

Addressing the Challenge of Chronic Fraud Victimization

Understanding the drivers of chronic fraud victimization and identifying key intervention strategies

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THE CALL TO ACTION

Financial scams and fraud are an ongoing and rapidly escalating problem. Approximately one-in-ten U.S. adults are victims of fraud each year, losing billions of dollars annually to criminals through a variety of scams, including natural disaster scams, fake charities, fake prize promotions, and government impostor scams, such as Social Security and Medicare scams.

Researchers and advocates have sought tirelessly to understand the dynamics of financial fraud victimization, helping victims and potential targets feel more informed, equipping them to confidently navigate the fraud landscape, and empowering them to stay one step ahead of scammers. However, while intervention strategies have generally remained the same, fraud tactics continue to evolve in sophistication. New thinking is needed on how to best support the individuals and families repeatedly targeted and victimized by financial frauds and scams. **The drivers behind chronic fraud victimization have remained a mystery.**

In 2020, the FINRA Investor Education Foundation and the AARP Fraud Watch Network engaged Heart+Mind Strategies, a strategic consultancy, to deploy a four-phased study of chronic fraud victimization to uncover evidence-based concepts for effective interventions. The study included a literature review, interviews with subject matter experts, fraud victims and families of victims, and two expert roundtables. For a detailed explanation of the methodology, see page 12.

This report focuses on the problem of chronic fraud victimization and applies the Fogg Behavior Model to help illuminate and address the factors that contribute to victimization. Using this model, in conjunction with detailed interviews with victims and families of victims, we identified points of intervention that could serve to disrupt the cycle of chronic victimization.

THE PROBLEM

SAVVY AND SKILLED SCAMMERS

Scam tactics and strategies constantly shift and evolve. However, extensive research shows that scammers persistently use certain persuasion tactics to lure and sustain their victims.ⁱ In addition to building “trust” and a long term “relationship,” an astute scammer works diligently to:

- Create a heightened emotional state (e.g., playing upon fear, need, excitement, urgency)
- Make a personal connection to identify the emotional trigger of the victim
- Instill fear/make threats
- Build a notion of scarcity
- Entrench themselves into the victims’ personal life and history
- Expose the victim to positive emotional stimuli/hope (e.g., winning a prize, finding love) that engender compliance

These techniques, along with the confluence of technology advancements that have enabled the immediate transfer of funds and telecommunications, which has dramatically reduced the cost of international communication, play a fundamental role in why fraud may be more rampant than ever before.

THE ONE-OFF VICTIM

Savvy scamming techniques explain only one piece of the puzzle; deeply understanding the victim's own reality is another critical piece.

While it is true that anyone can be a victim of fraud, it is also the case that the majority of individuals are likely to detect the fraud or scam attempt and, most of the time, avoid victimization.ⁱⁱ Researchers have discovered, however, that certain situations—such as being faced with a powerful sales pitch while experiencing heightened emotionsⁱⁱⁱ—can create “vulnerable” moments that may make people more susceptible to scams. When a victim is in a heightened emotional state, they are no longer thinking rationally, but, rather, reacting emotionally.

CHRONIC VICTIMS OF FRAUD

While these factors illuminate some of the drivers of victimization by any single fraud attempt, we wanted to explore more deeply the additional drivers that may lead to chronic victimization. What causes a one-time or even two-time victim to continue down a similar path, yet again? Can it simply be explained by masterful fraud techniques and continual retargeting? Or is something more foundational at play?

Hypotheses Associated with Chronic Fraud Victimization

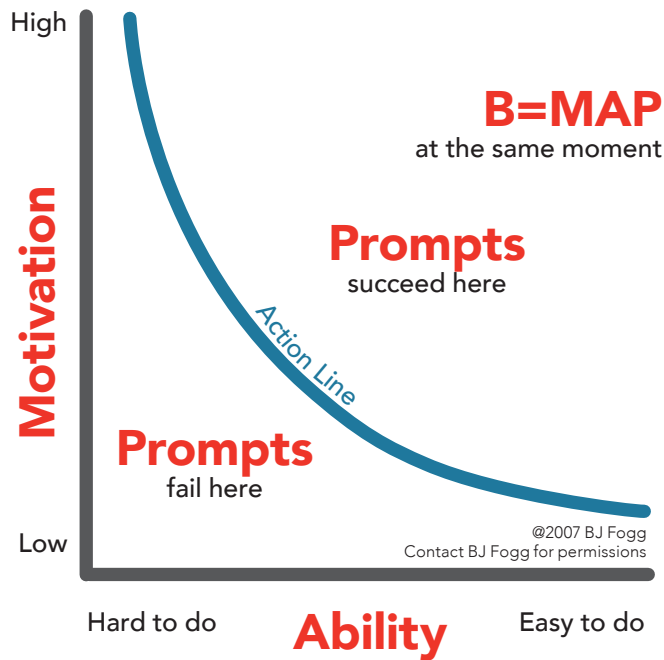
Coming out of our expert interviews, initial workshop, and in-depth literature review, we posited that chronic fraud victims experienced the presence of specific and often more exacerbated situational factors, making repeat victimization more likely. As such, we developed the hypothesis that ***chronic fraud victimization is a consequence of chronic susceptibility due to certain situational factors.***

We developed the following supporting hypotheses:

- Chronic fraud victimization appears to be highly entrenched in the hope that the scam will ultimately work out in the victim's favor, and if it does not, there remains the recurring hope that the next “opportunity” that presents itself will succeed.
- Many victims are in a place where they trust the con more than they do their own family.
- The deeper into the scam a fraud target is, the more challenging it is for the target to escape the scam before becoming a victim.
- Chronic victims often are unaware they are involved in a fraud and, thus, labeling a victim as a victim—much less a chronic victim—may not be consistent with how they have experienced the fraud or view themselves.
- The victim refusing to admit or recognize they are involved in a scam can be a major barrier to successful intervention.
- Unlike addicts, whose experiences we originally hypothesized might be similar to that of chronic victimization, chronic victims are unlikely to be aware of their behaviors and the outcomes of their behaviors; yet, like addicts, some may be driven to fulfill outstanding needs as well as by dysfunctional situational factors.

MODEL FOR UNDERSTANDING CHRONIC FRAUD VICTIMIZATION

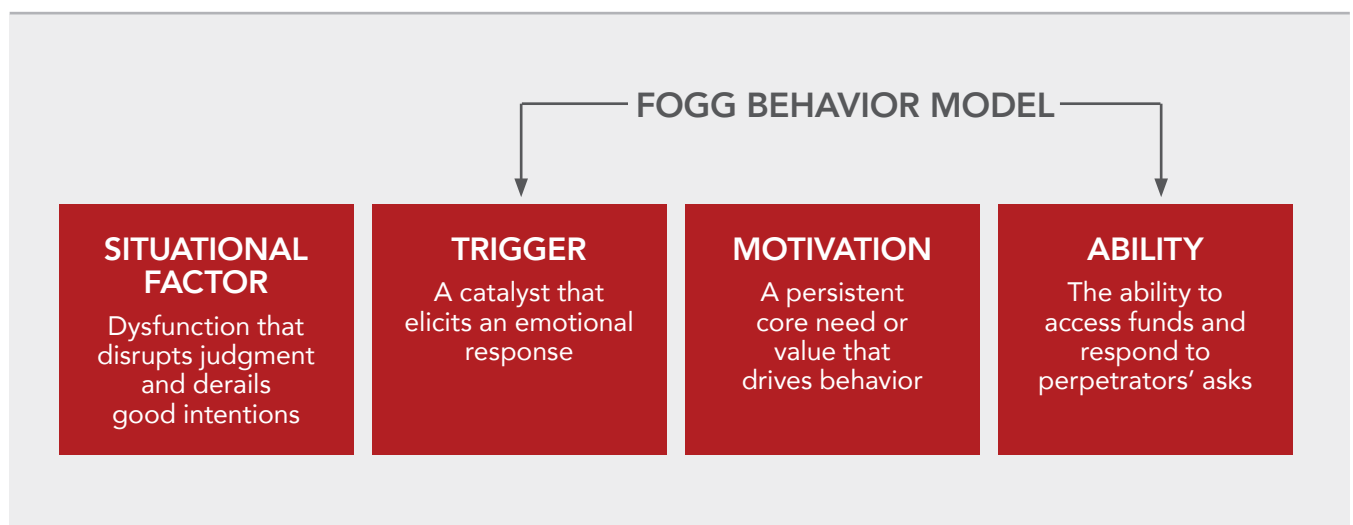
FOGG BEHAVIOR MODEL BehaviorModel.org



Given the impact of potential situational factors on a victim’s behavior, the Fogg Behavior ModelTM provides an excellent platform through which to better understand not only which factors may make a victim susceptible, but how these factors might interplay with other elements of behavior.

The Fogg Behavior Model proposes that every behavior (or action) includes a prompt (or trigger), a motivation (or need), and an ability. According to BJ Fogg, behavior (B) happens when motivation (M), ability (A), and a prompt (P) come together at the same moment (“B=MAP at the same time”).

Based on our research and the resulting belief that dysfunctional situational factors may increase susceptibility to fraud, we adapted the model to include situational factors, which we believe are a key element in repeated fraud victimization, despite a victim’s prior negative experience with scams.



FINDINGS FROM INTERVIEWS OF VICTIMS AND FAMILIES

The model informed our pathway into interviews with chronic fraud victims and families of victims. We leveraged both the model and our early hypotheses seeking to better understand:

1. In what ways are the triggers, motivators, and drivers of ability the same and different between single-instance fraud and chronic fraud victimization?
2. In what ways does situational context influence repeat engagement in fraudulent situations?
3. When and how are interventions the most effective and best received, and who is best suited to facilitate them?

Our research with chronic victims sought to understand the person in life—what a typical day looked like for them, how others might describe them, their personal ecosystem, and what the “story” of their life looks like—in order to add context to who they are as humans, beyond exclusively as victims of fraud. Within this context, we examined their fraud history, looking for situational factors, triggers, motivations, and abilities to identify how each of these factors may have changed or evolved over time. Ultimately, we wanted to better understand the problematic behavior of repeated interactions with financial fraud and scams through the lens of the victims themselves.

THE ROLE OF SITUATIONAL FACTORS

The in-depth interviews with victims and family members of victims supported our core hypothesis about the salient role of situational factors among chronic fraud victims, along with many of the findings from our earlier research:

There is an apparent need for some type of fulfillment, which is the outcome of various situational factors.

For romance scam victims, the fulfillment was likely companionship, exacerbated by feeling rejected or unattached. For sweepstakes scam victims, the fulfillment was a financial windfall to remedy a void of resources and having to do without. While many scammers play upon a victim’s need to feel special, for real estate scam victims, the fulfillment was feeling a sense of status associated with wealth when they might otherwise move through the world feeling invisible and overlooked.

While these dynamics might be applicable for one-off victims, chronic fraud victims experience more intense emotional swings, as the temporary feelings of fulfillment are replaced with lingering feelings of despair once the scam is exposed. This makes the original void much deeper, resulting in heightened vulnerability to future scams.

Quotes from Interviews:

“I was married to a girl that cheated on me and left me for an old man. I lost my wife and my daughter...It’s taken me a while to get over.”

– Kevin (victim of online romance scams)

“He’s an extrovert, loves people, loves people contact, and he’s sort of isolated in his senior years here at home.”

– Anne (wife of victim of sweepstakes scams)

“I know my grandmother had died maybe three years ago, like two and a half or three years ago, and she lived in an assisted living close to my mother. So my mother was her person that made sure she was doing okay and took care of her, and she could live alone and do everything, but my mom would do a lot for her also. And I think that was probably a big loss, obviously.”

– Jennifer (daughter of victim of lottery scams)

These victims are not obviously impulsive, but their need for fulfillment may cause them to take more risks.

They may pride themselves on their thoughtfulness, deliberation, and consideration of the risks. However, they may also feel as though they have played by traditional rules all their lives and have not found the fulfillment they seek or believe they deserve. They may be willing to take a calculated risk because going off script may be what finally changes the game.

- **Chris** (an investment scam victim) has been a custodian for nearly 30 years, invested in himself and his work, but still lives in a modest home in Iowa with his adult son. He is living paycheck to paycheck. Chris felt confident he was doing the right thing, as he had met his scammers in person prior to investing.
- **Anne's** husband (a sweepstakes scam victim) has been a very successful patent-owning scientist but never experienced the riches that he may have expected to come from it.
- **Joyce** (an online romance scam victim) has been open and kind and given her all to various relationships but is petrified of growing old alone (she has no kids).

The likelihood of cognitive decline among older populations is a key, dysfunctional situational factor that should not be underestimated.

Although not applicable to all victims and family members interviewed, some warning signs of cognitive decline seem apparent through behaviors such as consistently pushing away loved ones, doubling down on secrecy, and refusing to entertain alternate explanations of the situation, even after investing (and losing) enormous sums of money. This can become a critical driver of friction within the family, with adult children grieving the loss of the parent they knew, before they have actually passed.

Quotes from Interviews:

"I think what they do is they try to build a relationship with you so that you will believe them, I do believe that. When they're asking me for money, and then they're going to invest, yeah, I become a friend. [X] Properties did a little better job at that. I feel like I connected with them. Like I said, they flew me to New York, I met them. They were real friendly at that point, and were telling me what they were doing, so that seemed legit."

– Chris (victim of investment scams)

"The longer this went on, the more committed he became to showing us why all of us were wrong, that he really had won, and that his dreams for the money, that is educational funds for all the grandchildren, large sums for the charities he had supported throughout his life, and freeing me from worrying about money for the rest of my life. That they really were going to come true."

– Anne (wife of victim of sweepstakes scams)

"They're always sending you cards. They send you these love cards through the Internet and they play a song and how much they love you and you get that all the time, all their texts, all the time. And they want to know everything about you. And you know, I was proud to tell him I own a three-flat. I was proud to tell him that I own a store. And then, like I said, you want to protect them because they say, "Well, I don't want to meet your family and they know I borrowed money from you, that's a real embarrassment." You buy into this. You just buy into whatever they tell you. I'm sorry I did, but I did."

– Joyce (victim of online romance scams)

"My mom's elderly, she's 88 years old, and I manage her two investment portfolios in two different places, and because at this point, she might not make some good decisions."

– Jeff (son of victim of investment frauds)

"She's had this battle in her little community for a long time. She walks her dog and she gets mad that she thinks people are driving too fast. So, she just screams at them like a crazy person, and it's just been a battle for years."

– Jennifer (daughter of victim of lottery scams)

"I just noticed not too long ago, I had to have everything lined up. Everything has to be in perfect order. The chairs have to be right around the table. If I have a thing in the middle of the table, it has to be centered exactly. I'll line up things. I'll be sitting here with my phone and my cigarettes, and I'll find myself, I'll be listening to TV, but I'll be lining everything up."

– Anita (victim of sweepstakes scams)

The perceived or real absence of a system that can hold the scammer accountable, or meaningfully aid a victim or their family to recover money or even dignity, perpetuates a sense of helplessness, shame, and emptiness of what the victim was striving to fulfill in the first place. This creates a cycle of bitterness, estrangement, and depression that is difficult to overcome.

- Victims and families may feel alone in the ordeal. They want support groups. They want to know they are not the only ones anxious to make sense of the violation and sense of injustice.
- There is a fundamental disconnect between the current fraud prevention messaging and the frame of reference chronic fraud victims have when being seduced into a scam. In the early stages of the scam, they are winners, not losers. Over time, they are manipulated into rationalizing that they are safe, further distancing themselves from the mere idea that anything they've heard about the flags of fraud is at all relevant.
- Because many victims keep the scam private – and they do so not out of their own concern, but rather because they want to surprise their loved ones, at least initially – family members rarely have an opportunity to intervene. Once families are made aware, it is often too late. Families' disbelief and confusion about what has happened almost instantly turns adversarial, which can typically and permanently limit communication and joint resolution.

APPLICATION OF THE MODEL ELEMENTS

The interview insights, along with our in-depth review of fraud literature and input from experts in the fields of psychology, addiction, and trauma, helped to illuminate elements of the model, which culminated in the following:

SITUATIONAL FACTORS

Situational factors include the dysfunctional factors or contexts that disrupt and derail good judgment and intentions. We discovered three types of situational factors at play in chronic victimization:

Circumstantially Driven Dynamics:

- Experiencing isolation and loneliness
- Experiencing the loss of spouse
- Experiencing life stressors
- Experiencing mobility issues/reliance on others
- Experiencing financial insecurity

Victim Characteristics:

- Feeling depressed
- Experiencing a lack of a sense of purpose
- Feeling unseen
- Feeling lonely
- Experiencing physical/mental health changes/degradation
- Having a need to atone for past wrongs
- Feeling impulsive, difficulty controlling obsessions
- Overly trusting of others (credulity)
- Lacking knowledge of scams
- Experiencing a history of abuse

Cognitive Biases:

- Outcome bias: judging a decision based on its outcome
- Confirmation bias: listening to information that confirms the preconceptions
- Availability heuristic: overestimating the importance of information that is available
- Anchoring heuristic: relying more heavily on the first piece of information offered
- Blind-spot bias: failing to recognize one's own biases

APPLICATION OF THE MODEL ELEMENTS *(continued)*

TRIGGERS

Triggers kick start the fraud engagement, play upon the situational factors, and elicit an emotional response from the victim.

- Urgent call for help/aid
- Imminent danger of family member/friend/home
- Romantic seduction
- Financial insecurity
- Building trust
- Promising of a windfall
- Establishing a sense of scarcity
- Preying upon the desire to do good

MOTIVATIONS

Motivations are the underlying need, or needs, the fraud target is looking to fulfill, often a direct result of the situational factors.

- Need to be acknowledged
- Need to be cared about
- Need to be approved of/understood
- Need to be helpful
- Need to be loved
- Need to be needed
- Need to be in control
- Need to be important
- Need to leave a legacy
- Need to protect the family

ABILITY

Ability is the capacity of the victim to act on or follow through with a scam, often revolving around the ability to access funds. These include both drivers and barriers to a victim's ability.

Drivers of ability

- Access to funds
- Need for money
- Abundance of time
- Trust
- Cognitive impairment
- Denial
- Changed neural pathways
- Prioritization of near-term goals over long term

Barriers to ability

- Inaccessible money
- Inaccessible to the fraudster
- Others' intervention
- Confusion
- Skepticism, distrust
- Worry about social judgment

DISRUPTING THE CYCLE: OPPORTUNITIES FOR INTERVENTION

Breaking the cycle of chronic fraud victimization may be accomplished by addressing and disrupting one or more of the four elements of the model: situational factor, trigger, motivation, and ability.

Given the persistence of chronic susceptibility in repeat victims, we believe one of the most effective ways to tackle chronic fraud may be to tackle chronic susceptibility. While addressing susceptibility, most apparently by addressing dysfunctional situational factors, is likely the best way to stop fraudulent engagement, it is also the most variant and challenging factor. Managing other factors, like triggers and abilities—which often occur once exposure and engagement has begun—is a much more scalable way to mitigate the success of attempted fraud.

This research study identified an initial set of opportunities within each domain of the model to begin to disempower scammers and empower victims.

SITUATIONAL FACTOR Dysfunction that disrupts judgment and derails good intentions

Address and diagnose the dysfunctional contexts of a victim's life

Situational factors remain the largest and most challenging behavioral and contextual element of the fraud cycle. Addressing these factors head on—for example, by partnering with campaigns such as the “Campaign to End Loneliness” in the United Kingdom, efforts that address other key vulnerabilities, or mental health institutions and counselors—is challenging yet critical.

TRIGGER A catalyst that elicits an emotional response

Interrupt a trigger

While situational factors set the stage for engagement, the trigger elicits the emotional response and activates the victim/scammer relationship. Fraud education is an effective tool, yet many victims or would-be victims do not consider themselves as such, and as a result, do not seek out fraud prevention education or information, and are not receptive to victim-focused messaging. Instead, creating more organic, in-the-moment education, awareness-building, and intervention opportunities, particularly education that occurs at the grassroots level, in the fabric of their daily life, could be more effective. For instance, partnering with people such as clergy, counselors, and bartenders, or locations such as hair salons and churches, is needed to provide the right message and tools to potential or repeat victims.

MOTIVATION A persistent core need or value that drives behavior

Support the needs at play

Like situational factors, needs should be addressed and supported in a way that provides the victim a greater sense of fulfillment outside of the fraud dynamic. These interventions likely center on counseling measures or support group centers. Also, identifying ways to support the maintenance and growth of Villages across the country could play a pivotal role.^v

ABILITY The ability to access funds and respond to perpetrators' asks

Create a buffer between the trigger and the ability & stop the ability

Delay the window between a victim's trigger and his or her ability to act on the fraudulent prompt or set up a buffer window once the behavior has begun. In many cases this means sending or giving money. Some of the most effective intervention points could be at the locations where the financial transactions occur.

The critical role that families can play in preventing chronic fraud victimization should not be overlooked. Opportunities for families to support and empower victims and help prevent further victimization exist at each stage of the model. This includes informing families of warning signs and the dynamics surrounding victim behavior and offering supportive resources after a scam has occurred.

CONCLUSION

While insights around scam tactics and one-off fraud victimization are well documented, this work provides a model for understanding the phenomenon of chronic fraud victimization: one or more persistent **situational factors** that facilitate chronic vulnerability combined with a **trigger, motivation**, and an **ability** to engage with the scammer. This behavior model, built on the Fogg Behavior Model, provides a new lens through which to identify key intervention strategies that could disrupt the cycle at one or more points along the path of chronic victimization.

Preventing chronic fraud victimization is an especially challenging task in the absence of interventions and individualized support. Responding once engagement with the fraud is activated, however, is possible, and a critical way to mitigate chronic victimization and its devastating impact.

Better understanding of the domains of situational factors, triggers, motivations, and ability, which are highly individualized and vast, will require further attention from researchers, clinicians, and policymakers.

ENDNOTES

ⁱDeevy, M., Lucich, S., & Beals, M. (2012). *Scams, schemes and swindles: A review of consumer financial fraud research*. Financial Fraud Research Center. <https://longevity.stanford.edu/wp-content/uploads/2017/01/Scams-Schemes-Swindles-FINAL-On-Website.pdf>.

ⁱⁱDeLiema, M., Fletcher, E., Kieffer, C., Mottola, G., Pessanha, R., & Trumpower, M. (2019). *Exposed to scams: What separates victims from non-victims?* Stanford Center on Longevity, FINRA Investor Education Foundation, & BBB Institute for Marketplace Trust. <https://www.bbb.org/globalassets/local-bbbs/council-113/media/financial-fraud/pdf/ScamTrackerIssueBrief-ExposedToScams-09.12.19.pdf>.

ⁱⁱⁱKircanski, K., Notthoff, N., DeLiema, M., Samanez-Larkin, G. R., Shadel, D., Mottola, G., Carstensen, L. L., & Gotlib, I. H. (2018). Emotional arousal may increase susceptibility to fraud in older and younger adults. *Psychology and Aging*, 33(2), 325–337.

^{iv}Fogg Behavior Model, www.behaviormodel.org, Fogg, B.J.

^vVillages are volunteer-driven nonprofits with the aim of helping older neighbors age in place. Services (transportation, light work around the house, etc.) and social connections are the key offerings (see VtVnetwork.org).

METHODOLOGY

The research and consulting program designed by Heart+Mind was robust, collecting inputs from the comprehensive body of literature on fraud, experts' opinions from both the fields of fraud and other analogous fields, and interviews with chronic victims themselves. The program included:

PHASE 1:

Identifying and converging existing research, analogous fields and cases (e.g. addiction), and early hypotheses around chronic fraud to reframe ways of thinking about chronic fraud, identifying key gaps through which to understand chronic fraud victimization, and set the stage for further exploration and intervention strategies.

- In-depth interviews with AARP & FINRA Foundation internal experts
- Literature review
- 5 interviews with fraud and addictive behavior specialists

PHASE 2:

Convening fraud experts and experts in related fields, e.g. addiction and trauma, in a virtual workshop forum to further explore early hypotheses around chronic fraud victimization, modify and augment thinking, and seek inspiration from other fields around potential novel intervention strategies.

- 13 experts in attendance in a 2-hour long virtual Illumination Lab session, a platform that allows for real-time collaboration, unbiased inputs, and rapid synthesis of ideas.

PHASE 3:

Conducting interviews among chronic fraud victims and family members of other fraud victims to better understand drivers of chronic fraud victimization and the key levers through which to develop novel intervention strategies

- 8 virtual in-depth interviews with victims or family/friends of other fraud victims
- Applications of behavioral science, means-end theory laddering, and systems thinking

PHASE 4:

Reconvening the same experts in a virtual workshop to leverage primary research insights and explore territories for novel intervention strategies.

- 12 experts in a 2-hour long virtual Illumination Lab work session

ABOUT AARP



AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering people 50 and older to choose how they live as they age. With a nationwide presence and nearly 38 million members, AARP strengthens communities and advocates for what matters most to families: health security, financial stability and personal fulfillment. AARP also produces the nation's largest circulation publications: *AARP The Magazine* and *AARP Bulletin*. To learn more, visit aarp.org, aarp.org/espanol or follow @AARP, @AARPenEspanol and @AARPadvocates, @AliadosAdelante on social media.

The AARP Fraud Watch Network is a free resource for all. We equip consumers with up-to-date knowledge to spot and avoid scams, and connect those targeted by scams with our fraud helpline specialists, who provide support and guidance on what to do next. We also advocate at the federal, state, and local levels to enact policy changes that protect consumers and enforce laws. Learn more at aarp.org/fraudwatchnetwork.

ABOUT FINRA AND THE FINRA FOUNDATION



FINRA, the Financial Industry Regulatory Authority, is an independent, not-for-profit organization with a public mission: to protect America's investors by making sure the securities industry operates fairly and honestly. Overseen by the U.S. Securities and Exchange Commission, FINRA writes rules, examines for and enforces compliance with FINRA rules and federal securities laws, registers broker-dealer personnel and offers them education and training, and informs the investing public.

The mission of the FINRA Investor Education Foundation is to empower underserved Americans with the knowledge, skills, and tools necessary for financial success throughout life. Through a combination of research and educational programming, the FINRA Foundation helps Americans build financial stability, invest for life goals, and guard against fraud and financial exploitation. Learn more at finrafoundation.org or follow @FINRAFoundation on social media.

ABOUT HEART+MIND STRATEGIES



Heart+Mind Strategies is a research-based consultancy headquartered in Reston, VA. They deploy teams of researchers working with strategic planners to unpack how humans make decisions in order to strengthen their client's ability to motivate and persuade the hearts and minds of the people that matter most to their success.