Telemarketing Fraud in a Gated Senior Living Community

Over the last several years, senior citizens have been increasingly victimized by telemarketers whose fraud schemes focus on the elderly. This study examines the victimization among a random sample of residents in a large gated senior living community. Findings reveal that few independent variables were useful in the logistic regression model. Three variables, (believing telemarketers, making friends with telemarketers, and total number of friends), marginally predicted victimization.

Wendy Reiboldt, California State University, Long Beach[1]
Ronald E. Vogel, California State University, Long Beach[2]

Introduction & Background

Telemarketing has been around since the 1920's and the industry has grown into a thriving business, approximately 400 billion dollars per year (Senate, 1993; US House of Representatives, 1993). Unfortunately, there are some telemarketers that are dishonest, and take advantage of consumers. Furthermore, it is the fast growing population of senior citizens on whom many of these unscrupulous telemarketers prey.

There has been much debate about the causes of telemarketing victimization and the elderly. It appears that age alone is not a suitable explanation for why senior citizens are victimized. Other factors such as education, isolation, income, race, loneliness, self reliance, informedness, preference for telephone sales, aggressiveness of sales people, etc. are important in determining susceptibility to fraud. Our review of the literature revealed a mixture of empirical studies and detailed theoretical arguments that seek to explain the victimization of senior citizens.

Methodology & Results

The purpose of this study was to investigate the occurrence of telemarketing fraud in one gated senior living community in Southern California. A survey instrument was administered to a random sample of 371 residents (of 8,197 total residents). A total of 171 usable surveys were analyzed. The dependent variable was Victim (0/1). Independent variables included: a Self Reliant Scale, believing telemarketers, total number of friends, level of isolation, making friends with telemarketers, and level of mobility.

This study used a logistic regression model to examine predictors of telemarketing victimization. The explanatory power of the logistic regression model was fairly weak, but some explanatory power was found in three variables. The results of our study revealed that participants were more likely to have been scammed if they believed and made friends with telemarketers. In terms of number of friends, victims had more friends on average than non victims. More research is needed in this area.

References

U.S. House of Representatives. (1993a, February 4). H.R. 868:Consumer Protection Telemarketing Act (103d Congress, 1st Session). Washington , DC: U.S. Government Printing Office.

U.S. Senate Committee in Commerce, Science and Transportation. (1993, March 18). Telemarketing Fraud and S. 568, The Telemarketing and Consumer Fraud and Abuse Protection Act (103D Congress, 1st Session) Washington DC: U.S. Government Printing Office.

Endnotes
1.   Associate Professor, Department of Family and Consumer Sciences
2.   Professor, Department of Criminal Justice