



Elder Financial Exploitation

Financial exploitation is a fast-growing form of abuse of seniors and adults with disabilities. Situations of financial exploitation commonly involve trusted persons in the life of the vulnerable adult, such as:

- Caretakers
- Family members
- Neighbors
- Friends and acquaintances
- Attorneys
- Bank employees
- Pastor
- Doctors or nurses

APS programs report that the number and complexity of reports involving financial abuse of vulnerable and older adults has grown significantly over the past decade. Recent research has found that elder financial exploitation is widespread, expensive, even deadly.

- One in nine seniors reported being abused, neglected or exploited in the past twelve months; the rate of financial exploitation is extremely high, with 1 in 20 older adults indicating some form of perceived financial mistreatment occurring in the recent past
- Elder abuse is vastly under-reported; only one in 44 cases of financial abuse is ever reported
- Abused seniors are three times more likely to die and elder abuse victims are four times more likely to go into a nursing home
- 90% of abusers are family members or trusted others
- Almost one in ten financial abuse victims will turn to Medicaid as a direct result of their own monies being stolen from them
- Cognitive impairment and the need for help with activities of daily living make victims more vulnerable to financial abuse

Financial exploitation takes many forms. While the vast majority of reports to APS involve perpetrators who are related to, or in a trusting relationship with, the victim, scams and frauds by strangers are also very common.

Common Scams by Strangers

- Lottery & sweepstakes scams “You’ve already won! Just send \$2,500 to cover your taxes”
- Home repair/traveling con men “We’re in your area and can coat your driveway / roof really cheaply”
- Grandparent scam: You’re called and told your grandson is in jail and needs you to send money immediately
- Charity scams: falsely soliciting funds for good causes; very common after disasters
- I’m from the utility company; I need you to come outside with me for a minute (while accomplice steals valuables)
- Roof repair, yard work, home repair scams
- Telemarketing scams and accompanying threats
- Money sent via telegraphs to people claiming lottery winnings

Common Scams by “Professionals”

- Predatory Lending – seniors pressured into taking out inappropriate reverse mortgages or other loans
- Annuity sales – the senior may be pressured into using the equity realized from a reverse mortgage (or other liquid assets) to buy an expensive annuity which may not mature until the person is well into their 90’s or over 100
- Investment/securities schemes – pyramid schemes; unrealistic returns promised; dealer is not licensed
- Internet phishing – false emails about bank accounts
- Identity theft – credit cards opened fraudulently, etc.
- Medicare scams – these are the costliest in terms of the dollar amounts

Common Ways Family Members and Trusted Others Exploit Vulnerable Adults

- Using a Power of Attorney, given by the victim to allow another person to handle his/her finances, as a license to steal the victim’s monies for the perpetrator’s own use
- Taking advantage of joint bank accounts in the same way
- Using ATM cards and stealing checks to withdraw monies from the victim’s accounts
- Threatening to abandon, hit or otherwise harm the victim unless he or she gives the perpetrator what he/she wants
- Refusing to obtain needed care and medical services for the victim in order to keep the person’s assets available for the abuser
- In-home care providers charging for services; keeping change from errands, paying bills which don’t belong to the vulnerable adult, asking the vulnerable adult to sign falsified time sheets, spending their work time on the phone and not doing what they are paid to do

Reports of financial exploitation of vulnerable adults often involve allegations of abuse and neglect as well. APS investigates all the reported types of abuse, assesses the victim's cognitive capacity, and takes appropriate steps to stop or mitigate the abuse to the extent possible.

The effects of financial exploitation on a vulnerable adult are devastating. The individual frequently experiences:

- Loss of trust in others
- Loss of security
- Depression
- Feelings of fear, shame, guilt, anger, self-doubt, remorse, worthlessness
- Financial destitution
- Inability to replace lost assets through employment
- Inability to hire attorney to pursue legal protections and remedies
- Becoming reliant on government 'safety net' programs
- Inability to provide long term care needs
- Loss of primary residence

Interventions to address financial abuse include closing joint bank accounts, having the victim revoke the power of attorney; putting in place a responsible person or agency to assist with managing the victim's funds; and restarting utilities if they've been shut off.

APS often works to reduce the isolation of the victim, through putting in services, etc., which reduces his/her risk of continued abuse. In many situations, APS refers cases to law enforcement for investigation and prosecution.

Effective ways to address financial abuse include:

- Working through multi-disciplinary teams with law enforcement, banks and others [link to FAST teams description]
- Working closely with banks to recognize, report and investigate financial abuse [link to BITS, Philadelphia, PA and Utah programs]

In 2010, NAPSA held the first National Summit on Elder Financial Exploitation in San Diego, California, to focus attention on this growing problem [link to program]. The Summit examined numerous types of financial abuse and featured innovative programs to address them.

In 2011, NAPSA created a National Elder Financial Exploitation Advisory Board, with diverse expertise from the following organizations and experts, to increase awareness and to develop new strategies to address the growing problem of elder financial exploitation:

- Better Business Bureau Education Foundation
- California Advocates for Nursing Home Reform
- California Bankers Association
- Consumer Federation of America
- Global Consumer & Agent
- Protection Program of Western Union
- Investor Protection Trust

- Investor Protection Institute
- Levine Management Corporation
- MetLife Mature Market Institute
- National Consumers League
- The Financial Services Roundtable / BITS
- Women's Institute for a Secure Retirement

The Advisory Board sponsored the 2nd National Summit on Elder Financial Exploitation in Buffalo, New York in 2011. In 2012, the Advisory Board presented the 5th National Summit in Portland, Oregon, on October 31, 2014. The 6th Summit will be in Orlando, Florida on October 2, 2015.

In addition to the Advisory Board member, NAPSA also partners with the North American Securities Administrators Association (NASAA) to raise awareness about securities fraud as it affects seniors.

For the mandatory reporting laws in each state, see: [Mandatory Reporting Laws by State September, 2013](#)

Government Sites

- [Consumer Financial Protection Bureau's Office for Older Americans](#)
- [Do Not Call: Register to Stop Solicitation Calls](#)

The [Federal Trade Commission](#) protects consumers from unfair and fraudulent business practices, ID theft, phone scams and more:

- [How to Prevent Phone Fraud](#)
- [How to Prevent ID Theft](#)
- [Money Matters](#)

The FTC also compiles fraud reports at their [Consumer Sentinel Network](#) for national metropolitan statistical areas; scam prevalence by region; reports of fraud complaints from persons age 50 and older.

Federal Crimes Enforcement Division (FinCEN)

www.fincen.gov

National Institute of Justice site with research findings on elder financial abuse.

<http://www.nij.gov/nij/topics/crime/elder-abuse/financial-exploitation.htm>

Securities and Exchange Commission (SEC) investigates securities frauds.

www.sec.gov

A Call to APS Workers to Identify and Report Investment Fraud Against Seniors By Lori Schock, Director of the Securities and Exchange Commission's Office of Investor Education and Advocacy. Read the full document [here](#).

Postal Inspection Service which investigates frauds using the US Mail.

www.usps.gov/inspect

Other Sites

BITS (A division of the *Financial Services Roundtable*)

www.bits.org

BITS Fraud Protection Toolkit: Protecting the Elderly and Vulnerable from Financial Fraud and Exploitation

<http://tinyurl.com/83msdss>

Information about securities fraud and educates consumers how to detect elder financial abuse

www.investorprotection.org

Provides free annual credit report for consumers with their credit reports

www.AnnualCreditReport.com

National Center on Elder Abuse

www.ncea.aoa.gov

Information and state resources, including helplines and hotlines

Tips on protecting yourself from fraud, with interactive games to learn concepts and be a smarter consumer on issues of spyware, lottery scams, etc.

www.Onguardonline.gov

Tips on preventing fraud through wire transfers of funds

<http://www.westernunion.com/sites/us/consumer-protection/ConsumerProtection.page>

Information for women on planning for a secure retirement

www.wiserwomen.org