A Panel Discussion
Financial Elder Exploitation
October 22, 2014
Welcome and Introduction
Why Financial Elder Exploitation?
Nearly a $3 Billion Problem

The Federal Trade Commission estimates that 13.5% of US consumers are defrauded each year, losing a total of close to $3 billion.
Advancing community-centered care for the aging
What We Do
Why We Do It
Shawna Reeves, MSW
Director, Elder Abuse Prevention, Institute on Aging

Definitions, Scope, and Trends
Definitions

**ELDER:** A person 65 years of age or older.

**DEPENDENT ADULT:** A person between the ages of 18 and 64 years who has physical or mental limitations that restrict his ability to carry out normal activities or to protect his or her rights.
FINANCIAL ELDER ABUSE: The wrongful taking of property of an elder or dependent adult. In general, a taking of property is wrongful if it is clearly harmful to the elder or was obtained through fraud or undue influence.

DOMESTIC FINANCIAL ELDER ABUSE: The economic exploitation of elders by family members, caregivers, acquaintances, and neighbors that often involves the transfer of an elder’s property or an inappropriate bequest obtained through undue influence.

COMMERCIAL ELDER FINANCIAL ABUSE: The economic exploitation of elders by sellers of products and services, which often involves issues of capacity to contract, undue influence, and misrepresentation. Tools used to commit commercial elder financial abuse may include advertising, promotions, free-lunch seminars, sales presentations, or phone calls.
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Why Are Elders TARGETS?

PHYSICAL VULNERABILITY

ISOLATION OR SOCIAL BUTTERFLY

NEUROLOGICAL VULNERABILITY

FINANCIAL VULNERABILITY
Why Are Elders TARGETS?

PHYSICAL VULNERABILITY

ISOLATION OR SOCIAL BUTTERFLY

NEUROLOGICAL VULNERABILITY

FINANCIAL VULNERABILITY Elders control 70% of the wealth, which translates to roughly $15 trillion in assets. Abusers know this and will target both liquid and illiquid assets.
How bad is this problem?

Hard to know.

1 out of 10 elders is abused every year.

1 out of 5 elders is swindled every year. Swindlers can include telemarketers, insurance agents, mortgage brokers, attorneys, etc.

*How can these both be the case??*

It is estimated that only 1 out of 26 elder abuse cases gets reported to Adult Protective Services or law enforcement.
Elder Exploitation Trends

Gaining trust of – and access to - elders through caregivers

Bogus senior designations

The Madoff Phenomenon (i.e. high profile predators)

Senior Center Swindlers
Does he have Alzheimer's?

No, he just believes what people tell him.

That's too bad.
Case from Clinic

No Dementia
Lives independently
Financial abuse is common

- Relatives, acquaintances, and thieves
- 20%-50% of elder abuse cases
- Misappropriation of assets by dishonest means
- Types:
  - outright theft (often by using Power of Attorney)
  - credit card fraud
  - real estate scams
  - telemarketing scams

*Tueth, 2000*
Financial abuse is expensive

- Annual financial loss by victims of elder financial abuse is estimated between $3-30 billion dollars

MetLife Study of Elder Abuse, 2011
Unique issues for elderly consumer

Social isolation

Fear

Cognitive changes
Cognitive vulnerabilities in aging

• Cognitive changes occur in most older adults, and impair reasoning and decision-making
  • Studies find 35-40% of community-dwelling adults are at risk

• Fraud awareness and detection of risk declines with age

• Early forms of Alzheimer's disease can present with impaired calculation before other problems with memory are pronounced
Back to our case... where's the problem?
Claims v reality
Supplement scams

• “Anti-aging” providers market directly to older adults
• Prey on impaired decision-making ability
• Target specific disease groups
• Older adults may not think of supplements as “medication” thus may not report to medical providers

GAO Report, 2013
Polyherbacy

- **Polyherbacy** is defined as the excessive and inappropriate use of dietary supplements
  - Can lead to drug-drug interactions
  - Side effects
  - Drug fatigue
  - Choking hazard
- **Needs to be reported to medical providers**
Take home #1:
Scams prey on areas of value
Take home #2: Many people are at risk

**Investment fraud**
- Married man (60-75)
- Wealthy
- Risk-taking personality
- Better educated than general public

**Lottery scam victim**
- Older single women
- Socially isolated
- Low education level
- “Life for today” attitude
- Low financial literacy
Take home #3: Start with asking questions

If you suspect an older adult is at risk, ask open-ended questions:

- “Many older adults receive calls or mailings asking them for money, or lotteries. Does this happen to you?”
- “Many older adults are asked to give donations or gifts that sometimes are more than they can afford. Does this happen to you?”
- “Many older adults use vitamins or minerals that they buy on the internet or at the drug store. Do you use any of these medications? Do you have trouble paying for medication?”
Take home #4: You are not alone, look for a team

- Community resources can provide education
  - About risk factors and ways to prevent further exploitation
  - Share data about evidence for benefits/harms of supplements

- Further medical evaluation with doctor
  - Perform further cognitive, neurologic, psychiatric assessment
  - Assess for depression, loneliness, pain, or other abuse

- Seek legal advice or protection from attorney
  - Can assist with documentation / financial planning

- Report fraud and exploitation
  - To legal counsel, APS, or state securities regulator
Thank you
Preventing Elder Exploitation Through Advance Planning

Sarah Hooper, JD
Assistant Director & Adjunct Professor of Law
UC Hastings College of Law
What is Advance Planning?

A PROCESS for thinking about goals for now and the future.

Information & Options → Decisions with Help of Expert → Legal Documents
Important Issues in Advance Planning

- Where do I want to live?
- Do I want to receive medical care in my home, in a hospital, or in a nursing home?
- What things matter most to me in my life?
- What do I want to spend my money on?
- Do I have enough money for the things I want or need?
- Who do I trust to help me with important decisions if I need help?
Possible Outcomes in Advance Planning

- A plan for managing finances:
  - Durable Power of Attorney for Finances
  - Will and/or Trust
  - Assistance with Social Security, VA benefits, or other pensions
  - Assistance with consumer concerns (reverse mortgages, long term care insurance)
- A plan for managing health care and personal care:
  - Advance Directives
  - Assistance with Medicare or Medi-Cal concerns, VA benefits, or IHSS
  - Assistance with housing concerns
Why Do Advance Planning?

- Keep control of decisions that matter to you
- Empower yourself with information and resources
- Make sure people know what you want
- Protect yourself
- Protect your loved ones
- Some decisions can’t be avoided
What Happens If I Don’t Plan Ahead?

- Those you don’t know or trust may try to make decisions for you
- Those you do trust won’t have automatic authority to help
- Those you do trust won’t know how to help or what you want
- Others have to get involved (e.g. courts, Social Security Administration, Veterans Administration)
- There may be conflict over what is best for you
- You may not have your wishes met
Common Attitudes & Myths

• I am perfectly capable of making decisions for myself
• I don’t want anyone to take decisions away from me
• Advance planning can wait
• If it comes to that, my family can just make those decisions
• I have someone already helping me manage money and other decisions- we don’t need official documents
• It’s too expensive
• I don’t trust lawyers
Next Steps

- Don’t panic!
- Get connected to the right attorney
- Before you meet, do some thinking on your own
- Ask questions
Legal Resources in the Community

Legal Assistance to the Elderly (LAE)
Asian Pacific Islander Legal Outreach (APILO)
California Advocates for Nursing Home Reform (CANHR)
National Senior Citizens Law Center (NSCLC)
Health Insurance Information & Counseling Program (HICAP)
San Francisco Bar Association Legal Information & Referral Service (LRIS)
Christina Tetreault, Esq.
Consumers Union, Policy and Action from Consumer Reports®

Gimmicks & Gotchas
Gimmicks and Gotchas

- Consumer education
- Driven by consumer stories
- Goal: build awareness of fraud, exploitation and rip-offs
- Caveat: Consumers Union does not represent individuals in lawsuits, and cannot provide legal advice
Focus today: Rip-offs

- These are (mostly) legal products that may harm your financial health
Examples

• Payday loans
• Credit repair and debt consolidation
• Reverse mortgages
Pay Day Loans

ACE Cash Express

Apply Now for a Payday Loan

Payday Loans
Loans when you need it most.

The ACE Advantage
Fast: 5-minute application and instant decision.

Convenient: Apply and manage your account from anywhere, anytime.

Secure: Safe and secure website application.

Getting an Online Payday Loan

Through our online payday application process, consumers can obtain a payday loan online, ranging from $100 to $1,000. ACE Cash Express makes it easy to receive cash in minutes. Fill out your application online, and within minutes you will have your cash in your bank account.

What are our online customers saying?

Good job - Daniel S. May 2014

New Way to Pay - Ryan C. May 2014

Ace is the best loan provider ever - Scott W. April 2014

A Payday Loan is a great way to pay bills or take care of emergencies.

Money Mutual

Instant Approval - Get Cash Fast!
Over 1 Million People Have Turned to Money Mutual.
Apply Privately, Securely & Get Instant Approval!

How Much Would You Like To Borrow?
The amount of credits up to

First Name Last Name

Email

Zip Code

GET STARTED $
Ronnie from Salinas

• A payday service.. gave me a loan for $500.00 ..and has stuck me paying back $271.00 per month for 19 months. I believed that the payments were for two months payback at $271.00. The grand total of my payments will be $5,149.00 to repay the $500.00 loan for which I have already made six payments.
Credit Repair

A BETTER WAY
CLEAN UP YOUR CREDIT REPORT AND IMPROVE YOUR SCORES!

How It Works
Find Out How Our Credit Repair Process Works. There are 3 Easy Steps.
William from San Francisco

- My sister signed up with a credit repair company. She paid between 10-20% of her credit cards debts to [the company] to get them to remove her collection accounts from her credit report without having to pay her debts [in full]. They in turn [were] going to send a bunch of dispute documents... A year or so went by, and she stopped receiving collection calls and letters, she applied for a car loan and was denied. They cited four charge off credit cards. [When she complained to the credit repair company the company] told her they can't make them remove it. This was not clear, I have no idea what the point of the program was, I think they are completely misleading, if she would have known would just would have started paying or settled with the collection agencies.
Call Now for Your FREE Reverse Mortgage Educational DVD

www.UrbanFinancialGroupTV.com
Reverse Mortgage Reality

• High interest loan
• Not suitable for everyone
Debra from Santa Cruz

“On the surface this seemed like a good solution for her.. until 2007 when she had a serious stroke. Then, with Mom unable to return home, I faced figuring out what came next. According to the terms of the loan she could reside elsewhere for up to a year, but the house could not be rented, so finding assisted living for her on her tiny income was a big problem. Eventually we got her back home for another few years.. [until] further illness made staying there any longer impossible. During these years Mom was responsible for maintaining the house and garden, paying taxes and insurance even though the bank was destined to get the house...

Had my Mother died in the house as she had planned to do I would have fewer regrets about her choice to get a reverse mortgage… Mom is on MediCal in a nursing home that she could be paying for herself if the proceeds from the house had not gone to the bank.”
Obligations Continue

- Must stay in the house
- Must pay property taxes
- Must keep homeowners insurance
- Must maintain the property
Failure May Mean Default

• Default may lead to foreclosure
Consumers Union Recommendation

• Reverse mortgages should be a loan of last resort
Self Defense Against Rip-offs

• Be skeptical
• Take your time
• Do your homework
• Get everything in writing and review with disinterested experts *before you sign*
• When in doubt, don’t
If You’ve Been Ripped-off

1. Complain to the company in writing and in detail
2. Complain to the appropriate government authorities
3. Get legal help
4. Take steps to prevent being re-victimized
Additional Resources

• Federal government


FTC: http://www.consumer.ftc.gov/

Consumer Financial Protection Bureau
http://www.consumerfinance.gov/older-americans/
Additional Resources

• Non-profits

**AARP: anti-fraud resources**

**Consumers Union**
http://consumersunion.org/topic/gimicks-and-gotchas/
Additional Resources

- California
  California consumer services
  http://www.consumerservices.ca.gov/

Office of the California Attorney General
  http://oag.ca.gov/consumers
Thank You!

CTetreault@Consumer.org
(415) 431-6747 x 138
ConsumersUnion.Org
@CU_Money
Claire McDonnell
True Link Financial Founder

Elder Financial Entrapment:
Awareness & Prevention
We’ve defined 3 types of financial entrapment

<table>
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<th>Outright Fraud</th>
<th>Predatory Marketing</th>
<th>Out-of-plan Spending</th>
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| • Lottery and sweepstakes scams| • “According to the terms of our offer, today is the final deadline to make a required payment”  
• Wiring money abroad                  | • $50 a month to charities  
• Forged checks or forced checks                 | • Ordering Christmas gifts every week                  |
|                                | • “Free” trials                                               |                                                           |


Common Scams targeting older adults

Health Care Fraud
Medicare Fraud
Health Insurance Fraud
Counterfeit Prescription Drugs
Funeral & Cemetery Scams
Fraudulent Anti-Aging Products
Telemarketing Scams

Internet Fraud
Investment Schemes
Homeowner Scam
Reverse Mortgage Scam
Sweepstakes Scam
Lottery Scam
Grandparent Scam
and more…

There’s a scam out there designed for each and every one of us.
How did one California company steal $200 million from 10,000 Americans?
Predatory marketing tactics

- Emotional Arousal
- Legitimacy/authority
- Scapegoating
- Landscaping
- Liking (rapport building)
- Persistence
- Scarcity (act now)
- Moral appeal
- Distraction
- The Truth Effect
Key messages

• Just wait.

• Wait 24 hours before making any decisions – and consult someone else about it before any decision.
Key messages

• Never give your credit card, banking, Social Security, Medicare, or other personal information over the phone unless you initiated the call
  • Medicare/Medicaid employees, and indeed all legitimate business, will never ask for your full social security or Medicare number

• Beware of pushy marketers – never hesitate to take down the information and consult someone you trust

• Check the fine print when ordering from TV or online

• If it sounds too good to be true it is - never send money now for the promise of a return of more money later
Prevention: Opt out to reduce risk

- Use the National Do Not Call Registry at www.donotcall.gov or 1-888-382-1222.
- Register with DMA Choice to remove names and addresses from their marketing lists. http://www.DMAchoice.org
- “Opt out” from Credit Reporting Agencies lists to name and address from the lists they sell for pre-screened solicitations for credit cards etc. by calling (888) 5OPTOUT or (888) 567-8688, or at www.optoutprescreen.com.
- Stop unwanted catalogs with Catalog Choice at catalogchoice.org.
- Unsubscribe from mailing lists by downloading the PaperKarma app.
- Call True Link at 1-800-299-7646 for help blocking new credit inquiries with all three credit bureaus.
Standard operating procedures when a paid caregiver is in the home

• Remove stored valuables from the home
• Monitor all financial accounts closely
• Monitor purchases the caregiver is making
Consider True Link’s service

- Block transactions over $200
- ATM Withdrawals
- Online and phone purchases
- Charitable donations