Financial Elder Abuse Costs Nearly $3 Billion a Year
By William P. Isele
(Originally published in the *New Jersey Law Journal*)

Earlier this year, I agreed to serve as conservator, under N.J.S.A. 3B:13-A-1 and Rule 4:86-11, for a 95-year-old woman who lives at home, with assistance. As is my custom in guardianship and conservatorship matters, I try to maintain a banking relationship with the bank where the ward or conservatee had maintained his or her accounts. When I opened the conservatorship account, the bank officer admitted that he had never done one before, and this would be a learning experience for him. Things have proceeded well so far. When I went to the bank last week, it was obvious the bank officer had been waiting for me to come in. He asked if he could speak with me. Without naming names, he discussed a customer of the bank whose banking habits have suddenly changed. Regular checks in large amounts are being written to "cash" and given to a person to whom he is not related. The bank officer asked me: "How does a person get a conservator? I think this customer really needs one." Banks are often the first to notice questionable financial activity. I told him how to contact Adult Protective Services, and an investigation ensued. APS is now taking appropriate action.

As early as 1985, elder abuse was called a "national disgrace" by the U.S. House of Representatives, Subcommittee on Health and Long-Term Care of the Select Committee on Aging. More than a quarter-century later, it continues to be a national disgrace. Until recently, however, no one has quantified the cost.

In 2009, the MetLife Mature Market Institute, in collaboration with the National Committee for the Prevention of Elder Abuse, and the Center for Gerontology at Virginia Tech, released a groundbreaking study providing a comprehensive understanding of the extent and implications of elder financial abuse. The study, *Broken Trust: Elders, Family, and Finances,* consisted of a review of the scholarly and professional literature and an in-depth analysis of National Center on Elder Abuse newsfeed articles from April through June 2008.

Now, MetLife has followed up with a second study, released in June 2011. *The MetLife Study of Elder Financial Abuse: Crimes of Occasion, Desperation, and Predation Against America's Elders* further illuminates the widening problem of elder financial abuse. The full report may be downloaded from www.MatureMarketInstitute.com. It can also be ordered by writing to: MetLife Mature Market Institute, 57 Greens Farms Road, Westport, CT 06880.

Key Findings

The study made some interesting findings, including:

- The annual financial loss by victims of elder financial abuse is estimated to be at least $2.9 billion, a 12 percent increase from the $2.6 billion estimated in 2008.

- Instances of fraud perpetrated by strangers comprised 51 percent of the articles. Reports of elder financial abuse by family, friends and neighbors came in second, with 34 percent of the news articles, followed by reports of exploitation within the business sector (12 percent) and Medicare and Medicaid fraud (4 percent).

- Medicare and Medicaid fraud resulted in the highest average loss to victims ($38,263,136); followed by fraud by business and industry ($6,219,496); fraud by family, friends and neighbors ($145,768); and fraud by strangers ($95,156).

- Women were nearly twice as likely to be victims of elder financial abuse as men. Most victims were between the ages of 80 and 89, lived alone and required some level of help with either health care or home maintenance.

- Nearly 60 percent of perpetrators were males. Most male perpetrators were between the ages of 30 and 59, while most female perpetrators were between the ages of 30 and 49. Perpetrators who were strangers often targeted victims with visible vulnerabilities (e.g., limited mobility, displays of confusion, being or living alone).

- Dollar losses over the holidays due to family, friend and neighbor perpetrators were overall higher than any other category -- likely owing to sheer numbers of instances -- although the average number of dollars lost per individual instance was highest from business perpetrators.

Although financial exploitation of the elderly has long been recognized as a serious problem, prior to these two MetLife studies, there was little in the way of reliable data to confirm the financial cost, to say nothing of the human cost, of this "national disgrace."

Signs of Financial Abuse

Why are the elderly targeted? Consider the recently widowed person, whose spouse always handled the finances. I know of one 77-year old man who didn't know how to write a check; his wife always did that. He thought it odd that you have to write so much: the name of the payee; the amount twice, once in numbers and once in words; and his own signature. How easy would it be for an exploiter to convince him? "Just make it payable to *cash*," or "Leave the amount blank, I'll fill it in later." Consider the person who lives alone, and all of her friends have died or moved to retirement states. I know of one 90-year old woman who didn't know to ask a house painter for proof of insurance; she thought her homeowners insurance would cover any problems. Consider the business professional with mild dementia. I know of one 83-year old woman who accused her daughter of stealing from her. She was right, things were missing, but it wasn't the daughter who was taking them. By the time the daughter stopped protesting her innocence and took her seriously, many valuable items were gone.

Financial abuse can take many forms. The National Council on Aging says to watch for these signs of financial abuse:

- The elderly person's living conditions are well below his or her financial resources;
- Unusual or inappropriate bank account activity is occurring;
- Frequent checks for "cash" are written to a caregiver, financial professional or other;
- Bills go unpaid or are overdue, when someone is supposed to be paying them;
- The elderly person transfers title of his or her home, or other assets, without reason;
- Large, frequent gifts are made to a caregiver, or other;
- The elderly person is reluctant to talk about once-routine topics;
- Personal belongings are missing;
- Someone attempts to isolate the elderly person from others;
- Changes are made in a will, banking arrangement or professional relationship;
- The elderly person takes out large, unexplained loans;
- A live-in caregiver refuses to leave or is evasive about financial arrangements.

Frequently, the victim will be ashamed. If a family member raises a financial issue, the elderly person may awkwardly try to change the subject. Often, when financial abuse has occurred, it may be too late to report a crime; the perpetrator has absconded. If the abuser is a family member, the elder will often refuse to sign a complaint.

A few precautions can help prevent financial abuse of the elderly. Perhaps the most important is to reduce isolation. Lonely people will do things they otherwise might not, just for companionship. Visit often, or if you live far away, keep in touch with a reliable neighbor or friend. Most churches have social ministry groups who will visit elders in the community. Often, they can spot the danger signs mentioned above.

Limit any power of attorney; be sure the agent is trustworthy, and limit his or her powers to those that are necessary. It's not unreasonable to require an informal, annual accounting of income and expenses.

Direct deposit of Social Security and other income (pensions, IRA distributions) is a God-send. Be careful of making direct deposit to joint accounts, however.

Make arrangements for routine bills, such as health insurance and rent, to be auto-paid monthly. Even utilities, which tend to rise and fall with the seasons, can be annualized and scheduled for automatic payment from the elder's checking account.

Geriatric care managers can be a very useful resource. These professionals can monitor an elder's total situation, including the financial as well as physical and mental aspects, and can report problems appropriately. Don't know how to find one? Go to www.caremanager.org.

Thanks to MetLife's Mature Market Institute, we now have reliable statistics about the cost of financial elder abuse. It is now up to each one of us to take the necessary steps to protect our own elders and eliminate this "national disgrace."

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