

Protecting Senior Investors from Financial Exploitation

In May 2024, the Financial Industry Regulatory Authority (FINRA) released a comprehensive document on protecting senior investors from financial exploitation. The Financial Intelligence Unit (FIU) within FINRA's National Cause and Financial Crimes Detection Program (NCFC) is dedicated to safeguarding investors, particularly vulnerable adults and seniors, from financial exploitation. At Noesis, we believe it's crucial to share this information as part of our commitment to cybersecurity education. This summary outlines the threats faced by senior investors, the tactics used by scammers, and the critical importance of education and prevention.

Senior investors are increasingly targeted by investment scams due to their significant control over national wealth and the growing sophistication of scam tactics. With an average of 10,000 Americans turning 65 each day, those aged 55 and older control over 70% of the nation's wealth. The FBI's 2023 Elder Fraud Report highlights a rise in financial losses among elderly victims, with an average loss of \$33,915 per victim. The evolution of artificial intelligence (AI) has made scams more convincing and harder to detect, underscoring the need for education to prevent victimization and revictimization.

Older adults are disproportionately targeted due to factors such as loneliness, cognitive decline, and access to retirement funds. Scammers exploit these vulnerabilities to gain trust and convince victims to invest in fraudulent schemes. Emotional manipulation is a common tactic, making seniors particularly susceptible to scams. Research indicates that seniors are vulnerable to fraud even without cognitive impairment, highlighting the need for ongoing vigilance. Common scams include:

- **Grandparent Scam:** Impersonating a grandchild in distress to solicit money.
- **Romance Scams/Pig Butchering:** Building fake relationships to lure victims into fraudulent investments.
- **Imposter Scams:** Posing as legitimate financial professionals or government officials to steal sensitive information.
- **Computer Takeover:** Gaining access to victims' computers to steal financial information.

The consequences of elder investment fraud can be devastating, both financially and emotionally. Victims can lose their life savings with little chance of recovery, impacting their financial security. Once scammed, victims are more likely to be targeted again, often by the same perpetrators using different schemes. Additionally, victims may suffer from compromised identities and damaged credit, further complicating their financial recovery.

Protecting senior investors requires ongoing education and vigilance. By staying informed about evolving threats and implementing preventive measures, we can try to safeguard the risk of financial exploitation. Please contact us if you would like additional information.

Sincerely,
The Noesis Team

Full article: www.finra.org/rules-guidance/key-topics/senior-investors/tip-protecting-vulnerable-adult-senior-investors.