

Written Testimony for the House Aging and Older Adult Services Committee

Scams Targeting Older Adults throughout the Commonwealth

May 10, 2023

Chairwoman Kim, Chairman Mentzer, and members of the committee. Thank you for the opportunity to be here today concerning scams targeting older adults.

My name is Tim Arthun and I serve as the Deputy Secretary for Financial Services for Consumers and Business at the Pennsylvania Department of Banking and Securities.

First and foremost, the Department is a regulatory agency; working to promote the safety and soundness of financial institutions we oversee and ensure consumers, including older adults, and businesses are well-informed about the financial marketplace.

Through our public engagement, we offer non-commercial and unbiased information about a variety of personal finance concepts including investor education, financial skills, and protection against scams and frauds. We do these presentations throughout the Commonwealth working with a wide variety of community connectors. One of our key constituencies is serving older adults.

When we talk about scams and frauds with older adults, we try to communicate the gravity of the scams that are being perpetrated against older adults, but without inferring hopelessness. We know that scammers target older adults for several reasons including older adults tend to have more wealth, from saving for retirement.

We go to senior activity centers to talk about what scams we're seeing, how the scam works, ways to protect one's self, and steps to take if the victim of a scam. We know there is a stigma associated with admitting to being the victim of a scam. Victims may not report to law enforcement, their financial institution, or their family out of fear of losing some of their decision-making abilities.

Scam artists are constantly tailoring their message to conform to the crisis of the day. While each scam has unique attributes, taken as a group they have similar tells or red flags. There is typically a sense of urgency manufactured by the scam artist. If you do not react within a certain time, you'll lose out on the opportunity of a lifetime or something nefarious will occur. Victims are told to keep secrets and avoid telling anyone, oftentimes exacerbating family dynamics and creating strife that can make an intervention more difficult.

Some of the more prevalent scams targeting older adults include:

Grandparent Scam – An older adult receives a frantic call, usually in the middle of the night, with some iteration of “Grandpa/Grandma, I’m in trouble”. The scammer hopes the older adult responds with the name of their grandchild, “So and so, is that you?” to establish trust. The scammer, now having a name known to the grandparent, concocts a story and some rationale for why they need money immediately.

Romance Scam – A scam artist will assume the persona of someone that has taken a romantic interest in an older adult, oftentimes a widow or widower who may be experiencing isolation or lack of attention. The scam artist builds a relationship, completely fabricated, with the older adult with the end objective of securing the financial assets of the older adult.



Often family members that attempt to intervene are rebutted by the older adult, even when presented with evidence the newly arrived love interest has ulterior motivations.

Pig Butchering Scam – A relatively newer scam that is predicated on the volatility in capital markets, and concerns about generating sufficient returns for future expenses. An older adult is solicited with an offer for an unbelievable investment opportunity. There may be guaranteed returns or the promise of a risk-free portfolio. The scammer may assuage the concerns of the older adult by soliciting only a small amount at first, maybe \$100 or \$1,000, to see for themselves the potential. The older adult provides the money, and in a few days' time, they receive a fraudulent statement that shows their new amount being significantly higher. This may happen a few more times to get the older adult to start moving more and more of their funds. None of the returns are real, and once the older adult has moved over a significant amount of funds the scammer will cease contact having made off with the funds.

There are other scams including charity scams – seeking to exploit the generosity of others, disaster scams – occurring after a major disaster and amidst much uncertainty and fear, impersonator scams – pretending to be a government or law enforcement official, and on and on.

It is important to note that while the focus of this hearing is on scams targeting older adults, anyone can fall victim to a scam. According to the Federal Trade Commission, younger adults (aged 20-29) reported losing money more often than older adults aged 70-79 in 2022. It is important to note that only captures reports of scams where money was lost, so the full scope is unknown.

We remind audiences that in order to avoid being a victim of a scam, we have to be right 100% of the time, a scammer needs to be right just once. It can be extremely difficult to get back money lost to a scam once it has left the account of an older adult. That is why the Department tries to be proactive in making consumers informed about the red flags of a scam so they can identify it and protect themselves. We know this ultimately leads to an arms race with those that perpetrate these scams.

There is a multitude of agencies, including the Office of the Attorney General, Pennsylvania State Police, Labor and Industry, Department of State, and others, that are working to inform, educate, and empower residents to protect themselves against scams, as well as assist those that have fallen victim to a scam. Working with some of these agencies, we've created new educational materials including one that discusses how gift cards don't pay bills. This came about from inter-agency discussions and collaboration between the Departments of Aging, Pennsylvania State Police, Office of the Attorney General, and Banking and Securities.

We see through our work with private sector businesses they also are making strides to protect their customers. We've provided training in partnership with the Pennsylvania Food Merchants Association, and events involving local law enforcement and financial institutions, to help demonstrate there is a concentrated and intentional effort to combat this problem.

Thank you again for the opportunity to be here today on this important issue.

Respectfully Submitted,

Tim Arthun