



Costliest Elder Fraud Scams Expected to Continue Rapid Growth

SAFE's vision is to eliminate the financial exploitation of older adults through its work as both watchdog and advocate. SAFE strives to use innovative, analytically rigorous techniques to shed new and timely light on elder fraud trends. As part of its ongoing work, SAFE partnered with Good Judgment, a "superforecasting" firm.

How does superforecasting work? Research shows that the aggregation of many independent predictions – the so-called "wisdom of crowds" – can forecast future events better than any one individual's assessment. Operating on this premise, Good Judgment has brought together hundreds of individual predictors on its massive open online forum, and frequently asks them to collectively predict social and geopolitical trends.

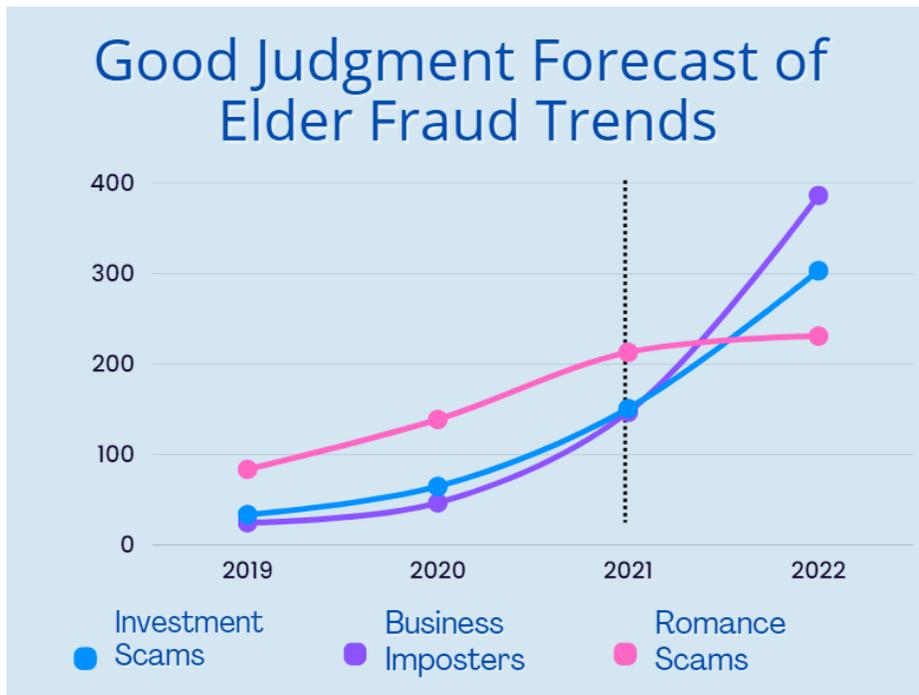
As part of its collaboration with Good Judgment, SAFE asked these forecasters to predict growth trends for the three costliest elder fraud scams, as measured by aggregate monetary loss in the Federal Trade Commission's annual report on Protecting Older Consumers.

Good Judgment opened this prediction forum on December 22, 2022 and held it open through February 11, 2023. A full description of Good Judgment's methods can be found at gjopen.com.

Good Judgment forecasters expressed a high level of confidence that the aggregate reported monetary loss attributable to romance scams,¹ business imposters,² and investment scams³ all would increase between 2021 (the most recent year for which the FTC has reported) and 2022.

According to forecasters, the

losses attributable to business imposters and investment scams are likely to accelerate, while the losses attributable to romance scams will increase but at a slower rate than in past years. In particular, 98% of forecasters predicted investment scams would result in



¹ <https://consumer.ftc.gov/features/romance-scams>

² <https://consumer.ftc.gov/features/pass-it-on/business-impersonator-scams>

³ <https://consumer.ftc.gov/features/investment-scams>

losses of at least \$147M in 2022, with 55% predicting losses between \$304M and \$460M. Similarly, 99% of forecasters predicted business imposter scams would result in losses of at least \$151M in 2022, with 78% predicting losses between \$252M and \$353M. By slight contrast, 95% of forecasters predicted romance scams would exceed \$213M, with 64% predicting losses between \$213M and \$270M. Of note, these predictions suggest that both business imposter and investment scams will surpass romance scams (2021's costliest fraud) in the FTC's 2022-23 report on Protecting Older Consumers.

SAFE regards these results as largely confirmatory of current trends in the fraudulent narratives that fraudsters most often use. SAFE agrees that fraudsters will continue to use these three fraud types in attempts to prey upon older adults. SAFE cautions that while the *rate of increase* in monetary loss attributable to romance scams may slow, romance scams will remain one of the costliest, most prevalent, and most emotionally pernicious forms of elder fraud.

Because prevailing fraudulent narratives are likely to remain broadly constant, SAFE recommends: **Law enforcement agencies and advocates in the aging space should focus their energies on understanding the new and emerging media and other technologies that fraudsters use in perpetrating these common fraud types.** Questions should include whether perpetrators are channeling their outreach to victims through mail, telephone, text, email, chat, or some other media. Questions should also include whether perpetrators have begun to leverage artificial intelligence, automated language translation, or other emerging technologies to enhance the credibility of the underlying narratives.