

Special Committee on Aging

Schemers, Scammers and Sweetheart Deals: Financial Predators and the Elderly

Opening Statement of Chairman Breaux

Good morning. I would like to thank all of you, especially my fellow members, for attending today's investigative hearing. I would also like to thank the Committee's Ranking Member, Senator Larry Craig, for his support throughout this investigation. Finally, and most importantly, I would like to thank the witnesses for being here today. Your testimony will assist the Committee greatly in determining how best to address the vital issues raised today.

Over the years, we in Congress have focused on different types of elder mistreatment including physical abuse, sexual abuse, emotional or psychological abuse, abandonment and neglect to merely name a few. Today we will focus on yet another form of elder abuse: the financial and material exploitation of our elderly. Elder abuse in general is difficult to quantify. There is a large disparity between the number of cases reported and those that go unreported. This disparity is referred to as "The Iceberg Theory" which is indicated on a chart I had prepared. According to the National Elder Abuse Incidence Study, only 16% of all elder abuse cases are actually reported. As you see, a large majority of these cases are not reported to authorities. The financial and material loss is obviously devastating, but as my second chart shows, that is also just the tip of the iceberg. Financial independence is shattered and long term psychological and emotional scars may never be overcome. There is even data to conclude that a financially abused elder has a higher risk of premature death.

Let me take a moment to define the issue of *financial and material exploitation*: it is the illegal or improper use of an elder's funds, property or assets. There have been a few attempts to quantify this crime. Most recently the National Elder Abuse Incidence Study, mandated by Congress, was completed in 1998. In this study, it was determined that 30% of all reported and substantiated elder abuse cases were financial exploitation while 25% were physical abuse. There have also been studies outside the US, all of which indicate that the predominant type of reported elder abuse (after neglect) is financial.

Today's hearing, will focus on those in our society who exploit our vulnerable elder population -- depleting their lifelong savings and exposing them to financial ruin, emotional despair and even death. The hearing will address several specific forms of financial exploitation that the current system has difficulty defining, let alone preventing. It is not uncommon for these actions to evade the criminal justice system. What our

panelists will show is that there are many psychological pieces to this criminal puzzle such as diminished capacity, undue influence and the ability to *consent*. Seniors, like anyone, can be psychologically and intentionally manipulated for the purpose of taking their money. This is a tarnish on our Golden Years, the period of our lives during which we all hope to be able to enjoy the fruits of our lifelong labors. Today, we will hear a sampling of these cases involving family, home repairmen, and professional criminal groups such as *Travelers* and *Rom Gypsies* that target the elderly. On this issue, let me say up front that it is not our intent to condemn all people who consider themselves *Travelers* or *Rom Gypsies*, but to focus on those within these groups where illegal activities are the main fuel for their existence.

It has been estimated that 70% of our nation's wealth is held by those 50 years old and above. Over the next 10 years, there will be \$10 trillion in assets invested by the elderly. Financial predators therefore target the elderly for the same reason that Jean Lafitte pirated ships and Jesse James robbed banks and trains -- it's where the money is. Looking into the future, even more opportunities for fraud and exploitation await senior citizens in the new millennium.

A recent AARP survey revealed that 85% of individuals 60 years and older want to stay in their homes and live independently for as long as possible. We all have the right of self determination and to live as we choose, but when there are sharks in the waters, someone needs to pull those at risk to shore. As more and more of the Baby Boomers draw closer to senior citizen status, sons, daughters, grandchildren, and *our society* must exercise vigilance in protecting those who have protected *us* during *our* vulnerable years.

What we have found is that in most states, the protective system currently in place, although well intended, is fragmented at best. Public service professionals across our country unanimously agree that protection services, law enforcement and prosecutors lack the special skills, training, funding and legislative support to properly investigate and resolve increasingly complex cases of elder financial abuse. With the lack of comprehensive, ongoing, reliable studies regarding the extent and nature of elder financial abuse, there is little information to help us focus on designing specific services and remedies. This hearing will help to lift the veil from elder financial abuse and start us in the direction of creating a functional elder justice infrastructure.

Closing Statement of Chairman Breaux

I would first like to thank our witnesses for taking time out of their busy schedules to testify before the Committee on this very important issue facing our seniors. I would also like to once again thank our Ranking Member, Senator Craig, for his support.

Today we have heard stories from those whose lives have been so dramatically disrupted by financial exploitation - yet another form of elder abuse. Many older Americans come

from a generation when a simple handshake was enough to seal a deal with trust and peace of mind. Sadly, as we have heard today, criminals are taking advantage of that trust, robbing seniors of a lifetime worth of savings; leaving them in financial and, far too often, emotional ruin.

Financial exploitation, much like physical abuse and neglect, is another crime that continues to evade the criminal justice system. It is not an easy problem to solve, but it **MUST** be stopped before 77 million boomers begin reaching 80...90...even 100 years of age. Every problem facing our seniors today will multiply ten-fold as the boomer generation grows older and we simply must be ready.

What our witnesses have shown us today is that no senior is safe from this type of exploitation. Caregivers, family members and complete strangers are all capable of coming up with convincing stories and fool-proof schemes to manipulate older people and take their money.

Today I announced a major piece of legislation - the Elder Justice Act of 2002. This act will finally bring financial exploitation, elder abuse and neglect issues out of the national closet and into the national light.

We must learn to recognize that elder abuse is a vital public health, law enforcement and national issue that will, more than likely, touch each and every one of our lives.

We must face this problem now so that we have in place the infrastructure, the knowledge, the services, and the resources to deal with these problem as America ages.

Thank you all for coming this afternoon.