



Identification and Prevention of Elder Abuse and Financial Exploitation

March 18, 2021





Contents

1. Overview
2. Case Studies
3. Takeaways and Resources
4. Moderator/Speaker bios
5. Questions

Elder Financial Exploitation

EFE occurs when a person misuses or takes the assets of a vulnerable adult for their own personal benefit.

- This frequently occurs without the explicit knowledge or consent of a senior or disabled adult, depriving him/her of vital financial resources for their personal needs.
- Assets are commonly taken via forms of:
 - Deception,
 - False pretenses,
 - Coercion,
 - Harassment,
 - Duress, and
 - Threats



Nature of the Offense

According to the US DOJ, there is currently no uniform definition of financial exploitation, let alone elder financial exploitation, but research and state laws use three common definitions of financial exploitation:

- **Crimes of Occasion** – or crimes of opportunity are incidents of financial abuse or exploitation that occur because the victim is merely in the way of what the perpetrator wants.
- **Crimes of Desperation** – typically those in which family members or friends become so desperate for money that they will do whatever it takes to get it.
- **Crimes of Predation** – or crimes of occupation occur when trust is engendered for the specific intention of financial abuse later. A relationship is built, either through a bond of trust created through developing a relationship (romantic or otherwise) or as a trusted professional advisor, and then used to financially exploit the victim



Growing Problem

- Annual financial loss by victims of elder financial exploitation is estimated to be anywhere from USD \$3 billion to almost 40 billion.
- In total, as many as 140 million elders are affected.

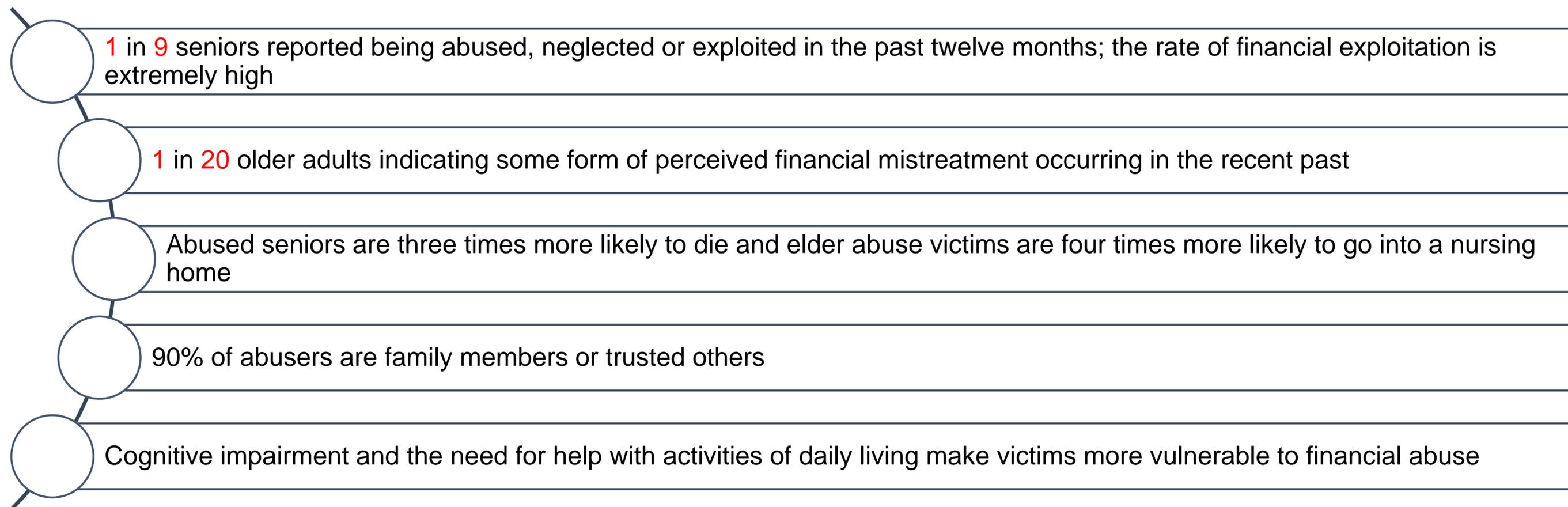
Source: The MetLife Study of elder financial exploitation: Crimes of Occasion, Desperation, and Predation Against America's Elders, MetLife Mature Market Institute, in collaboration with the National Committee for the Prevention of Elder Abuse (NCPEA), and the Center for Gerontology at Virginia Tech, June 2011



Disturbing Statistics

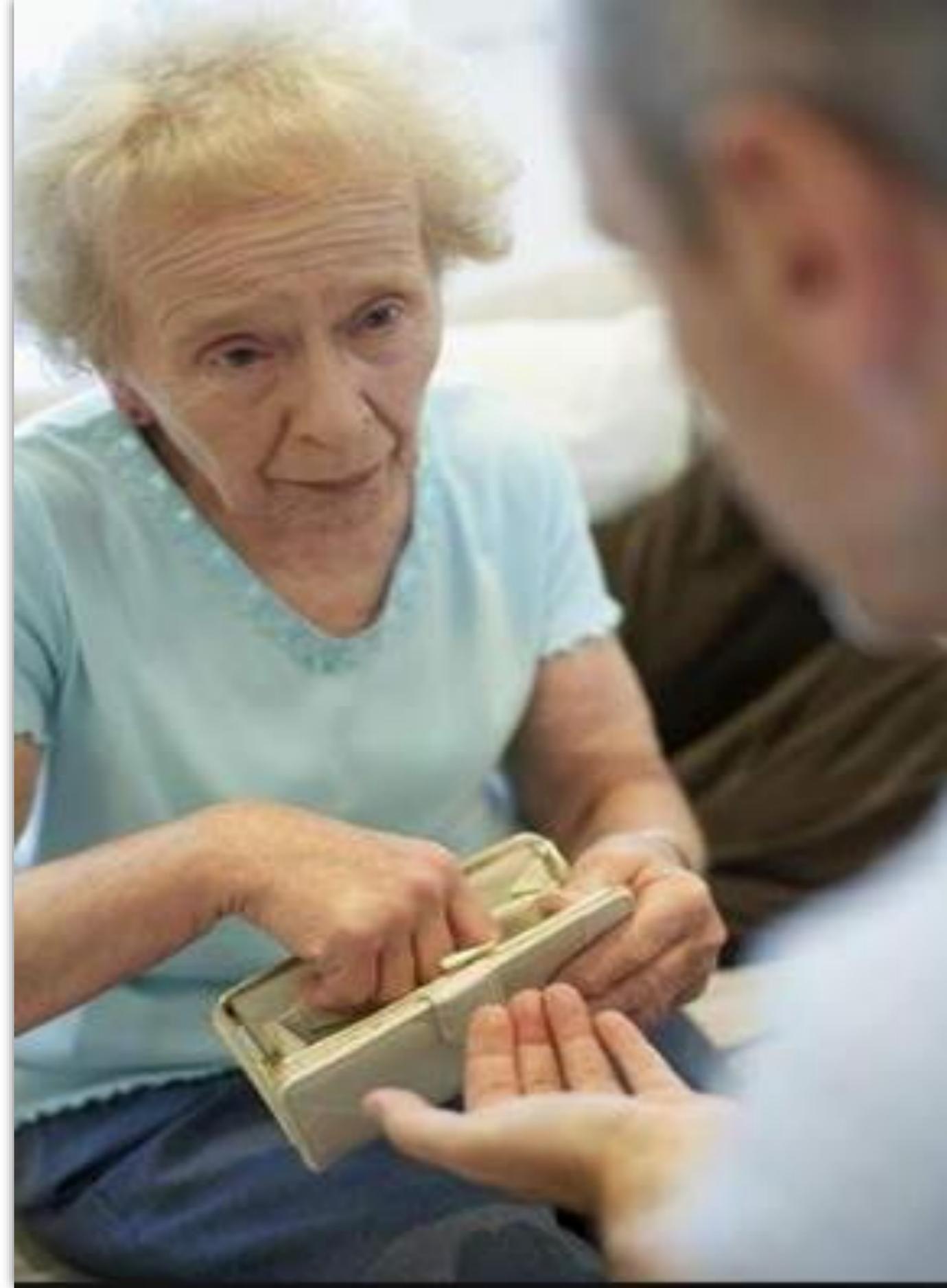
Definitions

- Adult Protective Services (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.



Targets

- Older consumers are attractive targets for financial abuse because they may have significant assets or equity in their homes and usually have a regular source of income such as Social Security or a pension.
- They may also be especially vulnerable due to isolation, cognitive decline, physical disability, or other health problems.



Reporting

- Studies show that between 3.5 and 5.2% of the U.S. older adult population and as much as 8.3% of American adults aged 65 and older (approximately 3,710,100 US citizens) have experienced some form of EFE.
- However, according to a state-level study, only **1** in **44** cases of EFE were reported to APS or law enforcement.



Common Schemes

- Studies show that between 3.5 and 5.2% of the U.S. older adult population and as much as 8.3% of American adults aged 65 and older (approximately 3,710,100 US citizens) have experienced some form of EFE.
- However, according to a state-level study, only 1 in 44 cases of EFE were reported to APS or law enforcement.



Control Interface

FinCEN Advisory

- In February 2011, FinCEN released a new advisory on elder financial exploitation.
- FinCEN requested that financial institutions select the appropriate characterization of suspicious activity in the Suspicious Activity Information section of the SAR form and include the term "elder financial exploitation" in the narrative portion of all relevant SARs filed.
- The risk indicators were both automated and manual control-based.



Department of the Treasury Financial Crimes Enforcement Network

Advisory

FIN-2011-A003

Issued: February 22, 2011

Subject: Advisory to Financial Institutions on Filing Suspicious Activity Reports Regarding Elder Financial Exploitation

The Financial Crimes Enforcement Network (FinCEN) is issuing this advisory to assist the financial industry in reporting instances of financial exploitation of the elderly, a form of elder abuse.¹ Financial institutions can play a key role in addressing elder financial exploitation due to the nature of the client relationship. Often, financial institutions are quick to suspect elder financial exploitation based on bank personnel familiarity with their elderly customers. The valuable role financial institutions can play in alerting appropriate authorities to suspected elder financial exploitation has received increased attention at the state level; this focus is consistent with an upward trend at the federal level in Suspicious Activity Reports (SARs) describing instances of suspected elder financial exploitation.² Analysis of SARs reporting elder financial exploitation can provide critical information about specific frauds and potential trends, and can highlight abuses perpetrated against the elderly.

This advisory contains examples of "red flags" based on activity identified by various state and federal agencies and provides a common narrative term that will assist law enforcement in better identifying suspected cases of financial exploitation of the elderly reported in SARs.

Older Americans hold a high concentration of wealth as compared to the general population. In the instances where elderly individuals experience declining cognitive or physical abilities, they may find themselves more reliant on specific individuals for their physical well-being, financial management, and social interaction. While anyone can be a victim of a financial crime such as identity theft, embezzlement, and fraudulent schemes, certain elderly individuals may be particularly vulnerable.

Potential Indicators of Elder Financial Exploitation

The following red flags could indicate the existence of elder financial exploitation. This list of red flags identifies only *possible* signs of illicit activity. Financial institutions

¹ Abuse and exploitation of the elderly is statutorily defined at the state level. The National Center on Elder Abuse offers the following definition of exploitation as a type of elder abuse: "the illegal taking, misuse, or concealment of funds, property, or assets of a vulnerable elder."

² Bank Secrecy Act data reflects increasing use of terms related to elder financial exploitation/abuse in SAR narratives.

Control Interface

FinCEN Advisory

Erratic or unusual banking transactions, or changes in banking patterns:

- Frequent large withdrawals, including daily maximum currency withdrawals from an ATM;
- Overdraft;
- Uncharacteristic nonpayment for services;
- Transactions inconsistent for the customer;
- Uncharacteristic attempts to wire large sums of money;
- Closing of CDs or accounts without regard to penalties.

Interactions with customers or caregivers:

- A caregiver shows excessive interest in the elder's finances or assets, does not allow the elder to speak for himself, or is reluctant to leave the elder's side during conversations;
- Transactions “on behalf” of the elder;
- The elder shows an unusual degree of fear or submissiveness toward a caregiver, or expresses a fear of eviction or nursing home placement if money is not given to a caretaker;
- The financial institution is unable to speak directly with the elder, despite repeated attempts to contact him or her;

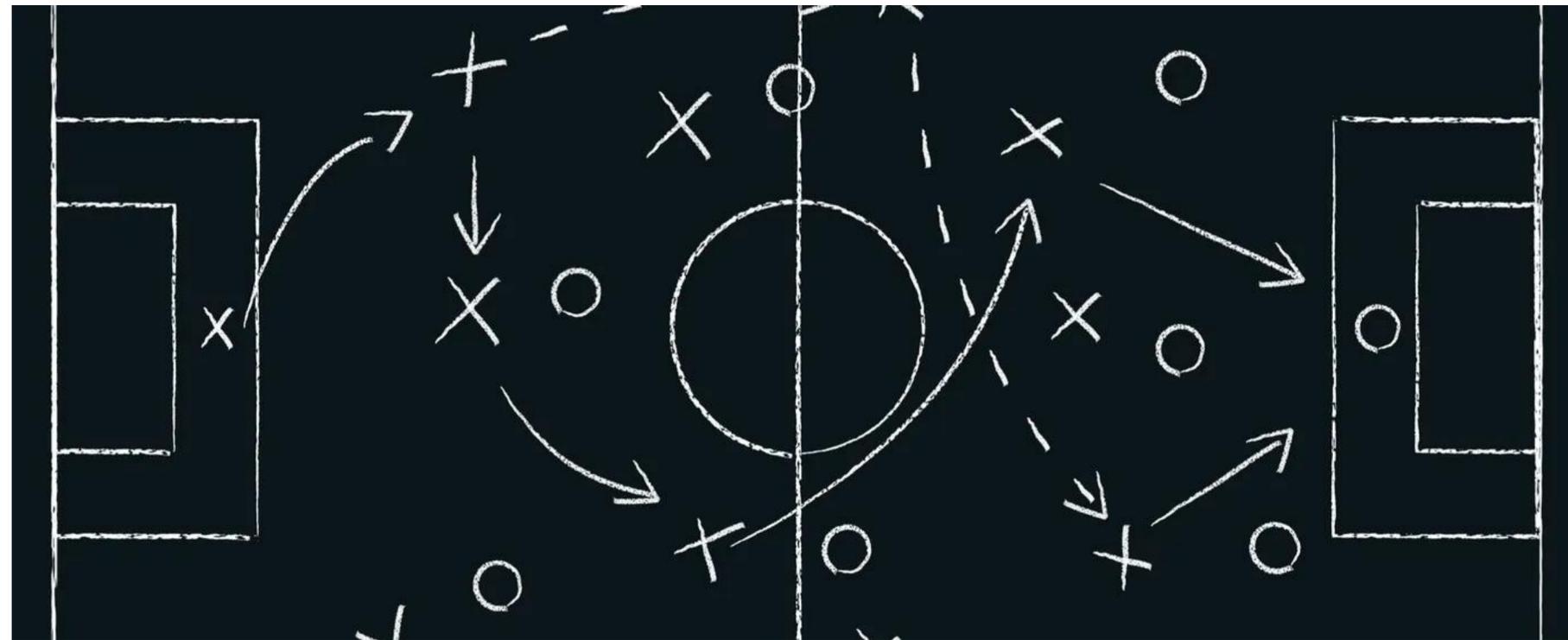
After the Advisory

- A comparison of the filing rates pre- and post-advisory of SARs with narratives containing the two key search phrases “elder financial exploitation” and “elder financial abuse,” shows a very significant increase in relevant filings post-advisory.
- Between March 1, 2011, and August 31, 2012, filers submitted 7,6513 total SARs, **a 382 percent increase** from the 12-month period prior to the release of the advisory during which filers completed 1,589 relevant SARs.
- However, was there a similar increase in the prosecution of EFE and reports to Protective Agencies?

CFPB

The advisory required banks to develop, implement and maintain internal protocols and procedures for protecting account holders from elder financial exploitation.

- The protocols for management and staff should include training requirements, procedures for making reports, compliance with the Electronic Fund Transfer Act (EFTA) as implemented by Regulation E, means of consent for information-sharing with trusted third parties, and procedures for collaborating with key stakeholders.



CFPB

Training

- Financial institutions should train employees regularly and frequently, and should tailor training to specific staff roles.
- Key topics for training include:
 - Clear and nuanced definition of elder financial exploitation.
 - Warning signs that may signal financial exploitation, including behavioral and transactional indicators of risk, and
 - Action steps to prevent exploitation and respond to suspicious events, including actionable tips for interacting with account holders, steps for reporting to authorities, and communication with trusted third parties.

CFPB

Technology and Systems

- Detect elder financial exploitation by harnessing technology.
- Fraud detection systems – include analyses of the types of products and account activity that may be associated with elder financial exploitation risk.
- Some indicators of elder fraud risk **may not match conventionally** accepted patterns of suspicious activity, but nevertheless may be unusual in light of a particular account holder's regular pattern of behavior.
- Use **predictive analytics to review their filtering criteria** for transaction monitoring.



SARs and APS



- **Understand the roles of first responders –** understand how Adult Protective Services (APS), law enforcement and the long-term care ombudsmen work, and the actions that they will and will not take.
- **Expedite documentation requests –** When APS, law enforcement and other government entities investigate reports of financial exploitation and request documentation, providing records in a timely manner is essential.

After the Advisory

- Report all cases of suspected exploitation as appropriate:
- FI's should protect older account holders by tailoring the institution's approach to relevant regulations.
- For example, many older consumers experience financial exploitation involving unauthorized electronic fund transfers (EFTs).
- In the U.S. for example, the Electronic Funds Transfer Act (EFTA) and Regulation E offer important protections to these consumers.
- Extend time limits on claims;
- Use caution when attributing liability for fraud claims.



During the Pandemic

Traditional Risks

- Isolation
- Loss of cognition
- Abuse by caretaker/familiar

Made that much worse

- Inability to contact
- Intervening abusers
- Mental and physical health declining further

Incapacity

- Tandem between negligence/abuse and financial exploitation
- Lack of treatment
- Lack of reporting
- Inability to respond

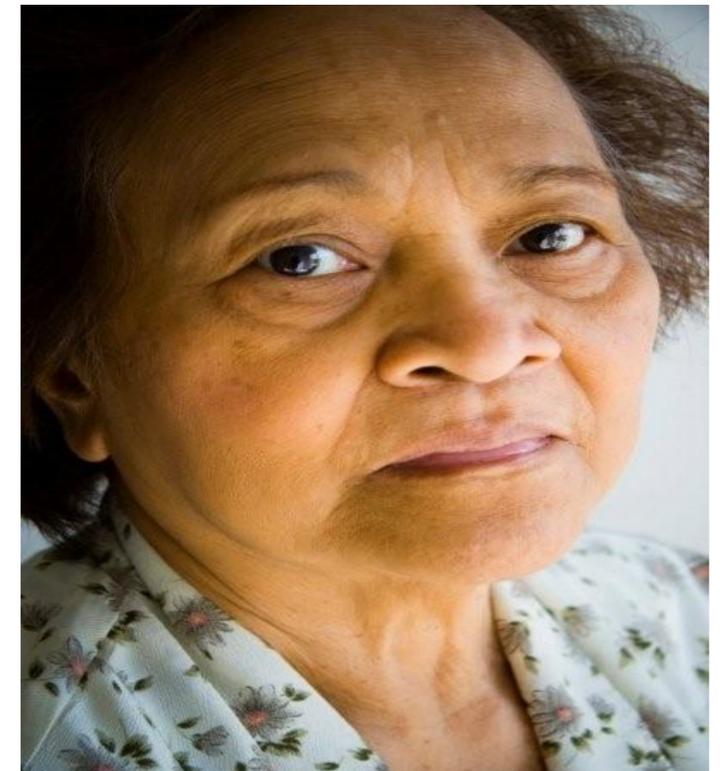


Senior Safe Act: What is it?

- The Senior Safe Act became federal law in 2018
- Senior Safe Act provides immunity from liability when reporting exploitation in good faith for those satisfying its requirements

Senior Safe Act: Protecting Older Customers

- Immunity protection for reporters who serve “as a supervisor or in a compliance or legal function (including a Bank Secrecy Act officer)” and who make the disclosure “in good faith” and “with reasonable care.”
- To qualify for immunity, the institution (or a 3rd party) must train employees on “how to identify and report the suspected exploitation of a citizen internally, and, as appropriate, to government officials or law enforcement authorities, including common signs that indicate the financial exploitation of senior citizens.”



Adult Protective Services (APS) New York State

- Investigation and assessment of the vulnerable adult's needs and risk of harm
- Counseling for the victimized adult & family
- Advocacy and case management services including arranging for medical and mental health assessments, applying for benefits and assuring coordinated delivery services
- Finding alternative living arrangements
- Housekeeping and cleaning services
- Crisis interventions, such as securing access orders, involuntary protective service orders and orders of protection
- Long-term legal interventions, such as pursuing guardianship

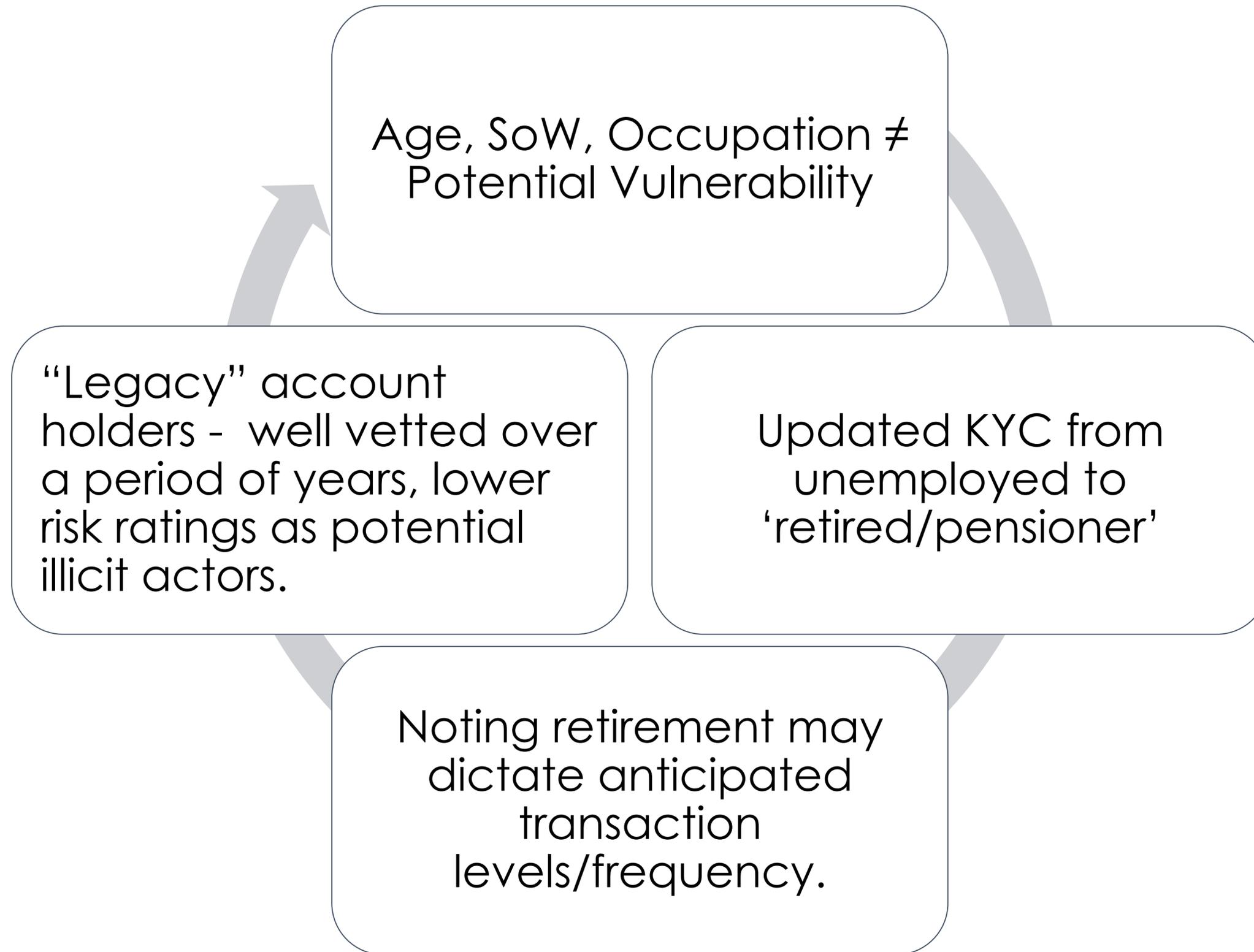
Fintech Tools – Identify issues related to capacity & fraud

- Monitor across financial accounts and credit data w/alerts to trusted contacts
- Bill management tools
- Elder planning and decision-making software
- Call monitoring: stop robocalls and calls from identified numbers
- Pre-paid debit cards - block certain businesses
- Digital safes for securely storing documents (POA, will, deeds)



Detection, Prevention, and Reporting for FIs for Financial Institutions

Sampling



Transaction Monitoring

External EFE Scams

- External scams – victim erratically withdrawing funds, issuing large checks, issuing wire transfers, and cancelling registered products (e.g., insurance, certificates of deposit) without concern for penalties in order to draw in more cash.
- **Deviation from Profile** – These transaction types would likely interact with the common transaction monitoring thresholds that include reviews for large round dollar transfers, or the depletion of funds below a certain percentage threshold.
- Still, the customer can ‘accidentally’ be identified as a suspect!

CFPB

Challenges – Transaction Monitoring – Internal EFE Scams

Ex. Larceny-oriented crimes

Small denominations over a period of time, and often from a large pool of elder victims.

Coercing the victim client to transfer the funds themselves under false pretense. (i.e., “let me help you transact”)

Detecting anomalous EFE-centric transactions becomes even more challenging.

Gray Space

Challenges – Transaction Monitoring – Internal EFE Scams

Predatory/Unethical Sales Practices

- Overlap - between the risk indicators of unethical sales practices and other forms of internal abuse, which include the issuance of new debit or credit cards, new signers to accounts, lack of knowledge about financial matters, or closing of accounts without regard to penalties.
- Documentation/Reporting - sales practices are not matrixed in the same way that unusual activity is, meaning that many institutions do not have controls in place that would detect an employee opening multiple fee intensive credit cards for a preponderance of older clients.



Wake Up Time

Challenges – Transaction Monitoring – Dormancy and Reactivation

- Examining for account both dormancy and reactivation over a period of one year may help reflect certain types of internal or externally sourced forms of EFE.
- KYC (Knowing Your Customer) should account for the fact that a customer's financial behavior will likely change over time. Fraud monitoring analytics should reflect this.
- Dormancy of a new account may be an indicator that a vulnerable client with potential diminished financial capacity did not consent to its opening.

Since March 2020

Continued Transactions

Seniors often have fixed spending patterns.

Ex.:

- Groceries
 - Rent
 - Utilities
 - Small cash out
 - Predictable checks
 - Limited geography
-
- It would be extremely unusual for an at-risk client to continue their same spending patterns post March 2020

Wake Up Time

Escalation and Investigation

- Expediency of escalation in cases of EFE is extraordinarily important given the risk of both fiscal and physical harm to the victim.



Internal reporting for further investigation/referral to APS and SARs



Specialized training on EFE warning signs and processes for the above

- Ethics based training outlining obligation to report.
- Controls to ensure APS as well as SAR reporting.



Case Studies

The Help

Case Study

- A 75 year-old customer suffers from debilitating physical ailments, is affected by worsening dementia, and is currently homebound.
- The customer has one regular home healthcare worker and rotating substitute healthcare workers.
- The customer's adult children provide some review of accounts when information becomes available, however, they are not signers on the accounts and do not have complete access.

Money In	Balance
	210.10
	190.10
	150.10
	130.10

00	121.17
	70.68
	62.40 OD
	92.40 OD
	162.40 OD
	219.65 OD
	239.65 OD
	264.65 OD
	289.33 OD
	552.96
	142.96

Money In	Balance
	1542.96
	1314.46
	1224.09
	114.69 OD
	133.86 OD
	253.86 OD
	273.86 OD
	416.58 OD
	436.58 OD
	436.58 OD



The Help

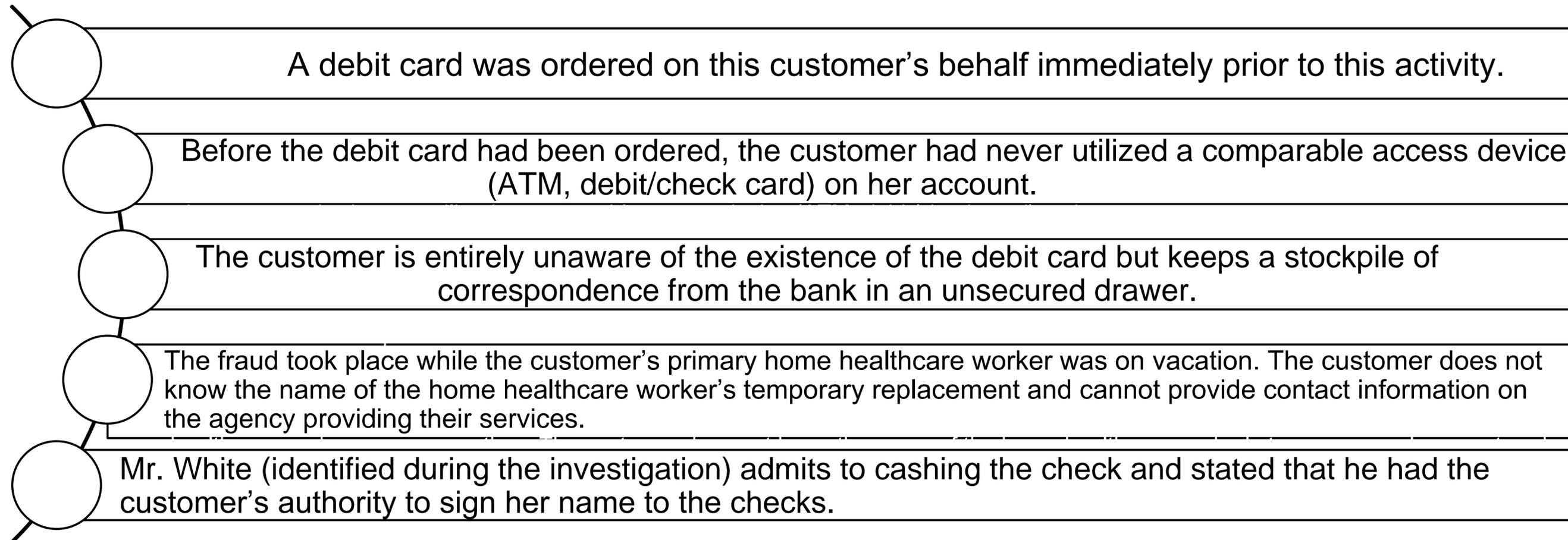
Case Study

- Although this customer is homebound, her children bring her in to local banking centers for sporadic visits.
- On a recent visit to the branch, she sits with the manager and reviews her past months' statements.
- At this time, the manager questions several transactions:
 - 11 checks issued to a Mr. White totaling \$11,000.00
 - Checks are cashed in New York and New Jersey
 - Multiple ATM withdrawals in the same states totaling \$11,000.00



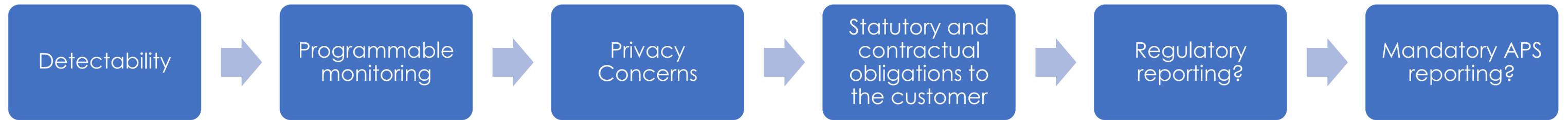
The Help

- Being unable to recall these transactions and identifying unauthorized credit card transactions with another institution, the customer's children call her banks and file fraud claims.
- Additional facts present as follows:



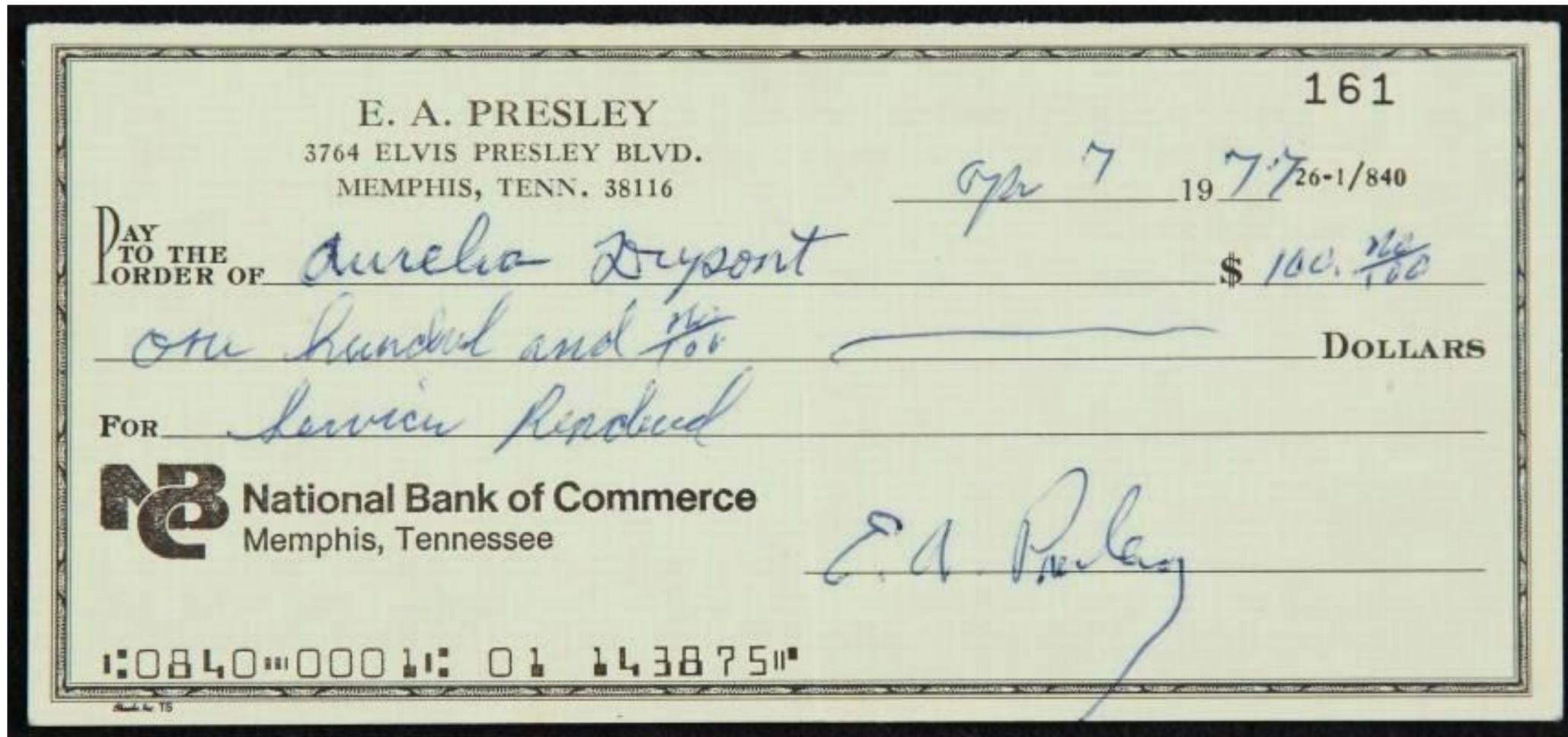
The Help

The Help – Escalation Points



The Gambler

- 94-year-old customer contacts the bank's customer service center requesting a stop payment be placed on multiple checks.
- The customer provided very little information on the nature of his transactions.
- Not being clear on the customer's concern, he is directed to the institution's fraud claims department.
- When pressed, the customer reluctantly admits that he sent three blank, signed checks by mail to individuals whom he refers to as his "business partners."



Additional Facts

- The customer is not filing a true “fraud” claim.
- The checks were already processed for \$50,000.00 each
- The customer wants a stop payment placed on the checks.
- The only reason that the customer is concerned is that he hasn’t gotten the “return on investment” that he was promised from this and other “business ventures.”

The Gambler

Next Steps

- The customer refuses to press charges against the suspects and refuses to provide identifiers to bank investigators.
- Customer admits signing checks and understands that this alleviates the bank's institution to reimburse him.
- The customer states that he and his wife (who suffers from advanced Alzheimer's disease) have no children, immediate family and that he is responsible for all of their finances.
- Throughout conversations with the customer, the bank learns that the customer plans to continue to transactions with the unidentified suspects.

The Gambler

Escalation Points

- Detection – frontline training
- Workflow in place to address issues appropriately
- Investigatory options
- Regulatory Reporting?
- APS?



The Inside Job

The Facts

- Several elderly customers had been issued ATM cards without having requested one, which prompted Bank Security and Audit to initiate an investigation.
- It was determined that a branch manager accessed elderly victims' accounts through the use of the company's computer system using other employee's computer terminals, which had been left on and unattended.
- Without their knowledge and/or consent, the manager changed the addresses on the elderly victims' accounts to reflect the bank address.



The Inside Job

Next

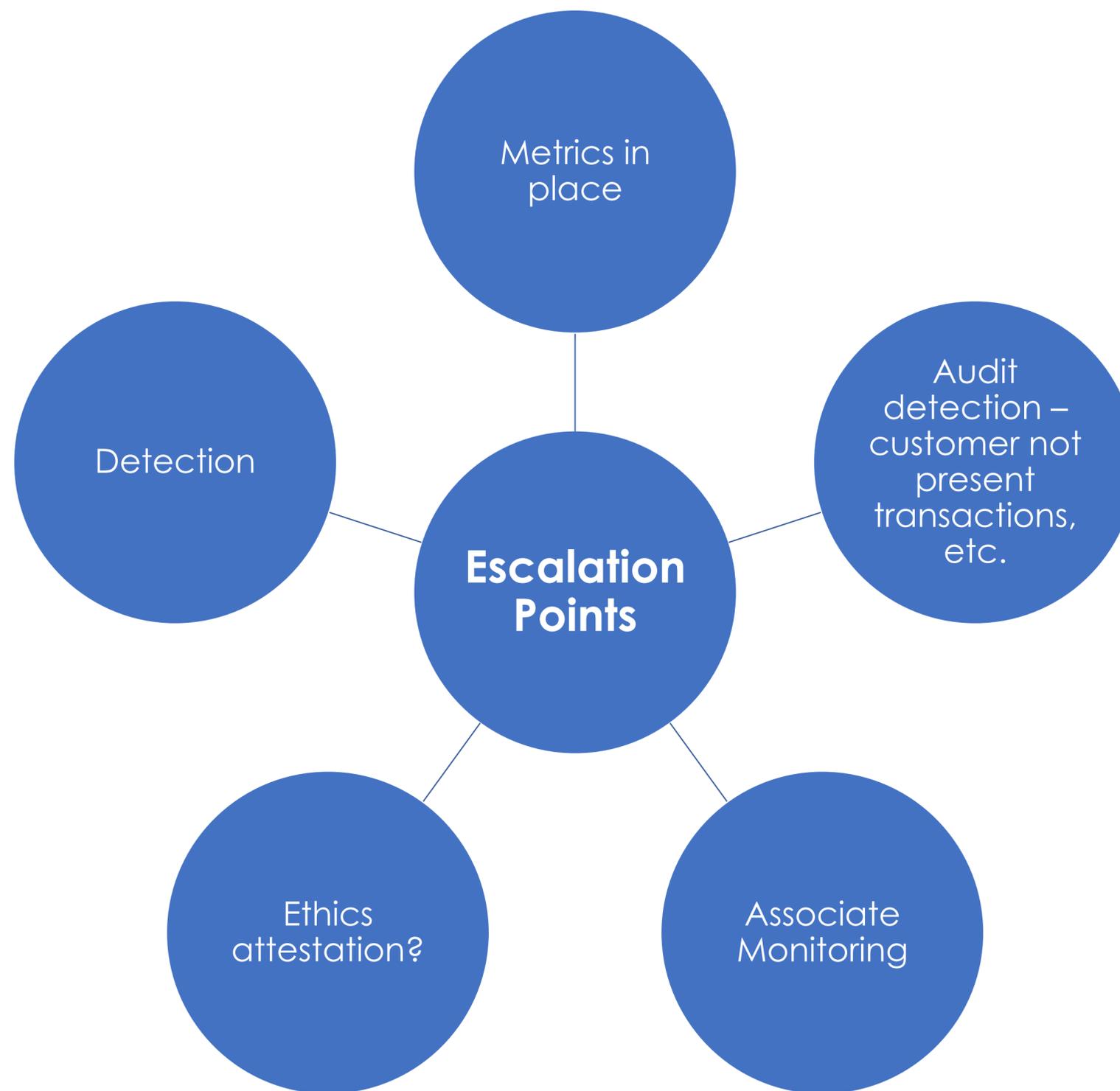
- The manager then ordered debit cards, knowing that they would be delivered to the bank.
- The manager intercepted the debit cards and used the victims' PINS to withdraw funds from their accounts.
- Afterward, the manager entered the company system again and changed the victims' address to reflect their true residences.

The Inside Job

Under Investigation

- When confessing, the manager stated that he targeted customers with financial means, and that he believed the customers would get their money back once they learned they needed to file a claim against the bank.
- He said he had been doing this for about two years, and it involved about six customers, names of whom he did not remember.
- He was disillusioned by his employer and stated he felt entitled to the money because of his low bonuses.
- The manager had been made aware of the company ethics policy, as well as reporting obligation, and had completed all requisite training.

The Inside Job



Elder Financial Abuse - Actual Cases New York County

CRIME

Gold-digger gets maximum sentence for scamming dementia patient, brain-damaged husband

BY MELISSA SINICE | DAILY NEWS STAFF WRITER
WEDNESDAY, OCTOBER 22, 2014, 4:04 AM



PHOTO: JEFF HARRIS

Cher Thompson got the maximum sentence after she pleaded guilty to scamming two disabled men.

Nassau Newsday > Long Island

38 comments

Accountant who stole \$1.2M from Holocaust survivor sentenced

Originally published November 21, 2013 1:22 PM
Updated November 21, 2013 6:38 PM
By JONAH VALDES | jon.valdes@newsday.com



Barry Palczewski, 35, has been indicted on identity and forgery charges after stealing more than \$1.2 million from a Holocaust survivor to pay for his rent, hot tub repairs and sporting events, prosecutors said. (Credit: Manhattan)





Takeaways and Resources

Be on the Lookout

At Home

- Hold Statements
- Delivery Only Services
- Effectively Destroy Sensitive Documents
- Monitor All Financial Accounts
- Active Credit Monitoring
- Online Banking Access*
- Observation Of Conditions
- Review Of Mail And Review Of Phone Logs
- Do Not Call/Block Number/Call Forwarding

At the Branch

- New “Friends”
- Unusual Transaction Requests
- Confused about Transactions
- Transacting with “escort”
- Talks about big deals
- Requests To Refund Overdraft Fees/Frequent O/D
- Investigation Referrals

Resources

Advisories

- CFPB (2019) – [Reporting of Suspected Elder Financial Exploitation by Financial Institutions: An update to the 2016 Advisory and Recommendations](#)
- FinCEN – [Advisory to Financial Institutions on Filing Suspicious Activity Reports Regarding Elder Financial Exploitation](#)
- CFPB (2016) – [Advisory for financial institutions on preventing and responding to elder financial exploitation](#)

Recommendations:

- Fraud Monitoring
- Credit Report Monitoring

Moderator and Opening Remarks



Tina Rampino

Moderator

Associate Managing Director, K2 Integrity

[Follow on LinkedIn](#)



Meryl Lutsky

Opening Remarks

ACAMS Chapter Co-Chair

[Follow on LinkedIn](#)



Howard Spieler

Opening Remarks

ACAMS Chapter Co-Chair

[Follow on LinkedIn](#)

Speaker:



Liz Loewy

Co-Founder and Chief Operating Officer, EverSafe

eloewy@eversafe.com

[Follow on LinkedIn](#)

Liz Loewy is Co-founder and Chief Operating Officer of EverSafe, a technology service that monitors the financial health of older adults and families for fraud, theft, and age-related issues. She was formerly the Chief of the Elder Abuse Unit in the New York County District Attorney's Office, where she assisted firms develop protocols and trainings focused on protecting older clients. Liz has been a speaker at multiple conferences on the topic of financial health and technology, including those hosted by the White House Conference on Aging (2015), the Milken Institute Global Conference, and ACAMS.

Speaker:



Veronica LoFaso, MD

Associate Professor of Clinical Medicine, Weill Cornell Medical

vel2001@med.cornell.edu

[Follow on LinkedIn](#)

Veronica LoFaso, MD is an Associate Professor of Clinical Medicine at Weill Cornell Medical College. She practiced 10 years as a nurse practitioner before returning to medical school at Albert Einstein College of Medicine to pursue her medical degree. She completed her residency at New York Presbyterian Hospital where she has remained for the past 24 years in the Division of Geriatrics and Palliative Medicine. Dr LoFaso was the founder and director of the Medical Home Visit program at Weill Cornell Medicine for which she received the Roland Balay Clinical Scholar Award. She has extensive experience in medical education and curriculum development. She has received several Excellence in Teaching awards from Cornell Medical College and is a two-time recipient of the Leonard P. Tow Humanism in Medicine award. Dr LoFaso currently serves as Geriatrician on the Multi-disciplinary Elder Abuse Teams (MDT) in Manhattan and Brooklyn and is the Medical Director of the MDT's in all boroughs of NYC. She has particular expertise in the forensic aspects of elder abuse and neglect and has published extensively in this area. She continues to care for patients at the Cornell Center on Aging in NYC.

Speaker:



Michael Schidlow, Esq., CAMS-Audit, CFE

Financial Crimes Compliance Consultant

michael@scientergroup.com

[Follow on LinkedIn](#)

Michael Schidlow is a financial crime compliance advisory and training consultant with over 15 years of experience in the anti-money laundering, anti-bribery and corruption, and fraud practice areas. Schidlow has held leadership roles with Bank of America and HSBC, and currently specializes in governance, policy, procedure, and training for consent order remediation. Schidlow holds the Certified Fraud Examiner (CFE) and Certified AML Audit Specialist (CAMS-Audit) accreditations, is a licensed attorney, and serves as a professor of criminal justice and ethics.

Thank you