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Life. Investing. And Everything in Between

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Elder Fraud – Mounting Your Best Defense

By Kelly L. Olczak, CFP®

A year ago, [Eden and Mark \(last name withheld\) lost their life savings](#) to a scammer.

“We lost all the money we made in our business. All of the monies we saved together for 38 years we’ve been married, and it was all taken from us,” Eden told California news broadcasters.

It’s heartbreaking and frightening, but what happened? Eden received a pop-up notice on her PC about a virus and was told to call “Microsoft.” When she called the number, she was told that there was a “terrible problem” on her computer.

The man on the phone, who was not associated with Microsoft, told her the problem was connected to identity theft, and that she needed to transfer her money to safe government accounts in Hong Kong.

With the assistance of other scammers, she complied, making five wire transfers to the criminals to the tune of \$564,000.

Critiquing situations after they have occurred can be tempting, but scammers have a talent for appearing genuine, trustworthy and convincing. They may make you feel like they genuinely care about your well-being.

Be on guard



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There is no shortage of tricks that scammers will use to deceive the elderly. Some will use deceitful emails and texts that encourage you to redirect to their fraudulent websites. Others may impersonate loved ones, requesting financial assistance.

These fraudulent activities are becoming increasingly sophisticated and diverse. But the results are often the same. Seniors get bilked out of their savings.

According to the [latest data](#), total losses reported to the FBI's Internet Crime Complaint Center (IC3) increased a whopping 84% in 2022 to \$3.1 billion.

This may be just the tip of the iceberg. Some may be unaware of the scam, and others may be too ashamed to report the theft.



Tech and customer support schemes continued to be the most common type of fraud reported, while monetary losses due to investment fraud jumped 300%, largely due to the rising trend of crypto investment scams.

For example, tech and customer support scammers, which primarily originate in South Asia, take advantage of their victims' unfamiliarity with technology and online banking to quickly take as much money as

possible.

Some may be as simple as a call from "tech support" informing you that your computer has a virus.

You don't. This is a scam. No one will call you to inform you of an infected PC.

They will claim to remove it for a fee, but they will also snoop around for relevant financial information, and you may unwittingly download malware that helps them track your every move.



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Or, a pop-up message or blank screen on a computer tells the victim their device is damaged and needs fixing. A phone number to reach ‘tech support’ (actually the scammer) is provided—this is what happened to Eden in the opening story.

Remember this: tech support won’t call you to tell you there are issues with your computer. If you get such a call, hang up. Ignore pop-up numbers. Just turn off your PC and turn it back on.

A small dose of prevention goes a long way

It’s a difficult reality, but as we age, our cognitive abilities may decline, making ourselves or our loved ones more susceptible to fraudulent activities.

But there are steps we can take to fight back.

1. **Designate a trusted contact.** This person has no authority over your accounts but is someone your financial institution may contact to discuss issues if they suspect something is awry.
2. **Be leery of unknown phone numbers.** Signing up for the National Do Not Call Registry will reduce telemarketing calls, but this does nothing to stop scammers. If you don’t recognize the number, be leery about who may be on the other line.

For example, why are you receiving a call from a toll-free number? Let it go to voicemail. Many are robocalls and don’t leave a message.

Did the call come from a recognized firm you conduct business with? It may or may not be legitimate. It’s OK to call the company back using a phone number that you know is legit.

3. **Freeze your credit report with the three major credit rating agencies at no cost.** This helps prevent accounts from being opened in your name without your knowledge. When the need arises, you may temporarily remove the freeze.



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Here are the three major credit agencies and a quick and easy way to contact them to freeze your credit report.

- Equifax: [Credit Freeze](#)
- Experian: [Credit Freeze](#)
- TransUnion: [Credit Freeze](#)

Understand their methods

The following are some of the primary scams being used now to defraud elders. Beware!

1. **Investment scams** promise quick riches and pressure the elderly into accessing their retirement accounts, the equity in their home or convince them to go into debt.
2. The **lottery/sweepstakes/inheritance scam** falsely notifies individuals that they have won a cash prize or will receive an unexpected inheritance from a distant and previously unknown relative.
3. There has been an increase in **romance scams**, which can be particularly challenging to identify, as the perpetrator creates a false online persona to gain the trust and affection of the victim.

These scammers could be called the “Houdinis of con artists” as they are very believable, genuine and caring. Once scammers earn your trust (and your heart), they start requesting money and won’t stop taking advantage of you until you cease sending them funds.



You might think that this sounds implausible. Why would anyone send cash to someone they haven’t met and one that probably lives in another state?

Well, love clouds judgment, and the elderly are especially ripe for abuse if they are lonely and their judgment isn’t as sharp as it once was. Besides, older folks are not the only ones whom romance scammers have conned.



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4. Scammers call unsuspecting older adults and **pretend to be from the IRS, Social Security or Medicare**. These organizations never make unsolicited phone calls. Hang up the phone.
5. Grrrrr.... This one I really hate! Be aware of the **grandparent scam**. You may get a call that goes like this. "Hi, Grandma. Do you know who this is?" When the unaware grandparent guesses the name of the grandchild the scammer most sounds like, the scammer secures their trust.

The fake grandchild then asks for money to solve some urgent financial problems (such as overdue rent, car repairs or jail bonds).

As you can see, there is plenty to be aware of. And these are just some of the more prevalent scams that are used to prey on the elderly.

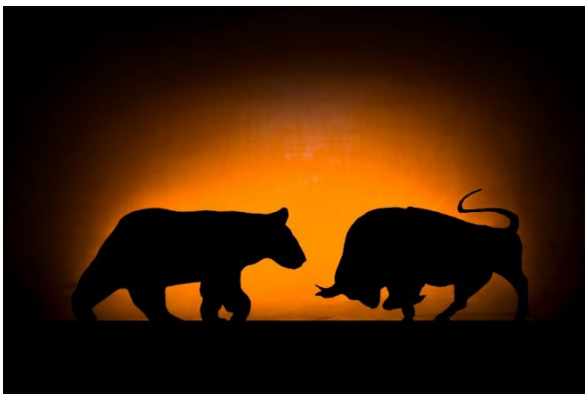
We go to great lengths to secure your assets.

It's important to stay vigilant, as scams can come from various sources. Stay alert and on guard.

If the request looks out of the ordinary, that should be a red flag. It may turn out to be legitimate. But if not, caution and an ounce of prevention are worth their weight in gold.

If you have additional questions or concerns, we would be happy to provide additional assistance.

Brief Market Update



Breaking free of the bear

A bear market is defined as a 20% or greater drop in a major market index, usually the broad-based S&P 500 Index.

Unlike the better-known Dow, which comprises just 30 companies, the S&P 500, as its name implies, is made up of 500 firms and is considered a better benchmark of the overall stock market.



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From its early 2022 peak to its most recent bottom last October, the S&P 500 shed 25% of its value (St. Louis Federal Reserve S&P 500 data). It met the standard definition of a bear market.

Just as a 20% peak-to-trough decline defines a bear market, a 20% rise from the most recent low marks the start of a new bull market, at least that is the technical definition.

Since the mid-October low, the S&P 500 has advanced 24.4%.

Key Index Returns		
Index	MTD %	YTD %
Dow Jones Industrial Average	4.6	3.8
Nasdaq Composite	6.6	31.7
S&P 500 Index	6.5	15.9
Russell 2000 Index	7.9	7.2
MSCI World ex-U.S.A*	4.6	9.4
MSCI Emerging Markets*	3.2	3.5
Bloomberg Barclays U.S. Aggregate Bond TR USD	-0.4	2.1

Source: Wall Street Journal, MSCI.com, MarketWatch, Bloomberg

MTD returns: May 31, 2023–June 30, 2023 YTD returns: December 30, 2022–June 30, 2023

*U.S.D.

Gaining the upper hand

What's behind the advance? There has been no shortage of anxieties that might trip up investors, including a possible recession, still-high inflation, an ongoing war in Ukraine and this year's banking crisis.

Despite the widespread anticipation of an economic downturn, it has yet to materialize, and employment opportunities continue to expand.

The Federal Reserve is considering raising interest rates further, but the magnitude of these increases has significantly decreased this year.



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This year's progress in the stock market can be primarily attributed to the slower pace of rate hikes and the growth of the economy. Furthermore, the fascination with artificial intelligence (AI) has significantly boosted the performance of technology stocks.

Living in a post-pandemic world

Forecasting trends is a challenging task for economists and analysts.

Despite the use of complex economic models, the post-pandemic world poses unique difficulties.

The shutdown and reopening of the economy, combined with an unprecedented \$5 trillion in fiscal stimulus, have created economic distortions that are not fully accounted for in these models.

At the onset of the pandemic, the \$2 trillion CARES Act and quick action by the Fed were crucial in preventing the economy from plummeting into an economic black hole.



But how do forecasters incorporate another \$3 trillion in stimulus that was authorized between late December 2020 and March 2021?

How do the experts account for the shuttering and the reopening of the economy, pent-up demand, and the shift away from goods and toward services, travel and entertainment?

Talk to some retailers, and you would think we are on the cusp of a recession. But the airlines can't keep up with demand and can't seem to raise prices fast enough.

It's a new challenge for the Fed, economists and investors, especially short-term traders who bet on daily, weekly or monthly market moves.

We don't believe market timing is a realistic strategy. Just as no one rings a bell at a market peak, no one rings a bell when a bear market ends.



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REMEMBER! The markets don't settle down... THEY SETTLE UP!!

Market timers sometimes get lucky, but one must consistently catch the highs and lows to be successful.

Just as 2022's bear market surprised most; many timers failed to anticipate the turnaround this year against the backdrop of a hefty dose of negative sentiment when the year began.

Successful long-term investors steer clear of chasing after trendy fads and the temptation to time the market. Instead, they adhere to a well-established and disciplined strategy that has consistently proven to be the most profitable path.

I trust you found this review informative. Feedback would be amazing! If there are topics that you would like us to cover, we would love to hear your ideas.

If you are a client, Thank you! I recognize that you have many advisors to choose to work with. That you have chosen our firm, is both humbling and wonderful to have the opportunity to serve as your financial advisor. If you are not one of our clients and would like to chat about our unique client experience, I would be very happy to meet with you!

All the best,

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