

Preventing Financial Elder Abuse

by Luciana Cramer, Care Specialist

Don't kid yourself: the enemy is formidable, and very real. Financial elder abusers are often creative, like the doctor in Florida who diagnosed everything as cancer, even a piece of chewing gum, and subjected 865 of his patients to multiple unnecessary surgeries. Financial abusers are often educated, like the New York State judge who forged his aunt's power of attorney and took \$163,000 from her accounts. Abusers are cunning, like the former insurance agent in California who forged his aunt's signature to make withdrawals from the very same life insurance he sold her. Abusers are greedy, like the Houston lawyer who sold over \$10 million in fraudulent securities to more than 80 victims. And they are determined to get away with YOUR money.

Characterized as the "crime of the 21st century", elder financial abuse is generally defined as "the unauthorized use or illegal taking of funds or property of people aged 60 and older." It is pervasive in every community and in all economic levels. It is under recognized, under studied, under reported (only one in 44 cases are reported to law enforcement) and under prosecuted. And elder financial abuse costs U.S. residents a jaw-dropping \$2.9 billion each year.

With over 70% of the nation's wealth being controlled by people over the age of 50, and with over 40 million people 65 and older, American seniors make attractive targets for abusers. Many seniors also experience decreased cognitive functioning due to mild cognitive impairment or beginning Alzheimer's disease, which affects judgment and decision-making skills, making them more vulnerable to people looking to deceive them. Seniors are also often lonely, having suffered the loss of a spouse or friends, and eager to forge new relationships, opening a window of opportunity for an abuser to befriend them.

An estimated 30% of financial abuse crimes are committed by a scam artist previously



unknown to the victim. Their "scams," when caught, usually get a lot of publicity. Financial professionals working for the victim are believed to be the perpetrators in nearly 15% of the cases. Studies have found that in a majority of cases - over 50% - the abuser is a family member, friend, neighbor or caregiver. Studies also show that unemployment, alcoholism, drug abuse, gambling and *affluenza* (a sense of entitlement), may increase the likelihood of exploitation by family members. The latter cases are often aggravated by neglect, physical, psychological and emotional abuse.

Perhaps the most infamous case of abuse perpetrated by a family member is of the New York philanthropist and socialite Brooke Astor. Her son, Anthony Marshall, financed his lavish life style with millions of her money and properties, allowing Mrs. Astor to live in squalor and cutting back on necessary medication and doctor's visits while she deteriorated with Alzheimer's under deplorable conditions. Marshall was reported by his own son and later convicted of grand larceny.

Elder financial crimes can have catastrophic consequences for the victim. While in some cases the victim's wealth is large enough to absorb the shock from the exploitation, many seniors find themselves relieved of assets that have been accumulated over a lifetime through hard work and sacrifices. They suffer the trauma and emotional consequences of the betrayal. When the perpetrator is a trusted

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Santa Barbara County
1528 Chapala St., #204
Santa Barbara, CA 93101
Tel: 805.892.4259

120 E. Jones St, #113
Santa Maria, CA 93454
Tel: 805.636.6432

San Luis Obispo County
71 Zaca Ln Suite 110
San Luis Obispo, CA 93401
Tel: 805.547.3830

Ventura County
2580 E. Main St Suite 201
Ventura, CA 93003
Tel: 805.494.5200

24-Hour Helpline:
800.272.3900

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Caregiver Tips

Watch out for:

- 💡 Unusual expressions of fear or submissiveness in the presence of a caregiver.
- 💡 Isolation from family, friends, community, and other regular relationships.
- 💡 Withdrawn behavior.
- 💡 Disheveled or unkempt appearance.
- 💡 Missed appointments with care providers.
- 💡 Lack of knowledge about financial status.
- 💡 Changes in spending patterns.
- 💡 Changes in financial documents (will, trust, Power of Attorney)
- 💡 Caregivers who resist leaving the side of the senior during visits.

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family member, seniors experience their world, family, sense of safety, and faith in life permanently damaged. And in extreme cases where financial abuse is achieved by means of physical abuse and neglect, the victim may not survive.

There is no bullet-proof way to prevent elder abuse, but there are some things seniors and their loved ones can do to minimize its chances of ever happening:

- ◆ Make sure advance planning tools are in place: will, trust, advance directives, living wills and limited powers of attorney for both health care and finances.
- ◆ Hire a licensed professional fiduciary agent who can take over the responsibility of paying bills and managing assets.
- ◆ Have a second pair of eyes receiving and reviewing monthly statements.
- ◆ Make a provision in the Power of Attorney to have a third party review the appointed person's actions.
- ◆ Create a ledger with names and contact information on accountants, lawyers, financial institutions and professionals.
- ◆ Set up automatic bill paying and deposits.
- ◆ Make lists of bills to pay, on-line accounts



and passwords, and keep a year-long financial schedule (include taxes, insurance policies, registration fees, etc.)

- ◆ Watch for signs of abuse: unpaid bills, withdrawals from bank accounts or unusual activity, new “best friend,” missing valuables, lack of documentation about financial dealings (receipts, contracts, statements).

- ◆ Order background checks on caregivers or only hire vetted caregivers from legitimate in-home service agencies.
- ◆ Check credit reports.
- ◆ Get caller ID and screen for telemarketers. Register for the “do not call” and “National Do Not Mail” lists.
- ◆ Get a credit card with a small limit.

If you suspect a senior is being exploited, call Adult Protective Services (APS) and the police. Alert banks and any financial advisors or accountants about the

abuse. If the abused person is living in a Residential Care Facility for the Elderly, or in a nursing home, call the local ombudsman.

Senior financial abuse is a tragedy on the rise. Federal and State laws, such as the 2010 Elder Justice Act, continue to be created to help prevent and prosecute elder abuse. But most of the reporting must come from the community at large. By being aware and alert you too, can help prevent elder abuse.

Did you know?

More than 5 million Americans have Alzheimer's disease today.

There are nearly 15 million caregivers of people with Alzheimer's and dementia.

Alzheimer's is the 6th leading cause of death in the United States.

You can help lower your risk of developing Alzheimer's with regular exercise, low-fat diet, reducing alcohol and quitting smoking.



Tools:

- ◆ **Broken Trust: Elders, Family and Finances - MetLife Study**
metlife.com/assets/cao/mmi/publications/studies/2011/mmi-elder-financial-abuse.pdf
- ◆ **Adult Protective Services Santa Barbara: 805.681.4550**
- ◆ **Adult Protective Services Santa Maria: 805.346.8303**
- ◆ **Long-Term Care Ombudsman: 805.922.1236**
- ◆ **For a list of Elder Law Attorneys and Fiduciary Agents, please contact your local office of the Alzheimer's Association, or call: 800.272.3900**
- ◆ **StopFraud.gov - one-stop reporting site.**
- ◆ **Book: The Quick Guide to Recognizing Elderly Fraud: Elderly Financial Abuse Prevention Made Easy, by Winston Phillips**