

LANDSCAPING



Do you want to get rich?

Won't it feel great to drive off the lot with this new car?

Wouldn't you love to look 10 years younger?

Approach rhetorical questions with skepticism. Avoid saying "yes" to any questions the solicitor asks.

THE TRICK Landscaping is a clever conversational device in which fraudsters use rhetorical questions to get people accustomed to agreeing with them. These questions appear to give the target a sense of control over the interaction, but the conversation is actually structured ("landscaped") to give the fraudster an advantage at the target's expense. Landscaping is effective because people are led along until they're backed into a corner from which they can't escape. For example, a fraudster might ask any of the following questions:

- "Wouldn't it feel great to be a millionaire?"
- "Don't you want to leave a legacy for your children and grandchildren?"
- "Won't you help your grandson get out of jail?"

Obviously the answer is "yes" to all these questions—the fraudster intentionally phrased them that way!

THE DEFENSE People should practice saying "no" to solicitors and consider why anyone would even ask such obvious questions. Rhetorical questions are usually a strong clue that the salesperson is trying to be manipulative, and that should raise the level of skepticism about what they might ask next.

THE ILLUSION OF TRUTH

THE TRICK The illusion of truth effect is a psychological phenomenon wherein the more times a statement is repeated, the more the listener believes it's true. Simply stated, repetition increases familiarity, and when information feels more familiar, we find it to be trustworthy. Fraudsters will often repeat the same phrases over and over when they make a sales pitch in order to solidify those ideas into their target's memory and make the information seem more legitimate. Unfortunately, older adults are more susceptible to this tactic than are younger adults, most likely because they have less cognitive fluency to process new information.¹⁰

THE DEFENSE Just because something is easy to understand doesn't mean it's true. It turns out, the illusion of truth effect disappears when people are actually paying attention to what's being said.¹¹ Devoting active cognitive effort to evaluating the content of the speaker's argument, rather than listening passively, will help you resist persuasion.



Our prices are unbeatable.

Our company offers the best product on the market, hands down.

I promise, you won't be disappointed.

Never listen passively to a solicitor. Notice which phrases are repeated, and think about the real content of the message.

SUMMARY

The tactics presented in this brief are not unique to financial fraud. People experience them every day in the consumer marketplace when deciding what to buy, where to invest and what causes to donate to. The problem is that fraudsters also use these persuasion tactics but for illicit purposes. By learning to recognize these influence strategies, older adults can significantly protect their money from financial predators bombarding them with all types of fraudulent offers. They can also become more savvy consumers. For example, hundreds of financial products that won't actually benefit someone's retirement needs are pitched to older people every year. Getting into the habit of using the suggested defenses for legal and financial transactions will help older people protect their money.



CITATIONS

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The mission of the Stanford Center on Longevity is to redesign long life. The Center studies the nature and development of the human life span, looking for innovative ways to use science and technology to solve the problems of people over 50 in order to improve the well-being of people of all ages.

