



THE CON ARTIST'S PLAYBOOK

The Psychology Behind ID Theft,
Fraud & Scams

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AARP

Fraud Watch Network

AARP FRAUD WATCH NETWORK: HELPING YOU GET INSIDE THE MINDS OF SCAMMERS

Fraud is a multi-billion dollar industry with scammers constantly looking for new and ever-more sophisticated ways to steal our personal information and your hard earned money.

What tricks do con artists use to steal your money? How can you outsmart scammers before they strike?

The AARP Fraud Watch Network is working to empower you in the fight against fraud. It puts proven tools and resources right at your fingertips:

- Scam alerts, delivered right to your inbox;
- A scam-tracking map featuring warnings from law enforcement and people in your community who are sharing their experiences so you'll know what to watch out for;
- A phone number you can call to talk to AARP volunteers specially-trained in how to spot and report fraud. The AARP Fraud Watch Network Helpline can be reached at 1-877-908-3360.



The Con-Artist's Playbook is an inside look at how scammers think, so you can protect yourself and your family.

The Con Artist's Playbook was developed based on hundreds of undercover fraud tapes and hours of interviews with victims and con artists. It shines a spotlight on the common strategies scammers use and gives you the tools to defend yourself against their tricks.



AARP: A HISTORY OF SAFEGUARDING AMERICANS' FINANCIAL SECURITY

AARP began more than 60 years ago when its founder, Dr. Ethel Percy Andrus, discovered a retired teacher living in a chicken coop. She was appalled that a woman who worked her whole life couldn't even afford a place to live. She started AARP to protect the financial security of older Americans. Fighting identity theft and fraud is part of that core mission.



HOW CON ARTISTS THINK...

REELING IN VICTIMS

When authorities ask convicted con artists to describe the trick to scamming people out of money, many say the same thing: "Get them under the ether."

WHAT IS ETHER?

Ether is a heightened emotional state that makes it hard to think clearly and make rational decisions. Think about the first time you fell in love. Were you thinking clearly? Probably not.

To induce ether, the con artist will look for ways to move you out of logical thought and into an emotional reaction. For instance, they might ask you about your relationship with your granddaughter or whether you have concerns about running out of money. Once they find something you care about that triggers emotions, they will "throttle up" on that trigger and get you to focus on it until you are in a heightened emotional state.

A con man named "Rocky" worked as a consultant to numerous fraudulent boiler rooms in the 1980s and 1990s (boiler rooms are where con artists gather and together dial for their next victims). Here he describes how he trained other cons to induce ether:

"Ether is a condition that a master closer puts a prospect in by hitting their fear, greed and urgency buttons. I would tell prospects, I wanted to keep the victim up in the altitude of the ether, because once they drop into the valley of logic, I've lost them."

WATCHDOG WARNING

Wait 24 hours for the excitement of a sales pitch to wear off to give you time to check out the company and the product.



ETHER IS A CONDITION THAT A MASTER CLOSER PUTS YOU IN BY HITTING YOUR FEAR, GREED, AND URGENCY BUTTONS.



MAKING THE PERSONAL CONNECTION

Scammers will develop a victim profile by asking a series of personal questions so they can find your emotional trigger.

Jimmy Edwards worked in 30 fraudulent boiler rooms over an 8-year period before finally being arrested and convicted of fraud. Here is how he describes the con artists' use of profiling to scam people.

"The con gathers an arsenal of information by being personable and being friendly. They are making notes: two children, one with a mental illness, one brother lost in Vietnam. They're using all that information to put together their arsenal and profile the person they are on the phone with so they know which buttons to push to bring the emotion up in that person. When I wrap that in tons of emotion, that blurs, the logic goes out the window, the emotion kicks in, now I've endeared you to me, now I'm no longer the predator on the phone, I'm Jim from New York."

Scammers will ask a series of personal questions to help them find a prospect's emotional trigger.

Another con man said, "I would ask the victim questions I had no business asking and they had no business answering." Some examples:

"Let me ask you something. It sounds like you have a wonderful home there. How much is that mortgage each month?"

"If you don't mind my asking, how long has your husband been deceased?"

WATCHDOG WARNING

Never engage a stranger in a dialogue about your personal life. If you feel yourself getting emotionally excited by an offer, stop and wait at least 24 hours to give yourself time for the ether to wear off and to do some due diligence about the company.



PROMISING BIG WINS

Phantom riches are something you want, but can't have. The con artist will dangle that phantom in front of you in order to get your emotion up so you will make an impulsive decision. According to the Financial Industry Regulatory Authority (FINRA), this is one of the most common tactics found in undercover audiotapes of con pitches.

Jeremy Shipman worked in numerous gold coin scam rooms over a 5-year period. He describes the use of phantom riches this way. "We would tell people that gold would absolutely double in value in the next one to two years and that the prospect would be able to rely on it making them far more money than any other investment vehicle."

Phantom riches are something you want, but can't have. The con artist will dangle them in front of you to get your emotion up, in the hopes of triggering an impulsive decision.



WHAT ARE SOME EXAMPLES OF PHANTOM RICHES?

"And the grand prize is \$25,000 in cold, hard cash."

"You are looking at returns that are just astronomical, like 57,000 percent."

"I have a check for you for \$232,000 that I have been holding for over a year now."

"I have some excellent news for you. You came out as the grand prize winner."

"The Florida lottery is up to \$30 million dollars this Saturday night! If you join our club, you will have 4,800 tickets – that's 4,800 chances to win."

Most of these claims come with a requirement to pay a "processing fee" or "taxes" before you can collect.

WATCHDOG WARNING

Whenever you are approached with this kind of a pitch to win large amounts of money, pay attention to your reaction. Does your heart start beating faster? Does sweat form on your forehead? Do you start imagining all the things you could do with the winnings? These are signs of being under the ether. Never decide to buy in this condition. Virtually all lotteries, prizes and sweepstakes offers that require payment to win are scams.

FRAMING THE PITCH

Scarcity is this idea that we have in our heads that if something is rare or scarce, it must be more valuable. So, the con artist will try to paint a picture that what they have to offer is rare or available only for a limited time.

Stephen Michaels owned and operated fraudulent boiler rooms for over 20 years before being arrested by FBI agents at his home early one morning. Here is how he used the scarcity tactic.

“Now John, back in 1860 from the Philadelphia mint, there were 22,625 of these coins minted. Of those 22,000, only four have survived. Only four for God’s sakes, just four remain and are available only from me.”

By claiming that there are only four coins left, he gets you to start panicking that if you don’t buy now, you may never be able to again.



The con artist will try to paint a picture that what they have to offer is rare or available only for a limited time.

OTHER EXAMPLES OF SCARCITY USED IN FRAUD PITCHES:

“There are only 24 hours left before this offer will expire, so you have to act now.”

“You were one of only 17 people selected to win the grand prize.”

“We only have four units left on this investment offer so you need to make a decision soon or you will miss out.”

WATCHDOG WARNING

Whenever you get approached with an offer that is available only for a limited time or is in limited supply, beware! There are very few legitimate offers out there that can’t wait for you to do some due diligence and make a rational decision.

THREATENING FOR MONEY

The use of fear and intimidation is a tactic that has emerged in recent years to badger you into handing over money. It is not uncommon for some con artists from other countries to call a potential victim 50-60 times a day to get them to invest.

Jean Smith was one such victim. Jean received a call from a man in Jamaica who told her she had won the \$7.9 million dollar Jamaican lottery. All she had to do was pay the taxes to collect. Over a 6-month period, this man called Jean hundreds of times and convinced her to wire over \$30,000 in taxes and processing fees to Jamaica. When she finally stopped answering her phone, he left voice mail messages on her answering machine:

“Why you don’t want to pick up the [expl] phone? Pick up the [expl] phone when I am calling you and stop playing games with me. Want me to come over there and set your home on fire?”

The use of fear and intimidation is sometimes used to badger prospects.

WATCHDOG WARNING

If you know someone who is being harassed by con artists or anyone else for that matter, consider calling the police and filing a report. If you are receiving such calls yourself, let the calls go to voice mail and don’t engage. Find out if your phone company can block the caller.



Visit the AARP Fraud Watch Network for tips and other information to help protect against scams.



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