

Stealing from Seniors: How Fraudsters Get Away With It

by Sandy Perlic

George Schuelke was a trusting person. So trusting that it took him four years without any return on his investments to realize his friend and investment advisor Arlus Daniel was ripping him off.

“To begin with Mr. Daniel was an insurance agent, and he talked my husband into transferring some of his insurance into a different company,” George’s widow Beverly Schuelke, 84, said. “That got the friendship started, and so we saw more and more of him, and one thing led to another.”

For the Schuelkes, it led to a loss of more than half a million dollars; while for Daniel, the end result was a conviction for felony theft and securities fraud against the Schuelkes and three other victims, and a sentence of 18 years in prison.

Unfortunately, stories like the Schuelkes’ aren’t uncommon. The National Center on Elder abuse estimates that more than five million seniors become victims of elder financial abuse every year. Protecting the elderly from financial exploitation can be difficult since elder fraud takes many forms.

How it Happens

Sometimes con artists seek out a senior and cultivate a friendly relationship for the purpose of defrauding them. “What seniors need to be aware of is that people do consider them vulnerable,” said Larimer County District Attorney Larry Abrahamson. “The real con people will take time to groom the senior to the point that the senior trusts them.”

Daniel used this method when he befriended the Schuelkes and others, and then persuaded them to hand over their money for a promised high return on non-existent investments.

Strangers aren’t the only ones defrauding seniors, however. “Probably the biggest violators of a senior’s vulnerability are family members,” Abrahamson said.

Gary Thurman, Larimer County’s Adult Protection Program manager, agrees. He says that many of the problems he sees arise when an adult child moves back in with a parent or grandparent, especially if that child has financial or substance abuse problems. Often the result is that the child then lives off the elder’s Social Security check. “Or the (senior will) give a family member an ATM card to go get groceries, and all of a sudden an extra hundred is going away,” Thurman said. “The more creative family members at that point may apply for credit cards and things like that.”

Seniors who rely on unscrupulous family members to handle their affairs suffer even more harm. “We see that a lot with elderly people with children, as they become unable to manage their finances... they’ll try to assign power of attorney. And the next thing you know the house is transferred out of their name. We’ve had situations where the house was sold, and the elderly person is charged rent to live there,” said Thurman. What can make the situation even worse is if the family member has taken something of real value from the elder’s estate, it may make the senior ineligible for Medicaid - and subsequently, nursing care - for a number of years.

Often elders can be exploited by high-pressure tactics from telephone solicitors or door-to-door “salesmen.” Abrahamson says men claiming to be roofers, siders, or driveway installers, often approach seniors with a one-time deal to repair their house for a special limited-time rate, while intimating that if the senior does not fix things immediately the city or county may penalize them. Under pressure, many older people have written these salesmen checks, and only later realize they’ve been swindled.

“The next thing we see that’s a financial abuse of elderly people are the sweepstakes games,” said Thurman. These con operations will claim the senior has won large amounts of money in a sweepstakes – which they’ve never entered – and the only thing the winner needs to do to receive their money is forward \$5,000 for the taxes due. “I’ve seen individuals lose as high as \$70,000 to these sweepstakes people,” Thurman said.

How to Guard Against It

Beverly Schuelke has learned the hard way how to avoid being victimized by fraudsters. “I don’t talk to anybody that calls on the telephone and wants to invest some of my money,” she said. “I just don’t talk to them.”

Indeed, she counsels other seniors to be wary. “Be very careful who you talk to. Talk to the Better Business Bureau before you talk to anybody, and don’t let a stranger talk you into something you aren’t sure of,” she said.

Abrahamson recommends that seniors seek another opinion before making significant financial decisions. “Seniors should have perhaps a trusted banker or attorney nearby who can really go over their finances with them periodically, and advise them on whom to allow access to their accounts and so forth.”

In order to catch the first signs of fraudulent activity, it’s important to be alert. “Families need to be really, really careful with their elderly parents and relatives, and make sure they talk to them about how they’re spending their money and so forth,” Abrahamson said. If you live nearby, Thurman suggests reviewing bank statements to see if there’s any unusual activity, paying special attention to ATM and credit cards.

One important way to safeguard against elder financial abuse is to become as educated as possible about it. Abrahamson offers an informational booklet on the county’s website at www.co.larimer.co.us/da/elder_fraud.pdf, and also speaks about the topic frequently. “I try to get out to as many groups as possible and talk to them about elder fraud, just making them aware of what’s out there, and what kind of scams they’re going to run into,” he said.

What To Do if You Suspect It

Many seniors are embarrassed to admit they have been victimized, often feeling like they should have known better, or that others will believe they’re senile.

“Consequently, there’s a drastic underreporting of seniors who are being defrauded,” Abrahamson said.

Larimer County averaged nearly one hundred reports of exploitation over the past five years, however the National Center on Elder Abuse estimates there are five unreported cases for every one that authorities know about.

While there may not be enough evidence to prosecute every case, Abrahamson stresses that it is important to report suspected abuse to the authorities.

“The first thing you need to do if you feel like you’ve been abused, neglected or exploited is call Adult Protection (at 498-6300),” Thurman said. The staff will go over the report and make recommendations for further action to the senior or family member. It may often be necessary to involve an attorney, but “if it’s... more than the family can manage, we’ll get a caseworker involved to advocate for them and help steer them through the process.”

Victimized seniors as well as family members who suspect fraud are encouraged to come forward as soon as their suspicions are raised. Waiting longer could result in larger losses, as it did in the Schuelkes’ case. Although Abrahamson is happy that Daniel is now behind bars for defrauding the Schuelkes and others, the case’s outcome is far from satisfactory. Daniel has been ordered to pay restitution to his victims of \$495,347.25, but it is unlikely he will be able to pay it. “Unfortunately for the people that lost their money – as is the case in many situations – they may never recover it,” Abrahamson said.

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