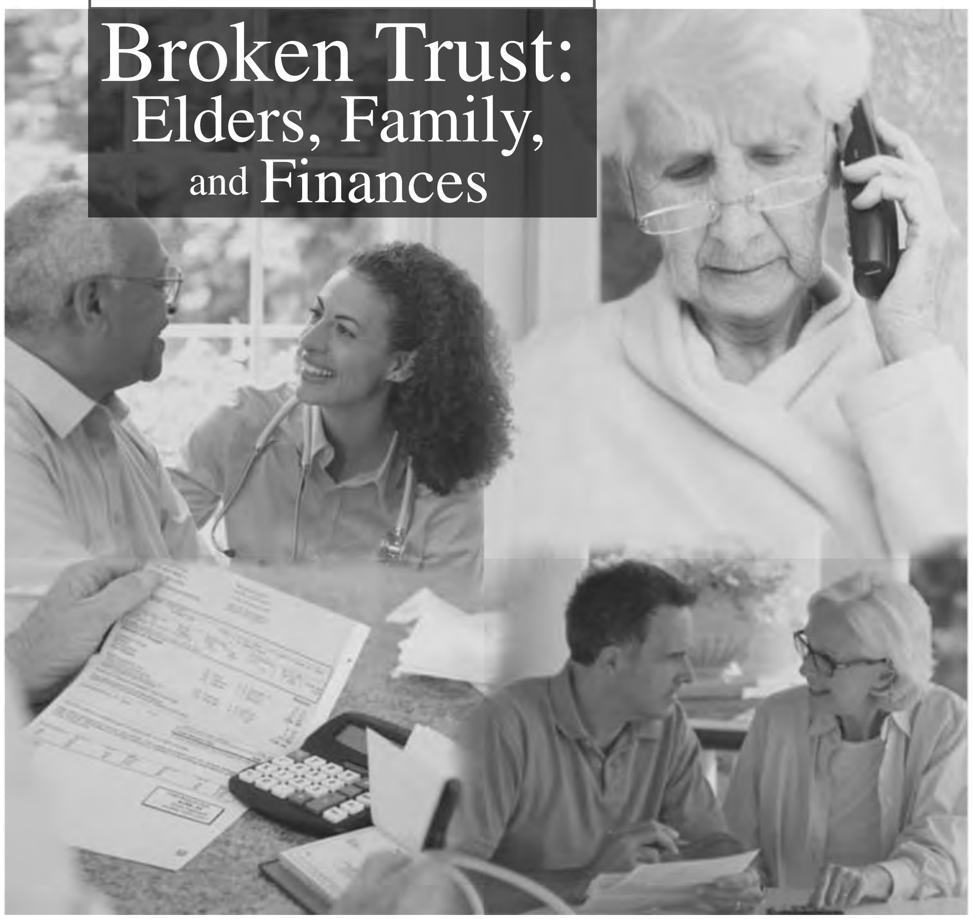
STUDY

Broken Trust: Elders, Family, and Finances



A Study on Elder Financial Abuse Prevention

by the MetLife Mature Market Institute, the National Committee for the Prevention of Elder Abuse, and the Center for Gerontology at Virginia Polytechnic Institute and State University

MARCH 2009

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The National Committee for the Prevention of Elder Abuse (NCPEA)

The NCPEA is an association of researchers, practitioners, educators, and advocates dedicated to protecting the safety, security, and dignity of America's most vulnerable citizens. Established in 1988 to achieve a clearer understanding of abuse and provide direction and leadership to prevent it, the Committee is one of six partners that make up the National Center on Elder Abuse, which is funded by Congress to serve as the nation's clearinghouse on information and materials on abuse and neglect. The mission of NCPEA is to prevent abuse, neglect, and exploitation of older persons and adults with disabilities through research, advocacy, public and professional awareness, interdisciplinary exchange, and coalition building. **www.preventelderabuse.org**

Center for Gerontology at Virginia Polytechnic Institute and State University

Established in 1977-78, the Center for Gerontology serves as the organizational unit and focal point for aging-related research and education activities at Virginia Tech. The Center focuses primarily on three streams of coordinated research that enhance the quality of life of older adults: Family Gerontology, Health and Aging, and Elder Rights. **www.gerontology.vt.edu**

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Executive Summary

This study from the MetLife Mature Market Institute (MMI), the National Committee for the Prevention of Elder Abuse, and the Center for Gerontology at Virginia Polytechnic Institute and State University provides a comprehensive understanding about the extent and implications of elder financial abuse in all its various manifestations—personal, institutional, and societal. Through an extensive review of available information on elder abuse, this research enhances the understanding of the complexities surrounding elder financial abuse, the current magnitude of the issue, reasons why this issue is likely to grow, and some recommendations of ways to potentially mitigate this complex and devastating crime.

While difficult to present any comprehensive or consensus definition of elder financial abuse, this study considers elder financial abuse as "the unauthorized use or illegal taking of funds or property of people aged 60 and older." It is perpetrated by those who gain, and then violate, the trust of an older person. They can be as close as a family member, neighbor, or friend, or as distant as an invisible voice on the telephone or an e-mail from the other side of the globe.

Key Findings:

- While underreported, the annual financial loss by victims of elder financial abuse is estimated to be at least $2.6 billion dollars
- Elders' vulnerabilities and larger net worth make them a prime target for financial abuse
- The increased aging of the population, social changes, and technology advances will lead to a dramatic increase in the opportunity for a growing level of elder financial abuse
- The perpetrators of elder financial abuse are typically not strangers and most are people who have gained the trust of the older individual, including business and service professionals and family members
- The victims of elder financial abuse come from all walks of life, and this type of abuse affects elders regardless of gender, race, or ethnicity

With good reason, financial elder abuse has been characterized by some experts as "the crime of the 21st Century."[1]

–J.F. Wasik, Journalist

Background

It is as old a tale as Shakespeare's *King Lear* and as current as the Internet. It involves older people losing a few precious dollars for everyday living to their entire life savings. It involves millions in increased costs to Medicare and Medicaid because of fraud and the costs of caring for impoverished victims. Based on the research in this study, it robs America's seniors of more than $2.6 billion a year. The 2004 national *Survey of State Adult Protective Services* revealed that victims range in estimated numbers from a low of 100,000 to a high of one million a year. These numbers will undoubtedly grow as the number and economic value of seniors continue to grow.[2]

Elder financial abuse is commonly linked with other forms of abuse and neglect and threatens the health, dignity, and economic security of millions of older Americans.[3-5]

It is estimated to cost Americans tens of billions of dollars annually in health care, social services, investigative and legal costs, and lost income and assets.[6] Elder financial abuse is a problem in every community and among all social strata. It is underrecognized, underreported, and underprosecuted.

The Quad-City Times

Thursday, April 3, 2008

A three-time convicted 70-year-old man told an elderly couple who befriended him that he needed money to receive an inheritance from a deceased family member in England. He showed the couple a document indicating the money was there, and even had someone call them to verify.

The perpetrator visited the couple three days in a row. Each time, the wife signed a check to him. The first was for $11,000. The second was for $5,050. The third was for $3,350. During the fourth visit, about a week later, the swindler accompanied them to a bank, where the couple took out savings and borrowed against a line of credit to give him $17,200. The couple's son learned of the transactions and called the authorities.

The swindler had been previously arrested for securities fraud for taking $300 payments from undercover officers while promising them multi-million-dollar returns on their investments. At that time, he was sentenced to five years in state prison. For his latest crime perpetrated against the elderly couple, he will spend up to ten years in prison.

Methodology

From April through June 2008, leading researchers from the National Committee for the Prevention of Elder Abuse (NCPEA), Dr. Pamela Teaster, Virginia Polytechnic Institute and State University (Virginia Tech), and Dr. Karen Roberto, reviewed all Newsfeed articles from the Administration on Aging's National Center on Elder Abuse (NCEA), collected by the National Association of Adult Protective Services (NAPSA), which tracks media reports daily of elder abuse through Google and Yahoo Alerts (a process that scans billions of Web pages).

This was the first large-scale analysis using this untapped data resource on elder financial abuse on a national basis. The scans identified 357 articles on elder financial abuse of any type from a total of 1,007 articles cited. Of these articles, 266 (75%) reported specific instances of elder financial abuse, victims, and/or perpetrators and formed the basis for additional analysis.

The NCEA's Newsfeed proved to be a valuable resource. Not only did it put a face on the information reported in the primary literature, but most importantly, it provided real-time information on elder financial abuse. Unlike information taken solely from crime statistics or social services reports, which provide only one piece of the puzzle, the Newsfeed captured information from numerous reporting sources. For each of the 266 articles specifically on elder financial abuse, the researchers also collected information on:

- Victim's age, gender
- Perpetrator's age, gender, relationship to victim
- Type of financial abuse
- Frequency of abuse
- Location of abuse
- Amount stolen
- Outcome of each incident

The researchers also searched 12 electronic databases that index academic journals containing primary literature on elder abuse from 1998 through June 2008 (see *Appendix A* on page 35). The search compiled 168 unduplicated articles from journals in the social science, medical, and legal disciplines. At the same time, the researchers conducted a database search of organizational and trade magazines to determine attention given to elder financial abuse by business and private-sector professionals (e.g., bankers, financial planners, insurance agents) who frequently interact with older adults. The search of trade publications published from 2005 to 2008 resulted in 110 unduplicated articles that addressed the issue of elder financial abuse.

As a final source of information, the researchers gathered information about community programs designed to address elder financial abuse. Data on nine specific programs came from the primary literature and the Promising Practice database maintained by the NCEA. Collectively, information from these three sources provided the most up-to-date information available on elder financial abuse and informed our recommendations for continued research and practice on this topic of national importance.

Major Findings

In just the three-month period surveyed, the Newsfeed media reports revealed approximately $396,654,700 in losses from all forms of elder financial abuse. Annualized, this estimates that more than $1.5 billion in losses is reported. However, the actual amount involved is really much higher, as no dollar figure was provided in nearly 40% of the articles. Estimating that the unreported losses are equivalent, the annual loss by victims of elder financial abuse is estimated to be at least $2.6 billion.

Of the 266 articles concerning specific elder financial abuse, business- and industry-related elder financial abuse resulted in the highest losses to victims, followed by Medicare and Medicaid fraud (and that was perpetrated by family, friends, or strangers). The overall dollar amount reported as being taken by families, friends, and strangers was $13,927,600; losses from Medicare and Medicaid fraud totaled $121,388,500, and business and industry fraud totaled $250,152,700.

However, families, friends, neighbors, and caregivers were most frequently involved as perpetrators of elder financial abuse, followed by businesses of varying kinds, and then strangers. Families, friends, neighbors, and caregivers were involved in 55% of the articles; persons not known to the elder and others in 21%; financial professionals of varying types in 18%; and Medicare/Medicaid fraud in 7%.

Furthermore, medical care and other service costs for elder abuse victims are estimated at more than $13 million annually.

Even more than the economic loss, the human costs suffered by victims when taken advantage of by families, friends, and trusted strangers are immeasurable. Simply put, a victim of any kind of elder financial abuse is never the same after it occurs.

What Is Elder Financial Abuse?

According to the National Center on Elder Abuse, elder financial abuse is the illegal taking, misuse, or concealment of funds, property, or assets of a vulnerable elder at risk for harm by another due to changes in physical functioning, mental functioning, or both.

The terminology used in the 2006 Older Americans Act is *exploitation,* defined as "…the fraudulent or otherwise illegal, unauthorized, or improper act or process of an individual, including a caregiver or fiduciary, that uses the resources of an older individual for monetary or personal benefit, profit, or gain, or that results in depriving an older individual of rightful access to, or use of, benefits, resources, belongings, or assets."

For every known case of elder financial abuse, it is estimated that four to five cases may go unreported.[7] Elder financial abuse is also called financial exploitation, misappropriation of funds, and fiduciary, economic, or material abuse. It encompasses a broad range of misconduct,

Herald-Tribune

May 16, 2008

An individual physician is responsible for more than $11 million in medical (Medicare/Medicaid) fraud. He performed unnecessary surgeries on 865 older adults aged 65 and older after reportedly diagnosing them with cancer. In one case, the doctor diagnosed a piece of chewing gum as a cancerous growth when the patient's biopsy tissue was lost.

Despite a finding that tissue slides in his office were not indicative of cancer, he diagnosed virtually every patient who came into his office with cancer, and would perform surgery, removing four or more layers of skin. This allowed him to charge Medicare and Medicaid higher amounts.

including, but not limited to, fraud, scams, undue influence by family members and trusted others, and illegal viatical settlements; abuse of powers of attorney and guardianship; identity theft; Internet "phishing;" failure to fulfill contracted health care services; and Medicare and Medicaid fraud (See *Appendix B* on page 36 for a Glossary of Terms).

Elder financial abuse is regarded as the third most commonly substantiated type of elder abuse, following neglect and emotional/psychological abuse.[8] It occurs in community or institutional settings, accounting for 30%–50% of all forms of elder abuse,[9] and the problem appears to be growing.

Experts and advocates have decried that inadequacies in its definition frustrate attempts to discover, remedy, or prevent the problem as well as to define its causes and its scope. In addition, the justice and social services systems are often inadequately staffed and funded to address elder financial abuse. Even seasoned professionals have difficulty determining whether elder financial abuse actually occurred or if an elder willingly and knowingly made a poor financial decision.

Generally regarded as an issue under state jurisdiction, most states mention financial exploitation in their statutes. However, what constitutes exploitation, who is covered, and who is accountable vary as widely as the solutions for the problem.

Who Experiences Elder Financial Abuse?

Reports from Adult Protective Services (APS) nationally suggest that the "typical" victim of elder financial abuse is between the ages of 70 and 89, white, female, frail, and cognitively impaired.[10] She is trusting of others and may be lonely or isolated. However, professional and trade journals, as well as newspaper articles describing the financial abuse victimization used in this study often yielded descriptions of victims with very diverse profiles (see *Table 1* below). Age breakdown does not necessarily coincide with the number of perpetrators because information was not always provided for both elements.

Specific age was not provided in many cases. General age descriptions included Elderly (94); Senior (14); Older (1); NH/ALF Resident (3); Retirees (1); Estate (1). In some cases gender

Table 1: Victim Profile from Newsfeeds

GENDER		< 60		60–69		70–79		80–89		90–99		>100	
		TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%	TOTAL	%
Male	69	3	4	3	4	8	25	31	39	7	13	0	0
Female	130	0	0	4	3	25	19	39	30	13	10	3	2

was not provided, including Couple (11) and Multiple/Both (53). In the three cases where the male victims were under the age of 60, they were also developmentally disabled.

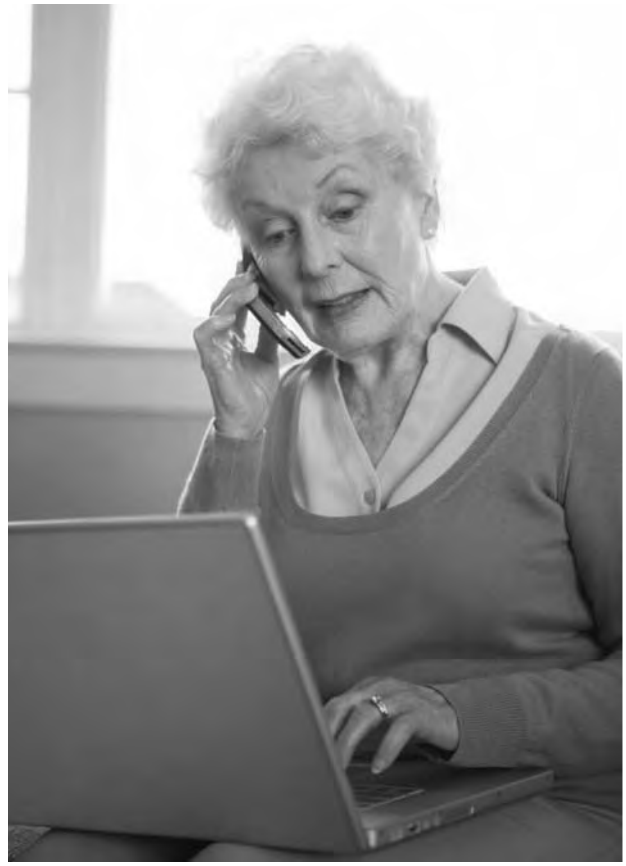
Aging Women: Prime Targets for Elder Financial Abuse

Some sources indicated that women experience elder financial abuse more than men. Since women tend to live longer than men, there are a greater number of older women than older men in the population. In 2006, there were 21.6 million women age 65+ and 15.7 million men age 65+, or a sex ratio of 138 women for every 100 men. The number of females to males increases with age, ranging from 114 for the 65 to 69 age group to a high of 213 for persons 85 and over.[11]

Though certainly not for all, as age advances, some older women experience cognitive decline and increases in instances of chronic disease. Decreased cognitive functioning, in turn, affects their decision-making capacity, leaving them potentially susceptible to people looking to defraud or deceive them.

For example, women in need of some caregiving may experience theft of their valuables or cash by their paid caregiver. The caregiver may intercept the woman's mail, obtain credit card numbers and bank information, and use this information to commit identity theft.

Some women who experience financial abuse may be lonely due to the death of a spouse or partner. When the partner dies, an older woman



may become responsible for household finances for the first time in years or the first time ever. Women unaccustomed to home maintenance may trust a "professional" for home repairs that were never intended to be done or were intended to be done shoddily.

They also may have predictable patterns in their finances and daily routine, such as when and where they go shopping and when monthly checks arrive. Thus, observant perpetrators of financial abuse can predict when an older woman

STLToday.com (St. Charles, LA)

May 30, 2008

An 85-year-old woman was being cared for by a home health aide (age 40). Between August 2005 and March 2008, the aide "borrowed" $80,000, giving different reasons for the loan each time. It was discovered that she had used the money to gamble. She is charged with financial exploitation of the elderly.

Palm Beach Post

May 28, 2008

Imagine being the man whose primary goal in his last year of life was to face in court the woman who had stolen more than $200,000 from him. Sadly, this elderly man died a month after the perpetrator was arrested, and because his wife suffers from dementia, she was unable to testify.

Between October 2006 and her arrest in late 2007, the female caregiver for this man and his wife convinced them that the poor care she was providing was all that was keeping them out of a nursing home. She effectively isolated them from friends and family, and in February 2007, prior to his being admitted to the hospital, the caregiver arranged for the elderly man and his wife, who had dementia, to sign over one-third interest in their home.

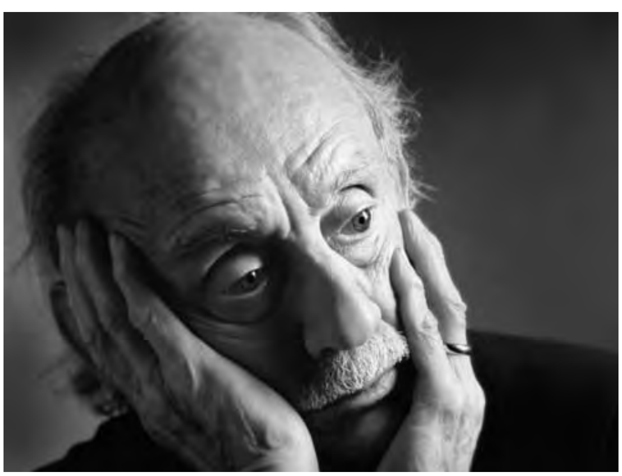
Within two months, she had also gotten them to sign a power of attorney and was posing as their stepdaughter. By the time she was arrested, she had taken out a $150,000 mortgage against the home and run up more than $75,000 in additional credit card debt in the name of the couple (ID theft).

The female caregiver, whose age was not provided, was sentenced to 15 years in prison for elderly exploitation.

will have money on hand or be going to the bank and become the target for a variety of con games and scams.

Women who have not been in a position to make financial decisions may be more trusting in the advice of others, particularly if they are new at seeking financial advice. Women with cognitive problems may be easily influenced by others, especially if that influence increases in intensity and becomes a "hard sell."

Vulnerability to undue influence could lead to a woman changing the beneficiary of a trust or will. It could also induce an agent into changing a power of attorney document. In these situations, she would forfeit her legal rights to another person. Even if this were discovered and reversed, it may prove difficult to impossible to ever recover any assets transferred to the unscrupulous individual.



Embedded in roles as mother and caregiver, women may unwittingly contribute to the dependency of a troubled child who may be posturing to care for them. They may give funds to an errant child who is dependent on the woman for funds for general living, for drugs, or for alcohol. They may enable an adult child who believes that he or she is entitled to the woman's funds. "She would want me to have it" is a common excuse. Women often don't report the financial abuse to protect their children from prosecution.

Aging Men: From "Sweetheart" to Victim

Like older women, older men also experience losses of spouses and friends as they age. Such losses may leave them alone and lonely to the point that they may become unwitting victims of people who seek to befriend them—with the intention of creating a coercive relationship through which he or she gains financially at the expense and lasting emotional anguish of the elderly man.

One type of elder financial abuse that older men seem to be more susceptible to than women is a “Sweetheart Scam” (although women can fall prey to this form of abuse as well). In these cases, an older man experiences the loneliness accompanying the loss of a spouse or partner, and may also be depressed and possibly experiencing some cognitive and physical decline.

The deceased partner may have fulfilled a caregiving role for the man, and so he feels this loss intensely. His adult children want to help him, but they may have other family responsibilities, living some distance away, or also coping with the loss.

A woman, often younger, “befriends” the older man. Filling the void of loneliness, she may insert herself more and more into the man’s life and decision-making. In such a scam, the esteem of the man becomes measured in the ways he lavishes attention on her, the attention manifesting itself in multiple and escalating expenditures for expensive gifts, automobiles, clothes, paying off debt, and signing over wills, trusts, or other legal authority to this new “friend.”

Men may tend to be more risk-taking in making financial investments than women, and so they may be prone to being vulnerable to “professionals” or family members who seek to invest their money by promising unrealistically high returns.[12]

Such financial fraud may take the form of faulty insurance policies, refinancing a home loan, investments in stocks and bonds, and unrealistically rapid investment returns. Telemarketers may involve a man in paying for goods and services never rendered or rendered inadequately. Men are often enticed to provide personal information, thus making it possible for thieves to commit identity theft via the telephone, the front door, or the Internet.

Elder Financial Abuse—An Equal Opportunity Crime Against Elders

Marilyn Moon,[13-14] a researcher with extensive work on elder abuse among persons of different races and ethnicities, indicated that there are differences in how financial abuse is viewed among different ethnic groups.

For example, while African-Americans and Caucasians might regard that taking money from an elder “because she would want me to” or “because I am going to get it all anyway” as unacceptable, while in other cultures, such as that of Korean-Americans, it may be regarded as culturally acceptable. Findings from research to date are mixed and require further study in order to establish definitive trends regarding the extent of elder financial abuse among different cultures.

Prevalence of Elder Financial Abuse

Both researchers and practitioners acknowledge that estimates of elder financial abuse represent only the most overt cases, thus significantly underestimating the incidence of financial abuse of elders living in the community. Even less definitive information is available about the prevalence of financial abuse in residential long-term care settings.

Estimates of the occurrence of elder financial abuse vary considerably. The source of information about this abuse is one reason for the variation, as some estimates are predicated on anecdotal information of what people are seeing and reporting at best, while others are founded on a "sentinel approach" (i.e., purposefully selected reporters) to estimating the size of the problem. For example, the 1996 National Incidence Study conducted by the National Center on Elder Abuse found that elder financial abuse constituted 30.2% of 70,942 substantiated cases of elder abuse.[15] According to reports from the Santa Clara County Financial Abuse Specialist Team (FAST) in California, there may be as many as five million elders financially abused yearly.[16] Reports to authorities of its occurrence range from one report for every four or five cases to one report in 100 instances.

The Perpetrators of Elder Financial Abuse

In the review of NAPSA/NCEA Newsfeeds from April 2008 through June 2008, the media reported a total dollar value of elder financial abuse of approximately $396,654,700, with the largest percentage of cases involving close associates of the victim—families, friends, caregivers, and neighbors—as the perpetrator of the abuse, accounting collectively for almost 40% of reported cases. The largest single category included a variety of financial professionals, attorneys, and fiduciary agents.

Table 2: Perpetrators by Type

PERPETRATOR	TOTAL	PERCENTAGE
Trusted Professionals	48	18.0
Family	45	16.9
Caregiver (non-agency)	29	10.9
Caregiver (agency)	25	9.3
Skilled Nursing Facility/Assisted Living	20	7.5
Medicaid/Medical Fraud	18	6.7
Befriending ("Sweetheart Scam")	15	5.6
Home Repair Scam (includes travelers/handyman)	15	5.6
Stranger	14	5.3
Contractors	12	4.5
Criminal (robbery, burglary, rape, drugs, etc.)	8	3.0
Neighbor—Friend	8	3.0
Con Man	5	1.9
Phone Scam	4	1.5
Total	**266***	**99.8%****

***Does not equal 100 due to rounding.*
Number and percentage distribution of perpetrators of financial abuse—from Newsfeeds April 1, 2008—June 30, 2008 (n=266)
**Note, 266 is the number of cases that provided perpetrator information. Total number of cases was 269; total number of articles addressing elder financial abuse in any form was 357 of total of 1,007 articles.*

Elder Financial Abuse by Family Members

Family members, even more so than strangers, financially exploit their elderly relatives. Although there is no definitive estimate of the number of older adults who experience financial abuse by family members, community service providers and other professionals agree that cases actually reported to authorities represent only the very "tip of the iceberg." Like King Lear, when people in their later years encounter health problems that diminish their physical or cognitive capacities, they usually first turn to family members for assistance and support.

In most situations, family members nobly assume their caregiving role; but in others, family members—sons, daughters, grandchildren, nieces, and nephews—take advantage of the elders' dependencies and become perpetrators of financial abuse. Approximately 60% of substantiated Adult Protective Services (APS) cases of financial abuse involve an adult child, compared to 47% for all other forms of abuse.[17]

The elder's grandchildren and other relatives are almost equally as likely to be perpetrators of financial abuse (9.2% and 9.7%, respectively). In the primary literature, male and female relatives are equally likely to be financial abusers of older adults. However, the media-reported instances revealed that elder financial abuse was 2.5 times more likely to be committed by sons than daughters. Overall, 45 incidents (16.9%) of elder financial abuse described in the media involved immediate relatives. Family perpetrators often misuse their powers of attorney to steal money from bank accounts, obtain credit cards to make unauthorized purchases, and embezzle large sums of money by refinancing the elder's home, among other examples of financial abuse.[18]

It is unknown what factors contribute to the likelihood of family members financially exploiting their elderly relatives, as no rigorous research has been done. Scholars and practitioners speculate that, like perpetrators of other types of elder abuse, family members who exploit their elders are dependent upon them for their own survival (e.g., shelter and finances) and their actions may be influenced by problems with alcohol, drug abuse, and gambling, and many may suffer from antisocial behavior disorders.

Tensions and inequalities between the elder and family member, perhaps stemming from the relative's dependency and mental health issues, enhance the likelihood of financial abuse. For example, an unemployed adult child living in the home of a parent might be more likely to exploit the elder than an adult child with a steady income and their own place of residence, or one generation abused another and then the "abuser role" is reversed.[19]

American Bar Association

ABANet

An American Bar Association report noted an ongoing case where a mother gave her son her power of attorney. The mother then sold her home, moved in with the son, and gave the proceeds to her son to build an addition to the son's house where she could live. The son subsequently claimed that the contractors he paid did not do the work on the house. The son then dropped the mother off at a local hospital and refused to bring her home.

After staying in the hospital for about two and a half months, a nursing home was finally located for placement for her. However, because the mother is now impoverished after giving her assets to her son, Medicaid is taking the position that the transfers to the son were disqualifying for Medicaid coverage eligibility purposes, and the placement may very well become disrupted.

Kansas City Star

June 4, 2008

A case was reported of a 72-year-old woman who was found dead, and whose daughter is charged in her murder. She had moved in with her 55-year-old daughter in 2006, at which time she had more than $40,000 in the bank. At the time her daughter was arrested, there were no funds in the bank, and the conditions under which the older woman had been living made it clear that the money had not been spent on her care. For example, the older woman broke her leg. Her daughter, who is a nurse, treated it by dosing her mother with antibiotics and corn starch, and wrapped the leg in a diaper and taped it, rather than get proper care for the injury.

Some family members also feel a sense of entitlement and believe that they have a right to the money and material goods their parents or older relatives have accumulated. They often start with small crimes, such as stealing jewelry and blank checks, before moving on to larger items or coercing elders to sign over the deeds to their homes, change their wills, or liquidate their assets. They feel justified in taking "advance" control over assets that they perceive to be "almost" or "rightfully" theirs.[20] Relatives may believe they are entitled to "reimbursement" for providing care for the elder, or/and may even take preemptive steps to secure assets to prevent their presumed inheritance from being exhausted to pay for the elder's care and medical bills.

"… Family members also feel a sense of entitlement …"

Table 3: Perpetrator Profile by Age and Gender

	GENDER			
AGE	MALE		FEMALE	
	TOTAL	%	TOTAL	%
<20	6	5.9	1	1.0
20-29	15	13.9	14	14.4
30-39	15	13.9	25	25.7
40-49	33	31.0	30	30.9
50-59	28	25.9	16	16.0
60-69	7	6.0	9	9.0
70-79	3	2.0	2	0.0
80-89	1	0.9	0	0.0
TOTAL	**108**		**97**	

Businesses as Perpetrators of Elder Financial Abuse

Another type of elder financial abuse is often referred to as "commercial" elder abuse. Elderly people can be an easy mark because of their often trusting nature and because swindlers operate under the guise of the trustworthiness of a business as well as a personal trust relationship.[21] Commercial organizations as perpetrators run the gamut of blue-collar crimes, but several types are noteworthy. The research literature has barely quantified this problem, thus much that we know is case-by-case or highly anecdotal in nature.

While elder financial abuse runs the gamut of types and varieties, some common kinds of commercial theft, fraud, and embezzlement include:

- Life and health insurance misrepresentation or theft (single perpetrators or a sophisticated group or ring)
- Predatory lending:
    - False investment claims
    - "Get rich quick" schemes
    - Credit card bailouts
    - Home loan bailouts

- False sales and promises related to annuities, stocks, and bonds
- False banking practices, including account draining or siphoning
- Property purchasing scams
- High-pressure telephone solicitations, especially for charities
- Magazine and book publishers' solicitations
- Internet scams:
    - Social networks
    - E-mail
    - Medications
    - Assistive devices/medical equipment
    - Clothing
    - Make-up and age-reduction remedies
    - Property and information solicitation
- Identity theft, misrepresentation by various industries, claiming must-have information for verification purposes

While the largest number of cases reported involved family, friends, and caregivers, the aggregate dollar amounts lost through commercial elder abuse was the highest. This is typically the case since investment scams and similar forms of financial abuse involve larger sums of money and often hundreds of victims. We have only to look at the headlines of high profile "Ponzi" schemes where many elderly and non-elderly wealthy victims as well as institutions collectively lose millions of dollars to fraud.

The illegal attempts by various industries involving individual perpetrators or sometimes

teams and involving aspects of fraud and abuse listed on pages 14 and 15 are growing in their intricacy to defraud older adults. These forms of commercial elder abuse are increasing in number, perhaps due to greater vigilance in recognition and reporting. More importantly, they are growing in their complexity, potentially resulting in forms of elder financial abuse that will become more difficult to detect and prevent. Combating these varied types of elder financial abuse will take trained investigators and advocates greater time, savvy, and cunning than the ever-proliferating perpetrators. For this reason, specialized legal units, such as those profiled later in this study and those in NCEA's Promising Practices Database,[22] have been established in some larger metropolitan areas.

Elder Financial Abuse by Acquaintances and Strangers[23]

A large proportion of perpetrators are unrelated to their elderly victims. As noted in the primary literature[24] and as is further evident in the Newsfeeds reviewed, perpetrators of elder

Brooklyn Daily Eagle

April 23, 2008

A 92-year-old woman was victimized by her 63-year-old nephew, who was a judge in New York State. The nephew forged a power of attorney and took $163,000 over a period of some months. The perpetrator has pled guilty to the misdemeanor crime of a forged instrument. He must pay the estate back plus interest, waive rights to any inheritance, and resign from the New York State Bar.

The Brooklyn Tab

June 25, 2008

A 68-year-old man with experience in owning a business and making investments was allegedly scammed out of $26,500 by a man who promised him a $500 a week return on his money. Mr. J had hoped to supplement his and his wife's Social Security income with that money. When Mr. J requested a formal written proposal, the alleged perpetrator was unable to provide one.

Mr. J then requested that his money be returned. This resulted in getting "every excuse in the book" from the alleged perpetrator, but no check. Finally an attorney was retained, a check was provided, but it bounced. Mr. J still has not received his $26,500, nor has he received a $500 a week return on it.

financial abuse include neighbors, apartment managers, home health aides, ministers, those with power of attorney, and guardians.

They initially extended helping hands to the elders and gradually are overcome by greed; contractors and handymen who ripped off the elders with bogus charges; phony financial planners and professional con artists who provided "free" services for elders to gain their trust and then defrauded them later; and others who befriended the elders to take advantage of them.

One trait perpetrators of elder financial abuse have in common is that they exhibit excellent persuasion skills. They are very good at cultivating relationships and convincing older adults that they are worthy of their trust and money. In general, perpetrators are not bound by conventional norms or business ethics, and rationalize their criminal and abusive behavior.

The *Sarasota Herald Tribune* (June 12, 2008) estimated that since 2000, southwest Florida elders alone have lost at least $350 million to swindlers. Individuals involved in exploiting older adults may use "undue influence"—the substitution of one person's will for the true desires of another.[25] In these cases, the perpetrator uses his or her role and power to exploit the trust, dependency, or fear to gain psychological control over the older adult's decision-making, usually for financial gain.

Some are career professionals in the business of defrauding others, while others are initially in a position of trust who apparently are overcome by greed. They encourage their elderly victims to make an immediate decision or commitment to purchase products or services, which effectively limits the opportunity for consultation with others.

As the elderly population grows, so too does their presence on the Internet. The Federal Trade Commission reported that in 2004, elders who filed complaints about Internet fraud each lost an average of $1,280 to individuals and businesses operating Internet scams.[26] Common Internet scams used with older adults are "phishing" and identity theft. Using carefully crafted e-mail messages that appear to be from legitimate and reputable banks, companies, and government agencies, the perpetrators often use scare tactics such as threats of account closures to lure in their elderly victims.

As the newest demographic to venture in cyberspace, older adults are generally least educated about the dangers and intricacies of phishing and other fraudulent practices.[27-28]

> *"Elder financial abuse is a crime growing in intensity and, especially now, with the plummeting economy, elders will be unable to recover from such losses."*
>
> –Pamela Teaster, President, National Committee for the Prevention of Elder Abuse

"Approximately 60% of substantiated Adult Protective Services (APS) cases of financial abuse involve an adult child, compared to 47% for all other forms of abuse."

Table 4: Relationship of Perpetrator to Victim

NON-INSTITUTIONAL PERPETRATORS

Family: including "fictive kin" (i.e., non-relatives considered to be "like" family), son/daughter, grandson/granddaughter, niece/nephew, and other relatives

Family, Caregivers, and Friends		**82**
Family		45
Son	18	
Daughter	7	
Nephew/Niece	7	
Granddaughter/Grandson	6	
Other Relatives	6	
Fictive Kin	1	
Caregiver (non-agency)		29
Neighbor/Friend		8
Others		**65**
Befriended ("Sweetheart Scam")	15	
Stranger	14	
Contractors	12	
Handyman/Chores/Caretaker	9	
Con Man	5	
Home Repair Scam	4	
Phone Scams	4	
"Travelers"	2	
Criminal		**8**
Robber/Burglar	4	
Transient	2	
Serial Rapist	1	
Drugs	1	

INSTITUTIONAL PERPETRATORS

Trusted Professionals		**48**
Financial	33	
Attorneys/Paralegal	11	
Pastor/Minister	2	
Executors/Trustees	1	
CPA	1	
Other		**63**
Caregiver (agency/facility)	25	
SNF/ALF/Personal Care Home Owner/Operator/Business Manager	20	
Medicare/Medicaid Fraud	15	
Health Care Fraud	1	
Hearing Aid Business	1	
Therapist	1	

Growing Problem of Elder Financial Abuse

Although elder financial abuse has been poorly understood, there are some compelling reasons to believe its occurrence has increased over the past ten years[29] due to the following:

More Elders in the Population Means More Potential for Elder Financial Abuse

The population of elders generally is increasing, as ours is an aging society. In 1900, adults aged 60 and older constituted about 6% of the population.[30] In 2006, elders aged 60 and older comprised almost 17% of the population.[31] By 2030, elders 60 years of age and older will comprise nearly 25% of the U.S. population.[32]

Older Americans Have the Lion's Share of the Money, and Therefore Are the Obvious Target for Predators Looking for Financial Gains

The older population owns the largest proportion of wealth in the U.S. People over 50 years of age control at least 70% of the net worth of the nation's households.[33] Many elders do not realize the value of their assets, such as their homes that may have appreciated markedly since purchased decades ago.

Diminished Cognitive Abilities Create Greater Vulnerability to Elder Financial Abuse

While the aging population overall is growing, the oldest-old (those aged 85+) are the fastest growing segment of the older population. For many, with advanced age come changes in physical and mental functioning. For those with decreased abilities, decision-making capacity may be compromised, and they thus may fall prey to elder financial abuse without fully understanding the situation. To illustrate, the prevalence of dementia in those 75 and older is 16%,[34] and for those 80 and older, it is 30%. Changes in cognitive abilities make elders dependent on others for help. These "helpers" may have access to homes and assets, and may exercise significant influence over the elder.

Changes in Families Alter Responsibility and Oversight for Providing Care, Which Increases the Potential for Elder Financial Abuse

Families still provide the bulk of care for elders, although they look far different than they did in previous generations. More than half of women (59% in 2007[35]) are in the workforce and are thus unable to be the sole providers of care for elders in their homes. The family structure, and thus perceptions of who is responsible to provide care, are altered due to divorce, alternate living arrangements, and step-families. There are approximately 3.3 million long-distance caregivers and their number is expected to

double over the next 15 years.[36] Non-family members, paid and unpaid, are providing more care as well.

Recognizing Diversity Within and Across Cultures Is Necessary for Implementing Effective Prevention, Investigation, and Intervention Efforts

Due to a rapidly increasing population of different races and ethnicities, perceptions of the problem are as different as its remedies.

For example, what one culture considers elder financial abuse may not be the belief of another, which also affects when it is acceptable and who is acceptable to involve in intervention strategies.

Artful and Designing Ways to Financially Abuse Elders Are Increasingly Varied

Technologies such as the Internet are opening up new and "creative" ways to financially abuse elders. Increasingly, an elder's identity is universally available to others through online purchases, Internet dating, and virtual social networks. Systems to address the problem have not caught up with its growing variety and complexity, such as the growing instances of Internet-based fraud of older consumers.[37]

Houston Chronicle

June 9, 2008

More than 80 older adults of various ages were the victims of securities fraud perpetrated by an attorney over an extended period of time. The amount of money involved was over $10 million, and the attorney asked for probation at his sentencing hearing. He was sentenced to 20 years in prison.

Restitution for a portion of the amount taken was realized by selling his assets, and victims were reimbursed on a pro-rata basis. When he has completed his sentence, he must pay nearly $4 million additional in restitution.

"The older population owns the largest proportion of wealth in the U.S. People over 50 years of age control at least 70% of the net worth of the nation's households."

Aging and Susceptibility to Elder Financial Abuse

There are several reasons why members of the aging population are tempting targets to perpetrators of elder financial abuse. First, the majority of older adults, from the fittest to the frailest, are homeowners. They are often "home alone" within the fast-paced, multi-generational communities in which they live, exposing them to unscrupulous vendors, scam artists, and telemarketers who prey upon innocent individuals who are eager to live out their lives in familiar and comfortable surroundings.

For example, the tendency of fraudulent telephone salespersons to prey on older adults is high, with more than 50% of victims of telemarketing scams being age 50 or older. Elders, who often end up on the "mooch list" of crooked telemarketers, frequently are victimized over and over again. By one FBI estimate,[38] scam artists are bilking older adults out of more than $500 million per year.

The accumulated wealth of the current generation of elders also places them at risk for abuse. They usually have income from Social Security and employer pensions, IRA, or 401(k) savings investments, and, if they are widows/widowers, the proceeds of their late spouse's life insurance. They worry that they will outlive their money and be forced to rely on their children for financial support.

These exploitative phony investment schemes are aware of these fears and often troll for elders with financial means by visiting churches, country clubs, or senior centers. They develop a relationship with them to win their confidence by performing legitimate services, such as tax preparation or financial planning, before pitching a fraudulent investment. Common sense dictates that individuals with great financial resources are highly attractive to family members and others seeking to take large sums of money.

Nevertheless, people with limited means are also at risk of elder financial abuse. The National Elder Abuse Incidence study[39] found that nearly one-half (46%) of elder victims of financial abuse had incomes between $5,000 and $9,999, while just under a third (30%) were those whose incomes fell between $10,000 and $14,999.

Anyone can be a victim of elder financial abuse, but older adults who are socially isolated are also especially vulnerable because they are less likely and able to seek advice before making an important financial decision. In addition, because the sales solicitation itself addresses a need for social interaction on the part of the elderly victim, they may feel obligated to be friendly or compliant in return.

If the older adult appears hesitant to engage in the transaction, the perpetrators have an endless supply of rebuttals for any excuse the victim offers, and can have an aggressive style that intimidates them into complying. These tactics are effective primarily because of their appeal to natural human desires to feel special, to find a bargain, and to please someone else.

Balancing Autonomy and Protection: Understanding the Complexities of Elder Financial Abuse

All adults have the inherent autonomy and freedom to make decisions regarding their personal affairs, resources, care, and services that others might not choose for them. By the same token, elders have the right to be free from abuse, neglect, and financial exploitation. This often delicate balance challenges both identification of potential abuse and successful prevention and prosecution when it does occur.

Scholars, practitioners, and policymakers are all grappling with often complex legal, financial, medical, and familial issues surrounding elder financial abuse. As a result, information about, and documentation of, the problem and practices to prevent and alleviate such abuse are scattered across multiple disciplines and sources. The resulting absence of a comprehensive knowledge base impedes the development of preventive practices, interventions, and policies that strive to eliminate elder financial abuse and maximize individual autonomy and quality of life of older adults.

The Tip of the Iceberg: Why Victims Do Not Report

A significant reason for the underestimation of the occurrence of elder financial abuse is the victims themselves do not report elder financial abuse for a variety of reasons. Among the multitude of reasons uncovered, the victims:

- Do not want government interference in their personal lives
- Do not want their adult child or other family member going to jail or facing public embarrassment
- Feel responsible for what has happened
- Do not realize that they have been financially abused
- Believe financial abuse is a consequence of "doing business" or taking risks
- Fear that they will be placed in a nursing home or other facility
- Do not think anyone will really help them, even if they expose the abuse
- Worry that the perpetrator might harm them even more
- Think resolution will come too late to be of any good
- Believe they will lose even more money to costs of pursuing the financial abuse

Financial and other professionals who deal with elders generally feel a responsibility to help protect their elderly clients from harm or abuse of any kind. However, they often fail to get involved when they suspect elder financial abuse because they:

- Do not know if they are mandated reporters in some states
- Do not want to compromise professional relationships (confidentiality vs. mandatory reporting)
- Are not clear who their client is (older adult or their family members)
- Are not able to determine the actual mental capacity of their older clients, a determination that affects decisions made by them and on their behalf
- Want to avoid adverse publicity to themselves and their organizations
- Do not understand business ethics and practices in relation to elder financial abuse
- Do not want to incriminate a fellow professional
- Want to avoid involvement in a criminal investigation and potential lawsuit

Identifying the Problem: Leading Signs of Elder Financial Abuse

Certain warning signs indicate if older adults are experiencing financial abuse.

- **Unusual degree of fear or submissiveness to caregiver**

  Example: An elder cowers in front of a caregiver or begins trembling or crying when the caregiver discusses finances.

- **Isolation from family, friends, community, and other stable relationships**

  Example: The older person is never alone or permitted to discuss finances without the caregiver also present.

- **Signs of intimidation and threat by another**

  Example: The older person never looks at people directly or averts their gaze.

- **Withdrawn behavior or disheveled appearance**

  Example: The older person tries to avoid talking with others, especially when asked to respond to something specific.

- **Missed appointments, uncharacteristic nonpayment for services**

  Example: The older person, previously prompt and reliable, does not show up for medical appointments or "forgets" to pay bills.

- **Anxiety about personal finances**

  Example: The older person worries a lot about how she will ever pay a bill or have enough to eat.

- **Lack of knowledge about financial status**

  Example: The older person seems unaware of his money.

- **New "best friends"**

  Example: The older person seems surprisingly or unseemly close and attentive to someone he has just met.

- **Missing belongings or property**

  Example: Glasses, clothes, dentures, money, or all of these are gone. The elder is dismissed as "forgetful."

- **Significant changes in spending patterns**

  Example: The older adult purchases an expensive car even though she has not driven in the past year.

- **Makes sudden changes regarding financial management**

  Example: Power of attorney for financial matters is suddenly changed from a long-time friend to a new person—family member or stranger.

In addition to the behaviors of the elders, there are also notable signs exhibited by family members or others who befriend older adults and engage in elder financial abuse. For example, they frequently:

- Develop a close bond and exert influence over the older person's decisions
- Make false promises or withhold information from the older person
- Show excessive interest in the older person's assets
- Demonstrate excessive control of the older person
- Suddenly acquire expensive possessions
- Control phone use and prevent others from accessing the older person
- Exhibit defensiveness or hostility during appointments or on the phone
- Are reluctant to leave the side of the older person during appointments

Recognizing these warning signs can be a very effective tool in early intervention and prevention of further financial abuse.

"One trait perpetrators of elder financial abuse have in common is that they exhibit excellent persuasion skills. They are very good at cultivating relationships and convincing older adults that they are worthy of their trust and money. In general, perpetrators are not bound by conventional norms or business ethics, and rationalize their criminal and abusive behavior."

Lasting Impact of Elder Financial Abuse

Perhaps elder financial abuse has received limited attention, both in the popular press and in the research literature, because it is not regarded as visible, life-threatening, or newsworthy as is the physical or sexual abuse of elders. Still, elder financial abuse affects elders and their families in significant and long-lasting ways by putting enormous emotional duress on the elder, increasing their risk of depression, decreasing their quality of life, and increasing unnecessary institutionalization.[40]

A National Institute of Justice study revealed that 20% of victims suffered financial or credit problems, with 14% subsequently suffering health effects.[41] Some scholars contend that the impact of elder financial abuse has the same effect as being a victim of a violent crime, reporting that at least one victim likened this kind of abuse to being raped. If restitution is offered for elder financial abuse, it may come too late to be of any help to an elder, who may well have passed away before any ever reaches him or her.

Elder financial abuse can impact an elder by eradicating nearly all of his or her financial resources. Unlike younger people, an older adult will have little to no ability to recoup these losses over time. Also, even if the courts order restitution, it may take years to receive it, and the victim may well pass away before it ever reaches him or her. Victims may even be murdered by perpetrators who just want their funds and see them as an easy mark.

Loss of finances limits choices in health care and other services. They may be unable to afford needed medications. Restricted choices can reduce or completely destroy an elder's independence. Moreover, such losses can result in shame, guilt, or general mistrust escalating into paranoia or depression. Untreated or undetected depression can cause death by passive or active suicide.[42-43]

Addressing Elder Financial Abuse

Industry and Professional Efforts

Analysis of articles in the trade journals reviewed in this research indicated that the financial industry is also regulating and sanctioning itself, as well as educating its own members and older adults about recognizing and preventing elder financial abuse. Industry professionals and organizations who are taking a lead role include:

- **Attorneys**, especially attorneys specializing in elder law (24 articles)
- **Government entities**, including the Securities Exchange Commission, Federal Trade Commission, the U.S. Postal Service, and other federal state regulators (25 articles)
- **Financial institutions**, including banks, insurance companies, credit unions, and investment firms (21 articles)
- **Financial professionals**, such as CPAs, financial advisors, and brokers (11 articles)
- **Health care facilities**, including nursing homes (10 articles)

Financial services companies have been working closely with the Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA), and the North American Securities Administration Association (NASAA). In 2008, financial services companies and agencies participated in the third annual "Seniors Summit" to further examine and refine how financial services companies and regulators can coordinate efforts to protect older consumers from investment fraud and financial abuse.

These include collaborative efforts to expand consumer and professional education, improved corporate policies and procedures, and more focused compliance policies and monitoring.[44]

Because the investment, banking, and insurance industries are highly regulated, considerable attention and resources are focused on compliance with regulatory and ethical considerations in dealing with consumers. In 2005, the securities industry alone was estimated to have spent $25.5 billion on staffing, training, and policies and procedures for compliance with fiduciary and regulatory mandates.[45]

Within the insurance industry, a 2006 survey found that 62% of companies were anticipating changes and improvements to their compliance programs. Their efforts included strengthening and/or adding to their monitoring and surveillance efforts (39%); enhancing their training and communication programs (28%); and adding staff (11%). Other activities include strengthening the company-wide compliance culture, product suitability guidelines, and better defining compliance issues throughout the organization.[46]

Governmental Efforts

The U.S. Senate Special Aging Committee addressed elder financial abuse through a series of Committee hearings held between June 2001 and May 2006. Testimony was provided by federal and state agency officials, criminal justice representatives, state attorneys general, representatives from the financial sector, consumer organizations, academic institutions, and victims and perpetrators of elder financial abuse.

According to U.S. Senate sources[47] and the National Elder Abuse Incidence Study,[48] only 16% of all elder abuse cases are reported and 30% of all reported cases involve financial abuse, a number close to the incidence of news reports involving elder financial abuse found in this study.

The U.S. Senate Committee on Aging[49] reported that nearly 40% of America's seniors rank fear of fraud ahead of their concern for health care and the crisis attendant to it and even higher than terrorism. In all, Americans in general are estimated to lose $40 billion per year to telemarketing fraud and over $50 billion to identity theft.

Additionally, a 2002 press release from the U.S. Special Committee on Aging cited Privacy Rights Clearinghouse estimates that over 700,000 Americans are victims of identity theft each year, with several thousand being elders. Reported incidents among those aged 60 years and older skyrocketed by 218% from 1,821 victims to 5,802 victims between 2000 and 2001.

As recently as February 2008, the Senate Committee on Finance held hearings regarding marketing by Medicare Advantage private plans, with observations that the sale of Medicare benefits by private plans "has been aggressive at best" and at other times "abusive or downright fraudulent."

A National Association of Insurance Commissioners survey of states revealed 39 states with complaints about misrepresentations by insurance agents or companies marketing Medicare products and 22 states reporting fraudulent activity. Other testimony included reports of "hard sell" techniques, inaccurate statements, and misrepresentation on the part of salespeople regarding private Medicare Advantage plans.

One of the most important actions related to elder financial abuse is the Elder Justice Act (EJA), the first federal effort to address this issue. First introduced in the 108th Congress in 2002, its purpose is to increase awareness and knowledge of elder abuse, neglect, and exploitation at the national level, train individuals from various disciplines on these issues, combat elder abuse, and prosecute cases of elder abuse where appropriate. The Act was reintroduced in 2005 and again in 2007. If passed, the EJA will be the first bill to specifically state that it is the right of older adults to be free of abuse, neglect, and exploitation. It will provide federal resources that would work against elder abuse and prevent other older individuals from such abuses in the future.

The 2007 EJA (S. 1070) makes provisions for an Elder Justice Coordinating Council to coordinate various activities related to elder justice at federal, state, and community levels and for both private and not-for-profit entities; secures federal funding for Adult Protective Services and long-term funding for research; provides grants to establish and operate stationary and mobile forensic centers; and creates safer long-term care settings.

Other efforts at the federal level include White House Conferences on Aging (WHCoA) and the Older Americans Act (OAA). At the most recent WHCoA, held in 2005, elder abuse gained considerable visibility, with a recommendation that stressed the creation of a national strategy for the promotion of elder justice through the prevention and prosecution of elder abuse.

Title VII of the Act provides statutory authority and funds distributed by formulas allocated to states to prevent elder abuse, neglect, and exploitation.

Finally, at the federal level, the National Center on Elder Abuse is the premier national resource on elder abuse, neglect, and exploitation. The National Committee for the Prevention of Elder Abuse is one of its partner organizations and focuses on research, advocacy, and education related to preventing and intervening in elder abuse.

States Respond to Elder Financial Abuse

A tool to fight elder financial abuse is State Medicaid Fraud Control Units (MFCUs), whose mission is to investigate and prosecute Medicaid provider fraud and patient abuse and neglect. Most Units are located in Offices of State Attorneys General. In fiscal year 2007, MFCUs recovered more than $1.1 billion in court-ordered restitution, fines, civil settlements and penalties, and obtained 1,205 convictions.[50]

Examples of Promising Local Practices

- One of the first efforts to specifically address elder financial abuse was through the establishment of a Financial Abuse Specialist Team (FAST). Begun in 1993 in Los Angeles, FAST provides expert consultation and training to protective services and other practitioners in cases of elder financial abuse. The team includes members from social services, law enforcement, elder law attorneys, health care professionals and banks. Since 1993, other FASTs have proliferated, both in California and in other states.
- Part of the NCEA's mission is to disseminate information on promising practices related to elder abuse. At this time, the latest iteration of this database includes at least nine programs on elder financial abuse.
- Representing combinations of industry and social services is AARP ElderWatch in Colorado. Founded in 2002, it is a training program for recognizing financial exploitation of elders. The program includes a Web site; a complaint call center that alerts law enforcement, seniors, and banks of financial scams; and a pocket guide for law enforcement on elder abuse. Members include AARP, Attorneys General, Better Business Bureaus, Sheriffs, and TeleSynthesis, Inc.
- In Delaware, at least two programs specifically address elder financial abuse. The Delaware Money Management Program offers money management services to help low-income seniors and adults with physical disabilities who have difficulty budgeting, paying routine bills, and keeping track of financial matters. Its membership includes AARP and the Delaware Division of Services for the Aging and Adults with Physical Disabilities. Another program in Delaware is the Delaware Elder Abuse and Exploitation Project, a law enforcement project utilizing multi-dimensional inter-agency cooperation to prevent and prosecute crimes against elders.
- Missourians Stopping Adult Financial Exploitation (MOSAFE) has developed training packages for frontline financial institution personnel, building on a training package from the Oregon Bankers Association. Materials educate staff to recognize and report possible financial exploitation of vulnerable adults. Its membership includes AARP, the Attorney General, Banker's Association, Alliance of AAAs, Association of Public Administrators, Credit Union Association, Independent Bankers Association, Lt. Governor, Police Chiefs Association, and the Sheriff's Association.
- Harry and Jeanette Weinberg Center for Elder Abuse Prevention at the Hebrew Home for the Aged at Riverdale (in New York State) is the first comprehensive elder abuse shelter in the United States. Using the Home's full continuum of care and staff expertise, community network, and collaborative affiliations, the Center uses a coordinated system of crisis intervention, residential and community based services, training, and community awareness programs to provide a wide range of services for victims of elder abuse and neglect. The Center has successfully developed a methodology for identifying and intervening in financial abuse of older adults.

  The Hebrew Home has found that financial abuse occurs in over 60% of the legitimate elder abuse cases it has investigated. Even in cases where there is no physical abuse, financial abuse is the single most common form of abuse to occur.

Preventing Elder Financial Abuse

Any person—elders, family members, or professionals—who suspects that financial abuse of an elder has occurred should report it. One of the challenges in describing and documenting financial abuse stems from the variability in terminology between disciplines and the laws in different states. But, when in doubt, it is always better to err on the side of caution and report suspected financial abuse to the appropriate agencies such as Adult Protective Services, a law enforcement agency, or compliance department of the financial institution. Reports can be made confidentially and the reporting person is protected from civil and criminal liability.

Successful prevention of elder financial abuse involves multiple strategies. There are a variety of actions individuals, family members, financial service professionals, businesses, and organizations can do to help protect elders from getting tangled in the web of elder financial abuse.

Older adults themselves can take several precautions to avoid falling prey to financial abuse. Such actions include:

- **Stay Organized**

Keep belongings neat; keep track of possessions; open and send your own mail; direct deposit Social Security and other checks; complete and sign your own checks whenever possible; use an answering machine to screen calls and do not provide personal information over the telephone.

- **Stay Informed**

Consult with an attorney about future plans, including a power of attorney; consult with an attorney about caregiving arrangements; review your will; know where to go if you suspect abuse; ask for help from police, from employees at a bank, from Adult Protective Services, if needed.

- **Stay Alert**

Do not leave items of value out in the open; do not sign any document unless someone you trust reviews it; do not be left out of decisions about your finances.

Families, particularly those who find themselves in a caregiving role, also need to be aware of situations that place their older loved ones at risk for financial abuse. Family members should periodically inquire about their older family members' financial resources and perceived limitations that may stem from their financial situation. They also need to keep an eye out for such things as:

- Unusual worry about finances or fear of an individual
- Unexplained trembling or crying
- Changes in communication patterns
- Any abrupt change in behavior
- Overpayment for goods and services
- Unnecessary services or household repairs
- A set of "out-of-sync" check numbers
- Increased ATM activity
- Unusual cash withdrawals from a financial account in a short period of time
- Missing belongings from the home or room in a facility
- Excessive time spent on the Internet
- A signature that seems forged, unusual, or suspicious
- An unexplained reduction in bank accounts
- An increase in the number and amount of credit card accounts

- An abrupt or unexplained change in the power of attorney, will, or other legal or financial documents
- Sudden transfer of assets to a family member or someone outside the family

Financial service and other professionals, such as bankers and lawyers, are well positioned to contribute to the prevention of elder financial abuse by:

- Educating clients about their rights and about types of consumer fraud and scams
- Describing how family members, with the help of legal counsel, can explore options such as financial conservatorship for clients who are frail, mentally ill, or cognitively impaired
- Encouraging clients or family members to discuss with legal counsel the option to assign financial guardian or power of attorney, as needed
- If children are of concern, educating clients about the option to assign responsibility to an outside person
- Generating media attention on the issue of elder financial abuse and its prevention
- Staying apprised of current trends in elder financial abuse and techniques for stopping it
- Training appropriate personnel in techniques for interviewing older customers
- Seeking assistance from other disciplines (social services, medical/nursing personnel, government agencies)
- Reporting suspected cases of elder financial abuse to local authorities or to their institution's compliance department

Note that some of these steps may not be appropriate for all professionals, and that elder financial abuse situations vary and must be evaluated on a case-by-case basis.

"Some [perpetrators of elderly financial abuse] are career professionals in the business of defrauding others, while others are initially in a position of trust who apparently are overcome by greed. They encourage their elderly victims to make an immediate decision or commitment to purchase products or services, which effectively limits the opportunity for consultation with others."

Summary

The Scope of the Problem Is Larger Than We Realize

Elder financial abuse is involved in at least 20%–30% of all reported elder abuse.[51] Based on this research study, as well as the work and experience of experts, advocates, and law enforcement agencies, we believe that this number is a significant underestimate, since cases involving only elder financial abuse were likely to go unreported.

Elder Financial Abuse Has Short- and Long-Term Impact

Anecdotal information suggests that the impact of elder financial abuse is hugely demoralizing. It not only affects the elder who is financially abused, but it reaches far beyond its immediate victim, affecting health care and health care costs, living situations, filings for bankruptcy, and costs for its recuperation passed along in service industries.

It may even exacerbate or cause mental and physical illness, including an untimely death for the victim. Media coverage of high profile financial fraud in 2008–2009 reinforces the fact that elder financial abuse can affect those who are or were financially well off, and we can surmise that such abuse has an even more severe impact on the lives of those without financial means.

Elder Financial Abuse Is a Companion to Other Forms of Abuse

This form of abuse is often tied to other forms and may be the precursor to those forms. If that is so, stopping elder financial abuse would prevent or reduce other and equally insidious forms from occurring.

Elder Financial Abuse Exists in Many Races and Ethnicities

Elder financial abuse is submerged in various races and ethnicities. A rising population of elders, with the fastest growing being Hispanic elders, necessitates additional attention, so that a better understanding emerges of how elders in other cultures view the problem.

Generational Differences in Elder Financial Abuse Patterns Are Evolving

The "World War II Generation" is quickly passing away and giving rise to new generations of elders, especially the Baby Boomer generation. With this demographic surge of "new elders" comes new ways of approaching elder finances—widespread use of credit cards, investments, travel, and, above all, information available at unprecedented speeds through the Internet. New methods of dissemination also provide a fertile ground for increasing opportunities for individuals and industries to defraud.

Organizations and families have their own views about their entitlement to the money of past generations. For example, when adult children live in a parent's home, they may think they are due money from a parent, just because they help them in some way, not because the older adult has given them permission to have money. Often, children make the "assumption" that Mom or Dad would "want me to enjoy it now."

The Number of Potential Older Adult Victims Is Growing Rapidly

Advances in health care have allowed populations with particularly vulnerable adults to live longer, a circumstance often accompanied by those who seek to capitalize upon their vulnerability. If someone is having trouble making decisions, he or she could easily become confused when information is presented by a con artist very quickly and with pressure to make a quick decision. An older person, often trusting, might then agree to participate in a sales arrangement that later turns out to be bogus.

Implications

A Multidisciplinary Strategy for Addressing Elder Financial Abuse Holds Great Promise

While law enforcement teams and anti-fraud advocates hold promise and are increasing, it is critical to know both how they work and what they are able to accomplish. Critical information gaps exist beyond a team's own self-reporting. For instance, are they really effective in addressing the problem, and is this approach the best solution to problem resolution?

Bringing multiple disciplines together to bear on the problem of elder financial abuse can be an expensive strategy to resolve the issue. It remains to be seen what are the best ways to maximize a group of assembled experts to deal with elder financial abuse. Cost/benefit analysis on the effectiveness of multidisciplinary teams is also needed.

The Right Kind of Training Is Needed for Both Businesses and the Public Sector

Both the public and private sectors stand to benefit from understanding the problem: banks, insurance, investments, loans, legal, just to name a few. The banking industry has made particularly progressive efforts in this arena (e.g., Massachusetts Bank Reporting Project; Oregon Bankers Association—Elder Financial Abuse Prevention Project). Banks often deal with older customers on a regular basis and get to know them well. They are able to track "unusual" activity in accounts and are in a prime position to work to prevent or intervene in such instances.

A winning approach to addressing the problem is to finally and fully understand the nature and scope of the problem and test intervention strategies to determine what works in the widest context as well as to replicate those approaches that are most effective in preventing and responding to financial abuse. Professionals from all service sectors can be made more aware of the impending signs of elder financial abuse. The challenge is to balance their responsibility to protect the safety of the elders they serve with the elders' right to self-determination.

Better Understand the "Environment" of Elder Financial Abuse

Elder financial abuse is a problem in every community and among all social strata. It is underrecognized, underreported, and underprosecuted. In the financial services sector, a better understanding of the "environment" of elder financial abuse would be productive in better prevention and reporting. A deeper understanding and industry experiences with both compliance efforts and training programs will enhance efforts to better address the problem.

Reinforce Ethical Practices Through Education

Community groups, faith communities, and schools are excellent forums for inculcating these ethical values and making them known. Strategies for discussions about financial decisions are often difficult, but are just as important as discussions about health care decisions. These institutions are valuable community resources which can be engaged as prevention and reporting sources at the local level.

Capture Scope, Effects, and the Cost of the Problem to Adequately Address and Prevent It

It is worth additional effort to understand the breadth and depth of the elder financial abuse problem. Without a unified approach to the problem, we will at best simply chip away at this costly waste of funds and lives. Elder financial abuse, made even more important in our present uncertain economic environment, amplifies the need to understand its scope and effects.

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Appendix A: Databases Used to Identify Primary Literature

Ageline

ArticleFirst

ASSIA: Applied Social Sciences Index and Abstracts

Business Reference Suite

CINAHL: Cumulative Index to Nursing and Allied Health

Health Reference Center Academic

Medline (PubMed version)

PsycARTICLES

PsychoINFO

Social Sciences Citation Index

Social Services Abstracts

Sociological Abstracts

Appendix B: Elder Financial Abuse—A Glossary of Terms[1]

- **ELDER ABUSE**—An act or omission which results in harm or threatened harm to the health or welfare of an elderly person. Abuse includes intentional infliction of physical or mental injury, sexual abuse, or withholding of necessary food, clothing, and medical care to treat the physical and mental health needs of an elderly person by one having the care, custody, or responsibility of an elder person.
- **EXPLOITATION**—Exploitation of elderly persons can be referred to as financial abuse, material abuse, fiduciary abuse, financial exploitation, financial mistreatment or maltreatment, and economic victimization.
- **FIDUCIARY MISAPPROPRIATIONS**—Intentional, illegal use of the property or funds of another person for one's own use or other unauthorized purpose, particularly by a public official, a trustee of a trust, an executor or administrator of a dead person's estate, or by any person with a responsibility to care for and protect another's assets (a fiduciary duty).
- **FINANCIAL ABUSE**—A form of financial exploitation that involves wrongful acquisitions of money and valuable objects belonging to an elderly person by friends, relatives, or caretakers; a situation in which a person, including but not limited to, who has care or custody of or who stands in a position of trust, of an elder or dependent adult, takes, secretes, or appropriates their money or property, to any wrongful use, or with the intent to defraud; the illegal or improper use of an older person's funds, property, or resources.
- **FRAUD—**Deception made for personal or economic gain. Fraud can be committed through many methods, including mail, phone, infomercials, and the Internet.
  - **Advance Fee Scheme:** Occurs when a person pays money to someone in anticipation of receiving something of greater value, such as a loan, contract, investment, or gift, and then receives little or nothing in return.
  - **Check Fraud:** A criminal act that involves making the unlawful use of one or more checks or checking accounts in order to illegally acquire or borrow funds that do not exist within the account balance or account-holder's legal ownership.
  - **Identity Fraud or Identity Theft:** Stealing money or getting other benefits by pretending to be someone else.
  - **Insurance Fraud:** Any act committed with the intent to falsely obtain payment from an insurer.
  - **Investment Fraud:** Purchasing or making sales decisions on the basis of false information, frequently resulting in losses (e.g., Ponzi scheme).
  - **Medicare Fraud:** Manufacturers bill Medicare for merchandise or service that was not needed or was not ordered. Includes:
    - **Medical Equipment Fraud:** Equipment manufacturers offer "free" products to individuals. Insurers are then charged for products that were not needed and/or may not have been delivered.

– **"Rolling Lab" Schemes:** Unnecessary and sometimes fake tests are given to individuals at health clubs, retirement homes, or shopping malls and billed to insurance companies or Medicare.

– **Services Not Performed:** Customers or providers bill insurers for services never rendered by changing bills or submitting fake ones.

- **Mortgage Fraud:** A broad variety of actions where the intent is to materially misrepresent information on a mortgage loan application, in order to obtain the loan and defraud a financial institution.
- **Telemarketing Fraud:** Offenders call elders at home, using high-pressure tactics to solicit money for fraudulent investments, insurance policies, travel packages, charities, and sweepstakes.

Internet PHISHING—Attempting to acquire sensitive information such as usernames, passwords, Social Security numbers, and credit card details by masquerading as a trustworthy entity in an electronic communication.

MATERIAL ABUSE—Material victimization of elders by both relatives and non-relatives. The misuse of an elder's money or property, including deception, diverting income, mismanagement of funds, and taking money or possessions against a person's will.

PREDATORY LENDING—Dishonest financial institution willfully misleads or deceives the consumer.

SCAM—A fraudulent or deceptive act or operation; an attempt to swindle a person by gaining his or her confidence. Common scams involving elders include:

- **Lottery Scams or Sweepstakes:** Scammers contact elderly victims online or through the mail and may even send checks or money orders to them. They then ask that some portion of the money be wired back.
- **Repair and Contracting Scams:** Use high pressure tactics to sell unneeded and overpriced contracts for "home improvements."
- **Sweetheart Scams:** Typically involves a stranger ingratiating himself or herself to an elderly person, winning the affections of that person, and then taking over the older person's estate or financial affairs.

UNDUE INFLUENCE—Takes place when one person uses his or her role and power to exploit the trust, dependency, or fear of another to gain psychological control over the weaker person's decision-making, usually for financial gain.

VIATICAL SETTLEMENTS—Sale or transfer of a life insurance death benefit by a terminally ill insured person to another person or company prior to the policyholder's death. Viatical scam operators urge people to liquidate their life insurance without explaining the implications or with the promise of high returns.

[1] Note: There is an inconsistent use of terms in both the primary and trade literature. When used in a legal context, the meaning of terms may differ from state to state.

Appendix C: Resources

AARP: Scam Alert
http://www.aarp.org/community/search.bt?query=Scam+Alert&x=0&y=0

AARP ElderWatch in Colorado
http://www.aarpelderwatch.org/public

AARP Policy and Research for Professionals in Aging: Elder Abuse
http://www.aarp.org/research/legal/elderabuse/

Delaware Money Management Program
http://dhss.delaware.gov/dhss/dsaapd/money.html

Delaware Elder Abuse and Exploitation Project
http://attorneygeneral.delaware.gov/family/elderlyviolence/elderlyabuseandexpl.shtml

Delaware Department of Justice Safe Investing Guide
http://attorneygeneral.delaware.gov/consumers/investmented/2008/pages/investinginfo.shtml

Elder Justice Act (EJA)
http://www.opencongress.org/bill/110-s1070/show

Financial Abuse Specialist Team (FAST)
http://www.preventelderabuse.org/communities/fast.html

Harry and Jeanette Weinberg Center for Elder Abuse Prevention at the Hebrew Home
http://aging.senate.gov/events/hr178dr.pdf

Journal of Elder Abuse & Neglect
http://www.haworthpress.com/store/product.asp?sku=J084

MetLife Mature Market Institute
Preventing Elder Abuse *Since You Care* Guide
http://www.metlife.com/assets/cao/mmi/publications/since-you-care-guides/MMI-SYC-Preventing-Elder-Abuse-2007.pdf

Missourians Stopping Adult Financial Exploitation (MOSAFE)
http://www.dhss.mo.gov/MOSAFE/

National Adult Protective Services Association
http://www.apsnetwork.org/

National Center on Elder Abuse
http://www.ncea.aoa.gov

National Center on Elder Abuse Promising Practices Database
http://www.ncea.aoa.gov/NCEAroot/Main_Site/Resources/Promising_Practices/PP_Home.aspx

National Committee for the Prevention of Elder Abuse
http://www.preventelderabuse.org/

National Consumers League's Fraud Center
www.fraud.org

Older Americans Act (OAA)
http://www.aoa.gov/oaa2006/Main_Site/

Resource Brochure to Combating Senior Financial Abuse in Mississippi
http://www.ago.state.ms.us/images/uploads/forms/seniorfinancialabuseguide.pdf

State Medicaid Fraud Control Units (MFCU)
http://www.oig.hhs.gov/publications/mfcu.asp

White House Conferences on Aging (WHCoA): 2005
http://www.whcoa.gov/

Variable and Long-Term Care Products are: • Not A Deposit Or Other Obligation Of Bank • Not FDIC-Insured • Not Insured By Any Federal Government Agency

Only Variable Annuity Products: • Not Guaranteed By Any Bank Or Credit Union • May Go Down In Value

Only Long-Term Care Products: • Not Issued, Guaranteed Or Underwritten By Bank Or FDIC • Not A Condition To The Provision Or Term Of Any Banking Service Or Activity • Policy Is An Obligation Of The Issuing Insurance Company

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