

Responding To Elder Financial Exploitation

*Financial Professionals
on the Front Lines*



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Understanding and
Protecting our Aging
Clients from
Financial Abuse

OVERVIEW AND RESOURCES

- Estimated magnitude of the problem in dollars and health
- Research on predictors and effects of exploitation
- Characteristics of victims and perpetrators
- Warning signs of financial exploitation
- Scams that target seniors
- Resources for reporting and response



IN THE BILLIONS

The national statistics on dollars elders lose to financial crimes are staggering and growing every day.

FINANCIAL CRIMES AND THE ELDERLY

- Financial exploitation
 - Defined by state law
 - Concerning vulnerable populations
 - Deceived, most often, by trusted persons
- Stranger scams and fraud
 - Universal financial crimes
 - Target the elderly, people with communication impairments and memory loss
- Both thrive in isolation and silence.

\$2.9 BILLION (METLIFE 2011)*

- Expanded analysis of earlier study, individual interviews (up from \$2.6 in 2009 study)
- Crimes of
 - Occasion (opportunity)
 - Desperation (economic crisis)
 - Predation (broken trust)
- Women more likely to be victimized
- Holiday “spikes”
- Deceit, threats, emotional manipulation

**MetLife Study of Elder Financial Abuse: Crimes of Occasion, Desperation, and Predation Against America's Elders, MetLife Mature Market Institute, Westport, CT, June 2011.*

THE UTAH COST OF FINANCIAL EXPLOITATION*

- To estimate losses to Utah seniors, financial institutions, and government entities
- Based on substantiated Adult Protective Services cases of financial exploitation (dollars and estimated property valuation)
- Estimated \$52 million impact in Utah – could be much more given unreported cases
- Families = 72% of perpetrators

*Gunther, J., *The Utah Cost of Financial Exploitation*, Salt Lake City, UT, ...2011.

IN MINNESOTA

- Allegations reported to Adult Protective Services (APS)
 - In 2011, 3,900 reports of financial exploitation, 15% of the entire reports on abuse, neglect, and financial exploitation
 - In 2012, 4,800 reports of financial exploitation, again about 15% of the reports as a whole
 - In 2013, 5,546, just over 16% of the reports as a whole
- Tip of the proverbial iceberg
 - National research – unreported cases far outdistance the ones investigated
 - In Minnesota, case data are from county protective services and regulatory agencies --- not the cases reported to the police as theft or swindle
- Dollars...and lost opportunities
 - Safety, security and dreams

LOSSES BEYOND THE ECONOMIC BASIS FOR INDEPENDENCE

- Severe emotional distress
- Depression
- Deterioration of physical health
- Shortened lifespan
- Private tragedies, with public costs

DATA HAMPERED BY UNDERREPORTING

Victims'
Fears and
Systems'
Limits

SIGNIFICANT UNDERREPORTING BY VICTIMS

- Feared loss of independence
- Embarrassment
- Not seeing themselves as victims or knowing where to get help
- Expecting not to be believed
- Poor physical health
- Psychological dependence on the perpetrator
- Reluctance to get a family member in trouble
- Cognitive limitations
- Cultural factors

SYSTEM LIMITS

- No national reporting mechanism
- Differences among state laws, definitions, reporting mandates
- Until recently, limited training in the identification and response to financial exploitation
- Professional reluctance based on ethical and legal confidentiality standards
- Public agency resources and priority setting (economic crimes falling below physical and sexual abuse)
- Complexities of investigation (Social workers and police investigators are not forensic accountants.)
- In the public and among some professionals, the belief that this is “just a family matter.”

NO BOUNDARIES



WHO WOULD DO SUCH A THING?

- Family members
- Paid caregivers
- Religious leaders and one's fellow members
- Interpreters and translators
- Fiduciaries
- Financial/insurance/real estate advisors
- Property managers
- New “best friends” and “sweethearts”
-and more.

AND WHO IS PARTICULARLY AT RISK?

- People with cognitive disabilities
- People with limited sight and hearing
- People who are isolated, dependent on others
- People who have depression or have suffered a loss (especially loss of spouse)
- People who are confused by money matters
- People who are tired, lonely, fearful
- People who have trouble speaking English

PERPETRATOR CHARACTERISTICS

- Has close access to the victim
- Tends to be a younger adult
- Tends to be a relative, especially an adult child
- Tends to be male (over half of all perpetrators are male)
- A word about “basement sons”

THE LOVED ONE WHO DOES THIS HAS EXCUSES (COMMON DEFENSES)

- “It was a present. (S)he promised it to me...said I could have it.”
- “It was a loan. I was going to pay it back as soon as I got on my feet.”
- “I’m in the will. I was just getting it sooner.”
- “I repaired all the steps and the fence. (S)he was just paying me back some of what it cost me to do the work.”
- “I don’t know anything about that.”

AND THEIR VICTIMS EXPLAIN IT TOO

“SHE KNEW HE WAS LYING, BUT....”

- He was an orphan.
- You don't talk about the family.
- She was sharing what she had. That's not being a victim.
- He was borrowing because of emergencies. There were written IoUs.
- She wanted help to protect herself and her savings, without getting him into trouble.
- He was sick and an addict.
- She felt embarrassed and “stupid.”

FINANCIAL EXPLOITATION MAY NOT BE THE WHOLE PICTURE

- Financial exploitation may be accompanied by caregiver neglect, and physical violence. New research on poly-victimization being conducted now by the National Committee for the Prevention of Elder Abuse.



WARNING SIGNS

- Elder tells you someone is misusing his/her money (regardless of cognitive loss)
- Elder reports missing checkbook, credit card, important papers
- Elder agitated while with a family member or friend (or in anticipation of the visit or afterwards)
- Possessions disappear
- Nice items replaced with those of lesser value
- Or...high cost items brought for elder who is unable to use them
- Significant unexplained changes in spending patterns

WARNING SIGNS

- Observing elder pressured into a decision or signature that has to be made NOW
- Threats that unless a document is signed, the family or visitor will stop taking care of the elder
- “Chaperoning” – someone who lets others visit only when he/she is there to monitor
- New acquaintance showing extreme affection, cutting elder off from others
- Previously uninvolved relatives show up claiming authority to manage finances

WARNING SIGNS

- Elder who lacks decisional capacity “appoints” power of attorney
- Unusual bank account activity, unexplained transfers and withdrawals
- Checks and other documents signed when elder was no longer able to write
- Suspicious signatures
- Inadequate care given the elder’s resources
- Unexplained charges for services in the home

THE IMPORTANCE OF “MAYBE”



HELP IS AVAILABLE

- Supportive services

- Lend an ear
- Provide information about local resources for individuals and families
<http://www.minnesotahelp.org/public/>

- Make a report

- Emergencies - 911
- Adult Protective Services
http://www.dhs.state.mn.us/main/groups/aging/documents/pub/dhs16_138121.pdf

PROTECTIVE AND SOCIAL SERVICES

- What do adult protection investigators look for?
 - Whether the individual is vulnerable and the level of risk
 - Whether financial exploitation or other abuse/neglect is occurring
 - Are emergency services needed?
 - Is the alleged victim able to make decisions about his or her safety and care?
 - Who is involved and what are their relationships?
- What can adult protection investigators do?
 - Work with other agencies or services to provide emergency or longer term help to the vulnerable adult
 - Work with police to initiate criminal investigation
 - Work with prosecutors on criminal cases
 - But remember, people do retain rights to refuse services, and
 - Some records cannot be disclosed to concerned people who made the report.

RESOURCES FOR PREVENTION



FREE RESOURCES FROM THE CONSUMER FINANCIAL PROTECTION BUREAU

- **Money Smart for Older Adults**
 - Instructor-led training curriculum from CFPB and FDIC
 - Raises awareness among older adults and caregivers
- **Managing Someone Else's Money**
 - Guides for “financial caregivers” – those with authority to manage money for a family member or friend who is unable to pay bills or make financial decisions
 - Four types of fiduciaries/four guides
 - Walks them through their duties
 - Tells them to watch out for scams and financial exploitation
 - Tells them where to go for help

MANAGING SOMEONE ELSE'S MONEY

Help for agents under a
power of attorney

cfpb

Consumer Financial
Protection Bureau

OA INITIATIVES: MONEY SMART FOR OLDER ADULTS



WHERE TO FIND CFPB GUIDES

- Link to Money Smart and Managing Someone Else's Money at <http://www.consumerfinance.gov/older-americans/>
- Get hard copies in bulk <http://promotions.usa.gov/cfpbpubs.html#special>

NEW FROM THE FTC

Pass It On: New FTC Education Campaign Encourages Older Consumers to Share Their Knowledge to Help Fight Fraud

- <http://www.consumer.ftc.gov/features/feature-0030-pass-it-on>

**SCAMS ON THE PHONE,
SCAMS AT THE DOOR,
SCAMS ON THE COMPUTER**

New ones
every day!

AGAIN, WHO IS PARTICULARLY AT RISK?

- People with cognitive disabilities
- People with limited sight and hearing
- People who are isolated, dependent on others
- People who have suffered a loss (especially loss of spouse)
- People who are confused by money matters
- People who are tired, lonely, fearful
- People who have trouble speaking English

RESEARCH ON THE AGING BRAIN

But what
we still
don't know
is a lot!

FINANCIAL CAPACITY

- Ability to manage one's finances independently and in a manner consistent with personal self-interest
- Significantly affected by cognitive changes
- Tasks related to financial capacity
 - Identifying and counting money
 - Conducting cash transactions
 - Paying bills, balancing checkbook
 - Understanding loans and debt
 - Judgment to conduct financial activities in person, by mail and telephone
 - Discernment to avoid financial crimes
- Kerzner, Lawrence J., MD, FACP, AGSF. Capacity to Manage Finances; Health Considerations in Cognition and Executive Functioning. World Elder Abuse Awareness Day Conference. St. Paul, MN. June 12, 2014.

IS DEMENTIA “SENILE?”

- Some cognitive impairment, due to illness, dehydration, or medications, may be temporary and reversible.
- More than old age
 - Most dementia in the elderly due to Alzheimer’s disease
 - Related diseases: vascular dementia, Lewy Body disease, frontotemporal dementia
 - Parkinson’s disease
 - Stroke
 - Head injuries
 - Mental illness
 - Prescription drugs
 - Addictive substances

DEMENTIA AND FINANCIAL CAPACITY

- Clinical Interview Assessment of Financial Capacity in Older Adults with Mild Cognitive Impairment and Alzheimer's Disease, Daniel C. Marson, et. al.
- Physician interviewers investigated financial capacity in patients with mild cognitive impairment and Alzheimer's disease
- Looked at seven core financial domains and overall financial capacity
- Financial management capacity of cognitively impaired elders can be reliably evaluated by physicians using clinical interviews
- *Journal of the American Geriatrics Society*, May 2009; 57(5); 806-814.
<http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2714907/>

DEMENTIA OR MISPLACED TRUST?

- Neural and behavioral bases of age differences in perceptions of trust, Elizabeth Castle et. al.
- Two studies, one behavioral and one using and one using neuroimaging
- Older adults (55-84) and younger adults (20-42) showed significant differences in interpreting facial clues
- Older people had lower visceral warning signals (gut instincts) to untrustworthiness
- *Proceedings of the National Academy of Sciences*
December 18, 2012 vol. 109,
no.51 <http://www.pnas.org/content/109/51/20848.full>

DEMENTIA OR MISPLACED TRUST?

- Natalie Denburg, PhD, University of Iowa
 - Studies vulnerability and seeming gullibility in older adults who do not have dementia
- A neuropsychological test of belief and doubt: damage to ventromedial prefrontal cortex increases credulity for misleading advertising, Asp et. al.
- Consumer decision-making, medical decision-making
- How deceptive advertising succeeds in pushing bargain purchases, shoddy goods, and investments
- Exaggerated degeneration of brain's frontal lobe
- Recent work: comparing worksheets vs. disclosures
- *Frontiers in neuroscience*. 2012. 6:100.
[\[PubMed\]](#)

SCAMS EVERYWHERE YOU TURN



WHAT A BARGAIN!

- **Telemarketers**
 - “Not available in the stores”
- **Subscriptions**
 - Magazines to fire hazards
- **Travel scams**
 - Who doesn't dream of a little get away?
- **Miracle cures and medical equipment**
 - The special bed

YOU'RE IN LUCK!

- Telephone solicitations for lotteries
 - Take a chance!
- Calls or mail saying you've won a prize
 - In a contest you don't remember entering
- Unclaimed property
 - Some of these can be legitimate, and they're FREE.
- Chain letters
 - With reputable looking letterhead

ESPECIALLY FOR YOU!

- Investment fraud (coins, gems, oil and gas leases)
 - Consolidate those bags of coins.
- Affinity fraud – investment scams targeted at identifiable communities, like a congregation – abuse of trust and friendships
 - Even a pastor can be a perpetrator 😞
- Business opportunities guaranteed to repay your investment many times over
 - And don't tell anyone; it's a secret.
- International varieties (“Nigerian Schemes,” Jamaican crime rings)
- The love of your life...preying on lonely hearts

HEALTH CARE/MEDICARE SCAMS

- “Obamacare” Medicare card
- Veterans’ benefits
- Selling “new” insurance not yet available:
 - No government representative sells insurance over the phone, by email, or door-to-door

BLESS YOUR HEART!

- “Charities” with names that resemble real organizations
 - Heart, Cancer, Children, Alzheimer’s
- Individual hard luck stories
 - Especially credible in bad economic times
- Headline disasters
 - Tornado, flood, tsunami, earthquake
- Special events
 - Memorial day scams
 - 9/11 commemoration

JUST FOLLOWING UP....

- They're really more like threats...from the IRS or State Revenue office. (We're going to send the police if you don't pay up!)
- Bank (examiner) scams
 - "Help us catch a crook!"
- Follow up on earlier "orders"
 - Preying on those who feel ashamed that they don't remember the "order"
- Funeral chasers
 - Target the bereaved to have them pay up for purchases made by the recently deceased loved one

HEADLINERS

- Someone pretending to be a friend or relative who is on a trip out of town
 - These come by phone and email.
- Somebody pretending to be your grandson calls for help and needs you to wire money to the hospital or jail
 - Wired money is gone, despite increasing cooperation between U.S. and foreign law enforcement.

SCAMMERS HAVE A SCRIPT

■ Promises

- “Walk away a winner”
- “Relax, don’t worry, we’re here to help”
- “A rarity...available only to a select few”

■ Pressure

- “Aren’t you smart enough to take this opportunity?”
- “You’re a prized client...we have a relationship...don’t let me down.”
- “Don’t tell anybody else about this”

■ Persistence

- “No money? Use card. No card? Use check. Why not? We’ll take a lower fee. Just do it.”

RELATED FEDERAL LAWS

- Identity theft
- Investment fraud
- Mortgage and lending fraud
- Mail fraud
- Mass marketing fraud
- Health care fraud

RESOURCES FOR VICTIMS OF SCAMS

- Identity theft www.annualcreditreport.com (free)
www.consumerfinance.gov
- Investment fraud www.finra.org/investors
- Mortgage and lending fraud www.consumerfinance.gov
- Mail fraud <https://postalinspectors.uspis.gov/>
- Mass marketing fraud <http://www.ice.gov/massmarketing-fraud>
- Health care fraud www.ftccomplaintassistant.gov

ACTION IN MINNESOTA

■ Vulnerable Adult Justice Project

- Since 2007
- Advocacy collaborative to improve resources and systems for vulnerable adults
- Brought together community groups, associations, and public agencies from health, human services, advocacy and law enforcement
- World Elder Abuse Awareness Day annual conferences
- Legislative initiatives to protect vulnerable adults

■ S.A.F.E. Minnesota Elders

- Launched by County Attorney Tony Palumbo in 2012
- Public awareness initiative in collaboration with TPT Minnesota
- Developed mobile app for investigators and trial notebook of model resources for prosecutors

The Vulnerable Adult Justice Project + S.A.F.E. Elders
Initiative =

MINNESOTA
ELDER JUSTICE
CENTER

**Mobilizing communities to
prevent and alleviate abuse,
neglect, and financial
exploitation of elders and
vulnerable adults**

Mission

ACTION FOR THE FUTURE

- Public awareness
- Professional education and practice
- Public policy

HEALTH AND INDEPENDENCE

The bottom line....

Keeping our health and independence in later years means having to resist peoples' attempts to pressure us for money...whether it's a scammer on the phone, someone who sends "official" looking papers in the mail, or it's all in the family.

THANK YOU

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