



Financial Exploitation of Vulnerable Adults

January 10, 2019

Financial Exploitation harms millions of Americans every year. It not only takes a financial toll on the victim, but the emotional impact can be devastating. Depression, embarrassment, anxiety, social withdrawal, post-traumatic stress disorder and even dementia and psychosis are documented symptoms of victims of financial exploitation. The trauma of having a stranger, or worse, a loved one, steal from them can wreak havoc on the victim's mental and physical well-being. The majority of these crimes go unreported due to, among other factors, fear that nothing will be done, or when a family member is the thief, fear that something WILL be done.

Several years ago, a study conducted by the MetLife Mature Market Institute estimated that illegal or improper use of assets belonging to vulnerable adults in the United States was at a staggering \$3 billion dollars annually, and according to another study by TrueLink, with a broader definition of financial elder abuse, was as high as \$30 billion annually. The fastest growing age group of our population in the US, baby boomers, are the most susceptible to financial exploitation.

CATEGORIES OF FINANCIAL EXPLOITATION

1. Financial Exploitation of an adult comes in many forms. From family members to scam artists, the threat of financial abuse affects us all.
 - a. Family Members – using ATM cards, credit cards, stealing checks, borrowing with no intention of repayment, using power of attorney to steal funds, paying their own bills with victim money, stealing personal property, isolation and threatening to abandon, hit or harm the victim unless they comply, refusing medical attention, or withdrawal of love and care for the victim.
 - b. Caregiver – stealing cash, having the victim sign checks for fake “reimbursements or extra services”, signing falsified time sheets, failing to perform work they are being paid to do
 - c. Love interest – in person or on dating website, professing love while draining the victims bank accounts or convincing them to transfer title of property
 - d. Scammers/Con Artists – wide ranging ways of accessing identity or money, see below
 - e. Drug Dealers - lavish trips overseas unknowingly carrying drugs

- f. Financial Institution Employee – gaining trust and stealing funds through investment fraud

2. Current Scams Reported

a. IRS and Tax scams –

Emails designed to look like official communications in order to trick taxpayers into thinking they owe money or to provide information on refunds, filing status, personal information, ordering transcripts, or verifying PIN information. In other methods, scammers call victims posing an IRS employee using fake names and bogus IRS identification badge numbers, telling victims that they owe money to the IRS and they must pay by pre-loaded debit card or wire-transfer. When refused, the caller threatens with arrest, deportation or suspension of business or driver's license.

b. Sweetheart Scams –

Once seniors became familiar enough with social networking and dating sites, even the launch of senior only dating sites, the scammers quickly came up with a new way to get victims. They create fake profiles to build online relationships through dating sites, social apps, and chat rooms. Once they develop the relationship, they often convince the victim to send money for a variety of reasons. Some even make wedding plans before disappearing with the money

c. Smuggle Drugs Scams –

Victims are contacted and offered lavish trips overseas. The contact offers promise of an inheritance or business opportunity and the requirement to fly to various countries to meet with “attorneys” or “business partners”, with all travel and expenses paid for by the transnational criminal organization. At some point on the trip, they are asked to deliver a “present” or “gift” to someone during the next leg of the trip. Unknowingly delivering drugs concealed in everything from chocolates, picture frames, tea and markers, to canned goods, shampoo bottles, soap and wooden hangers.

d. Tech Support Scams –

Scam artists are now using the phone to try to access your computer. They call, claiming to be a computer tech associated with a well-known company like Microsoft. They tell the victim that a virus has been detected on the computer and that if allowed, they will access the computer remotely to fix it. Sometimes they ask for money to pay for the new software to protect your computer and sometimes they simply change the settings to allow them to access your personal information.

e. Medicare/Health Insurance Scams –

Victims are contacted by a “Medicare Representative” and request personal information in order to frequently bill Medicare for services and pocket the money.

f. Counterfeit Prescription Drugs –

Most commonly, counterfeit drug scams operate on the internet, where seniors increasingly go to find better prices on specialized medications. The scam is rapidly growing in popularity. The danger, besides paying money for something that will not help a person’s medical condition, is that victims often purchase unsafe substances that can inflict serious harm.

g. Telemarketing Scams –

- i. The Pigeon Drop – The scammer tells the victim that a large sum of money has been found and the scammer is willing to split it with the victim if he/she will make a “good faith” payment by withdrawing funds from their bank. Often, a second scammer is involved, posing as a lawyer, banker or some other person in a trustworthy sounding position.
- ii. The Fake Accident – The scammer gets the victim to wire or send money on the pretext that the person’s child or another relative is in the hospital and needs money.
- iii. Charity Scams – Money is solicited for fake charities. This often occurs after natural disasters.

h. Email from a “friend” –

In this scam, an email is received from a “friend” or “family member” and states that they are currently out of the country and ran into trouble, lost their phone and has no way to contact anyone else. Many times the email address that this scam comes from is very similar to a known email address and the victim, on first look, will not notice it is not really their friend or family members email address.

i. Funeral and Cemetery Scams –

Scammers read obituaries and call or attend funeral services to take advantage of a grieving widow or widower by claiming the deceased owed them money. There is also a reporting of disreputable funeral homes that will add unnecessary charges to a funeral bill, sometimes even insisting that an expensive display or burial casket, rather than a cardboard casket, is required for a direct cremation.

j. Homeowner/Reverse Mortgage Scams –

Official looking letters go out appearing to be on behalf of the County Assessor’s Office. The scam is that the letter offers, for a fee of course, to

have the property reassessed and possibly get the taxes reduced. Another way for scammers to get to vulnerable homeowners is to convince them to access the equity in their home through a reverse mortgage, and then steal the funds. Less than reputable home repair companies have been known to approach the older homeowner directly and convince them to do a reverse mortgage in order to pay for unnecessary repairs.

k. Grandparent Scam –

Scammers place a call to an older person and pretend to be a grandchild of the victim by saying “Hi Grandma, do you know who this is?” The victim then guesses the name of the grandchild the scammer sounds most like, the scammer then asks for money due to some unexpected financial problem like overdue rent, car repairs, etc. and tell “Grandma” that his/her parents would be very upset if they knew he/she was asking for money, so please do not tell the parents. They then request payment by Western Union or Money Gram, which don’t always require identification to collect.

l. Investment Schemes –

From pyramid schemes to fables of a Nigerian prince looking for a partner to claim inheritance money to complex financial products that many economists don’t even understand, investment schemes have long been a successful way to take advantage of older people.

m. Check Scams –

Check scams involve a con artist offering to buy an item from a seller using a cashier’s check, which is made out for an amount that is great than necessary. The scammer then asks that the check be cashed, and the excess funds returned to the scammer. The check is, of course, fraudulent, but if the money is returned before the seller realizes it, they have lost the funds, as well as the item they were selling.

n. Jury Duty Scam –

Scammer calls from “jury services” who claims you failed to appear for jury duty and that a warrant has been issued for your arrest. The victim is then offered a choice to either pay for the warrant or have an officer sent to arrest you. The scammer will typically demand that the money be paid by money transfer or by loading a pre-paid debit card.

o. Utility Scam –

Fear based scam informing the victim that their utility company is about to shut off water or power due to unpaid bills. The scammer will naturally

want the money be paid by money transfer or by loading a pre-paid debit card

p. Text or Email from “Your Bank”

The scammer sends a text message or email that appears to be from your bank warning that there is a problem with your account. The link provided leads to a bogus website where you are required to verify account and/or personal information. In other scams, they provide a contact phone number to call and the scammer is then able to personally ask for your confidential information. Once they have the information, they drain the account.

q. Sweepstakes and Lottery Scams –

Telemarketers in Jamaica are calling people in the US telling them that they have won a sweepstakes or foreign lottery. They typically identify themselves as lawyers, custom officials or lottery representatives. The victim is informed that they have won vacations, cars, or thousands, even millions, of dollars. “Winner’s” need only pay fees for shipping, insurance, custom duties or taxes before they can claim their prizes. In some scams, they even send “advances” on your winnings.

To spot a scam – Signs can include:

- i. Encouragement that if you don’t act now, you will lose the discount or prize
- ii. Pressure or threats for immediate action
- iii. Upfront Fees/Costs to collect prize, repair your credit or find you a loan
- iv. Wants payments through wire transfer, pre-paid debit/credit card, cash or check.
- v. Caller asks you to verify information they claim to have in the company file
- vi. The caller says that you will increase your chances of winning if you make a purchase
- vii. Be wary of any unsolicited email, but never trust one that asks you to send money for any reason or proposing a business opportunity.

3. Who is at risk – Adults that:

- a. Are lonely or isolated
- b. Have physical limitations or disabilities
- c. Have mental limitations or disabilities

- d. Have experienced recent loss of loved one
 - e. Are inexperienced with managing finances
 - f. Are wealthy or poor – doesn't matter
 - g. Are women – higher risk than men – live longer, nicer, chronic conditions
4. How to Identify if your loved one is being financially abused
- a. Complaints of unexplained missing money, credit cards, checkbooks
 - b. Sudden changes in banking practices – large withdrawals, unusual increase in credit card balances, wire transfers, frequent small transactions
 - c. Nonpayment of monthly bills
 - d. Withdrawn or suddenly isolated
 - e. Inability to explain where money is going/outlandish explanations
 - f. Bank statements stop coming to address
 - g. Personal property missing
 - h. Changes to estate planning documents that do not meet with the natural flow
5. How to Stop
- a. Discuss your concerns with your loved one, understanding that they may deny/hide it due to fear, embarrassment or even denial
 - b. Review bank statements/transactions with your loved one – look for unusual activity and discuss
 - c. Ask questions of the suspected abuser, the realization that you suspect them may prevent further abuse
 - d. Contact local authorities if theft, mail or scam fraud is suspected
 - e. Contact Adult Protective Services if your loved one is disabled
6. How to Prevent
- a. Know the signs and believe that it CAN happen to you or a loved one.
 - b. Be suspicious – If your loved one is generally trusting, being skeptical can be hard. However, being generally suspicious of cold calls and unsolicited letters and emails that promise benefits is an effective way to stay protected.
 - c. Get to know those who are caring for your loved one

- d. Ask questions and get information – Before your loved one does business with a new company, obtain a name, address, phone number, email, and website for the person they're talking to. Just asking a few questions can be enough to scare some scammers away.
- e. Never give out personal information unless you know exactly who you are talking to - If a caller from “a trusted source”, such as your bank or utility service, requests personal information, such as a social security number, hang up and call the “trusted source” directly.
- f. Never give out personal information online – an investment company or charity will never ask for a social security number via email. If your loved one received an email requesting personal data, bank routing numbers, or other private information, it is probably a scam.
- g. Don't make decisions on the fly – If you are being pressured by a telemarketer to make an immediate decision before you can do any research, the answer should be no and hang up.
- h. Never pay money to get “free” money – Companies paying out legitimate prize winnings will not ask you to pre-pay shipping and handling charges.
- i. BBB is a great resource – check out companies with the Better Business Bureau before handing over any money. If the company is not a member, you may want to steer clear.
- j. Use the internet to find reviews or complaints about companies that are new to you.
- k. Utilize or create a solid estate plan that can protect access to assets without having to obtain a court appointed conservator.

Phone numbers of who to call

Adult Protective Services – 877-SOS-ADULT (877-767-2385)

www.des.az.gov/services/aging-and-adult/arizona-adult-protective-services-aps

Area Agency on Aging – 24 hour – 602-264-HELP (602-246-4357)

Attorney Generals Taskforce Against Senior Abuse – 844-984-4735 or 602-542-2124

Prescott Police –

Non-emergency – 928-445-3131

Victim Services Unit – 928-777-1900 / victimservices@prescott-az.gov

Prescott Valley –

Non-emergency – 928-772-9261

Victim Services Unit – 928-772-5113 / victimservices@pvaz.net

Diminished financial capacity – cognitive impairment and diminished financial capacity are not one in the same. Although cognitive impairment does often lead to diminished financial capacity. Financial capacity has been defined as “the capacity to manage money and financial assets in ways that meets a person’s needs and which are consistent with his/her values and self-interest. A decline in that ability is called impaired or diminished financial capacity. It can significantly weaken a person’s financial judgment and render him unable to understand the consequences of financial decisions. Persons with cognitive impairment may be unable to protect themselves from financial exploitation or even recognize that they are being exploited.

Stats for Arizona

July 1, 2016 through June 30, 2017, APS received and investigated 13,056 total reports of vulnerable adult abuse (2,836), neglect (3,132), self-neglect (5,848) or financial exploitation (2,510), representing a 12% increase from the prior year, but a significant decrease from the prior four years.

Approximately 6 out of every 10 clients for APS have been female for the past 5 years.

40% of APS clients live with family or others, 28% live alone, and approximately 20% in care facility

Over the last five years, family members account for 45-50% of alleged perpetrators; paid caregivers or residential management accounted for 24-28%; friends/neighbors for 10%; fiduciary, financial services, law enforcement, social, legal, medical and other public services round out at 17-20%.

Mandatory reporters – ARS 46-454

46-454. Duty to report abuse, neglect and exploitation of vulnerable adults; duty to make medical records available; violation; classification

A. A physician, registered nurse practitioner, hospital intern or resident, surgeon, dentist, psychologist, social worker, peace officer or other person who has responsibility for the care of a vulnerable adult and who has a reasonable basis to believe that abuse or neglect of the adult has occurred or that exploitation of the adult's property has occurred shall immediately report or cause reports to be made of such reasonable basis to a peace officer or to a protective services

worker. The guardian or conservator of a vulnerable adult shall immediately report or cause reports to be made of such reasonable basis to the superior court. All of the above reports shall be made immediately in person or by telephone and shall be followed by a written report mailed or delivered within forty-eight hours or on the next working day if the forty-eight hours expire on a weekend or holiday.

B. An attorney, accountant, trustee, guardian, conservator or other person who has responsibility for preparing the tax records of a vulnerable adult or a person who has responsibility for any other action concerning the use or preservation of the vulnerable adult's property and who, in the course of fulfilling that responsibility, discovers a reasonable basis to believe that exploitation of the adult's property has occurred or that abuse or neglect of the adult has occurred shall immediately report or cause reports to be made of such reasonable basis to a peace officer, to a protective services worker or to the public fiduciary of the county in which the vulnerable adult resides. If the public fiduciary is unable to investigate the contents of a report, the public fiduciary shall immediately forward the report to a protective services worker. If a public fiduciary investigates a report and determines that the matter is outside the scope of action of a public fiduciary, then the report shall be immediately forwarded to a protective services worker. All of the above reports shall be made immediately in person or by telephone and shall be followed by a written report mailed or delivered within forty-eight hours or on the next working day if the forty-eight hours expire on a weekend or holiday.

C. Reports pursuant to subsections A and B shall contain:

1. The names and addresses of the adult and any persons having control or custody of the adult, if known.
2. The adult's age and the nature and extent of the adult's vulnerability.
3. The nature and extent of the adult's injuries or physical neglect or of the exploitation of the adult's property.
4. Any other information that the person reporting believes might be helpful in establishing the cause of the adult's injuries or physical neglect or of the exploitation of the adult's property.

D. Any person other than one required to report or cause reports to be made in subsection A who has a reasonable basis to believe that abuse or neglect of a vulnerable adult has occurred may report the information to a peace officer or to a protective services worker.

E. A person having custody or control of medical or financial records of a vulnerable adult for whom a report is required or authorized under this section shall make such records, or a copy of such records, available to a peace officer or adult protective services worker investigating the vulnerable adult's neglect, exploitation or abuse on written request for the records signed by the peace officer or adult protective services worker. Records disclosed pursuant to this subsection are confidential and may be used only in a judicial or administrative proceeding or investigation resulting from a report required or authorized under this section.

F. If reports pursuant to this section are received by a peace officer, the peace officer shall notify the adult protective services of the department of economic security as soon as possible and make such information available to them.

G. A person required to receive reports pursuant to subsection A, B or D may take or cause to be taken photographs of the abused adult and the vicinity involved. Medical examinations including radiological examinations of the involved adult may be performed. Accounts, inventories or audits of the exploited adult's property may be performed. The person, department, agency or court that initiates such photographs, examinations, accounts, inventories or audits shall pay the associated costs in accordance with existing statutes and rules. If any person is found to be responsible for the abuse, neglect or exploitation of a vulnerable adult in a criminal or civil action, the court may order the person to make restitution as the court deems appropriate.

H. If psychiatric records are requested pursuant to subsection E, the custodian of the records shall notify the attending psychiatrist, who may excise from the records, before they are made available:

1. Personal information about individuals other than the patient.

2. Information regarding specific diagnosis or treatment of a psychiatric condition, if the attending psychiatrist certifies in writing that release of the information would be detrimental to the patient's health or treatment.

I. If any portion of a psychiatric record is excised pursuant to subsection H, a court, upon application of a peace officer or adult protective services worker, may order that the entire record or any portion of such record containing information relevant to the reported abuse or neglect be made available to the peace officer or adult protective services worker investigating the abuse or neglect.

J. A licensing agency shall not find that a reported incidence of abuse at a care facility by itself is sufficient grounds to permit the agency to close the facility or to find that all residents are in imminent danger.

K. A person who violates any provision of this section is guilty of a class 1 misdemeanor.