STEP 7: Elder Financial Fraud & Abuse

Elder financial fraud victimizes hundreds of thousands of elderly persons each year. Older Americans hold the largest percentage of this nation’s wealth, making them prime targets for abuse by unethical financial professionals, scammers, caregivers and even family members. It is important to educate yourself and the person you are caring for about this important issue. Caregivers are often the people in the home or in closest contact with seniors on a regular basis. As a caregiver, you can play a key role in detecting signs of possible financial fraud or abuse.

What is Elder Financial Fraud & Abuse and What Does It Look Like?

There are many different ways seniors are scammed and defrauded. Fraud involves someone using a senior’s vulnerability to convince the senior to hand over property, money or valuable information under false pretenses. Theft involves the perpetrator taking property or assets directly from the senior.

There are four general categories of financial fraud & abuse:

1. **Misuse of assets**: Involves an individual with power of attorney or guardianship misusing an elder’s assets.

2. **Consumer fraud/scams**: Consumer fraud involves telemarketing and mail fraud. Individuals pretending to care for older persons in order to exploit them is an example of a “sweetheart scam.”

3. **Theft**: Theft involves the act of stealing possessions or money, or gaining access to seniors’ personal information to steal their identity or to open credit cards.

4. **Negligence**: Occurs when a person deemed to be responsible for an elder’s financial matters and/or care neglects these duties.

Other specific types of elder financial fraud & abuse include:

- **Power of Attorney Abuse**: Gaining legal representation over a senior and using it to take property or other assets.

- **Reverse Mortgage Scams**: Using seniors’ fear of financial insecurity to “sell” fraudulent reverse mortgages.

- **Living Trust and Annuities Scams**: Using seniors’ fear of financial insecurity to purchase unneeded, inadequate, unethical or confusing investments.

- **Deed Theft and Foreclosure Rescue Scams**: Using seniors’ fear of financial insecurity to scam them out of money or property, such as a home.
**Healthcare Scams:** Getting information about seniors’ medical accounts—like Medicare and Medicaid—in order to submit fraudulent claims.

**Lottery and sweepstakes scams:** Telling a senior about winning a "prize" that requires wiring funds abroad first in order to receive it.

**Government or “official” impersonator scams:** Asking the victim for personal identifying information to “verify” a false bill or transaction.

### Common Signs that Someone May be the Victim of Financial Fraud & Abuse:
- Failure to pay bills
- Failure to buy food or medication
- Large amounts of money withdrawn or transferred
- Missing personal property or belongings
- Isolation of the elder from friends or family

### How to Help Stop Elder Financial Fraud & Abuse
- **Be aware** that it can happen to anyone.
- **Pay attention** to possible signs of financial abuse among your family members, friends and clients.
- **Educate** seniors and their caregivers about financial abuse risks and what to look for.
- **Advise** older adults to contact caregiver support groups if they need help.
- **Stay knowledgeable** about your community’s resources so you can provide caregivers with current information.
- **Report!** If there are any signs of wrongdoing, immediately file a report with the local police department or the police department where the crime was located. Reports can be made anonymously and the reporter’s identity is protected.

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**Who Are the Victims?**
- Most are between the ages of 80 and 89
- Women are twice as likely as men to be victimized
- Most live alone
- Most require some level of help with either health care or home maintenance.

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**Who Are the Perpetrators?**
- Strangers: 51%
- Family/Friends/Neighbors: 34%
- Business: 12%
- Medicare/Medicaid Providers: 4%
- 60% of known perpetrators are men, mostly between the ages of 30 and 59
- Women perpetrators tend to be younger, mostly between the ages of 30 and 49.

Source: MetLife Mature Market Institute
Be Cautious of Senior Designations for Financial Advisors

There is increasing concern about the use of numerous and varying “senior designation” titles by financial advisors. These designations imply special training and experience in providing financial advice to seniors. Some designations are well-founded but oftentimes they are used by people who are just looking to sell financial products to seniors or sound more qualified than they really are to work with older adults. For more information on this topic, check out the Consumer Financial Protection Bureau’s report, Senior Designations for Financial Advisers: Reducing Consumer Confusion and Risks, available at consumerfinance.gov/reports.

What is the Role of Adult Protective Services (APS)?

APS programs are state and local agencies authorized under state law to receive and investigate reports of abuse, neglect and financial exploitation of older persons and adults with disabilities. Their focus is on helping to protect the victim of abuse. To find agencies and resources near you, visit napsa-now.org.

Senior Medicare Patrol

To crack down on healthcare fraud, a nationwide network of volunteers called the Senior Medicare Patrol (SMP) is working to help Medicare and Medicaid beneficiaries identify deceptive healthcare practices. These practices include overbilling or providing unnecessary services. The program has volunteers working in all 50 states. These volunteers identify and report fraud and abuse in their communities. To find out more about how to detect Medicare fraud, or to report suspected fraud or abuse, visit smresource.org. The website also provides information on becoming a SMP volunteer in your community.

Resources on Elder Financial Fraud and Abuse

Many public agencies are involved in preventing and detecting senior abuse and in prosecuting those who commit it. Many organizations are also dedicated to educating seniors on these topics as well. The following page has a list of helpful resources.
Resources on Elder Financial Fraud and Abuse

**Administration on Community Living/U.S. Administration on Aging**
eldercare.gov
(or call 1-800-677-1116)
In partnership with the National Association of Area Agencies on Aging, ACL/AoA operates the Elder Care Locator to help with finding trust-worthy local support resources for seniors.

**Consumer Financial Protection Bureau**
consumerfinance.gov/older-americans
1-855-411-CFPB (2372)
Ensures that consumers get the information they need to make sound financial decisions. The CFPB’s Office of Older Americans is specifically dedicated to those age 65 and older.

A helpful resource is the *Money Smart for Older Adults – Prevent Financial Exploitation* curriculum.


Consumer Complaint line for financial products (mortgages, loans, bank services, credit reporting, etc.)
1-855-411-2372
consumerfinance.gov/complaint

**Federal Bureau of Investigation**
fbi.gov/scams-safety/fraud/seniors
This FBI website provides information on common fraud schemes that target senior citizens. It describes the scams and ways you can protect yourself. The website provides links to online reporting and local FBI offices.

**Federal Crimes Enforcement Network**
stopfraud.gov
Financial Fraud Enforcement Task Force investigates suspected financial fraud.

**Federal Trade Commission**
ftc.gov
1-877-FTC-HELP (382-4357)
Protects consumers from unfair, deceptive and fraudulent business practices and offers practical information on a variety of topics.

For information on ID theft:
ftc.gov/idtheft
1-877-IDTHEFT (438-4338)

**National Center on Elder Abuse**
ncea.aoa.gov
State Resources: Helplines, Hotline and Information
NCEA is a resource for families, advocates, and medical, legal, and social service professionals. The website connects to information on elder abuse prevention and awareness and provides state-based reporting information, helplines, and hotlines.

**Postal Inspection Service**
postalinspectors.uspis.gov
Investigates mail fraud, identity theft, telemarketing schemes, and other crimes often targeted at elderly citizens. If you feel you have been victimized in a fraud scheme that involves the U.S. mail, submit a Mail Fraud Complaint Form with the U.S. Postal Inspection Service.

**The Securities and Exchange Commission (SEC)**
investor.gov
The SEC’s website (investor.gov) was designed to help individuals invest wisely and avoid fraud. The site provides *A Guide for Seniors: Protect Yourself Against Investment Fraud* and other resources.