



Shutting the Door on Scammers: Promising Practices to Combat Exploitation

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Center for Elder Justice & Policy

- William Mitchell College of Law, St. Paul, MN
 - Classes in elder law
 - Student internships
 - Legal research
 - Vulnerable Adult Justice Project
 - Translating law into practice
 - Grandparent caregivers
 - Direct care workers
 - World Elder Abuse Awareness Day
 - Health Care Decisions Day

AARP Minnesota

- *AARP is a nonprofit, nonpartisan organization with a membership that helps people age 50 and over have independence, choice and control in ways that are beneficial and affordable to them and society as a whole.*
- AARP Minnesota State Office
 - Focus on Advocacy and Education
- AARP Fraud Fighters
 - Volunteers across the state dedicated to educating others about how to spot, stop and prevent frauds and scams.

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Financial Crimes and the Elderly

Every one of us is at risk for financial crimes every day. Elders, however, are targets, and they have less time to recoup their losses.

\$2.6 billion annually in 2009*

- Met Life study's estimate of the amount older Americans lose to financial exploitation
- Studied AoA/NCEA newsfeeds and scholarly literature
- Associated costs – health care, social services, legal fees, prosecution
- For each reported case, 4 or more may be unreported
- Greater risk now, given the state of the economy
- “the crime of the 21st Century” says Dr. Sandra Timmerman*

* Broken Trust: Elders, Family, and Finances, MetLife Mature Market Institute, Westport, CT, March 2009.

\$2.9 billion (in 2011)*

- Expanded analysis, individual interviews
- Crimes of
 - Occasion (opportunity)
 - Desperation (economic crisis)
 - Predation (broken trust)
- Women likely to be victimized
- Holiday “spikes”
- Deceit, threats, emotional manipulation, accompanied by physical and sexual violence

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

AARP Fraud Victim Study*

- General population study, profiling
 - Investment fraud victims
 - Business opportunity fraud victims
 - Lottery fraud victims
 - Prescription drug/ID theft victims
 - Advance fee loan victims
- Key Findings for victims over 55
 - Less likely to acknowledge victimization
 - Less likely to report
 - Less upset by prospect of losing money in the future

*Pak, K. and Shadel, D., AARP National Fraud Victim Study, Washington, DC, March 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 Utah, as elsewhere,

- Stolen cash and forged checks
- Credit and debit cards – sign up without victim’s knowledge, “borrow,” identity theft
- Car purchases and theft
- Real property lost through deeding, other deception
- “Shared housing,” *aka* occupying property without rent or contribution
- Misuse of Power of Attorney, guardianship, conservatorship

Financial crimes and the elderly

- Financial exploitation
 - Defined by state laws
 - Vulnerable populations
 - Trusted persons
- Stranger scams and fraud
 - Universal
 - Target the elderly, people with communication impairments and memory loss
- Both thrive in isolation and silence.

A closer look at scams and fraud



Fraud Methods: Unlimited Possibilities

- Door-to-Door
- Postal Mail
- Telephone
- Computer E-mail

**SCHEMING
CRAFTY
AGGRESSIVE
MALICIOUS**
DON'T LET THEM CON YOU

What a bargain!

- Telemarketers
- Subscriptions
- Travel scams
- Home improvement scams
- Miracle cures and medical equipment

What To Look For: At Your Door

- “I have leftover wood, dirt, asphalt, etc.”
- “I’m working at your neighbors house...”
- “I have to sell 50 magazines so I can win a trip to Florida”
- “I have meat to sell” (out of the back of my truck)
- “I’m here to upgrade your security system”

You’re in luck!

- Telephone solicitations for lotteries
- Calls or mail saying you’ve won a prize
- Unclaimed property
- Pigeon drop
- Chain letters

What To Look For

- Phony Sweepstakes:
 - You should never have to pay to enter a legitimate contest.
- Foreign Lottery Fraud:
 - Don’t be duped—such a lottery would violate federal law.
- Services that seem too good to be true:
 - Advance-fee loans
 - Travel offers
 - Unnecessary credit card loss protection

Especially for you!

- Investment fraud (coins, gems, oil and gas leases)
- Business opportunities guaranteed to repay your investment many times over
- International varieties (“Nigerian Schemes,” Jamaican crime rings)

Health Care/Medicare Scams

- “Help” getting the \$250 doughnut hole rebate check:
 - If eligible, this will come to you automatically.
- Need new Medicare card
- 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
- Hard luck stories
- Headline disasters
- Special events (9/11 commemoration)

Just following up....

- Bank (examiner) scams
- Insurance scams
- Follow up on earlier "orders"
- Funeral chasers

Headliners

- Medicare Prescription Drug program
- Veterans' benefits
- Someone pretending to be a friend or relative who is on a trip out of town
- Somebody pretending to be your grandson calls for help and needs you to wire money to the hospital or jail

Spread the word



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."

General Precautions*

- The greater the potential return, the greater the risk.
- Investments seldom exist without some risk involved.
- Always get information in writing before you give away any money.
- Never let emotions interfere with your business affairs.
- Never invest what you cannot afford to lose.
- Legitimate offers will always be there tomorrow.
- Take time to do careful research.
- If an offer sounds too good to be true, it probably is.
- Do not send cash by messenger or overnight mail.

*Federal Reserve Bank of San Francisco, <http://www.frbf.org/publications/consumer/fraud.html#precautions>, 2011, downloaded October 10, 2011

Be ready to say NO

- When somebody sends you a check and wants you to send some of the money back
- When somebody calls and tells you that you've won a lottery...one you did not enter
- When you are asked to wire money to a large U.S. city or to another country
- When somebody offers you a chance to be paid or get a commission for facilitating money transfers through your account

Be Up Front and Alert!

- Rehearse a standard “line” to get off the phone
- Ask for credentials
 - Can I see your driver’s license?
 - Can I see your city permit?
 - Where is your business located?



Use modern conveniences

FTC Do Not Call Registry
www.donotcall.gov
 ◦ Call toll free: 1-888-382-1222

- Reduce unwanted junk mail
 - www.thedma.org
- Unlisted telephone number
- Caller ID, Call blocking
- Direct deposit
- Automatic payment





Resources



Federal Trade Commission
 (www.ftc.gov or 877-FTC-HELP)

- *The FTC’s Bureau of Consumer Protection works For The Consumer to prevent fraud, deception, and unfair business practices in the marketplace*
 - Enhances consumer confidence by enforcing federal laws that protect consumers
 - Empowers consumers with free information to help them exercise their rights and spot and avoid fraud and deception
 - Wants to hear from consumers who want to get information or file a complaint about fraud or identity theft (but they do not resolve individual cases)

Resources for Fighting Fraud

- AARP 
 - www.aarp.org
 - 1-866-554-5381
- Better Business Bureau 
 - www.bbb.org
 - 1-800-646-6222
- Minnesota Department of Public Safety
 - www.mnscams.org
 - 1-866-347-0911

Resources for Fighting Fraud

- FBI: Internet Crime Complaint Center 
 - www.ic3.gov
- United States Postal Inspection Service 
 - <https://postalinspectors.uspis.gov/contactUs/filecomplaint.aspx>
 - 1-877-876-2455

Resources for Fighting Fraud

- Ombudsman for Older Minnesotans
 - 1-800-657-3591
- Medicare Fraud
 - 1-800-633-4227
 - 1-800-MEDICARE
- Senior Linkage Line
 - www.tcaging.org
 - 1-800-333-2433

A New Resource for Fighting Fraud

Consumer Protection Financial Bureau (CFPB)

- *Office of Older Americans*
 - charged with preventing financial exploitation among seniors and empowering seniors to protect their financial resources.
- *Hubert H. "Skip" Humphrey, III* (appointed in October)
 - The office will focus on protecting seniors from financial exploitation, scams, and other threats to their financial security.

Dementia and financial decisions

- Dementia increases vulnerability, but remember Bernie Madoff defrauded a lot of people who were, presumably, cognitively intact.
- Chicken and egg dynamics
 - Loss of memory and impaired judgment affect financial decisions.
 - Financial difficulties signal worsening dementia.

Dementia and financial decisions, continued

- Assessing financial decision-making capacity
 - Daniel C. Marson et. al., *Clinical Interview Assessment of Financial Capacity in Older Adults with Mild Cognitive Impairment and Alzheimer's Disease*
 - <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC2714907/>
- Preventing isolation
 - Legal and financial planning
 - Routine questions and activities
 - Bank money and tea cup money

Broader response, covering the bases



State laws

- Improving reporting mandates and systems
- Improving the behavioral definitions of financial exploitation, fraud and scams to support charges, investigations, and prosecutions
- Criminal penalties
- Enhanced penalties in vulnerable victim cases
- Civil remedies
- Defining “consent” for financial transactions
- Reform in the areas of guardianship, conservatorship, and power of attorney

Public awareness

- Stranger scams and family matters
 - Not so long since child abuse and domestic violence were “family matters” too
- Prevention
 - What says “spring” cleaning better than a “shred-a-thon” at the community center?
- Media
 - Watchdogs and whistleblowers
 - New media issues

Team efforts

- Neighborhood, municipal, regional, or statewide
- Limited membership (Adult Protective Services and law enforcement) or broad coalition-building
- Aimed at public awareness and prevention or geared to specific cases and intervention (FAST)

FAST?

It's not one of those New Year's resolution diet schemes.



FAST

- Fiduciary Abuse Specialist Team or
- Financial Abuse Specialist Team
- Membership varies by local design
 - Public agency representatives (e.g. social service, law enforcement)
 - People with financial expertise (e.g. real estate, trusts, insurance)
- Roles vary by local design
 - Case consultation
 - Case intervention
 - Education and training for financial community, health care community, and general public

One Team's impact in dollars

- Santa Clara County's FAST Team reported that they have recovered and/or prevented the loss of \$127 million. (Malks, May 16, 2006).
 - Real property \$79,417,800
 - Liquid assets \$27,360,508
 - Stocks, bonds \$10,344.569
 - Restitution/recovery/ settlement \$ 9,964,319

The sum = \$127,087,196

Resources for FAST development

- Guidelines for Establishing and Coordinating a Fiduciary Abuse Specialist Team – available online from the National Committee for the Prevention of Elder Abuse (NCPEA)

<http://www.preventelderabuse.org/elderabuse/communities/tech.html#guidelines>

Especially for residential settings



Manual and model protocol

- Identifying and Intervening in Financial Exploitation: Manual and Protocol for Providers Serving Vulnerable Adults in Congregate Settings
 - A resource from the Center for Elder Justice & Policy
 - Geared especially to exploitation by family, other trusted persons
 - Download at <http://cejp.org/resources/FinancialExploitationJune2010.pdf>

Prevention and Deterrence

- Staff orientation
 - Commitment to prevention
 - Policies prohibiting gifts and loans from residents
 - Reporting and resources
- Resident and family council programs
 - Commitment to prevention
 - Resources at the facility
 - Resources in the community

Prevention and Deterrence

- Admission contracts
- Official documentation of financial authorities
- Address change to Social Security & benefits
- Monitoring payment with communication starting a few weeks after admission
- Monitoring resident fund accounts, as applicable

**Unpaid Bills:
Is exploitation a factor?**

- Don't wait more than 60 days (2 payment cycles) to assess an arrearage
- Match the response to the problem, e.g.
 - Person responsible for payment is bewildered and failing to manage
 - MA application is pending and "stuck in neutral"
 - Documented signs of financial exploitation (manual has extensive list of warning signs and red flags)

Model Protocol

- Establish a Financial Security Team
 - Social worker's role
 - Business Office role
 - Administrator's role
- Challenges to coordinated action
 - Staff turnover
 - Inexperience

Model Protocol

- Investigate and report as soon as signs appear
- Advocate for the vulnerable adult
- Report to local adult protective services and law enforcement

**Take away message
on health and independence**

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