



JOIN OUR COMMUNITY OF PROFESSIONAL PEERS THE WALL STREET JOURNAL

• Discuss • Connect • Find Answers • Plus more

JOIN TODAY

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit www.djreprints.com

[See a sample reprint in PDF format.](#)

[Order a reprint of this article now](#)

THE WALL STREET JOURNAL.
WSJ.com

FAMILY MONEY | JUNE 17, 2009

A Family's Fight to Save an Elder From Scammers

When the Patriarch Fell Prey to Thieves, Relatives Took Matters Into Their Own Hands

By [KAREN BLUMENTHAL](#)

The first time a beloved relative in his mid-70s wired several thousand dollars to strangers, believing he was paying taxes on huge lottery winnings, it seemed like a fluke, a mistake he would understand once we straightened him out.

Then it happened again. And again.

In less than a year, this Ivy League-educated professional sent at least \$23,000 to slick con artists who came to know his personal interests, as well as his bank-account, credit-card and other personal information. Yet even more shocking than how effectively and efficiently scammers won his trust and his retirement savings was how impossible it was to stop them.

His children and stepchildren counseled him, cajoled him and took him to task. Experts, lawyers and his doctor were consulted. Law-enforcement agencies, from the local police to state officials to the Federal Bureau of Investigation, were called. He agreed to give power of attorney to a son to help with financial matters. Yet he continued to send away money he couldn't afford to lose, fully expecting to see a huge reward in a matter of days.

"We never found a law-enforcement agency that cared," the son says. "To me, nobody gave a damn."

Our family's story is a cautionary tale in these tough economic times, when Internet, telemarketing and direct-mail con artists know that people of all ages are especially in need of a financial victory. Foreign lottery and sweepstakes scams are particularly effective with the elderly, especially those who have lost some mental capacity. The unemployed are susceptible to work-at-home schemes that call for upfront payments, but produce no jobs, while confident, highly educated professionals in their prime years regularly fall prey to investment frauds.

In a 2005 survey, the Federal Trade Commission estimated that 30.2 million U.S. consumers a year were victims of marketing frauds, led by bogus weight-loss products. Fraudulent foreign lottery schemes were second, reeling in more than three million victims a year, the agency estimated.

In recent years, lottery crooks and others have added a new weapon in their rip-off arsenal: They send checks -- fake, of course -- as advance payments on purported winnings to come. Unsuspecting victims are guided to deposit the seemingly real check and then to wire most of the money to scammers as soon as it shows up in their accounts. When the counterfeit check actually bounces some days later, the victim is on the hook for the money -- and often bank fees as well.

The National Consumers League says that 41% of the reports last year to its fraud hotline and Fraud.org Web site were

about fake-check scams, up from just 6.5% in 2005.

Our relative was in many ways a typical victim. After his wife died in late 2006, he moved alone to a new town, Tiverton, R.I., at least two hours from any other family member. Doug Shadel, Washington State director of AARP, who has studied why victims fall prey to these schemes, says that many fraud victims have suffered stressful setbacks, such as illness or losing a spouse or a job. Such experiences "take up cognitive capacity," he says.

The next year, our relative told family members that he had spent a few hundred dollars on some mail-order investment "secrets" that might be valuable. His children took note, but figured the amount was small, and it was his money to spend.

In early 2008, he suffered a small stroke, but seemed to rebound quickly, conversing well and keeping up with his beloved Boston Red Sox. By midsummer, however, he was falling behind on his bills, his phone was cut off, and his condo association was clamoring for its fees -- all signs, it turns out, that he may have been co-opted by con artists. His family set up a conference call, during which he agreed to give a son power of attorney.

Having access to his accounts gave us a front-row seat for the train wreck his financial life had become. Between the time of the stroke and the conference call, he had written dozens of small checks, up to about \$30 each, for lottery and sweepstakes offers.

Once he responded, consumer and law-enforcement experts say, his name became part of so-called sucker lists that would be sold again and again to scammers in places like Canada, the United Kingdom, Jamaica and the Netherlands. In fact, large amounts of daily junk mail are another sign that a person has been lured into fraudulent schemes.

After a "sucker" is identified, the phone calls start. Sophisticated crooks, working from scripts, spend a lot of time getting to know their victims and building their trust. They learn where they go to church, what pets they have and their family situation, as well as details about retirement and bank accounts, home equity, life insurance and credit cards.

Meanwhile, the victims begin to consider the callers their friends.

With the power of attorney, our relative's son began monitoring his father's accounts daily, and in October noticed a large withdrawal. His father had deposited a fake check for \$4,950, and he was wiring most of that money to London from a MoneyGram International Inc. office at a local Wal-Mart.

A helpful and empathetic MoneyGram's customer-service representative found the transactions. Though the money was gone, she offered to block our relative from doing further business -- though he would later successfully use MoneyGram again.

MoneyGram declined to elaborate on its blocks, saying it keeps some of its fraud-prevention efforts private. But both MoneyGram and Western Union Co. say they try to stop these transactions. The cover pages for their money-transfer forms specifically ask if customers are sending money to claim a lottery or prize winnings or sending money to someone they don't know, and clerks are supposed to do the same. But typically, the scammers have coached victims to say the money is for a relative.

To try to stop the crimes, family members called the Tiverton police and the Rhode Island attorney general's office. Both said that money sent overseas was out of their jurisdiction. While some states are cracking down and imposing stiffer penalties on crimes against the elderly, Rhode Island doesn't have such a law.

Tiverton did send out its elderly-affairs officer. Sometimes a person in a uniform can help persuade a victim to stop participating. In addition, Tiverton Police Chief Thomas Blakey says, the officer tries to assess whether the senior

citizen needs to be referred to the state's elderly-services department for assistance.

Another family member called the FBI. But the agency's priorities are terrorism and violent crimes. In fact, the number of pending mass-marketing fraud cases in progress at the FBI, which includes individual and small-business scams, dropped to 127 for the year ended Sept. 30, 2007, from 236 in fiscal 2003.

The U.S. Postal Inspection Service is responsible for policing the mail system and works with U.S. Customs and Border Protection to limit the flow of scam mail from abroad. From April 2007 to June 2008, for instance, more than 230,000 pieces of fake check mail -- with checks totaling more than \$1.5 billion -- were intercepted at Dallas-Fort Worth International Airport, says Amanda McMurrey, a Fort Worth postal inspector. But that's just a fraction of the millions of pieces of mail that are believed to enter the U.S. each year.

The Federal Trade Commission collects consumer complaints to FTC.gov in a database accessible by law-enforcement agencies in the U.S. and abroad. But it doesn't call back those who have reported a crime. Working with Canadian officials and other U.S. agencies, the FTC periodically rounds up telemarketers and other scammers.

Still, the chance that scammers will get caught is so slim that they can be surprisingly brazen. In a practice known as "reloading," different con artists told our relative that they were from the FTC and the FBI, they knew he had been scammed, and they would help him get his money back -- but first they needed bait money to catch the crooks.

For months, family members wrestled with what to do. When confronted, our relative would acknowledge he had been ripped off and promise it would end -- but then he would succumb again, a pattern experts say is common.

The debate ended this spring when our relative, unable to cash out his life-insurance policy, was conned into selling his car and wiring \$4,000 to Costa Rica. In May, with his three children and a stepson present, he acknowledged to a judge that he had been financially scammed. The judge granted guardianship to two of his children, taking away his right to manage his own affairs.

The family went to lunch with him, then dismantled his cellphone and redirected his mail to another state. A few hours later, he demanded his phone back. He wanted to call some "friends" who had some money waiting for him.

■ **Email:** familymoney@wsj.com

Printed in The Wall Street Journal, page D1

Copyright 2009 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com