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California's seniors lost an estimated \$10.9 billion to fraud in 2020

A San Francisco man was bilked out of his \$400,000 retirement savings in a romance scam



SAN FRANCISCO, CA – April 13: Katsumi Iwasaki of San Francisco, who was bilked out of his \$400,000 retirement savings in a romance scam, poses for a portrait inside his home on April 13, 2022, in San Francisco, Calif. (Dai Sugano/Bay Area News Group)



The relationship started on an online dating site. Katsumi Iwasaki was enthralled by a person who claimed to be a US soldier stationed in Damascus, Syria. They quickly fell to emailing “sweet things,” Iwasaki said.

The 81-year-old San Francisco man had been living alone after his partner of 22 years died of lung cancer, and the budding relationship “made me feel like I had a bright future.” After a few months of corresponding in late 2016, the person, who said his name was “James Lopez,” mentioned the gold – \$1 million worth. Lopez needed money to ship a cache from Syria to San Francisco for safekeeping, he said.

“I was lonely and looking for a friend, and whatever James said I think I trusted,” said Iwasaki, who began wiring increasingly large chunks of his retirement savings to Lopez, though the pair had never met. The person claiming to be Lopez promised he would split the gold when he visited San Francisco, said Iwasaki, but neither the gold nor Lopez materialized.

Cases of financial fraud against elders like Iwasaki have been slowly growing since 2016, but when pandemic lockdown measures isolated seniors over 65 from family and friends, reported losses to elder fraud jumped by 30% nationwide in 2020, according to a [Federal Bureau of Investigation report](#).

“We are calling this the perfect storm,” said Glen Fishman, who works for the Institute on Aging’s Elder Abuse Prevention Program in San Francisco, which has seen a “huge increase” in scams against the elderly.

One in 10 seniors fall for a range of scams, according to Comparitech, and most never recoup the losses. Instead, they are left with gaping holes in savings meant to support their golden years. The rise in scams comes as one in three Californian seniors already lack the money to meet their basic needs, according to [UC Berkeley’s Labor Center](#).

The scams range from simple to sophisticated. Targeted for their retirement savings, isolation, and age-related cognitive decline, seniors are romanced by scammers and bilked out of their savings, called by imposters posing as Social Security or Medicare employees to obtain private information, and conned by



For Iwasaki, the relationship began with a few months of emailing, sometimes 18 times a day. Then, over the next year, “James Lopez” convinced him to part with the \$400,000 – in at least 30 wire transfers – that Iwasaki had carefully saved over nearly two decades working as a clerk at a San Francisco law firm.

“I was in love and kind of hypnotized,” said Iwasaki, who would walk to his nearby bank, Citibank, to wire the funds.

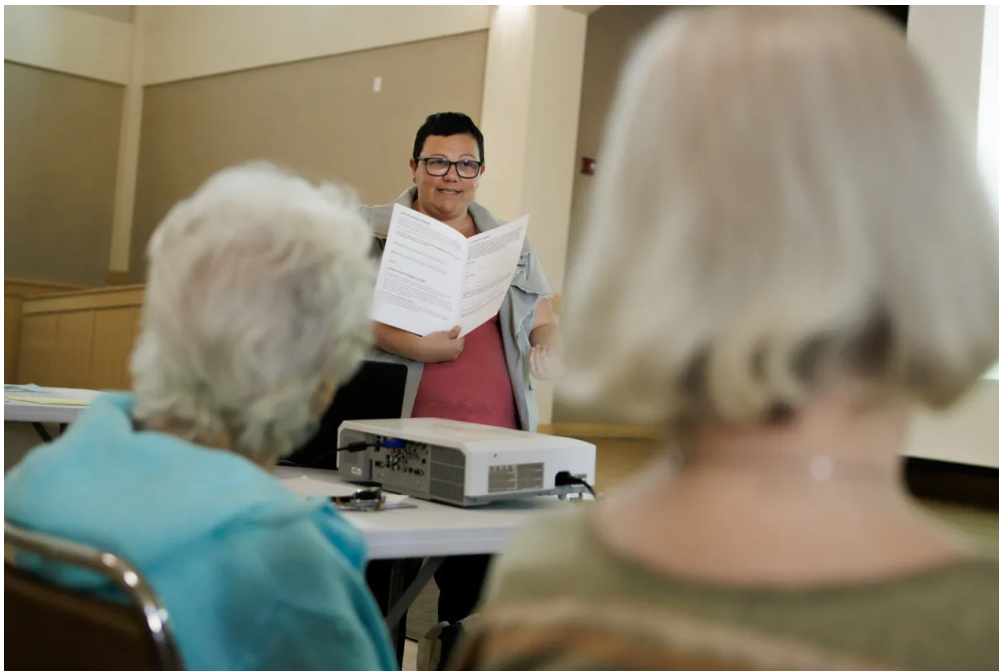
Citibank did not respond to specific questions about Iwasaki’s case. A spokesperson for the bank said in an email they are investigating the matter, writing, “We have seen a growing number of scams from robocalls to internet and email fraud and we are deeply committed to doing our part to protect the most vulnerable in our society from financial fraud.”

[State regulations](#) require bank employees to report suspected financial fraud of clients to Adult Protective Services or law enforcement. Tellers are the first line of defense for isolated seniors because they know their clients’ spending patterns and can spot unusual behavior such as large wire transfers, [according to the US Financial Protection Bureau](#).

There is little data on how often banks report suspected fraud.

When he made his first wire transfer, Iwasaki remembers the bank teller asking if he was sure about sending the money. He said he was. It was the only time he recalls anyone at the bank asking. However, a subsequent wire transfer for \$15,000 was frozen — although it’s not clear why — according to a statement Iwasaki gave to San Francisco police in December 2016 because he believed he was being scammed. The police said they investigated and referred the case to another jurisdiction in the Midwest where they believed the fraud occurred. But Lopez subsequently reassured Iwasaki, who resumed his online relationship and moved more savings out of his account.





LIVERMORE, CA – April 12: Jenny Pardini, community education coordinator for Legal Assistance for Seniors, gives a workshop on advance health care directives on April 12, 2022, at LARPD Senior Services Center in Livermore, Calif. (Dai Sugano/Bay Area News Group)

Kathryn Stebner, an attorney at a San Francisco firm specializing in elder abuse law, has been suing banks for failing to stop elder fraud. But attorneys willing to go head to head with massive financial institutions are rare, said Stebner.

Those who work with victims in the Bay Area say that some are forced out of retirement, move in search of cheaper housing, or even end up on the street.

But because victims are often embarrassed they fell for a scam, worried about losing their independence, or remain unaware of the fraud, only about one in 24 cases are reported, according to a [Cornell University study](#).

“Without (victims’) reporting, we don’t know where to start looking,” said Jenny Pardini, education coordinator for Legal Assistance for Seniors in Alameda County.

Even though Iwasaki’s wire transfers were highly irregular for him, he doesn’t recall his bank, Citibank, law enforcement or Adult Protective Services ever reaching out to him. In hindsight, he wishes there had been more communication.



Iwasaki visited the San Francisco police again in late 2017 to report the scam. About two years later, in January 2020, a federal grand jury in Georgia indicted Thomas Addaquay and Clara Karabani on 14 felony charges that include money laundering, wire fraud, bank fraud, and conspiracy to commit bank and wire fraud. The indictment alleged that the two ran romance scams in 2016 and 2017, using fake names, photos, and elaborate false stories to bilk their victims. The total amount of money involved is not known. Iwasaki has been identified as a victim associated with the case, according to a letter sent from the Department of Justice to Iwasaki.

Addaquay's attorney, Rodney Williams, said Addaquay denies using a fake dating profile under the name of James Lopez "in order to scam a senior out of money." A lawyer for Clara Karabani did not respond to a request for comment. The two are awaiting trial.

Iwasaki ended his correspondence with Lopez in late 2017. But by then, his savings were gone. His landlord gave him a temporary break on rent. Iwasaki's brother sent \$20,000. He got food stamps and is surviving off his social security income.

Confined to a small fixed income for the years to come, the cruise around the Caribbean he had dreamed of taking in his retirement will likely never happen. "There's no way to have such a good time in my life anymore," Iwasaki said.

But what hurt most, he said, was that "he played with my heart."





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