

Focus on Funds: Funds Step Up Fight Against Elder Abuse and Fraud

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The global coronavirus pandemic has made some fund investors more vulnerable to fraudsters. In the June 19, 2020, edition of *Focus on Funds*, ICI Senior Director of Operations and Transfer Agency Joanne Kane details the challenges, and how the industry is responding.

Transcript

Stephanie Ortvals-Tibbs, ICI director of media relations: So Joanne, the old adage is to never waste a crisis, and unfortunately, one of the groups that takes that the most to heart are the fraudsters.

Joanne Kane, ICI senior director of operations and transfer agency: Absolutely; they love a good crisis—or in this case, a pandemic. Just like you see fraudsters arrive after a natural disaster, such as a hurricane, they're doing the same thing now. In fact, it's so rampant right now that multiple government agencies have all issued alerts around fraud tied to COVID-19 and the stimulus package. Because if you think about the stimulus package, it's a huge bucket of money that the fraudsters would love to get their hands on.

Ortvals-Tibbs: Joanne, I know this from my own experience, thinking about the seniors in my extended family. One of the things that's so troubling right now is that they are more isolated from us in terms of our interactions. That can make it harder for us to spot problems.

Kane: Right. So if you think of the normal triggers for financial exploitation of seniors, and the fact that they're more vulnerable, that their normal triggers are: that they have a normal routine; their Social Security check comes on the same day; they go to the bank on the same day. They have a lot more wealth than, say, the younger generation, so there's more money there for the fraudsters. They may be suffering from cognitive decline or physical disabilities.

And a big factor in senior exploitation is isolation and loneliness. And if you think about social distancing and stay-at-home orders, it really puts the pressure on seniors, which makes them much more susceptible to fraudsters.

Ortvals-Tibbs: And unfortunately, too, I believe you indicated that this group tends to also not even report when they're being victimized. They're more hesitant.

Kane: It's a well-known factor in senior financial exploitation is that they're hesitant to report because they're embarrassed.

Ortbals-Tibbs: Let's talk about how the industry helps provide some line of defense in the middle of all of this.

Kane: Information sharing among our industry related to fraud is critical. So we, a couple of years ago, ICI Operations formed a fraud prevention working group. The majority of our members participate, and the purpose of that group is just that—to share information. So, what are you seeing? What are the trends? What are the tricks and tactics that the fraudsters are using? And we also share in real time events that members are experiencing, which is helpful because if they're hitting one member, you know they're going to go down the line to the next fund shop. And that helps our members cut it off before it even gets started.

Additional Resources

- [Focus on Funds video series on investor protection: Protecting Against an Unpleasant Surprise to Your Fund Savings](#)
- [How to Protect Yourself from Being Deemed a “Lost” Mutual Fund Shareholder](#)
- [Focus on Funds: Funds Have New Tools to Combat Elder Abuse and Fraud](#)
- [Focus on Funds: Elder Abuse and Exploitation a Growing Industry Concern](#)

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