

Special report: Financial institutions trying to help ward off financial abuse of elderly



Sharon Clarke

Photo By LARRY MAYER

Sharon Clarke, treasury management officer for Rocky Mountain Bank, said financial institutions are on constant lookout for fraud that targets older customers.

By TOM HOWARD

Not long ago, an elderly customer broke into tears when she came into Valley Federal Credit Union. She explained that she needed to withdraw a large sum of money from her account because her granddaughter was in trouble and needed money fast.

Immediately, credit union employees suspected that something was amiss.

“She was convinced that her granddaughter was in trouble, even though they had lunch earlier in the week,” said Tracey Kragt, branch manager at Valley Federal Credit Union. “We had to bring her upstairs and get her calmed down and convince her that her granddaughter was OK.”

It wasn’t until employees reached the granddaughter by phone that the woman realized she was being targeted by thieves, Kragt said.

In recent years, the “Grandma, it’s me” scam has been used frequently as a way of bilking money from older Americans. The victim often receives a call from a person claiming to be with the U.S. Embassy or some other government agency. They hear that a grandchild has been arrested and may have been involved with drugs or some other illegal activity and needs money quickly. The most cunning scammers even put an imposter on the phone, and as part of the scam they plead, “Please don’t tell my parents.”

Kragt said the customer might have ended up losing a lot of money if credit union employees hadn't recognized the scam.

Special training that helps employees of financial institutions become aware of financial scams proved to be invaluable in this case, Kragt said.

"All of our front-line employees, including tellers, have received this training," Kragt said. "We have identified a lot of scams targeting older people."

Kragt said credit union employees were pleased to receive the training because it helped them respond appropriately to suspicious activities. In addition, the credit union has implemented new internal procedures on how to respond if there's a suspicion of illegal activities targeting seniors.

Last year, 2,539 Montanans reported losing \$2.4 million to fraud, according to the Federal Trade Commission.

The U.S. Census Bureau estimates that more than 30 percent of Montana's population will be older than 60 by the year 2030, an increase of 43 percent from 2012. Because Montana's population is aging, experts anticipate that the Big Sky State will continue to be fertile ground for scammers preying on older adults.

Recently, officials at Stockman Bank prevented an elderly customer from wiring around \$70,000 to an out-of-state con artist. The woman had been told that she had won a multimillion-dollar sweepstakes and could collect her winnings if she wired the money.

But bank employees became suspicious with her request for such an unusual transaction, so they blocked the wire transfer and called the woman's daughter.

"It was one of those deals where she should have known it was too good to be true, but she wanted it to be real and believe," said Rhonda Moore, vice president of operations for Stockman Bank.

At first, the woman didn't believe what bank officials had told her, Moore said. "But once we spent enough time with her and she believed us, there was almost a panic," Moore said.

The sweepstakes scam is another frequent tactic used by criminals. The biggest red flag is when the caller requests money up front to cover a handling fee or taxes, Moore said.

At Stockman Bank, tellers and other front-line employees pay attention to any unusual banking activities by their customers.

"They get to know their customers, and when they see something odd or unusual, they'll focus on that," Moore said. "Sometimes they'll question a customer to make sure they know who they're sending money to."

Financial fraud is a booming international industry. But just as frequently, the elderly are victimized by people they know. The perpetrator can be a family member who accompanies his grandmother to the bank after asking her to withdraw a large sum of money.

Other times it can be a housekeeper or a personal assistant who steals a blank check from a client's checkbook and cashes it with a forged signature.

“Seniors financially exploited by people they trust is a hidden problem that is rapidly growing as Montana’s population ages,” said Denise Armstrong, executive director of Big Sky Senior Services in Billings.

Armstrong left her career in banking about four years ago to head Big Sky Senior Services. The Billings-based nonprofit provides a variety of services to help the elderly remain in their homes. Those services include providing training to help tellers, loan officers and other employees of financial institutions recognize cases where the elderly may be victims of financial fraud.

Sharon Clarke, treasury management officer for Rocky Mountain Bank, said employees who interact with customers are the first line of defense in the effort to ward off financial abuse of the elderly. The bank emphasizes prevention as opposed to after-the-fact detection of scams, she said.

Clarke said Rocky Mountain Bank will sometimes refer older clients to Big Sky Senior Services if they suspect that their health is failing or if there’s a suspicion that they’re being victimized.

These days, financial institutions are constantly hurrying to keep a step ahead of crooks. Clarke said international crime rings often recruit recent graduates of computer science programs because they have expertise in computer systems. And thieves are becoming increasingly sophisticated in developing ways to cheat unsuspecting seniors out of their money. But financial institutions have also harnessed technology to fight fraud.

Rocky Mountain Bank uses software that directs bank officials to contact the account holder whenever an unusual or large transaction takes place.

Wayne Nelson, Billings market president for Stockman Bank, said fraud takes many forms, and banks must be diligent in fighting it. During a recent training session led by Moore, bank officers were handed a number of checks and were asked to determine which ones were legitimate and which ones were forged.

Not surprisingly, tellers and other employees who handle checks as part of their job were best at spotting the forgeries, Nelson said.

Read more: http://billingsgazette.com/business/features/special-report-financial-institutions-trying-to-help-ward-off-financial/article_6a47d6b7-b9b1-57b8-ad96-bc84a27ae3f7.html#ixzz2eUsO7DUk