



An Introduction to Elder Abuse for Professionals: Financial Exploitation

Understanding Financial Exploitation

Learning Objectives

At the end of this presentation, you will be able to:

- Define and describe financial exploitation
- Identify indicators of financial exploitation
- Identify strategies to respond to possible financial exploitation situations



Case Example

- Fred convinced Mildred (his 85-year-old mother) to create a trust and name him as co-trustee
- Fred used over \$1.5 million from the trust to pay his expenses, credit card bills, and to purchase insurance policies
- None of these transactions were authorized by Mildred.



Case Example (Cont.)

- Bessie received a telephone call from “Al” who said he was a good friend of her grandson. He said he had bad news and that her grandson had been arrested while traveling through a distant state.
- Al said the grandson needed \$10,000 immediately so he could post bail.
- Bessie sent \$10,000 via Western Union to Al
- She later learned that her grandson had not been arrested.



Case Example

- At a local restaurant, Jennifer befriended Oliver, an elderly man with mild dementia.
- Within a few weeks, he agreed to pay her mother's medical bills and they were married.
- Within months, Jennifer had depleted Oliver's life savings of \$300,000 and had disappeared.
- Even though, Jennifer had a boyfriend and children, she befriended several elderly men, married them and then quickly depleted their assets.




Financial Exploitation

The illegal or improper use of a vulnerable adult's funds, property, or assets.

(National Center on Elder Abuse)





Consider adding state, tribal, or territorial statutes relating to physical abuse here. These may be found in criminal law, protective services, or other, statutes.

Consider inserting elder abuse reporting laws in the Response section.

Financial Exploitation (Cont.)

- May occur by itself, or
- May occur in conjunction with:
 - Physical abuse
 - Neglect
 - Psychological/emotional abuse
- Self-neglect may be an outcome of financial loss
- Co-occurring forms may make it easier to commit financial exploitation



Two Kinds of Financial Exploitation

Research shows that there are two distinct forms of elder financial exploitation:

1) **Pure** financial (financial exploitation only)

- Perpetrators are non-relatives, not financially dependent on the victim and physically healthy
- Shorter duration than hybrid form; primarily fraud
- Lower financial loss per case



Hybrid Financial Abuse

- 2) **Hybrid** (co-occurs with physical abuse or neglect)
- Relatives financially dependent on the elderly victim
 - Victim typically financially independent but physically dependent on the perpetrator
 - Longer duration than pure form; primarily theft
 - Greater loss per case (Jackson and Hafemeister, 2011)



Perpetrators

- **Persons the Older Adults Knows and Trusts**
 - Intimate partners, family members, and friends
 - Caregivers
 - Persons who befriend an older person (e.g., sweetheart scams)
 - People with unique trust relationships
- **Strangers**



Forms of Financial Exploitation (GAO, 2012)

- **Forms of Elder Financial Exploitation by Type of Perpetrator**
 - **Family members, friends, in-home caregivers, legal guardians, representative payees, etc.**
 - **Financial services providers (brokers, financial advisors, insurance agents, or others in the financial services industry)**
 - **Strangers**
- **Examples of Conduct**
 - **Theft of cash or other valuables**
 - **Withdrawals from bank accounts or use of credit cards**
 - **Transfer of deeds**
 - **Misuse of an older adult's power of attorney**
 - **Misappropriation of an incapacitated older adult's income or assets**
 - **Identity theft**
 - **Sale of fraudulent investments (Ponzi or pyramid schemes)**
 - **Sale of financial products or services unsuitable for an older adult's circumstances, such as long-term annuities**
 - **Lottery, mail, telephone, or Internet scams**
 - **Door-to-door home repair scams**
 - **Identity theft**

Abuse of Legal Authority

- **Powers of Attorney (POA)**
 - A written document created by a person with capacity (principal) authorizing another (agent) to make decisions for the principal
 - Agent's authority is limited to what is stated in POA
- **Guardianship/conservatorship**
 - A person appointed by the court to manage the personal or financial affairs of an incapacitated person unable to handle his or her own affairs
 - Supervised by the court



Legal Authority and Financial Exploitation

- Guardianships/conservatorships and powers of attorney are not licenses to steal!
- Improper use of POAs and guardianships/conservatorship may be a crime.



Consent

- Mental capacity
 - Person giving consent must have decision making capacity
- Knowledge of true nature of act
 - Any fraud, deceit, misleading statements
- Acted freely and voluntarily



Undue Influence

- Similar to brainwashing, an exploiter uses manipulation to convince another person to make decisions contrary to his/her own best interest
- Commonly involves deception to take over victim's free will
- “Process not an event” – pattern of behaviors
- Victim may lack capacity – but not always
- Victims may be vulnerable due to grief or isolation



Indicators: Potential Victim

- Changes in the older adult's appearance, health status, personal habits
- Changes in long time banking or spending patterns
- A confused older person signs something without understanding consequences



Indicators: Potential Exploiter

Another person:

- Cashing an older adult's check or using credit/debit card without authorization or permission
- Forging the older adult's signature
- Coercing or deceiving the older adult into signing any document



Other Indicators

- Unexplained changes in wills or title documents
- Increased telephone solicitations for funds
- Missing personal property
- Funds wired out of country for mysterious reasons
- Missing or redirected mail
- Missing personal property
- Names added to older adult's bank accounts



Impact and Cost

- A 2010 MetLife Study based on newspaper articles estimates financial exploitation costs the U.S. **\$2.9 billion a year**
- Gunther (2011) suggests that financial exploitation costs Utah seniors, the Medicaid program and financial institutions **\$1 million a week**



Financial Exploitation

Impact on Victims

- Physical health effects
- Financial effects
- Mental health and social effects





Response to Financial Exploitation

Victim Safety

All responses and interventions must consider and prioritize victim safety.

What You Can Do

- **Recognize the Signs of Financial Exploitation**
- **Ask**
- **Report or Refer**



If the older adult can answer questions, consider asking:

- Who makes decisions about your finances?
- Who handles your finances? How were your finances handled a year ago? Two years ago?
- Do you know how much money is/are in your bank account(s)?



If the older adult can answer questions, consider asking:

- Have your spending patterns changed?
- Have you created or changed an existing power of attorney? Trust? Other accounts?
- Has anyone asked you to sign something you did not understand? Did not want to sign?
- Do you have any concerns about your finances?



Report - Refer

REPORT

- 911 or law enforcement (life threatening or possible crime)
- Adult protective services
- Medicaid Fraud Control Unit (in State Offices of the Attorney General)

REFER

- Area Agency on Aging (AAA)
- Aging network agency
- Ombudsman (if abuse is in a facility)



Consider Inserting Slides
Describing the Local
Jurisdiction's Elder Abuse/
Vulnerable Adult Reporting Law

Consider adding local resources and programs. (See “*A Guide to Planning Your Elder Abuse Presentation*” at ***** for more information.)

Additional Resources

- State Medicaid Fraud Control Unit (usually in the State Office of the Attorney General) See <https://oig.hhs.gov/fraud/medicaid-fraud-control-units-mfcu/index.asp>
- Federal Trade Commission, Bureau of Consumer Protection, see <http://www.ftc.gov/bcp/index.shtml>
- Consumer Financial Protection Bureau, see <http://www.consumerfinance.gov/>



Additional Resources (Cont.)

- American Bar Association, Commission on Law and Aging, http://www.americanbar.org/groups/law_aging/publications.html
- AARP Scams and Fraud Page , see <http://www.aarp.org/money/scams-fraud/>
- Elder Financial Protection Network, see <http://www.bewiseonline.org//>
- National Association of Area Agencies on Aging, see <http://www.n4a.org/>



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For additional resources, visit www.ncea.aoa.gov



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