

November 2012

# ELDER JUSTICE

## National Strategy Needed to Effectively Combat Elder Financial Exploitation



G A O

Accountability \* Integrity \* Reliability

Highlights of [GAO-13-110](#), a report to congressional requesters

## Why GAO Did This Study

Elder financial exploitation is the illegal or improper use of an older adult's funds or property. It has been described as an epidemic with society-wide repercussions. While combating elder financial exploitation is largely the responsibility of state and local social service, criminal justice, and consumer protection agencies, the federal government has a role to play in this area as well. GAO was asked to review issues related to elder financial exploitation. This report describes the challenges states face in (1) preventing and (2) responding to elder financial exploitation, as well as the actions some federal agencies have taken to help states address these challenges.

To obtain this information, GAO interviewed state and local social service, criminal justice, and consumer protection officials in California, Illinois, New York, and Pennsylvania—states with large elderly populations; officials in seven federal agencies; and various elder abuse experts. GAO also analyzed federal strategic plans and other documents and reviewed relevant research, federal laws and regulations, and state laws.

## What GAO Recommends

Federal agencies should develop a written national strategy addressing challenges GAO identified, facilitate case investigation and prosecution, and improve data, among other things. The Consumer Financial Protection Bureau and the Department of Health and Human Services supported GAO's recommendations. FTC did not believe it is necessary to examine the feasibility of requiring victim's age in complaints. GAO maintains the importance of its recommendation.

View [GAO-13-110](#). For more information, contact Kay Brown at (202) 512-7215 or [brownke@gao.gov](mailto:brownke@gao.gov).

## ELDER JUSTICE

### National Strategy Needed to Effectively Combat Elder Financial Exploitation

## What GAO Found

Officials in each of the four states GAO contacted identified the need for more safeguards and public awareness activities to help prevent elder financial exploitation. They also noted that it is difficult to prevent exploitation by individuals such as financial services providers, power of attorney agents, guardians, and paid in-home caregivers. Although states have primary responsibility for combating elder financial exploitation, the federal government could disseminate information on model power of attorney legislation, for example, to help states better safeguard against power of attorney abuse—one type of federal activity authorized under the Older Americans Act of 1965. In addition, experts and state and local officials told GAO that many older adults need more information about what constitutes elder financial exploitation in order to report and avoid it. The seven federal agencies GAO reviewed have undertaken activities to increase public awareness of elder financial exploitation. While some experts observed that a nationwide approach to educating the public is needed, federal public awareness activities are not currently conducted as part of a broader coordinated approach, which GAO believes could help ensure the effective use of federal resources. The Elder Justice Coordinating Council, which held its first meeting in 2012, could be the vehicle for developing and implementing a coordinated national strategy. The Council is composed of officials from federal agencies and is charged with developing national priorities and coordinating federal elder justice activities.

Experts and officials in each state GAO reviewed indicated that difficulty 1) gaining expertise, 2) sustaining collaboration between law enforcement and adult protective services agencies, and 3) obtaining data hinders their response to elder financial exploitation. As with prevention, many federal agencies have individually taken steps to address these challenges that are in line with their own missions. For example, the Department of Justice (Justice) has begun to construct a website that contains training and other materials prosecutors can use to build their expertise in investigating and prosecuting elder abuse, which includes elder financial exploitation. However, there are gaps in federal support in some areas. For example, law enforcement officials in each of the four states GAO reviewed indicated that it is not clear how they should obtain the federal support they need to respond to interstate and international cases. Justice can provide this information, in keeping with its priority to strengthen its relationship with state and local law enforcement. Similarly, the Federal Trade Commission's (FTC) Consumer Sentinel Network database compiles incidents of financial exploitation reported to it by many sources around the country but receives incidents from state government agencies in only 12 states. The database would be of greater use if FTC obtained incidents from more of the states and contained an indicator that the incident involved an older adult.

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## Abbreviations

AoA	Administration on Aging
APS	Adult protective services
CFPB	Bureau of Consumer Financial Protection (commonly referred to as the Consumer Financial Protection Bureau)
CDA	California District Attorneys Association
Consumer Sentinel	Consumer Sentinel Network database
HHS	Department of Health and Human Services
Justice	Department of Justice
EFPN	Elder Financial Protection Network
EJA	Elder Justice Act of 2009
EJCC	Elder Justice Coordinating Council
FTC	Federal Trade Commission
FinCEN	Financial Crimes Enforcement Network
FINRA	Financial Industry Regulatory Authority
NASAA	North American Securities Administrators
NCEA	National Center on Elder Abuse
Office for Older Americans	Office for the Financial Protection of Older Americans
OAA	Older Americans Act of 1965
RFPA	Right to Financial Privacy Act of 1978
SEC	Securities and Exchange Commission
SAR	Suspicious Activity Report

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November 15, 2012

### Congressional Requesters

Elder financial exploitation is the illegal or improper use of an older adult's funds, property, or assets.<sup>1</sup> Experts have described it as an epidemic with society-wide repercussions. Perpetrators may be family members; paid home care workers; those with fiduciary responsibilities, such as financial advisors or legal guardians; or strangers who inundate older adults with mail, telephone, or Internet scams. Older adults are particularly vulnerable to financial exploitation because, as research has shown, financial decision-making ability decreases with age. Moreover, older adults are often ashamed to report exploitation or even admit that they have been exploited because they are afraid of losing their independence. As a result, existing data on elder financial exploitation may substantially underestimate its extent.

Elder financial exploitation has far-reaching effects on its victims in particular and society in general. A study of media reports from April to June 2010 estimated that financial exploitation cost older adults at least \$2.9 billion in 2010.<sup>2</sup> The money that older adults lose in these cases is rarely recovered, and the loss can undermine both the health of older adults and their ability to support or care for themselves. Consequently, the burden of caring for exploited older adults may fall on various state and federal programs. For example, a review of 80 elder financial exploitation cases in Utah in 2010 found the state's Medicaid program would potentially have to pay about \$900,000 to cover the cost of care for older adults in that state who had suffered substantial losses.<sup>3</sup>

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<sup>1</sup> See GAO, *Elder Justice: Stronger Federal Leadership Could Enhance National Response to Elder Abuse*, [GAO-11-208](#) (Washington, D.C.: March 2, 2011).

<sup>2</sup> MetLife Mature Market Institute et. al., *The MetLife Study of Elder Financial Abuse: Crimes of Occasion, Desperation, and Predation against America's Elders* (2011). The study assumed that the approximately \$530 million in loss from all forms of elder financial abuse occurred at the same rate for the other 9 months of the year. It further assumed that this loss would be the same for the 36 percent of articles about elder financial abuse that the study identified but did not cite a specific dollar figure for.

<sup>3</sup> Gunther, Jilene, *The 2010 Utah Cost of Financial Exploitation*, Utah Division of Aging and Adult Services (2012).

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As the U.S. population ages, growing numbers of older adults could be at risk of financial exploitation, so its potential impact on society is likely to increase. Combating elder financial exploitation is primarily the responsibility of state and local agencies. At the same time, however, multiple federal agencies have a role to play in supporting state and local efforts. In light of these growing concerns, we were asked to provide information on elder financial exploitation issues. Specifically, this report addresses the challenges states face in (1) preventing and (2) responding to elder financial exploitation, as well as the actions some federal agencies have taken to help states address these challenges.

To address these objectives, we interviewed officials from agencies that included state and local social services, criminal justice, and consumer protection agencies in California, Illinois, New York, and Pennsylvania. We selected these states to achieve variation in location, because of the large size of their elder population, and because each state had a number of initiatives to combat elder financial exploitation. Across the four states, we held interviews with representatives from entities such as state and local adult protective services (APS) agencies; offices of attorneys general; police and sheriffs' departments; local district attorneys and courts; and state banking, securities, and insurance regulators. In three of the four states we also spoke with private organizations that work on issues related to elder financial exploitation, such as a university research center, elder abuse forensic center, and state banking association. In Pennsylvania, we met with experts from the Institute on Protective Services at Temple University and also attended an elder financial exploitation training for APS workers that was hosted by the Institute. We focused only on financial exploitation of older adults living at home, not on older adults in long-term care facilities.

We also interviewed experts in the field of elder abuse—including academics and practitioners—and representatives from a variety of non-profit and private sector organizations, such as the AARP, American Bar Association, and American Bankers Association. We interviewed representatives from University of California at Irvine's Center of Excellence on Elder Abuse and Neglect and the University of Kentucky's Justice Center for Elders and Vulnerable Adults. In addition, in order to gain the perspectives of large national and small community banks, we interviewed officials at six financial institutions. These banks are not, however, representative of banks nationwide.

Furthermore, we interviewed officials and analyzed strategic plans and other documents from seven federal agencies—including the



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Administration on Aging (AoA) within the Department of Health and Human Services (HHS), Bureau of Consumer Financial Protection (commonly referred to as the Consumer Financial Protection Bureau or CFPB), Department of Justice (Justice), Federal Trade Commission (FTC), Financial Crimes Enforcement Network (FinCEN) within the Department of the Treasury, Postal Inspection Service, and Securities and Exchange Commission (SEC). In total, we held dozens of interviews with experts and officials from federal, state, local, and non-governmental organizations.

We also reviewed relevant federal laws and regulations, as well as selected state laws. Moreover, we attended the initial meeting of members of the Elder Justice Coordinating Council (EJCC), which includes officials from 11 federal agencies with an interest in elder abuse. We also attended several conferences related to elder financial exploitation, including the American Society on Aging's 2012 Aging in America Conference, California District Attorneys Association's (CDAA) 2011 Elder Abuse Symposium, Stanford Center on Longevity and the Financial Industry Regulatory Authority's (FINRA) 2011 State and Future of Financial Fraud Conference, Elder Financial Protection Network's (EFPN) 2012 Call to Action Conference, and a 2011 webcast on elder issues hosted by the Nebraska Department of Health and Human Services and State Bar Association's 2011 Elder Issues Webcast. At the CDAA Symposium, we held small group meetings with district attorneys and investigators from various counties in California. And at the EFPN Conference we held a small group meeting with local district attorneys, advocates, a state insurance agency official, and a financial institution.

To illustrate the complexities of combating elder exploitation, we met with a social service agency, several criminal justice agencies, and, in one case, a family member to develop detailed case histories on six prosecuted cases of elder financial exploitation. The perpetrators in these cases were family members, financial services providers, or telephone scammers. We identified cases from news stories and internet searches. We selected six cases because they (1) occurred in three of our four review states (California, New York, and Pennsylvania), (2) involved each of the different types of elder financial exploitation (exploitation by family or trusted others, exploitation by financial services providers, and exploitation by strangers), and (3) included instances where more than one agency or system was involved. The cases we selected are a non-generalizable sample of elder financial exploitation cases.

Lastly, we identified and reviewed research published from 2000 onward on elder financial abuse or elder financial exploitation by searching numerous bibliographic databases and reviewing materials cited by elder abuse experts or published by federal, state, and non-governmental organizations. We focused our review on published research on the extent, impact, cost, and nature of elder financial exploitation. We also interviewed an official from the Utah Division of Aging and Adult Services to discuss the state's study on the cost of elder financial exploitation.

We conducted this performance audit from November 2011 to November 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our investigative activities were conducted in accordance with standards prescribed by the Council of the Inspectors General for Integrity and Efficiency.

## Background

Elder financial exploitation, one type of elder abuse, can occur in conjunction with, and might lead to other types of elder abuse.<sup>4</sup> Financial exploitation of older adults can take many forms and perpetrators can include family members, friends, legal guardians, paid caregivers, and strangers. Table 1 provides some examples.

**Table 1: Examples of Forms of Elder Financial Exploitation by Type of Perpetrator**

Perpetrators	Forms
Family members, friends, in-home caregivers, legal guardians, representative payees <sup>a</sup> , etc.	<ul style="list-style-type: none"> <li>—Theft of cash or other valuables</li> <li>—Withdrawals from bank accounts or use of credit cards</li> <li>—Transfer of deeds</li> <li>—Misuse of an older adult's power of attorney</li> <li>—Misappropriation of an incapacitated older adult's income or assets</li> <li>—Identity theft</li> </ul>

<sup>4</sup> Other types of elder abuse include physical, psychological, and sexual abuse, as well as neglect and self-neglect.

Perpetrators	Forms
Financial services providers (brokers, financial advisors, insurance agents, or others in the financial services industry)	<ul style="list-style-type: none"> <li>—Sale of fraudulent investments (Ponzi or pyramid schemes)</li> <li>—Sale of financial products or services unsuitable for an older adult's circumstances, such as long-term annuities</li> </ul>
Strangers	<ul style="list-style-type: none"> <li>—Lottery, mail, telephone, or Internet scams</li> <li>—Door-to-door home repair scams</li> <li>—Identity theft</li> </ul>

Source: GAO analysis of published research.

<sup>a</sup>Representative payees are persons who receive Social Security benefits on behalf of recipients who are determined to be incapable of managing their finances. 20 C.F.R. §§ 416.601 and 416.2001.

Older adults are particularly attractive targets for financial exploitation by unscrupulous individuals. As a group, older adults tend to possess more wealth than those who are younger because they have had a longer time to acquire it. In addition, the incidence of Alzheimer's disease and other dementias that undermine judgment increases with age.<sup>5</sup> Moreover, financial capacity—the capacity to manage money and financial assets in ways that meet one's needs—generally declines with age, and this decline may go unaddressed until it is too late.<sup>6</sup>

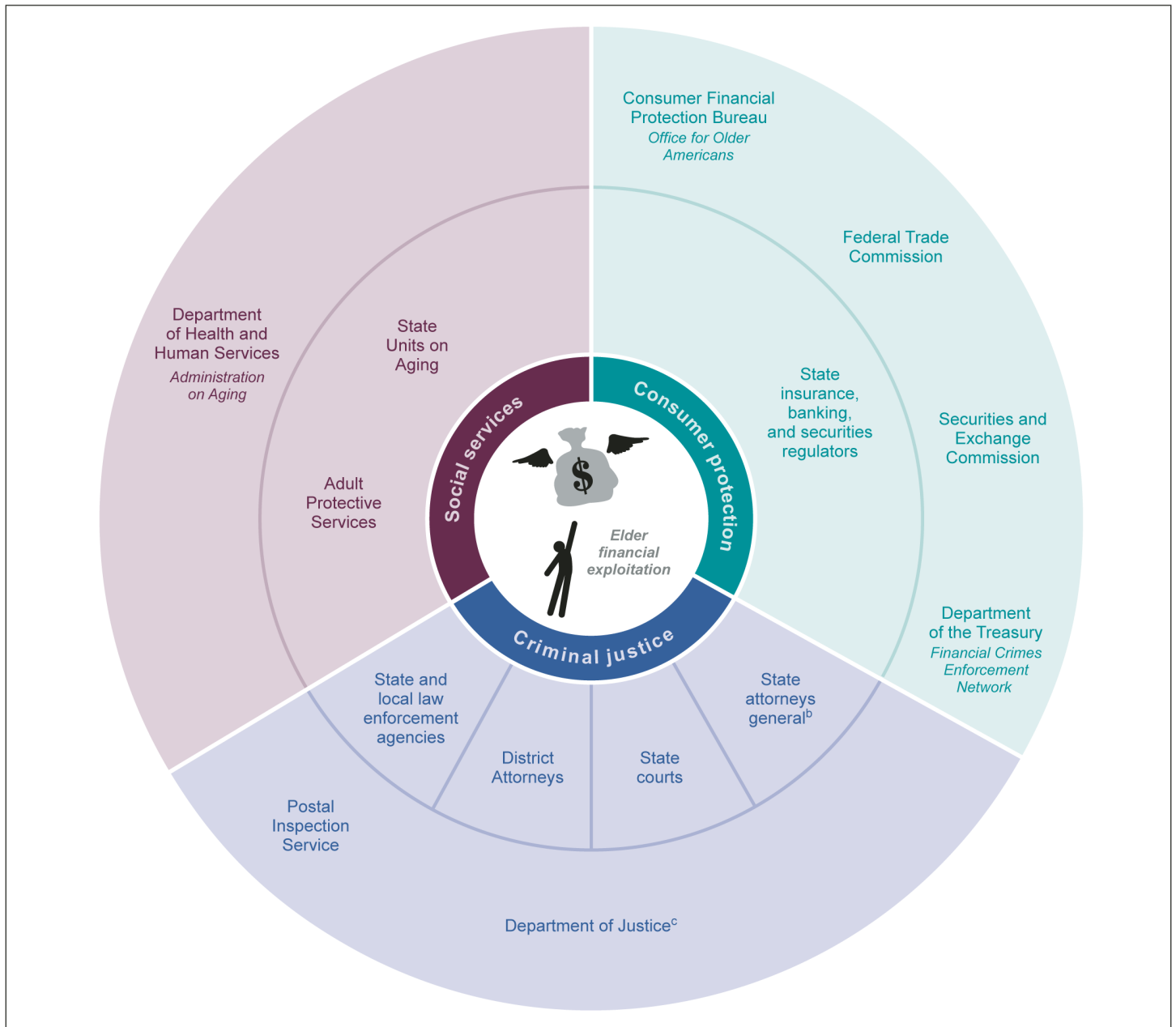
State and local agencies in the social services, criminal justice, and consumer protection systems in each state are at the forefront of efforts to prevent, detect, and respond to elder financial exploitation. Seven federal agencies whose missions correspond to the state and local social service, criminal justice, and consumer protection systems are positioned to contribute to state and local efforts in this area: AoA, CFPB, Justice, FTC, FinCEN, SEC, and the Postal Inspection Service (see fig. 1).<sup>7</sup>

<sup>5</sup> Hebert et al., "Alzheimer Disease in the US Population," *Archives of Neurology*, 60 (August 2003): 1119-1122.

<sup>6</sup> Agarwal et al., "The Age of Reason: Financial Decisions over the Life Cycle with Implications for Regulation," *Brookings Papers on Economic Activity* 2 (Washington, D.C.: 2009): 51-117.

<sup>7</sup> See appendixes I through IX for additional information on each of these agencies. The Department of Housing and Urban Development (HUD) also functions as a federal consumer protection agency in that they administer the Home Equity Conversion Mortgage Program, the nation's largest reverse mortgage program for older adults.

**Figure 1: State and Federal Systems and Agencies Positioned to Combat Elder Financial Exploitation<sup>a</sup>**



Source: GAO analysis of agency information.

<sup>a</sup> The relationship between the federal and the state and local agencies in a given system varies.

<sup>b</sup> State attorneys general also play a consumer protection role.

<sup>c</sup> Justice also plays a consumer protection role.

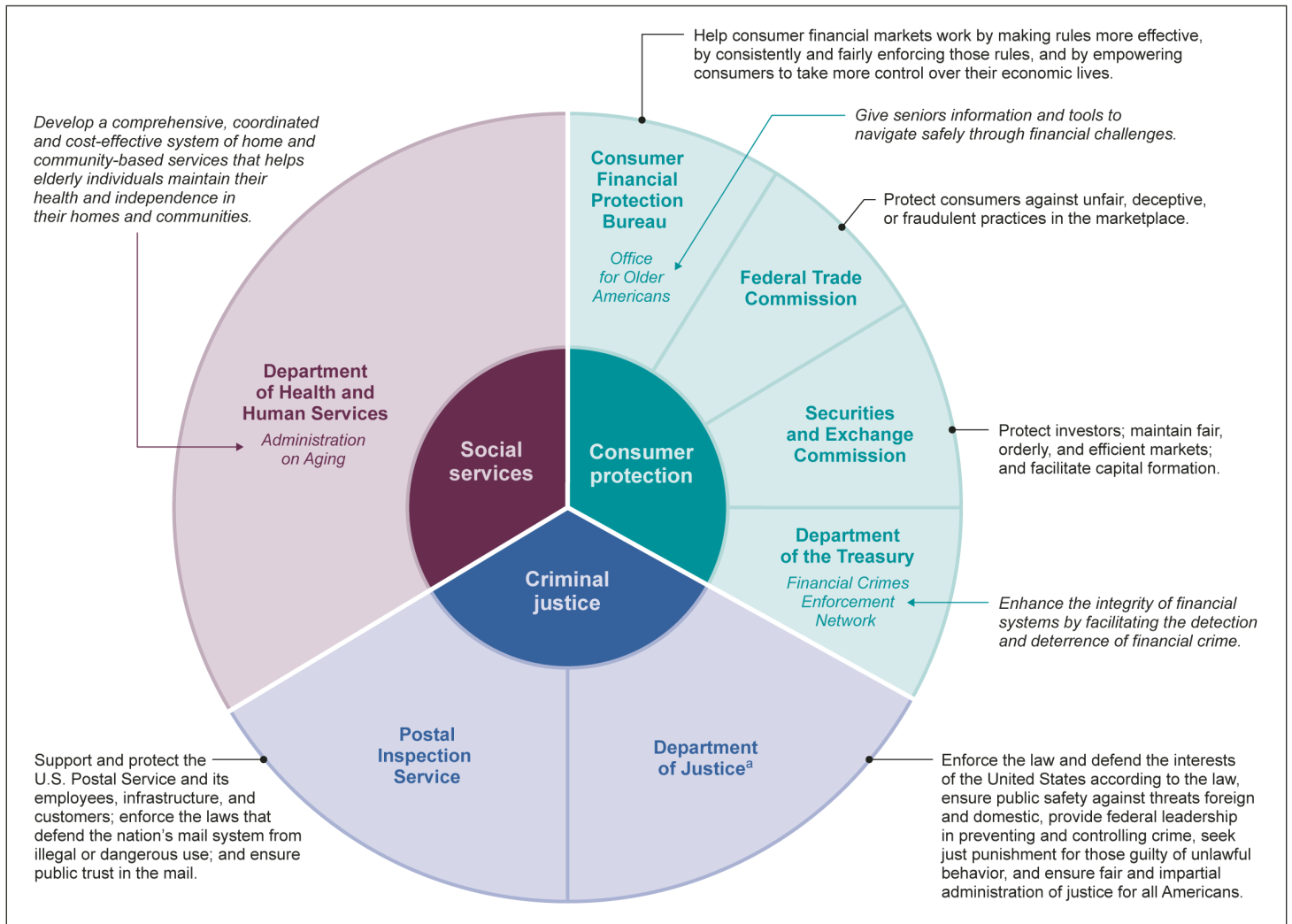
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At the state and local level, APS agencies investigate and substantiate reports of suspected elder abuse, including financial exploitation and, if the client agrees to accept help, can arrange for services to secure their safety and meet their basic needs. APS can also refer cases to law enforcement agencies or district attorneys for criminal investigation and prosecution. Whether an elder financial exploitation case comes to the attention of criminal justice authorities through referral from APS or some other means, law enforcement agencies and district attorneys can exercise broad discretion when deciding if a case warrants any action on their part.

State-level consumer protection agencies—such as banking, securities, and insurance regulators—conduct examinations to ensure that rules to protect consumers are followed and take enforcement actions against institutions that break the rules. State attorneys general may also prosecute cases or respond to consumer protection inquiries.

Although combating elder financial abuse is explicitly included in the mission of only one federal agency, CFPB's Office for the Financial Protection of Older Americans (Office for Older Americans), it is implicit in the mission of others that work to combat elder abuse, protect consumers or investors, or prevent fraud (see fig. 2).

**Figure 2: Federal Agencies with Missions That Involve Combating Elder Financial Exploitation**



Source: GAO analysis of agency strategic plans.

<sup>a</sup>Justice also plays a consumer protection role. Specifically, two of Justice's strategic objectives are to (1) prevent and intervene in crimes against vulnerable populations; uphold the rights of, and improve services to, America's crime victims; and (2) combat corruption, economic crimes, and international organized crime.

Federal legislation has established a foundation for the federal government to assume a leadership role in combating elder abuse, including elder financial exploitation, and basis for greater coordination

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across federal agencies in this area. The Older Americans Act of 1965 (OAA)<sup>8</sup> requires AoA to develop objectives, priorities, policy, and a long-term plan for

- facilitating the development, implementation, and continuous improvement of a coordinated, multidisciplinary elder justice system in the United States;
- promoting collaborative efforts and diminishing duplicative efforts in the development and carrying out of elder justice programs at the federal, state, and local levels;
- establishing an information clearinghouse to collect, maintain, and disseminate information concerning best practices and resources for training, technical assistance, and other activities to assist states and communities to carry out evidence-based programs to prevent and address elder abuse, neglect, and exploitation;
- working with states, Justice, and other federal agencies to annually collect, maintain, and disseminate data on elder abuse, neglect, and exploitation, to the extent practicable;
- establishing federal guidelines and disseminating best practices for uniform data collection and reporting by states;
- conducting research on elder abuse, neglect, and exploitation; and
- carrying out a study to determine the extent of elder abuse, neglect, and exploitation in all settings.<sup>9</sup>

The Elder Justice Act of 2009 (EJA)<sup>10</sup> contains provisions pertaining to APS as well as elder justice, in general. It authorizes funding for

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<sup>8</sup> Pub. L. 89-73, 79 Stat. 218 (codified as amended at 42 U.S.C. §§ 3001-3058ff).

<sup>9</sup> 42 U.S.C. § 3011(e)(2).

<sup>10</sup> Pub. L. No. 111-148, tit. VI, subtit. H, 124 Stat. 119, 782-804 (2010) (codified at 42 U.S.C. §§ 1320b-25, 1395i-3a, and 1397j-1397m-5). The EJA was enacted as part of the Patient Protection and Affordable Care Act, which was signed into law on March 23, 2010.

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- HHS to
    - annually collect and disseminate data regarding elder abuse, neglect, and exploitation of elders in coordination with Justice;<sup>11</sup>
    - develop and disseminate information on best practices and provide training for carrying out adult protective services;<sup>12</sup>
    - conduct research related to the provision of adult protective services;<sup>13</sup>
    - provide technical assistance to states and others that provide or fund the provision of adult protective services;<sup>14</sup> and
    - establish 10 elder abuse, neglect, and exploitation forensic centers, in consultation with Justice, that would (1) conduct research on forensic markers for elder abuse, neglect, or exploitation, and methodologies for determining when and how health care, emergency, social and protective, and legal service providers should intervene and when these cases should be reported to law enforcement; (2) develop forensic expertise regarding elder abuse, neglect, and exploitation; and (3) use the data they have collected to develop, in coordination with Justice, the capacity of geriatric health care professionals and law enforcement authorities to collect forensic evidence, including evidence needed to determine if elder abuse, neglect, or exploitation has occurred.<sup>15</sup>

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<sup>11</sup> § 2042(a)(1)(B) and (2), 124 Stat. 794 (codified at 42 U.S.C. § 1397m-1(a)(1)(B) and (2)).

<sup>12</sup> § 2042(a)(1)(C), 124 Stat. 794 (codified at 42 U.S.C. § 1397m-1(a)(1)(C)).

<sup>13</sup> § 2042(a)(1)(D), 124 Stat. 794 (codified at 42 U.S.C. § 1397m-1(a)(1)(D)).

<sup>14</sup> § 2042(a)(1)(E), 124 Stat. 794 (codified at 42 U.S.C. § 1397m-1(a)(1)(E)).

<sup>15</sup> § 2031, 124 Stat. 790-91 (codified at 42 U.S.C. § 1397l).



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- Grants to state and local governments for demonstration projects that test methods and training to detect or prevent elder abuse or financial exploitation;<sup>16</sup> and
  - An Elder Justice Coordinating Council and an Advisory Board on Elder Abuse, Neglect, and Exploitation to develop priorities for the elder justice field, coordinate federal activities, and provide recommendations to Congress.<sup>17</sup>

Currently, the Elder Justice Coordinating Council consists of the following federal agencies: Consumer Financial Protection Bureau, Corporation for National and Community Service,<sup>18</sup> Department of Health and Human Services, Department of Housing and Urban Development, Department of Justice, Department of Labor, Department of the Treasury, Department of Veterans Affairs, Federal Trade Commission, Postal Inspection Service, and Social Security Administration.

Coordination among federal agencies is also a feature of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which established CFPB, requiring it to coordinate its consumer protection efforts of older adults with other federal agencies.<sup>19</sup> CFPB's Office for Older Americans is charged with facilitating the financial literacy of seniors on protection from unfair, deceptive, and abusive practices and on current and future financial choices.<sup>20</sup>

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<sup>16</sup> § 2042(c), 124 Stat. 795 (codified at 42 U.S.C. 1397m-1(c)).

<sup>17</sup> §§ 2021 and 2022, 124 Stat. 786-89 (codified at 42 U.S.C. §§ 1397k and 1397k-1).

<sup>18</sup> The Corporation for National and Community Service is a federal agency that engages Americans in service through Senior Corps, AmeriCorps, and the Social Innovation Fund. 42 U.S.C. § 12651.

<sup>19</sup> Pub. L. No. 111-203, § 1015, 124 Stat. 1376, 1974 (2010) (codified at 12 U.S.C. § 5495).

<sup>20</sup> § 1013(g)(1), 124 Stat. 1973 (codified at 12 U.S.C. § 5493(g)(1)).

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## States Identified the Need for More Safeguards and Public Awareness Activities to Prevent Elder Financial Exploitation

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### States Cited Need for More Safeguards to Prevent Elder Financial Exploitation

According to officials in the four states we visited, financial exploitation of older adults by financial services providers, power of attorney agents, and in-home caregivers is particularly difficult to prevent.<sup>21</sup>

#### Financial Services Providers

Older adults may consult with a variety of financial professionals, such as financial planners,<sup>22</sup> broker-dealers,<sup>23</sup> and insurance agents.<sup>24</sup> However,

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<sup>21</sup> See appendix X for examples of activities undertaken by APS, criminal justice, and consumer protection agencies in California, Illinois, New York, and Pennsylvania to prevent elder financial exploitation by financial services providers, power of attorney agents, and in-home caregivers. See appendix XI for examples of these activities undertaken by private organizations.

<sup>22</sup> Financial planners can provide a variety of services, including preparing financial plans for clients based on their financial circumstances and objectives and making recommendations for specific actions clients may take. In many cases, financial planners also help implement these recommendations by, for example, selling investment products, such as insurance, securities, or other investments. Financial planners are subject to federal and state regulation pertaining to investment advisers, broker-dealers, and insurance agents, depending on the services they provide. See GAO, *Consumer Finance: Regulatory Coverage Generally Exists for Financial Planners, but Consumer Protection Issues Remain*, [GAO-11-235](#) (Washington, D.C.: January 18, 2011).

<sup>23</sup> Broker-dealers handle trades between the buyers and sellers of securities and charge a fee to do so. Broker-dealers may buy securities from customers or sell from their own inventory. Most are also members of the Financial Industry Regulatory Authority (FINRA). FINRA is a self-regulatory organization with oversight of all broker-dealers doing business with the public in the United States.

<sup>24</sup> Insurance agents sell products, such as life insurance or annuities. They must be licensed by the states to sell these products and are subject to state insurance regulation. The sale of variable insurance products, such as variable life insurance or variable annuities, is subject to both state insurance regulation and broker-dealer regulation. See [GAO-11-235](#).

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older adults, similar to other consumers, may lack the information to make sound decisions about choosing a financial services provider and protecting their assets from exploitation. As a result, they may unknowingly put themselves at risk of financial exploitation.

Individuals who present themselves as financial planners may adopt a variety of titles and designations. In some cases, privately conferred designations—such as Certified Financial Planner®—require formal certification procedures, including examinations and continuing professional education credits, while other designations may merely signify that membership dues have been paid. Designations that imply expertise in advising older adults have been a source of particular concern among state securities regulators, according to the North American Securities Administrators Association (NASAA).<sup>25</sup> Older adults may lack information to distinguish among the various senior specific designations. Indeed, in 2011, we reported that there is some confusion about what these titles mean and the level of skill required to obtain them.<sup>26</sup>

**Exploitation by “Senior Specialist”**

Calling himself a senior financial advisor, an insurance agent licensed in California met an 89-year-old partially blind, intermittently confused man at a senior center. The agent persuaded him to invest about \$250,000 in a flexible premium deferred annuity, warning him not to let anyone talk him out of it. As a result, the man was left with no penalty-free access to his entire life savings for the next 11 years, while the agent earned a commission on this transaction. To earn about \$16,000 more in commissions, the agent then convinced the man to move half the amount invested in the annuity into unregistered stock, which cost the man a surrender fee of about \$10,000. The stock turned out to be worthless, leaving the man with a fraction of what he had when he met the agent. Attempts by the man’s nephew to retrieve his uncle’s money were unsuccessful. The nephew reported the insurance agent to the California Department of Insurance, which eventually revoked the agent’s license, but local police did not pursue the older adult’s case. While the insurance agent faced no criminal charges in this case, he was later sentenced to 3 years in prison for defrauding another older adult.

Another concern is that older adults may be fooled by investment professionals who use questionable tactics to market financial products,

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<sup>25</sup> NASAA is a national membership organization for state securities regulators.

<sup>26</sup> See [GAO-11-235](#).

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such as “free lunch seminars” at which financial professionals seek to sell financial products to older adults during a free meal. SEC, the Financial Industry Regulatory Authority (FINRA), and NASAA examined 110 firms that sponsored free lunch seminars from April 2006 to June 2007 offered in seven states and found that 63 seminars used misleading advertising and sales materials, 25 seminars resulted in unsuitable recommendations, and in 14 seminars there were fraudulent practices used, such as selling fictitious investments.<sup>27</sup>

Preventing the sale of unsuitable or fraudulent investments to older adults is difficult.<sup>28</sup> An investment can be unsuitable for an older adult if it has features that might not provide its intended benefit during the investor’s lifetime. Older adults also can be sold what they believe to be legitimate investments, but are actually completely fraudulent products that hold little or no value.

**Investment Fraud Using a “Ponzi” Scheme**

The founder and president of a real estate and financial consulting firm convinced around 200 individuals—about one-third of whom were older adults—to invest in real estate projects that failed to generate any significant revenue. He also convinced them to obtain reverse mortgages on their homes, and to invest the proceeds with his firm. The investments turned out to be a “Ponzi” scheme. Specifically, the perpetrator paid distributions to some investors from others’ deposits; misled investors with false amortization schedules; and used investors’ money to pay for his Porsche, mortgage, and other personal expenses. The scheme was reported to FINRA, investigated by the FBI, and prosecuted by the Eastern District of New York U.S. Attorney’s Office, which sought sentencing enhancements for targeting the elderly. Victims lost over \$12 million. They also reported irreplaceable financial losses, emotional distress, feelings of betrayal and disbelief, and various physical symptoms as a result.

SEC has developed some educational materials and SEC and CFPB have conducted research related to investment fraud that targets older adults. For example, SEC has published a guide for older adults that counsels them to check their investment adviser’s disciplinary history, lists warning signs of fraud, and provides information on where to go for

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<sup>27</sup> SEC, FINRA, and NASAA, *Protecting Senior Investors: Report on Examinations of Securities Firms Providing “Free Lunch” Sales Seminars* (2007).

<sup>28</sup> SEC, *Guide for Seniors: Protect Yourself Against Investment Fraud*; SEC, FINRA, and NASAA, *Investor Alert, Investment Products and Sales Practices Commonly Used to Defraud Seniors: Stories from the Frontline*.

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help.<sup>29</sup> SEC also provides a link to a FINRA website that provides consumers with the required qualifications, including educational requirements, of the designations used by securities professionals. In August 2012, SEC released a study on financial literacy among investors and stated the agency's desire to develop a strategy for increasing the financial literacy of certain groups, including older adults. CFPB plans to issue a report in early 2013 to Congress and the SEC that will address providing information to older adults about financial advisors and their credentials. In June 2012, the CFPB issued a public inquiry for information about elder financial exploitation, including a question on what resources older adults have to determine the legitimacy, value, and authenticity of credentials held by investment professionals.<sup>30</sup> CFPB expects to share its results in 2013.

## Power of Attorney

Older adults can use a legal document referred to as a financial power of attorney to appoint another person (an agent) to manage their finances should they become incapable of doing so. Having a financial power of attorney enables an older adult (a principal) to choose the person who can legally make these decisions for them, when needed. Powers of attorney are easy for anyone to create, can vary in specificity and format, and do not require legal assistance or a court for execution. Each of the four states we contacted has a law that helps prevent misuse of powers of attorney by specifying the responsibilities of agents and, in at least one, penalties for misuse. However, powers of attorney can be forged or perhaps otherwise improperly obtained without a principal's knowledge or consent and an agent can easily use the principal's money for his or her own benefit. For this reason, many state and local officials we interviewed in the four states were concerned about misuse of these instruments. For example, one Pennsylvania official described power of attorney documents as a "powerful, simple, and dangerous tool."

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<sup>29</sup> SEC, *Guide for Seniors: Protect Yourself Against Investment Fraud*.

<sup>30</sup> CFPB, "Request for Information Regarding Senior Financial Exploitation," 77 Fed. Reg. 36,491 (June 19, 2012).

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### **Power of Attorney Abuse**

A month after an elderly man with dementia and his wife agreed to add their daughter's name to their bank account, the daughter convinced her mother to sign a document providing her financial power of attorney. When the woman signed, she was in the hospital for a broken hip and a stroke and later claimed she was heavily medicated. Over the next 3 months, the daughter placed the deed to her parent's home in her name, wrote checks on their account totaling nearly \$600,000 that were never questioned by the bank, and attempted to withdraw about \$500,000 more. When the woman's son discovered what had been happening, he had the bank stop payment on the \$500,000 and asked the local district attorney to investigate. The daughter was charged with numerous counts of theft, pled guilty, and was sentenced to 3 years probation. The deed was transferred back to the woman and although the prosecutor sought restitution, the \$600,000 was not recoverable—it had been used to pay off the daughter's mortgage, country club membership, and other bills.

Some APS and criminal justice officials we spoke to indicated that stronger state power of attorney laws could help prevent elder financial exploitation by agents. For example, Pennsylvania officials said that current state laws have been ineffective at (1) creating practices to monitor the activities of power of attorney agents and (2) encouraging banks to question power of attorney documents they find questionable. In California, law enforcement officials noted that notaries were not always held accountable for their role in signing power of attorney documents.

To help strengthen state laws designed to prevent misuse of financial powers of attorney, the Uniform Law Commission<sup>31</sup> has developed the Uniform Power of Attorney Act, which

- explicitly defines the duties of the power of attorney agent, including fiduciary duties such as acting in good faith and keeping careful records;
- allows a third party to refuse to honor a power of attorney agreement if there is a good faith belief that the principal may be subject to abuse, and requires the third party to report to APS;
- allows co-agents to be appointed for additional third-party oversight; and
- imposes liability on agents who violate the law.

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<sup>31</sup> The Uniform Law Commission is a state-supported organization that drafts model legislation to promote clarity and stability to critical areas of state statutory law.

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According to the Uniform Law Commission, 13 states have adopted the entire Uniform Power of Attorney Act.<sup>32</sup> Others have enacted various other power of attorney laws. For example, New York requires an agent to provide a full accounting to APS when it is investigating a report that the principal may be in need of protective or other services or the victim of abuse or neglect. If it is not provided within 15 days, APS can commence a special proceeding to compel the production of the information. Illinois has added safeguards for principals to its law and created additional court remedies for violations of the law. However, according to the Uniform Law Commission, a number of states have made no changes to laws governing powers of attorney since the Uniform Power of Attorney Act was published.

Powers of attorney are generally regulated under state, not federal, law; however, AoA and CFPB are providing some information to states and power of attorney agents to help prevent power of attorney abuse. The AoA-supported National Legal Resource Center co-sponsors trainings for states on the adoption of the Uniform Power of Attorney Act. Furthermore, the CFPB is developing a guide to educate “lay fiduciaries”—including guardians and agents under powers of attorney—about their responsibilities, and is planning to develop several state-specific lay fiduciary guides, scheduled for release in 2013.

## Guardians

There are limited safeguards to protect older adults from abuse by guardians, who are granted authority by a state court to make decisions in the best interest of an incapacitated individual concerning his or her person or property. While guardians can play a key role in managing the assets of these older adults, we have noted in past reports that guardians are only subject to limited safeguards that could protect these older adults from financial exploitation. For example, local officials in California noted that it can be hard to determine whether a person applying to be a guardian is doing so to further his ward’s best interests. We have also reported that few states conduct criminal background checks on potential guardians. Moreover, we have noted concerns with weak court oversight of appointed guardians, as well as poor communication between the

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<sup>32</sup> According to the Uniform Law Commission, Alabama, Arkansas, Colorado, Idaho, Maine, Montana, Nebraska, Nevada, New Mexico, Ohio, Virginia, West Virginia, and Wisconsin have adopted the Uniform Power of Attorney Act.

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courts and federal agencies that have enabled guardians to chronically abuse their wards and/or others.<sup>33</sup>

## Caregivers

Exploitation by in-home caregivers was also cited by local APS officials, police, and district attorneys we spoke to as a type of abuse that is difficult to prevent. These caregivers range from personal care aides who provide non-medical assistance such as helping with laundry and cooking, to home health aides who check an older adult's vital signs or assist with medical equipment. In-home caregivers may be employed by a private company approved to provide services via a state's OAA<sup>34</sup> program or independently hired by older adults or their families. Caregiver services may also be covered under a state Medicaid program if the individual is eligible for Medicaid.<sup>35</sup>

Older adults may rely on and trust in-home caregivers, and some caregivers have used that relationship to exploit their clients.<sup>36</sup> For example, a caregiver may be given access to an older adult's ATM or credit card to help with banking or grocery shopping and later be found withdrawing money or purchasing items for themselves. As the population ages and public policies encourage older adults to remain in their homes for as long as practical, there will be an increased need for in-home caregivers.

States are responsible for protecting older adults from exploitation by in-home caregivers, and safeguards vary by state. Police and district attorneys we interviewed were concerned that in-home caregivers are

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<sup>33</sup> See GAO, *Guardianships: Cases of Financial Exploitation, Abuse, and Neglect of Seniors*, [GAO-10-1046](#) (Washington, D.C.: September 30, 2010), and GAO, *Incapacitated Adults: Oversight of Federal Fiduciaries and Court-Appointed Guardians Needs Improvement*, [GAO-11-678](#) (Washington, D.C.: July 22, 2011).

<sup>34</sup> OAA Title III-B provides funding for in-home services, such as personal care, chore, and homemaker assistance.

<sup>35</sup> 42 U.S.C. § 1396d(a)(7). Medicaid is a joint federal-state financing program for health care services for certain low-income individuals. State Medicaid programs may cover home-based care, such as personal care and homemaker services, for Medicaid beneficiaries who need help with self-care due to disabilities or health conditions.

<sup>36</sup> According to AoA, many of those who exploit older adults are informal or family caregivers who are not employed or subject to background checks and this may be a more difficult type of exploitation to prevent.



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subject to limited, if any, background checks. A California law enforcement official told us that caregivers suspected of exploiting older adults sometimes have a history of theft. While the Medicaid program requires states to develop and implement home care provider qualification standards, there is no federal Medicaid requirement for criminal background checks.<sup>37</sup> According to the National Conference of State Legislatures, while many states have required agencies to conduct background checks before employing in-home caregivers who are paid by Medicaid or with other state funds, these laws vary greatly in their breadth and scope and the amount of flexibility afforded the agencies when they use the checks to make hiring decisions.<sup>38</sup> Napa County, California recently initiated an innovative paid in-home caregiver screening initiative. Before in-home caregivers can work in that county, they must submit to a background check and obtain a permit annually.<sup>39</sup>

While background checks for in-home caregivers help flag potential abusers, an AARP study has found that states do not always use all available federal, state, and local criminal data systems. For one, the implementation cost may discourage their use. Moreover, their effectiveness in reducing elder abuse, in general, is unproven.<sup>40</sup> As required by the Patient Protection and Affordable Care Act of 2010,<sup>41</sup> the Centers for Medicare and Medicaid Services implemented the National Background Check Program that encourages states to adopt safeguards to protect clients of in-home caregivers. This voluntary program provides grants to states to conduct background checks for employees of long-term care facilities and providers, such as home health agencies and

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<sup>37</sup> States must enact standards for provider participation to ensure that providers are qualified, effective, and cost-efficient, and to protect program beneficiaries. At the same time, these requirements must not unfairly restrict participation in the Medicaid program. As long as states meet these criteria, they have significant latitude in specifying their provider qualification requirements. AARP Public Policy Institute, *Safe at Home? Developing Effective Criminal Background Checks and Other Screening Policies for Home Care Workers* (September 2010).

<sup>38</sup> National Conference of State Legislatures, *State Policies on Criminal Background Checks for Medicaid-Supported In-Home Direct Care Workers* (December 18, 2008).

<sup>39</sup> See appendix XII for examples of background check requirements for in-home caregivers in the four states we reviewed.

<sup>40</sup> See AARP Public Policy Institute, *Safe at Home?*

<sup>41</sup> Pub. L. No. 111-148, tit. VI, subtit. C, § 6201, 124 Stat. 119, 721.

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personal care service providers. As of November 2012, 19 states were participating. The results of this program could provide data on the effectiveness of background checks in preventing elder abuse, including elder financial exploitation.<sup>42</sup>

State and local authorities in the four states we visited told us current safeguards are not always sufficient to prevent exploitation by those older adults depend on for assistance. Although states are generally responsible for laws and regulations regarding these issues, the OAA directs the federal government to disseminate information about best practices to prevent elder abuse, including elder financial exploitation. According to our analysis, there is a role for the federal government to provide more information and guidance to prevent these types of elder financial exploitation.

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### State and Federal Officials Called for Greater Focus on Public Awareness

Experts and federal, state, and local officials told us that older adults need more information about what constitutes elder financial exploitation in order to know how to avoid it.<sup>43</sup> However, APS and law enforcement officials told us that it is difficult for them to reach many older adults with this message and that they have little funding to promote public awareness. For example, in one California county officials reported that due to budget cuts, they had lost many positions that involved educating the public about elder financial exploitation.

Each of the seven federal agencies we reviewed independently produces and disseminates public information on elder financial exploitation that is tailored to its own mission. For example, SEC produces information to educate investors about fraud prevention, including an investment guide for older adults. FTC publishes information to protect consumers, and AoA disseminates information to help reduce elder abuse, including elder financial exploitation. (See table 2 for examples of the types of information provided by each of these agencies.) These seven agencies

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<sup>42</sup> In addition to criminal background checks, APS agencies in several states maintain a registry of elder abuse offenders that can be used to flag in-home caregivers who might financially exploit older adults.

<sup>43</sup> See appendix X for examples of activities undertaken by APS, criminal justice, and consumer protection agencies in California, Illinois, New York, and Pennsylvania to educate and inform older adults about elder financial exploitation. See appendix XI for examples of these activities undertaken by private organizations.

have also worked together at times to increase public awareness of elder financial exploitation. For example, each year FTC and the Postal Inspection Service collaborate on community presentations during National Consumer Protection Week.

**Table 2: Selected Public Awareness Efforts of Federal Agencies Related to Elder Financial Exploitation**

Agency	Public Awareness Efforts
CFPB	Office for Older Americans provides information for the public on its website about how to avoid being exploited. Published a guide for consumers about reverse mortgages.
FTC	Produces publications, pamphlets, and videos on a range of consumer protection issues, such as telemarketing fraud, and distributes them via its website, the media, and partnering organizations. Piloted a partnership with the AARP Foundation that funds peer counseling for older adults or their relatives who think they have been victimized. Works with AoA's Senior Medicare Patrols to distribute educational materials to older adults and collect complaints.
AoA	Distributes an e-newsletter discussing elder abuse, including financial exploitation. Maintains Senior Legal Helplines. Provides elder abuse prevention grants. Collaborates with nonprofit Women's Center for a Secure Retirement to provide a gateway for financial information for women.
Justice	Provides grants to states, localities, and nonprofits for elder abuse prevention activities, including education and public awareness campaigns. Provides information through its public websites on how individuals can protect themselves from and report various types of financial fraud.
SEC	Distributes investor information that may relate to elder financial exploitation via its website, hotline, pamphlets, and regional events. Provides an investment fraud guide for older adults. Produces investor alert bulletins. Works with AARP, FINRA, and state securities regulators on the Outsmarting Investment Fraud campaign.
FinCEN	Provides the public with information via its website on scams and resources for victims of fraud or identity theft.
Postal Inspection Service	Deployed FakeChecks.org Campaign in 2007 to target international fraud schemes that are often directed toward older adults. In 2010, sent a postcard containing information about preventing fraud, including elder financial exploitation, to every U.S. household. Participated in AARP Town Hall meeting in 2011. Conducts ongoing fraud prevention messaging on its website. Makes community presentations on how to avoid scams during National Consumer Protection Week each March (with FTC).

Source: GAO analysis of agency documents and interviews.

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However, although the OAA calls for a coordinated federal elder justice system,<sup>44</sup> which includes educating the public, the seven agencies we reviewed do not conduct these activities as part of a broader coordinated approach. In previous work, we found that agencies can use limited funding more efficiently by coordinating their activities and can strengthen their collaboration by establishing joint strategies.<sup>45</sup> Similar calls for coordination were raised when the EJCC held its first meeting on October 11, 2012, to begin implementing its mandate to coordinate federal elder justice activities and develop national priorities. As EJCC Chairman, the Secretary of HHS stated that combating elder abuse—which includes elder financial exploitation—is an “all-of-government” effort and that federal programs are not organized in a strategic way, which decreases their effectiveness. One expert noted that there is a clear need for a strategic, multi-faceted public awareness campaign on elder abuse. An official from the Financial Services Roundtable<sup>46</sup> added that many agencies are trying to focus on awareness and education, but their efforts appear unorganized and uncoordinated.

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## Difficulty Gaining Expertise, Sustaining Collaboration, and Obtaining Data Hinders States’ Responses to Elder Financial Exploitation

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<sup>44</sup> 42 U.S.C. § 3011(e)(2).

<sup>45</sup> See GAO, *Results-Oriented Government: Practices that Can Help Enhance and Sustain Collaboration Among Federal Agencies*, [GAO-06-15](#), (Washington, D.C.: October 21, 2005).

<sup>46</sup> The Financial Services Roundtable is an advocacy group with members from the banking, securities, investment, and insurance sectors. It aims to protect and promote the economic vitality and integrity of its members and the U.S. financial system.

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## Special Knowledge and Skills Are Needed to Respond to Elder Financial Exploitation

According to state and local officials we spoke with in four states, effectively investigating and prosecuting elder financial exploitation requires special skills and knowledge, which APS workers, law enforcement officers, and district attorneys sometimes lack. For example, APS officials noted that some case workers have little background or training in investigating financial crimes, and would find it difficult to respond to these cases. Local law enforcement officials also noted that they receive little training on elder financial exploitation and need additional training to build expertise. In addition, we were told that some prosecutors and judges are reluctant to take on cases of suspected elder financial exploitation because of competing priorities and limited resources, a continuing belief that elder financial exploitation is primarily a civil issue, or a view of older adult victims as unreliable witnesses.

State and local officials in the four states we reviewed are attempting to increase their expertise.<sup>47</sup> For example, some state and local officials told us they attempt to acquire investigative expertise through formal and on-the-job training, by dedicating units or staff to investigate suspected cases of elder financial exploitation, or by contracting for assistance from certified fraud examiners or other forensic accountants.<sup>48</sup> However, state and local officials also told us that funding constraints limited their ability to build this additional expertise. Moreover, officials and experts told us that in order to more effectively allocate their limited resources, state and local entities would need more information about which practices have proven to be most effective for investigating, as well as preventing, elder financial exploitation.

AoA and Justice have developed some resources that could be used to help state and local agencies build expertise in identifying, investigating, and prosecuting elder financial exploitation (see table 3).

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<sup>47</sup> See appendix X for examples of activities undertaken by APS, criminal justice, and consumer protection agencies in California, Illinois, New York, and Pennsylvania to build additional expertise. See appendix XI for examples of these activities undertaken by private organizations.

<sup>48</sup> Forensic accountants specialize in investigating financial crimes. The Certified Fraud Examiner credential is one professional designation that a forensic accountant may hold.

**Table 3: Examples of AoA and Justice Resources That Could Be Used to Increase State and Local Expertise about Elder Financial Exploitation**

Agency	Resource
AoA	<p>National Center on Elder Abuse website has materials on elder abuse, including elder financial exploitation. AoA makes formula grants to states and territories under Title VII of the Older Americans Act that are used to fund training.<sup>a</sup></p> <p>National Adult Protective Services Resource Center provides information and technical assistance aimed at APS professionals.</p> <p>National Legal Resource Center provides training and information on legal issues affecting older adults.</p> <p>Model Approaches to Statewide Legal Assistance Systems demonstration program includes two elder abuse projects that focus on elder financial exploitation.</p>
Justice	<p>Funding the development of APS elder abuse training modules.</p> <p>Justice’s Office on Violence Against Women, Office for Victims of Crime, and Bureau of Justice Assistance fund a number of trainings—including some material devoted to elder financial exploitation—to law enforcement and others in the field each year.</p> <p>Prosecutors in the Criminal Division’s Fraud Section have provided training at national conferences on elder fraud.</p> <p>Created an elder financial exploitation guide for police officers.</p> <p>Plans to fund the development of online training for legal aid attorneys on identifying and responding to elder abuse, including financial exploitation.</p> <p>Developing strategies and best practices for financial fraud and identity theft investigations.</p>

Source: GAO analysis of HHS and Justice materials and interviews.

<sup>a</sup> 42 U.S.C. §§ 3058b and 3058i.

Under the EJA, HHS is authorized to develop and disseminate best practices and provide training for APS workers,<sup>49</sup> and AoA-supported resource centers compile information about elder abuse in general for easy access. However, information pertaining specifically to elder financial exploitation topics—such as mass marketing fraud, power of attorney abuse, or investment fraud—may be dated or more difficult to find because it is intermingled with other materials.<sup>50</sup> For example, AoA’s National Center on Elder Abuse (NCEA) has compiled a list of elder abuse training materials from a variety of sources, but we could find no quick and clear way to identify which trainings cover financial exploitation.

Additionally, Justice officials told us that it would be beneficial for more training to be available to prosecutors of elder abuse. Justice has identified providing training and resources to combat elder abuse as a

<sup>49</sup> § 2042(a)(1)(C), 124 Stat. 794, 1397m-1(a)(1)(C).

<sup>50</sup> See appendix XIII for more information on AoA resource centers.

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strategy to achieve its objective of preventing and intervening in crimes against vulnerable populations. Justice officials indicated that they are developing an elder justice prosecution website that could serve as a resource and help build expertise. The website is expected to consolidate training materials in use across the country, primary litigation materials from local district attorneys, and information from relevant academic centers, such as the University of California at Irvine and Stanford University. However, it is unclear when this project will be completed, as Justice officials are waiting for materials from local district attorneys. As a result, prosecutors and other law enforcement officials currently do not have access to these materials.

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States Identified  
Additional Federal Support  
Needed to Sustain Crucial  
Collaborations across  
Systems and Levels of  
Government

Collaboration between APS  
and Criminal Justice Systems

The OAA requires AoA to develop a plan for promoting collaborative efforts to support elder justice programs at all levels.<sup>51</sup> Officials we met from state and local social service and criminal justice agencies in three of the four states we reviewed said that while collaboration between their systems is important for combating elder financial exploitation, collaborating can sometimes be difficult because the two systems differ in the way they respond to exploitation and carry out their work. Specifically, APS focuses on protecting and supporting the victim, and criminal justice focuses on prosecuting and convicting exploiters. However, according to experts, by working together, APS, the criminal justice system, and other partners can more easily accomplish both of these goals.<sup>52</sup> Experts have noted that some type of multidisciplinary response to elder abuse—including elder financial exploitation—is prudent because of the complex

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<sup>51</sup> 42 U.S.C. § 3011(e)(2)(a)(ix).

<sup>52</sup> See Adria E. Navarro et al., “Holding Abusers Accountable: An Elder Abuse Forensic Center Increases Criminal Prosecution of Financial Exploitation” (funded by Justice), *The Gerontologist*, vol. 0, (May 15, 2012). This study was funded by Justice.

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nature of the problems faced by victims and the wide variety of responses required to help them and to prosecute exploiters.

In each of the four states we reviewed, local initiatives helped bridge the gap between APS and criminal justice agencies.<sup>53</sup> In some locations APS, criminal justice agencies, and other public and private entities have formed groups that meet periodically to develop awareness activities, foster information sharing, and discuss and resolve individual cases. Some multidisciplinary groups discuss elder abuse broadly, such as elder abuse task forces in some Pennsylvania counties and multidisciplinary groups in New York City. Others concentrate on financial exploitation specifically, such as the Philadelphia Financial Exploitation Task Force, and Financial Abuse Specialist Teams in some California counties.

Although multidisciplinary groups responding to elder financial exploitation already exist in each of the four states we visited and elsewhere, forming and sustaining these groups continues to be challenging, according to law enforcement officials in one state we visited and experts. Busy schedules and competing priorities make it difficult for some participants to attend meetings regularly, and a group's focus influences how extensively members are willing to participate. For example, in one location officials told us that when the primary focus of their group shifted from prosecuting cases to providing services, participation by law enforcement officials declined. Collaborative efforts can also be undermined by a history of poor interaction between member organizations, differences in systemic understanding of elder financial exploitation, difficulties communicating across disciplines, different understandings of limits on information sharing, unclear roles, and failure to address the group's long-term survival.<sup>54</sup> However, information on relevant promising practices in this area could help promote creation of such groups—particularly when resources are limited—and ensure their success.

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<sup>53</sup> See appendix X for examples of activities undertaken by APS, criminal justice, and consumer protection agencies in California, Illinois, New York, and Pennsylvania to support collaboration. See appendix XI for examples of these activities undertaken by private organizations.

<sup>54</sup> Brandl et al., *Elder Abuse Detection and Intervention* (New York: 2007).



Federal agencies have made some efforts to promote and inform collaboration between the APS and criminal justice systems in states. However, agencies have taken few steps to compile or disseminate promising practices in creating or sustaining multidisciplinary groups responding to elder financial exploitation, even though the OAA requires AoA to develop and disseminate information on best practices for adult protective services. AoA and Justice have offered a small number of grants to states to combat elder abuse or other crimes that require or encourage collaborative efforts such as multidisciplinary teams (see Table 4).

**Table 4: Examples of Federal Grants That Encourage Collaboration among State Agencies That Respond to Elder Abuse**

Agency	Grant
AoA	Elder Abuse Prevention Interventions Program: Requires grantees to have a partnership that includes at least the APS and criminal justice systems. AoA expected to award between \$625,000 and \$1.02 million each to 5-8 grantees in 2012.
	Elder Justice Community Collaborations: Relatively small (\$10,000) grants specifically for setting up elder justice coalitions were awarded to over 40 grantees from 2007 to 2010.
	Prevention of Elder Abuse, Neglect, and Exploitation (OAA Title VII-A3), formula grants to all states and territories that broadly require collaboration between social services and criminal justice systems.
	Attorneys funded by Title IIIB of the Older Americans Act may work with APS in various situations, including situations dealing with guardianship issues.
	Funding from AoA's Model Approaches to Statewide Legal Assistance Systems demonstration grants may be used to support projects that address financial fraud in a collaborative fashion.
Justice (Office on Violence Against Women)	Enhanced Training and Services to End Violence Against and Abuse of Women Later in Life Program: Requires a partnership of criminal justice agencies, prosecutors, and nonprofits.

Source: GAO analysis of HHS and Justice documents and interviews.

AoA's Elder Justice Community Collaborations program offered over 40 \$10,000 grants, along with technical assistance and training, from 2007 to 2010 for the purpose of setting up elder justice coalitions. These coalitions, which included members across a broad range of disciplines, were required to create an elder justice strategic plan for their community, including plans for continuation beyond the grant period. This program was the only one we identified that was created specifically for the purpose of setting up new coalitions; other grants either allowed funds to be used for that purpose or required a coalition to be in place to implement the grant-funded initiative.

**Collaboration on International and Interstate Financial Crimes**

Interstate or international mass marketing scams include "grandparent scams," which persuade victims to wire money to bail "grandchildren" out of jail or pay their expenses, and foreign lottery scams that require victims

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to pay sizeable sums before they can receive their winnings.<sup>55</sup> In 2011, the FBI's Internet Crime Complaint Center<sup>56</sup> received over 300,000 complaints from victims of all ages about online fraud alone, with reported losses of about \$485 million.

#### **International Mass Marketing Scam**

From 2005 to 2009, about 100 older adults wired or mailed millions of dollars to scam artists working out of "boiler rooms" in a Middle Eastern country, in response to a phone call from "an attorney" claiming they had won a lottery or sweepstakes but had to first pay several thousand dollars in "taxes" or "fees" to receive their winnings. The perpetrators used information individuals had provided on sweepstakes entry forms to target older adults with some savings or assets, in particular. Many of the victims, who ranged in age from 70 to 80, suffered from debilitating conditions including Alzheimer's or some other form of dementia. Once the perpetrators received a payment, they re-contacted victims to inform them that they needed to send more. Victims typically did as they were told, continuing to send tens and even hundreds of thousands of dollars. To lend legitimacy to this elaborate scheme, victims were sent fake documents that appeared to come from the U.S. Internal Revenue Service or another government agency, and received calls from perpetrators impersonating public officials. In addition to losing their life savings, victims of this scam suffered emotional distress and declining health. The FBI was the lead U.S. investigating agency in this case. Six suspects pled guilty to conspiracy charges filed by the U.S. Attorney's Office involving wire and mail fraud through telemarketing. Several were sentenced to between 40 and 150 months in prison. Four more have been extradited to the United States and are

Local law enforcement authorities in the four states we visited indicated that investigating and prosecuting the growing number of cases involving interstate and international mass marketing fraud, which often target older adults, is particularly difficult for them. For example, coordinating with law enforcement authorities in other jurisdictions is labor intensive,<sup>57</sup> so state

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<sup>55</sup> Mass-marketing fraud refers generally to any type of fraud scheme that uses one or more mass communication techniques and technologies—such as the Internet, telephones, the mail, and even mass meetings in person—to contact, solicit, and obtain funds or other items of value from multiple victims in one or more jurisdictions. See appendix XIV for an example of a letter promoting a sweepstakes scam.

<sup>56</sup> The Internet Crime Complaint Center is an online system that collects complaints of suspected criminal or civil Internet-related violations and develops referrals to law enforcement and regulatory agencies at the federal, state, local, tribal, and international levels. It is a partnership between the FBI and the National White Collar Crime Center, a nonprofit that supports the investigation and prosecution of economic and high-tech crime.

<sup>57</sup> According to the Fraud Section of Justice's Criminal Division, lottery scam perpetrators are operating from a growing number of countries, including Costa Rica, the Dominican Republic, Jamaica, the Netherlands, Nigeria, and Spain.

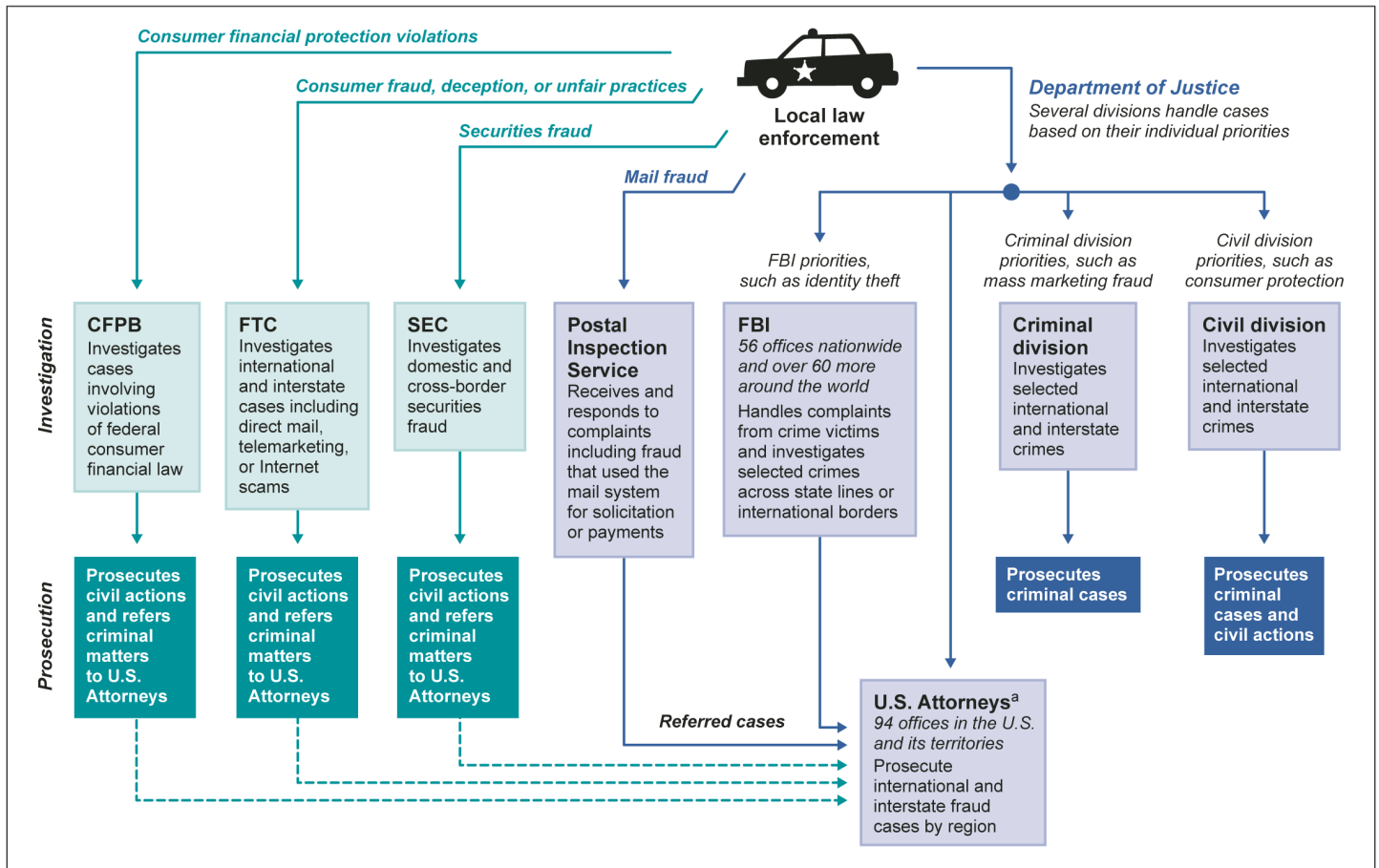
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and local officials are often unable to pursue these cases themselves. Furthermore, even though various federal agencies have the authority to investigate and prosecute interstate and international scams (see fig. 3),<sup>58</sup> local law enforcement officials told us there is not enough information available on whom they should contact when they need to refer a case to the federal level. They indicated that the lines of communication between local and federal agencies tend to be informal, based on whom local law enforcement officers know in a federal agency. Providing accurate contact information is consistent with Justice's strategic objective for fiscal years 2012-2016 to strengthen its relationships with state and local law enforcement. Justice officials told us they believe that local officials know which federal officials to contact about international and interstate cases, but state and local law enforcement officials told us that it would be helpful to have more specific information. Cases that local officials do not refer to a federal agency due to a lack of correct contact information may not be investigated or prosecuted by either federal or local authorities.

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<sup>58</sup> In addition to the work of individual agencies, the Financial Fraud Enforcement Task Force—a broad coalition of more than 20 federal agencies, 94 U.S. Attorneys' Offices, and state and local partners—was created by executive order to (1) investigate and prosecute significant financial crimes and other violations related to the current financial crisis and economic recovery efforts, (2) recover the proceeds of such crimes and violations, and (3) ensure just and effective punishment of those who perpetrate such crimes and violations. Exec. Order No. 13,519, 74 Fed. Reg. 60,123 (Nov. 19, 2009). The Consumer Protection Working Group formed under the Task Force in early 2012 focuses on strengthening the government's collective efforts to address consumer-related scams targeting vulnerable populations.

**Figure 3: Federal Agencies' Responsibilities in Combating International and Interstate Financial Crimes**



Source: GAO analysis of information provided by federal agencies.

<sup>a</sup> U.S. Attorneys also participate in the investigation of cases, either alone or in cooperation with other agencies.

In addition to not knowing whom to contact, state and local law enforcement officials in the four states we reviewed told us that they are concerned that federal agencies do not take enough of the cases that are referred to them. For example, a law enforcement official from California described a case of widespread interstate check fraud, expressing frustration with federal agencies that would not provide any support when he requested it. Federal officials, on the other hand, told us that they cannot take all cases referred to them by state and local law enforcement and that they must prioritize their caseload to make the best use of their limited resources. Justice and FTC officials said they tend to focus on larger cases in which many victims were affected or a significant amount

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of money was lost, and Justice's U.S. Attorneys also apply regional priorities, such as the vulnerability (including age) of the victim, when determining which cases to take.

Even if federal agencies choose not to take a case a state or local agency refers to them, officials told us that consistent referrals of cases by state and local authorities allow them to identify patterns or combine several complaints against the same individual into one case. FTC's Consumer Sentinel Network database (Consumer Sentinel) collects consumer complaint data and aims to be an information-sharing tool to enable state and local law enforcement to become more effective.<sup>59</sup> Justice officials said they encourage individuals and state and local authorities to file a complaint of suspected fraud to either the Consumer Sentinel or the FBI's Internet Crime Complaint Center. However, while some state Attorneys General were familiar with the FTC database, local law enforcement officials we spoke with did not say that they reported cases to it or used its data. One official said he did not find the Consumer Sentinel database useful because law enforcement officials are not familiar with it.

FTC officials explained that while they have made attempts to get state-level offices to contribute to the Consumer Sentinel, barriers such as reservations about data sharing, obsolete technological infrastructure, and severe budgetary cutbacks have kept the numbers of contributors low. When state officials do not contribute to the Consumer Sentinel, the information in the database does not give a national picture of the extent of cross-border scams. As a result of this—in addition to the impact of some law enforcement officials not using the system—it may be more difficult to combat these scams, and officials at all levels may not have the information they need to target their resources appropriately.

## Working Cooperatively with Banks

According to state and local officials, banks are important partners in combating elder financial exploitation because they are well-positioned to recognize, report, and provide evidence in these cases. Indeed, frontline bank staff are able to observe elder financial exploitation firsthand. For

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<sup>59</sup> FTC's Consumer Sentinel Network is an online database that houses millions of consumer complaints available to law enforcement. Sentinel's roster of 28 current data contributors includes 12 state attorneys general, the FBI's Internet Crime Complaint Center, and the Council of Better Business Bureaus. More than 2,600 users from over 2,000 law enforcement agencies worldwide use the system to share information, prosecute cases, conduct investigations, and pursue leads.

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example, a bank teller who sees an older adult regularly is likely to notice if that individual is accompanied by someone new and seems pressured to withdraw money or if the older adult suddenly begins to wire large sums of money internationally.

There are state efforts and bank policies to help bank employees recognize exploitation. In Illinois, all state-chartered banks are required to train their employees on what constitutes elder financial exploitation.<sup>60</sup> State and local agencies in California and Pennsylvania provide information and training to banks to help them recognize elder financial exploitation. Most of the six banks we spoke with had a policy for periodically training employees on identifying elder financial exploitation. In addition, these banks had a system in place that routinely monitors bank transactions for unusual activity and can help identify exploitation.

Banks may also help report suspected elder financial exploitation to local authorities. Training initiatives, such as Illinois' program, encourage bank employees to report exploitation. Most of the six banks we spoke with had procedures in place for frontline employees to report suspected elder financial exploitation to bank management. Some of these banks also had internal units that are dedicated to receiving staff reports of elder financial exploitation and referring them to the proper authorities.

Notwithstanding such efforts, APS and criminal justice officials told us elder financial exploitation is generally underreported by banks.<sup>61</sup> Despite the training they receive, bank staff may not be aware of the signs of elder financial exploitation or know how to report it. In addition, in five of the six prosecuted cases we reviewed in depth, there were missed opportunities for banks to raise questions about transactions. For example, in one case, bank officials did not take any action in response to repeated withdrawals of large amounts of money that were not typical for

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<sup>60</sup> The Illinois Department on Aging designed and administered the training protocol and the Illinois Department of Financial and Professional Regulation certifies compliance with the training requirement.

<sup>61</sup> Most states require some classes of professionals or organizations to report suspected elder abuse, which may include financial exploitation of older individuals, to state authorities. Some states, including California—a state we contacted—specifically include banks as mandatory reporters. Cal. Welf. & Inst. Code § 15630.1 (2012). Some states immunize individuals who make such reports in good faith from civil and/or criminal liability under state law.

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that customer. Bank officials said they do report suspected elder financial exploitation, but also emphasized that banks are not law enforcement agencies. Officials said their primary responsibility is to protect customer assets and privacy and ensure customers have access to their funds. In addition, a banking association representative told us that even though federal privacy laws do not prohibit banks from reporting suspected abuse, banks are concerned that they will be held liable if they report suspected exploitation that is not later substantiated.

Three federal agencies—CFPB, AoA, and FinCEN—are positioned to encourage banks to identify and report elder financial exploitation, either due to the agency’s mission or via proposed or existing activities. The CFPB is the primary federal consumer protection regulator with respect to a variety of financial institutions, including banks. The Dodd-Frank Act authorizes the CFPB to protect consumers, including older adults, from abusive practices committed in connection with the offering or provision of consumer financial products or services.<sup>62</sup> In a November 2011 congressional testimony, the Assistant Director of CFPB’s Office for Older Americans said the agency has a unique opportunity to help enhance, coordinate, and promote efforts of a variety of groups, including financial services providers.<sup>63</sup>

While the federal government generally requires banks to train employees on a variety of issues, such as money laundering, physical bank security, and information security,<sup>64</sup> we could find no similar requirements for banks to train employees to recognize and report elder financial exploitation. However, AoA is considering collaborating with one large national bank on a project to encourage bank training on elder financial exploitation.

Banks are also required to file Suspicious Activity Reports (SAR) with FinCEN to alert them of potentially illegal bank transactions that involve, individually or in the aggregate, at least \$5,000, which could include elder

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<sup>62</sup> § 1031, 124 Stat. 1979-80 (12 U.S.C. § 5531).

<sup>63</sup> Testimony before the Subcommittee on Financial Institutions and Consumer Protection United States Senate Committee on Banking, Housing, and Urban Affairs (Washington, D.C., November 15, 2011).

<sup>64</sup> 31 U.S.C. § 5318(h)(1)(C), 12 C.F.R. § 21.3(a)(3), and pt. 30, app. B (2012).

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financial exploitation.<sup>65</sup> In February 2011, FinCEN issued an advisory to banks that described elder financial exploitation, provided potential indicators of elder financial exploitation, and requested the use of a specific term (“elder financial exploitation”) when applicable in SAR narratives related to this activity.<sup>66</sup>

Bank records can help investigators track an older adult’s use of funds over time and detect irregularities. APS officials in Pennsylvania told us that although Pennsylvania state law grants APS access to bank records, they are often denied access on the basis of federal privacy laws or the bank’s policies. APS officials from California, Illinois, and New York also reported that they are denied access to bank records for the same reasons.<sup>67</sup> As a result, investigators are unable to obtain the information necessary to investigate suspected exploitation, identify perpetrators, stop further exploitation from occurring, or obtain restitution for victims. Bank officials told us the federal government could help clarify bank roles and responsibilities related to privacy and financial exploitation of older adults.<sup>68</sup>

There are two federal laws that generally protect the privacy of consumer banking records: the Right to Financial Privacy Act of 1978 (RFPA)<sup>69</sup> and

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<sup>65</sup> 31 C.F.R. § 1020.320(a) (2012). If a financial institution knows, suspects, or has reason to suspect, for example, that transactions have no business or apparent lawful purpose or are not the sort in which a particular customer would normally be expected to engage, and the financial institution knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction, the financial institution must file a SAR.

<sup>66</sup> FinCEN stores SARs in a database and each state has a law enforcement point-of-contact with access to the database. Local police and district attorneys rely on their state’s FinCEN point-of-contact to obtain SAR information. While SARs could contain leads on elder financial exploitation cases, local officials we spoke with said they did not use SARs often to build criminal cases and SARs are not a vehicle for fast action.

<sup>67</sup> Local criminal justice agencies said that they are able to obtain bank records with a subpoena or search warrant, but banks sometimes take a long time to provide the records. This, in turn, extends already time-intensive investigations.

<sup>68</sup> The American Bar Association completed a report on this issue and concluded that federal privacy laws do not prohibit banks from sharing information in suspected cases of elder financial exploitation. American Bar Association, *Can Bank Tellers Tell? Legal Issues Relating to Banks Reporting Financial Abuse of the Elderly* (2003).

<sup>69</sup> Pub. L. No. 95-630, tit. XI, 92 Stat. 3641, 3697-3710 (codified as amended at 12 U.S.C. §§ 3401-3422).



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the Gramm-Leach-Bliley Act.<sup>70</sup> Each establishes standards that banks must meet to safeguard customer banking information. The RFPA generally prohibits financial institutions, including banks, from providing any federal governmental authority with access to copies of information in any customer's records without first providing notice to the customer. Because a government authority is defined in RFPA to include only federal agencies and officials, however, it should not prevent banks from reporting possible financial exploitation of older adults—or providing bank records to—state APS.

The Gramm-Leach-Bliley Act generally prohibits financial institutions, including banks, from disclosing nonpublic personal information to third parties including, but not limited to, federal governmental authorities. Nonetheless, the act has a number of general exceptions permitting disclosure, such as: to protect against or prevent actual or potential fraud, unauthorized transactions, claims, or other liability; consistent with the RFPA, for an investigation on a matter related to public safety; or to comply with a properly authorized civil, criminal, or regulatory investigation, subpoena, or summons by federal, state, or local authorities.

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### Incomplete Data Hinder Efforts to Combat Elder Financial Exploitation

The NCEA and experts have called for more data on the cost of elder financial exploitation to public programs and for trend data on its extent. According to our analysis, these data could help determine what government resources to allocate and how best to prevent and respond to this problem. According to one Utah official, quantifying the impact of elder financial exploitation in that state helped that state's legislators understand the importance of combating this problem and convinced them to simply decrease, rather than eliminate, state APS funding altogether.<sup>71</sup> However, according to our analysis, no other state has undertaken such a study.

Similarly, data on the extent of elder financial exploitation over time could help state and local APS, as well as law enforcement agencies, assess

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<sup>70</sup> Pub. L. No. 106-102, §§ 501-510, 113 Stat. 1338, 1436-1445 (codified as amended at 15 U.S.C. §§ 6801-6809).

<sup>71</sup> See Gunther, "The 2010 Utah Cost of Financial Exploitation."

the effectiveness of their efforts to combat it. The OAA<sup>72</sup> and EJA both require the federal government to take steps to collect and disseminate data on all types of elder abuse,<sup>73</sup> yet the studies federal agencies have funded in this area have produced little data on its extent over time, as we previously reported,<sup>74</sup> or on its cost.

Several federal agencies do collect administrative data on the number of complaints submitted by consumers or criminal cases that sometimes involve elder financial exploitation (see table 5)—data that could help state and local APS and law enforcement authorities determine what resources to allocate and how best to prevent and respond to this problem. Each agency publishes material containing a range of administrative data from its system that is available to the public. FTC, for example, publishes statistics from the Consumer Sentinel on the number and types of complaints, amount of losses, and characteristics of victims.<sup>75</sup>

**Table 5: Federal Administrative Data Systems That Collect Incidents of Elder Financial Exploitation**

<b>Data System/Agency</b>	<b>Information Collected</b>	<b>Identifies Age of Victim?</b>	<b>Contributors</b>
<b>FTC’s Consumer Sentinel Network</b>	Information on consumer complaints, including investment and mass marketing fraud, and identity theft. The FTC adds cases from the FBI’s Internet Crime Complaint Center to the Consumer Sentinel.	Optional. Less than half of complaints currently include age.	Some state and local law enforcement agencies, federal agencies, nongovernmental and private entities, and individuals.
<b>FinCEN’s SAR Data</b>	Information on suspicious financial transactions, both actual and attempted.	Option to identify suspected elder financial exploitation <sup>a</sup> and age of victim.	Banks and other financial institutions.
<b>FBI’s Internet Crime Complaint Center</b>	Complaints about cyber-crime, including online fraud.	Age is a required field.	State and local law enforcement agencies, as well as individuals.
<b>Justice’s National Incident-Based Reporting System</b>	Each single incident of and arrest for 46 crimes collected from state, local, and federal law enforcement agencies that participate in the system.	Age is a required field for individual victims.	State and local law enforcement agencies.

<sup>72</sup> 42 U.S.C. § 3012(e)(2)(A)(iii) and (iv), and (16).

<sup>73</sup> § 2042(a)(1)(B), 124 Stat. 794 (codified at 42 U.S.C. 1397m-1(a)(1)(B)).

<sup>74</sup> See [GAO-11-208](#).

<sup>75</sup> FTC (2012) *Consumer Sentinel Network Data Book for January - December 2011*.

Data System/Agency	Information Collected	Identifies Age of Victim?	Contributors
<b>SEC's Tips, Complaints, and Referrals Portal</b>	Complaints about investments or financial professionals.	Information about age is not required.	All sources, including individual investors.

Source: GAO analysis of documents provided and interviews granted by FTC, FinCEN, Justice, and SEC.

<sup>a</sup> In 2012, FinCEN released a revised SAR that includes a check box that enables filers to indicate clearly that they are reporting suspected elder financial exploitation. The revised SAR is currently available for use, and will become mandatory at the end of March 2013, according to FinCEN officials.

While the number of reported incidents of elder financial exploitation in each agency's system represents only a portion of all cases that actually occur in a given period and geographic area, the number over time could provide an indication of fluctuations in the extent of certain types of elder financial exploitation.

Data from the Consumer Sentinel could be of particular interest to state and local APS and law enforcement authorities, because over half of the consumer complaints reported to this system involve financial exploitation through fraud. Individual complaints can be directly reported to the Consumer Sentinel by victims or others on their behalf. Cases reported to the FBI Internet Crime Complaint Center and non-governmental organizations, such as the Council of Better Business Bureaus, are also added to the complaints in the Consumer Sentinel. Currently, however, the Consumer Sentinel does not receive any of the complaints reported to any of the law enforcement or consumer protection agencies in 38 states. Moreover, less than half the complaints in the Consumer Sentinel contain the age of the victim because FTC does not require complaints to include this information or other indicators of whether the case involved elder financial exploitation.<sup>76</sup> FTC officials told us the agency does not require complaints to include the age of the victim because of concerns regarding privacy and the potential burden this might place on individual complainants. In contrast, SARs in the FinCEN system will soon all be clearly identified when a filing institution reports suspected elder financial exploitation.

In 2011, we found that state-level APS data could provide useful information on the extent of elder abuse, including elder financial exploitation, over time. We recommended that AoA work with states to

<sup>76</sup> See appendix XV for additional information on the data in the Consumer Sentinel Network.

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develop a nationwide system to collect and compile these data.<sup>77</sup> AoA officials told us they have initiated discussions with states about establishing such a system, but have been unable to develop a comprehensive plan for implementing one due to a lack of funding.

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## Conclusions

Elder financial exploitation is a multi-faceted problem spanning social service, criminal justice and consumer protection systems of government. As a result, combating it is challenging and requires action on the part of not only many state and local agencies, but also multiple agencies at the federal level. Each of the seven federal agencies we reviewed is working to solve this problem in ways that are consistent with its own mission. However, the problem is large and growing. It calls for a more cohesive and deliberate approach governmentwide that, at a minimum, identifies gaps in efforts nationwide, ensures that federal resources are effectively allocated, establishes federal agency responsibilities, and holds agencies accountable for meeting them.

The EJCC has recognized that combating elder abuse, including elder financial exploitation, is an effort that requires federal agencies to work together. A clearly articulated national strategy is needed to coordinate and optimize such federal efforts to effectively prevent and respond to elder financial exploitation, and the EJCC can be the vehicle for defining and implementing this strategy. In the current economic climate, state and local APS and law enforcement agencies will find it increasingly difficult to cope with growing numbers of cases without a national strategy attuned to their need for information and guidance on preventing and responding to elder financial exploitation, as well as additional data on its extent and impact.

In addition to working together to build a national strategy to combat elder financial exploitation, there are a number of ways individual federal agencies could better support state and local APS and law enforcement agencies. For example, Justice has identified providing training and resources to combat elder abuse as a strategy to achieve its objectives of preventing and intervening in crimes against vulnerable populations. Without easily accessible information and guidance tailored to the needs of prosecutors nationwide, they may continue, given limited resources, to

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<sup>77</sup> See [GAO-11-208](#).

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make such cases a low priority. Similarly, many cases cross jurisdictions and could involve multiple victims or have perpetrators located in other countries. These cases may not be investigated or prosecuted unless state and local law enforcement have better information on the process for contacting the federal government regarding these cases or the ways in which the federal government could provide support.

Without information to correct banks' misconceptions about the impact of federal privacy laws on their ability to release bank records, APS and law enforcement agencies will continue to find it difficult to obtain the information they need from banks to investigate suspected cases of elder financial exploitation. Moreover, without educating bank employees nationwide on how to identify and report suspected elder financial exploitation, many cases will continue to go unreported, uninvestigated, and unprosecuted. The CFPB is positioned to provide additional information to banks, as part of the agency's consumer protection regulatory function and dedication to protecting the financial health of older Americans.

Finally, to fulfill its mission of protecting consumers against unfair, deceptive, or fraudulent practices, the FTC established the Consumer Sentinel Network database to enhance information-sharing and support law enforcement at all levels. The Consumer Sentinel could serve as a valuable source of data on the extent of some types of elder financial exploitation nationwide and as an important resource for law enforcement authorities as they identify, investigate, and prosecute cases. The Consumer Sentinel's usefulness in this area, however, will continue to be limited until the number of contributors to it is increased and complaints are required to include the age of the victim or other indicators of whether the case involved elder financial exploitation. In the absence of the latter, it is difficult to determine the number of financial exploitation complaints that involve older adults, which in turn makes any Consumer Sentinel data contributed less useful to state and local APS and law enforcement agencies.

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## Recommendations for Executive Action

To coordinate and optimize federal efforts to prevent and respond to elder financial exploitation, we recommend the Secretary of HHS, as chairman of the Elder Justice Coordinating Council, direct the Council to develop a written national strategy for combating this problem. This strategy should include a clear statement of its purpose and goals and indicate the roles and responsibilities particular federal agencies should have in

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implementing it. The strategy could address, among other things, the need to

- identify and disseminate promising practices and other information nationwide that can be used by state and local agencies to prevent exploitation, educate the public, and help state and local agencies collaborate, investigate, and prosecute elder financial exploitation;
- ensure coordination of public awareness activities across federal agencies; and
- collect and disseminate better data nationwide to inform federal, state, and local decisions regarding prevention of and response to elder financial exploitation.

To develop expertise among prosecutors and other criminal justice officials, we recommend the Attorney General establish timeframes for and take the steps necessary to launch the elder justice prosecution website that Justice has begun to construct.

To facilitate investigation and prosecution of interstate and international elder financial exploitation, we recommend the Attorney General conduct outreach to state and local law enforcement agencies to clarify the process for contacting the federal government regarding these cases and the ways in which the federal government could provide support.

To encourage banks to identify and report suspected elder financial exploitation and to facilitate release of bank records to APS and law enforcement authorities for investigating this activity, we recommend the Director of the Consumer Financial Protection Bureau

- develop a plan to educate banks nationwide on how to identify and report possible elder financial exploitation; and
- develop and disseminate information for banks on the circumstances under which they are permitted, under federal privacy laws, to release relevant bank records to law enforcement and APS agencies.

To increase the usefulness of data from the Consumer Sentinel Network database for federal, state, and local investigation and prosecution of elder financial exploitation, we recommend the Chairman of the Federal Trade Commission:

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- take additional steps to encourage more state and local law enforcement authorities nationwide to report to the Consumer Sentinel relevant individual complaints they receive of elder financial exploitation and to encourage and enable these authorities to query the system; and
  - study the feasibility of requiring that all complaints to the Consumer Sentinel include either the victim's age or an indication of whether the complaint involves elder financial exploitation

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## Response to Agency Comments

We provided a draft of this report to the seven federal agencies that we reviewed for their comments. CFPB concurred with our recommendations and agreed that a collaborative and coordinated effort by federal agencies can help optimize strategies to combat elder financial exploitation (see appendix XVI). CFPB further noted that financial institutions can play a key role in preventing and detecting elder financial exploitation, and that CFPB is collecting information on financial institution training programs and considering how best to help institutions that request this information. HHS indicated in its general comments that our recommendations are consistent with what it heard during the inaugural meeting of the EJCC, and added that it looks forward to working with Congress to continue implementing the EJA (see appendix XVII).

In an e-mailed response, FTC's Bureau of Consumer Protection noted that the Consumer Sentinel database provides law enforcement with access to millions of consumer complaints. FTC added that the database has no required fields, and expressed its belief that if consumers were required to provide detailed personal information as a condition to filing a complaint, they might refuse to do so, thereby decreasing the overall effectiveness of the system. FTC explained that almost 48 percent of all fraud complaints in 2011 included the voluntary submission of age, and that nearly half of its non-individual data contributors do not submit age information in the data they provide to FTC. Given the potential for the Consumer Sentinel database to support and enhance state and local law enforcement agencies' response to elder financial exploitation, particularly interstate and international cases, we continue to believe that FTC should study the feasibility of requiring that all complaints to the Consumer Sentinel database include the victim's age or another indicator of whether the complaint involves elder financial exploitation. In doing so, FTC can examine different options, including the use of a check box similar to the one that FinCEN has included in its SARs.

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We are sending copies of this report to the seven agencies we reviewed, relevant congressional committees, and other interested parties. We will also make copies available to others upon request. The report is available at no charge on GAO's website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-7215 or [brownke@gao.gov](mailto:brownke@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix XVIII.

*Kay E. Brown*

Kay E. Brown, Director  
Education, Workforce, and Income Security Issues



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*List of Requesters*

The Honorable Herb Kohl  
Chairman  
Special Committee on Aging  
United States Senate

The Honorable Bernard Sanders  
Chairman  
Subcommittee on Primary Health and Aging  
Committee on Health, Education, Labor, and Pensions  
United States Senate

The Honorable Richard Blumenthal  
United States Senate

The Honorable Jeff Merkley  
United States Senate

The Honorable Bill Nelson  
United States Senate

The Honorable Sheldon Whitehouse  
United States Senate



### **Mission**

To develop a comprehensive, coordinated, and cost-effective system of home- and community-based services that helps elderly individuals maintain their health and independence.

### **How agency prioritizes elder financial exploitation**

Strategic goal of ensuring the rights of older people and preventing their abuse, neglect, and exploitation.

### **Agency's role in combating elder financial exploitation**

The Older Americans Act Amendments of 1965 calls for AoA to develop objectives, priorities, policy, and a long-term plan for facilitating the development of a coordinated, multidisciplinary elder justice system in the United States

The Elder Justice Act of 2009 (EJA) calls for HHS to, among other things:

- collect and disseminate data related to exploitation,
- conduct research on and develop information on best practices for Adult Protective Services (APS),
- provide technical assistance to APS, and
- establish centers to conduct research, develop expertise, and improve law enforcement's ability to combat elder financial exploitation

### **Contact information**

**Call:** (202) 619-0724

**Email:** [aoainfo@aoa.hhs.gov](mailto:aoainfo@aoa.hhs.gov)

Source: GAO analysis of AoA documents and interviews.

## **Appendix I: Administration on Aging**

# **Administration on Aging (HHS)<sup>1</sup>**

### **Relevant agency divisions**

**Assistant Secretary for Aging:** Assists the Secretary with activities that address challenges and opportunities for older adults

**Office of Elder Rights:** Administers the provisions of the Older Americans Act related to elder abuse prevention

### **Selected activities**

- Funds and oversees the National Center for Elder Abuse (NCEA; [www.ncea.aoa.gov](http://www.ncea.aoa.gov)), a national resource center dedicated to preventing elder abuse
- Funded the National Adult Protective Services Resource Center, which provides information and technical assistance to APS officials
- Provides formula grants to State Units on Aging in each state to prevent elder abuse
- Provides funds to local legal services providers, which may use the funds to assist elder financial exploitation victims
- AoA's Model Approaches to Statewide Legal Assistance Systems program funds demonstration grants, which aim to strengthen states' legal services networks, may be used to support projects that address elder financial exploitation

### **Coordination with other agencies**

- Works with state aging agencies to help them develop statewide plans to combat elder abuse
- Through NCEA, partnered with Treasury on its Go Direct financial literacy campaign
- Partnered with Treasury and the Financial Services Roundtable on a toolkit for training financial institutions on elder financial exploitation
- Worked with the SEC on several Seniors Summits that brought agencies together to discuss elder financial exploitation
- Chairs the Elder Justice Coordinating Council, a collaborative body of federal agencies created under the EJA to recommend federal policies to combat elder abuse and ways federal agencies should coordinate to implement these policies.
- Co-leads an informal interagency workgroup that helps facilitate federal elder justice activities.

<sup>1</sup> On April 16, 2012, AoA became part of the Administration for Community Living, which also includes HHS's Office on Disability and Administration on Developmental Disabilities.



# Consumer Financial Protection Bureau (CFPB)

## Mission

To implement and enforce federal consumer financial law consistently for the purpose of ensuring that all consumers have access to markets for consumer financial products and services and that markets for consumer financial products and services are fair, transparent, and competitive

## How agency prioritizes elder financial exploitation

Agency's organizing statute requires emphasis on older Americans and protecting them from financial exploitation

## Agency's role in combating elder financial exploitation

**Leadership:** Office for Older Americans is the first federal office dedicated to the financial health of older Americans

**Information dissemination:** Provides information to consumers and to others who assist them in combating elder financial exploitation

**Supervision and Enforcement:** Supervises certain banks and nonbanks and brings enforcement actions when appropriate

**Rulemaking:** Issues rules, orders, and guidance

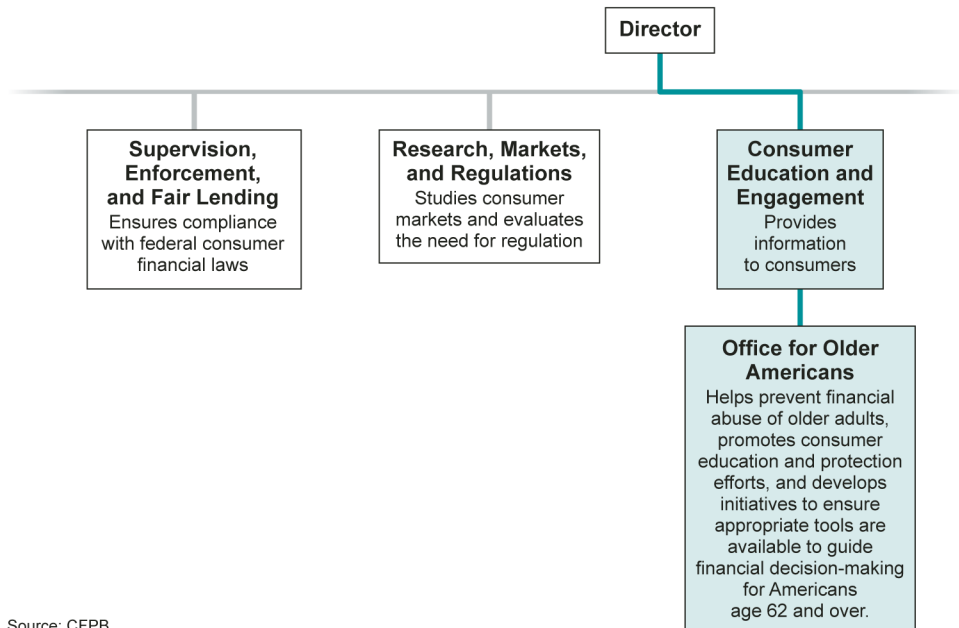
## Contact information

Call: (855) 411-2372

**General Information:**  
[www.consumerfinance.gov](http://www.consumerfinance.gov)

Source: GAO analysis of CFPB documents and interviews.

## Organization



Source: CFPB.

## Selected activities

- Posts information for older adults on website
- Conducts research on issues affecting older Americans, such as reverse mortgages, financial advisors and their credentials, and fiduciaries
- Gathering information from the public on elder financial exploitation to learn more about the ways in which older adults are financially exploited and best practices for elder financial management. CFPB expects to share its results in 2013.

## Coordination with other agencies

- Member of the Elder Justice Coordinating Council
- Member of Financial Fraud Enforcement Task Force, which brings numerous federal agencies together to prevent, investigate, and prosecute financial crime
- Works with AoA, Justice, Department of Labor, and SEC on various projects related to protecting older Americans



## Federal Trade Commission (FTC)

### Mission

To prevent business practices that are anticompetitive, deceptive, or unfair to consumers; to enhance informed consumer choice and public understanding of the competitive process; and to accomplish this without unduly burdening legitimate business activity

### How agency prioritizes elder financial exploitation

FTC identifies older adults as a target population for its consumer education efforts. Elder financial exploitation is included as part of the Bureau of Consumer Protection's responsibility to protect all consumers.

### Agency's role in combating elder financial exploitation

**Legal action:** Investigates and prosecutes large-scale fraud cases

**Information dissemination:** Provides educational materials to consumers

**Data collection:** FTC's Consumer Sentinel database stores individual fraud complaints; other federal, state, and local agencies use and submit information to the database

### Contact information

1-877-FTC-HELP (1-877-382-4357)

**General information:**  
[www.ftc.gov](http://www.ftc.gov)

**To submit a complaint online:**  
[www.ftccomplaintassistant.gov/](http://www.ftccomplaintassistant.gov/)

Source: GAO analysis of FTC documents and interviews.

### Relevant agency divisions

**Bureau of Consumer Protection:** Works to protect consumers against unfair, deceptive, or fraudulent practices in the marketplace. The Bureau conducts investigations, sues companies and people who violate the law, develops rules to protect consumers, and educates consumers and businesses about their rights and responsibilities. The Bureau also collects complaints about consumer fraud and identity theft and makes them available to law enforcement agencies across the country.

- **The Divisions of Advertising Practices, Enforcement, Financial Practices, Marketing Practices, and Privacy and Identity Protection, and FTC Regional Offices** are involved to some extent in the Bureau's elder financial exploitation activities.
- **The Division of Consumer and Business Education's** mission is to give consumers the tools they need to make informed decisions and to give businesses the tools they need to comply with law. The Division produces, promotes, and disseminates information that is timely, targeted, objective, actionable, and in plain language.

### Selected activities

- The Enforcement Division, as part of its overall mission, has dedicated resources to investigating misrepresentations aimed at the "oldest old" and their caretakers. In 2012, the Division settled two administrative cases with companies that misrepresented the services they provide when referring seniors to long-term care facilities.
- In April 2012, the Division of Privacy and Identity Protection gathered information on the types of senior identity theft, how it happens, and possible solutions.
- FTC actively prosecutes fraudulent telemarketers, online and direct mail merchants engaged in a wide variety of deceptive scams.

### Coordination with other agencies

- Member of Financial Fraud Enforcement Task Force, which brings numerous federal agencies together to prevent, investigate, and prosecute financial crime
- May work with international, federal, state, and local law enforcement officials to investigate cases and bring enforcement actions against scammers
- Hosts Common Ground Conferences that bring federal, state, local agencies and non-profit organizations together to share information on scams



## Mission

To enhance the integrity of financial systems by facilitating the detection and deterrence of financial crime

## How agency prioritizes elder financial exploitation

FinCEN does not specifically identify protecting older adults in its agency priorities; however, it recently released a new Suspicious Activity Report form that enables financial institutions specifically to identify suspected elder financial exploitation

## Agency's role in combating elder financial exploitation

**Law enforcement:** FinCEN supports financial criminal investigations, most often those involving money laundering

**Data collection:** FinCEN aggregates data reported by financial institutions on suspicious activity reports, including reports of suspected elder financial exploitation

**Rulemaking:** FinCEN can issue rules and regulations implementing the Bank Secrecy Act of 1970<sup>a</sup> (anti-money laundering), as amended by the USA PATRIOT Act<sup>b</sup>

## Contact information

**Regulatory Helpline :**  
(800) 949-2732

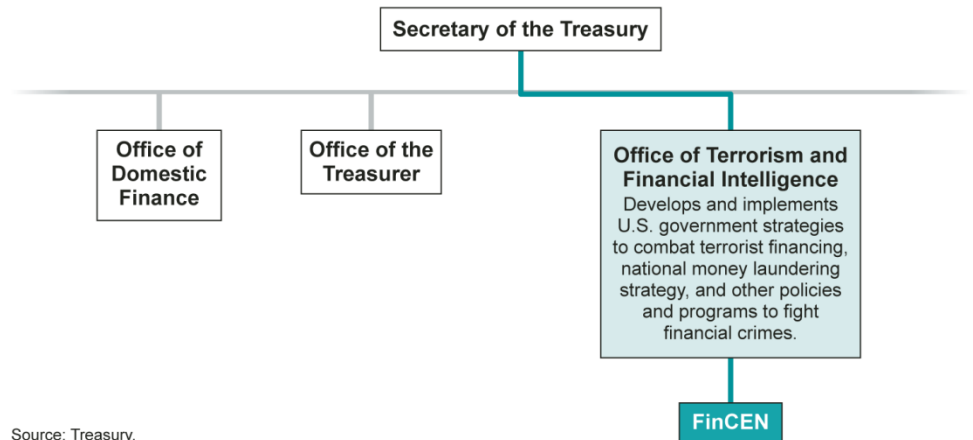
**General information:**  
<http://www.fincen.gov>

Source: GAO analysis of FinCEN documents and interviews.

## Appendix IV: Financial Crimes Enforcement Network

# Financial Crimes Enforcement Network (FinCEN)

## Organization



Source: Treasury.

## Selected activities

- Provides analytical support to law enforcement investigations and access to Suspicious Activity Reports collected from financial institutions under the Bank Secrecy Act of 1970
- Regulates financial institutions, requiring them to have anti-money laundering programs and to report suspicious activity, including elder financial exploitation
- Issued advisory to financial institutions with information about how to identify and report elder financial exploitation

## Coordination with other agencies

- Member of Financial Fraud Enforcement Task Force, which brings numerous federal agencies together to prevent, investigate, and prosecute financial crime

<sup>a</sup> Pub. L. No. 91-508, 84 Stat. 1114 (codified as amended at 12 U.S.C. §§ 1829(b), 1951-1959; 31 U.S.C. §§ 5311-5330).

<sup>b</sup> The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT ACT) Act of 2001, Pub. L. No. 107-56, 115 Stat 272 (2001). We refer to this act as the USA PATRIOT Act.



# Department of Justice

## Mission

To enforce the law and defend the interests of the United States according to the law; to ensure public safety against threats foreign and domestic; to provide federal leadership in preventing and controlling crime; to seek just punishment for those guilty of unlawful behavior; and to ensure fair and impartial administration of justice for all Americans

## How agency prioritizes elder financial exploitation

Priority goal of protecting vulnerable populations, including the elderly

## Agency's role in combating elder financial exploitation

**Assistance to victims:** Provided as part of the Victims of Crime Act Crime Victims Fund and Violence Against Women Act of 1994, as amended

**Research, technical assistance, and training:** Funds research in the field of elder abuse and technical assistance and training to those in the field

**Law enforcement:** Investigates fraud crimes and makes arrests

**Legal action:** Prosecutes fraud cases

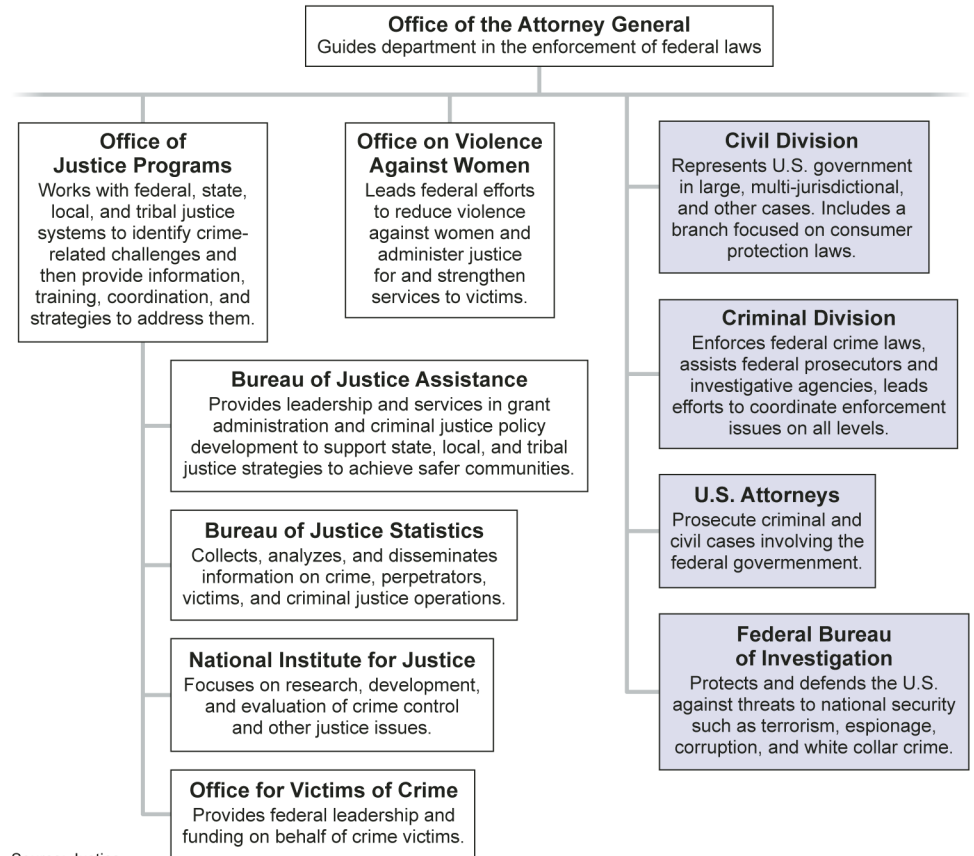
## Contact information

**Main number:**  
202-514-2000

**On the web:**  
[www.justice.gov](http://www.justice.gov)

Source: GAO analysis of Justice documents and interviews.

## Organization



Source: Justice.

## Selected activities

- Prosecutes perpetrators of elder financial exploitation
- Conducts public awareness activities on elder financial exploitation
- Office on Violence Against Women and Office for Victims of Crime both provide grants for training that includes elder financial exploitation
- Bureau of Justice Statistics and National Institute of Justice both fund or conduct studies on elder financial exploitation
- See FBI and U.S. Attorney pages for details on those agencies

## Coordination with other agencies

- Mandated member of Elder Justice Coordinating Council
- Member of Elder Justice Working Group
- Coordinates the Financial Fraud Enforcement Task Force, which brings numerous federal agencies together to prevent, investigate, and prosecute financial crime



## Appendix VI: Federal Bureau of Investigation

# Department of Justice

## Federal Bureau of Investigation (FBI)

### Mission

To protect and defend the United States against terrorist and foreign intelligence threats, to uphold and enforce the criminal laws of the United States; and to provide leadership and criminal justice services to federal, state, municipal, and international agencies and partners

### How agency prioritizes elder financial exploitation

Priority goal of combating financial/white collar crime. Mass marketing fraud, which may include elder financial exploitation, ranks fourth among the FBI's financial crime priorities

### Agency's role in combating elder financial exploitation

**Law enforcement:** Investigates fraud crimes and makes arrests

### Contact information

**Main number:**  
202-324-3000

**On the web:**  
[www.fbi.gov](http://www.fbi.gov)

**To find your field office:**  
[www.fbi.gov/contact-us/field](http://www.fbi.gov/contact-us/field)

Source: GAO analysis of FBI documents and interviews.

### Organization

56 field offices located in major metropolitan areas and in Puerto Rico, as well as legal attaches in U.S. embassies around the world

### Selected activities

- Responds to complaints from victims of crime
- Investigates selected cases of potential elder financial exploitation.
- Internet Crime Complaint Center receives complaints about internet-related crime and shares them with the Federal Trade Commission (FTC) Consumer Sentinel Network database and federal, state, and local law enforcement offices as appropriate
- Conducts outreach about elder financial exploitation to local entities such as nursing homes and financial institutions

### Coordination with other agencies

- Works with local U.S. Attorneys' offices to make determinations about whether to open or continue investigations of potential elder financial exploitation cases
- Works with other federal and state agencies, such as the U.S. Postal Inspection Service, to conduct investigations
- May work jointly with foreign law enforcement agencies to investigate international mass marketing fraud cases
- Coordinates with the National White Collar Crime Center to run the Internet Crime Complaint Center (see above)
- Maintains Memorandum of Understanding with the FTC to get access to FTC's Consumer Sentinel Network database
- Participates in regional task forces on financial crime
- Member of Financial Fraud Enforcement Task Force, which brings numerous federal agencies together to prevent, investigate, and prosecute financial crime



## Appendix VII: U.S. Attorneys

# Department of Justice

## U.S. Attorneys

### Mission

As the nation's principal litigators, U.S. Attorneys prosecute criminal cases brought by the federal government; prosecute and defend civil cases in which the United States is a party; and collect certain debts owed to the federal government

### How agency prioritizes elder financial exploitation

Each U.S. Attorney exercises wide discretion in determining which cases to pursue to best use the office's resources to further the priorities and needs of their jurisdiction. Offices may prioritize investment and securities fraud

### Agency's role in combating elder financial exploitation

**Law enforcement:** Investigates fraud crimes and makes arrests

**Legal action:** Prosecutes fraud cases

### Contact information

**On the web:**

[www.justice.gov/usao](http://www.justice.gov/usao)

**To find your field office:**

<http://www.justice.gov/usao/about/offices.html>

Source: GAO analysis of Justice documents and interviews.

### Organization

94 offices across the country and in U.S. territories

### Selected activities

- Prosecutes perpetrators of elder financial exploitation
- Provides assistance to elder financial exploitation victims

### Coordination with other agencies

- May receive cases from other federal agencies, such as the FBI, the Postal Inspectors, and the SEC, as well as from state and local agencies
- May pursue cases in conjunction with partner agencies
- Participates in regional task forces on financial crime
- Member of the Financial Fraud Enforcement Task Force, which brings numerous federal agencies together to prevent, investigate, and prosecute financial crime





# United States Postal Inspection Service

## Mission

To support and protect the U.S. Postal Service and its employees, infrastructure, and customers; enforce the laws that defend the nation’s mail system from illegal or dangerous use; and ensure public trust in the mail

## How agency prioritizes elder financial exploitation

The Postal Inspection Service does not specifically identify protecting older adults in its agency priorities; however, older adults are often victimized in the mail fraud schemes it investigates

## Agency’s role in combating elder financial exploitation

**Law enforcement:** Investigates mail fraud crimes and makes arrests and has administrative authority to shut down addresses used for fraud

**Information dissemination:** Provides information to the public about mail fraud

**Data collection:** Tracks data on its cases, mines data for trends, and shares this data with FTC’s Consumer Sentinel Network database

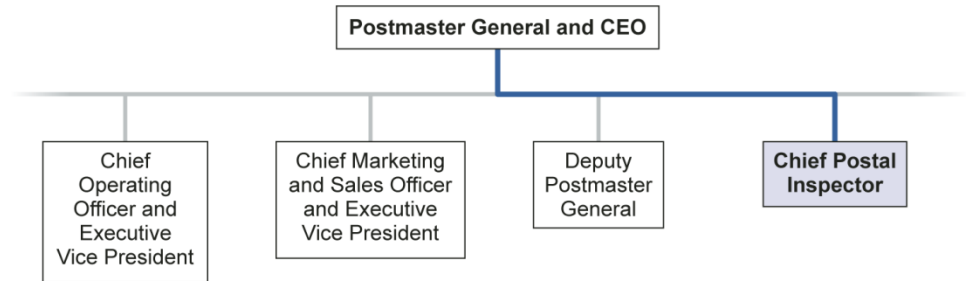
## Contact information

**Main number:**  
1-877-876-2445

**On the web:**  
postalinspectors.uspis.gov

Source: GAO analysis of agency documents and interviews.

## Organization



Source: U.S. Postal Service.

## Selected activities

- 2010 mass mailing to every U.S. household on fraud, including elder financial exploitation
- Community presentations about scams during National Consumer Protection Week
- Participates in community discussions about mail fraud, such as an AARP Town Hall meeting and a panel discussion hosted by Stanford Research Center on the Prevention of Financial Fraud
- Plans to have a campaign in 2013 on preventing fraudulent lottery schemes, focusing on older adults

## Coordination with other agencies

- Member of the Elder Justice Coordinating Council
- Member of the Financial Fraud Enforcement Task Force, which brings numerous federal agencies together to prevent, investigate, and prosecute financial crime
- Collaborates with Canadian and Jamaican criminal justice systems on international fraud
- Collaborates with FTC on National Consumer Protection Week



## Securities and Exchange Commission (SEC)

### Mission

To protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation

### How agency prioritizes elder financial exploitation

SEC does not specifically identify elder financial exploitation as a priority, but it does identify older adults as a target population for its investor education, enforcement, and industry-compliance related efforts

### Agency's role in combating elder financial exploitation

**Supervision of investment professionals:** Conducts exams and inspections of investment professionals, such as broker-dealers, investment companies, and investment advisors

**Legal action:** Conducts investigations and prosecutes violations of the federal securities laws

**Information dissemination:** Provides educational materials to investors

**Rulemaking:** Establishes rules on matters affecting the operations of securities markets

### Contact information

**Investor Information Service:**  
1-800-SEC-0330

[www.sec.gov](http://www.sec.gov)

[www.investor.gov](http://www.investor.gov)

Source: GAO analysis of SEC documents and interviews.

### Relevant agency divisions

**Office of Investor Education and Advocacy:** Carries out SEC's investor education program; responds to questions and complaints from members of the public; and reviews agency rulemaking from the perspective of the individual investor

**Division of Enforcement:** Conducts investigations into possible violations of the federal securities laws, and prosecutes cases in civil suits in the federal courts, and in administrative proceedings before an administrative law judge

**Office of Compliance Inspections and Examinations:** Administers the SEC's nationwide examination and inspection program and conducts inspections to foster compliance with securities laws and to detect violations of the laws

**Division of Trading and Markets:** Assists the Commission in executing its responsibility for maintaining fair, orderly, and efficient markets, including day-to-day oversight of major securities market participants

### Selected activities

- Published *A Guide for Seniors: Protect Yourself Against Investment Fraud*
- Produced reports on free lunch seminars and promising practices that businesses can undertake to prevent and detect fraud against older adults
- Maintains a website that allows investors are able to research investment advisor firms, and provides a link to a similar website for brokers on the Financial Industry Regulatory Authority's (FINRA) website
- Issues approximately 25 investor alerts and bulletins per year
- Works with FINRA, AARP, and state securities regulators on the Outsmarting Investment Fraud campaign, which is designed to reduce investment fraud among older adults

### Coordination with other agencies

- Member of Financial Fraud Enforcement Task Force, which brings numerous federal agencies together to prevent, investigate, and prosecute financial crime
- Participates in the multi-agency Financial Literacy and Education Commission, which coordinates federal financial education efforts and developed a national strategy for financial literacy

# Appendix X: Examples of State and Local Activities to Prevent and Respond to Elder Financial Exploitation

State	Efforts to Prevent Exploitation by Financial Services Providers, Power-of-Attorney Agents, and Paid in-Home Caregivers	Efforts to Educate and Inform Older Adults and the General Public	Efforts to Provide Information to and Enhance Expertise for Professionals Responding to Exploitation	Efforts to Foster Collaboration among Institutions Responding to Exploitation
California	<p><u>Napa County</u></p> <ul style="list-style-type: none"> <li>Caregiver Ordinance – all in-home caregivers must submit to and pass a background check and obtain a permit to provide services</li> </ul> <p><u>State Law</u></p> <ul style="list-style-type: none"> <li>Mandatory elder abuse reporting for health care professionals, social workers, nursing home workers, and employees of banks and credit unions</li> <li>Discretionary background checks for paid in-home caregivers</li> </ul> <p><u>Department of Corporations</u></p> <ul style="list-style-type: none"> <li>Seniors Against Investment Fraud—older adults are able to check the licensing status of financial services professionals</li> </ul>	<p><u>San Bernardino County APS</u></p> <ul style="list-style-type: none"> <li>Scam blasts are sent to senior centers and law enforcement agencies to alert older adults of potential scams.</li> <li>“It’s not your fault” publication—campaign to reduce elder financial exploitation stigma among older adults</li> </ul> <p><u>San Joaquin District Attorneys Offices</u></p> <p>Communities Against Senior Exploitation—representatives from the District Attorney’s office provide examples of financial fraud and tips for personal safety and protecting personal information</p> <p><u>San Francisco District Attorney’s Office</u></p> <ul style="list-style-type: none"> <li>“Elder Financial Abuse the Invisible Crime” — outreach/public awareness campaign with posters in different languages urging individuals to report suspected elder financial abuse to APS</li> </ul> <p><u>Department of Corporations</u></p> <ul style="list-style-type: none"> <li>Seniors Against Investment Fraud—alerts and educates Californians over the age of 50 about financial and investment fraud,</li> </ul>	<p><u>Institute on Aging</u></p> <ul style="list-style-type: none"> <li>Houses the San Francisco Elder Abuse Forensic Center, which works to improve coordination among those responding to elder abuse cases; assists victims; and educates professionals and the general public on preventing, reporting, and stopping elder abuse</li> </ul> <p><u>San Bernardino County APS</u></p> <ul style="list-style-type: none"> <li>Shift change briefings and pocket guide to elder abuse penal codes for local law enforcement</li> </ul> <p><u>Center of Excellence on Elder Abuse and Neglect at UC Irvine</u></p> <ul style="list-style-type: none"> <li>Central source of technical assistance, multidisciplinary training, research, and policy issues in CA and nationally</li> </ul> <p><u>Stanford Center for Longevity</u></p> <ul style="list-style-type: none"> <li>Conducts research on financial fraud and older adults</li> <li>Created a financial fraud research center in collaboration with the Financial Industry Regulatory Authority</li> </ul> <p><u>California District Attorneys Association</u></p>	<p><u>San Francisco Elder Financial Abuse Collaboration</u></p> <ul style="list-style-type: none"> <li>Participants from across local government and the private sector. Goal is to conduct innovative and comprehensive research and to bring stakeholders together to advocate for improved responses to elder financial abuse.</li> </ul> <p><u>San Francisco</u></p> <ul style="list-style-type: none"> <li>Multidisciplinary Teams—representatives from the fields of aging, civil law, adult protective services, mental health, social work, law enforcement, and other disciplines meet to review complex abuse cases and to learn about service resources and intervention techniques.</li> </ul> <p><u>San Bernardino County</u></p> <ul style="list-style-type: none"> <li>Multidisciplinary Teams—a variety of groups exist, and they discuss issues ranging from those specific to the District Attorney population to limited capacity. Teams also work on training and discuss individual cases.</li> </ul> <p><u>State Law</u></p> <ul style="list-style-type: none"> <li>CA Financial Abuse Reporting Act—employees of banks</li> </ul>

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State	Efforts to Prevent Exploitation by Financial Services Providers, Power-of-Attorney Agents, and Paid in-Home Caregivers	Efforts to Educate and Inform Older Adults and the General Public	Efforts to Provide Information to and Enhance Expertise for Professionals Responding to Exploitation	Efforts to Foster Collaboration among Institutions Responding to Exploitation
		<p>common scams, and unscrupulous sales practices that specifically target seniors</p> <p><u>Department of Financial Institutions</u></p> <ul style="list-style-type: none"> <li>Website: provides information for consumers on preventing and reporting elder financial exploitation, as well as information for banks on reporting requirements</li> </ul>	<ul style="list-style-type: none"> <li>Provides training for police investigators</li> </ul> <p><u>San Francisco District Attorney</u></p> <ul style="list-style-type: none"> <li>Provides training for CA mandated reporters</li> </ul> <p><u>Elder Financial Protection Network</u></p> <ul style="list-style-type: none"> <li>Events and training for financial professionals</li> </ul>	<p>and credit unions are required to report suspected financial elder abuse to APS or law enforcement authorities</p> <p><u>Financial Elder Abuse Roundtable</u></p> <ul style="list-style-type: none"> <li>Consists of Departments of Corporations, Insurance, Attorney General, and Aging. The roundtable hears from local members about issues that are of concern and determines how the state might help.</li> </ul>
Illinois	<p><u>Department on Aging</u></p> <ul style="list-style-type: none"> <li>Volunteer Money Management Program—a protective service for limited income seniors who need help managing their finances</li> </ul> <p><u>State Law</u></p> <ul style="list-style-type: none"> <li>Mandatory elder abuse reporting for social services and health care professionals</li> <li>Power-of-attorney law enhanced to create liability for the agent in cases of abuse. If an agent violates the law, they will be required to repay what was stolen.</li> <li>Mandatory background checks for paid in-home caregivers</li> </ul>	<p><u>Department on Aging</u></p> <ul style="list-style-type: none"> <li>“Be a Savvy Senior”—publications designed to raise older adults’ awareness of financial exploitation and to teach them to look for the warning signs</li> </ul> <p><u>Attorney General</u></p> <ul style="list-style-type: none"> <li>Fraud alerts—information on the most common scams perpetrated against seniors</li> <li>“When in Doubt, Check it Out”—consumer fraud hotline to learn of any complaints filed against a company before doing business with them</li> <li>“Every Cent Counts”—tips for protecting finances of senior citizens</li> </ul>	<p><u>Department on Aging</u></p> <ul style="list-style-type: none"> <li>B*SAFE program to train bank personnel on how to prevent, detect, and report financial exploitation</li> <li>“Protocol for Law Enforcement: Responding to Victims of Elder Abuse, Neglect, and Exploitation”—provides model guidelines and investigation procedures for law enforcement responding to elder abuse. Protocol was created in collaboration with the Illinois Family Violence Coordinating Councils</li> <li>“Reporting Elder Abuse: What Professionals Need to Know”—pamphlet to raise awareness about elder abuse and</li> </ul>	<p><u>Department on Aging</u></p> <ul style="list-style-type: none"> <li>Multidisciplinary Teams—representatives from law enforcement, medical, legal, clergy, financial, and mental health sectors consult on complex cases, support case workers, and improve networking among group members</li> </ul> <p><u>Suburban Elder Justice Coalition</u></p> <ul style="list-style-type: none"> <li>Led by AgeOptions, suburban Chicago AAA, the coalition works to improve coordination and cooperation between elder abuse provider agencies and law enforcement.</li> </ul> <p><u>Statewide</u></p> <ul style="list-style-type: none"> <li>TRIAD programs—law enforcement officials,</li> </ul>

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		<ul style="list-style-type: none"> <li>“Just Hang Up” —to warn seniors about telephone scams</li> </ul> <p><u>Cook County Sheriff’s Department</u></p> <ul style="list-style-type: none"> <li>Senior Law Enforcement Academy —trains older adults on crime prevention</li> </ul>	<p>reporting requirements</p> <p><u>Attorney General</u></p> <ul style="list-style-type: none"> <li>Elderly Service Officer Program—40 hours of elder abuse training for law enforcement officers</li> </ul> <p><u>Department of Financial and Professional Regulation and Department on Aging</u></p> <ul style="list-style-type: none"> <li>Training for state-chartered bank employees—a training was developed to identify the indicators of financial exploitation, as well as how to report. Compliance will be checked for during bank examinations.</li> </ul>	<p>as well as senior community advocates and other community activists. TRIAD activities help implement crime prevention, education and volunteer programs for older citizens.</p>
New York	<p><u>NY APS</u></p> <ul style="list-style-type: none"> <li>Financial management —APS receives the older adult’s monthly income, pays their bills, and provides money to the older adult for incidentals</li> <li>Power-of-attorney controls—APS can require an accounting of funds from older adult’s power-of-attorney agent</li> </ul> <p><u>Brookdale Center for Healthy Aging and Longevity at Hunter College</u></p> <ul style="list-style-type: none"> <li>Daily Money Management Services —helps older adults make financial decisions or make financial decisions on behalf of older adults who are no longer able</li> </ul>	<p><u>NYC Department for Aging</u></p> <ul style="list-style-type: none"> <li>“It’s my Money” game created a tool—in collaboration with the Department of Consumer Affairs—that can be used to help older adults avoid financial fraud and scams</li> <li>Study of prevalence of elder abuse in NY state, in conjunction with LifeSpan and Weill Cornell Medical college</li> </ul> <p><u>Attorney General</u></p> <ul style="list-style-type: none"> <li>“Smart Seniors” publication—a guide for older adults to help guard against scams and prevent elder abuse</li> </ul>	<p><u>NY State Office of Children and Family Services, Bureau of Adult Services</u></p> <ul style="list-style-type: none"> <li>Training on investigating financial exploitation for protective services caseworkers</li> </ul> <p><u>Weill Cornell Medical College Division of Geriatrics and Gerontology</u></p> <ul style="list-style-type: none"> <li>Project on Elder Abuse and Neglect—conducts research and provides training on elder abuse, including financial exploitation</li> </ul> <p><u>Brookdale Center for Healthy Aging and Longevity at Hunter College</u></p> <ul style="list-style-type: none"> <li>Primary trainer of APS workers in NY state</li> </ul>	<p><u>NYC Elder Abuse Center</u></p> <ul style="list-style-type: none"> <li>Goal is to improve professional, organizational and system responses to elder abuse, neglect and exploitation through collaboration and coordination among agencies</li> <li>Multidisciplinary Teams—representatives from the health, mental health, public safety, legal, victim assistance, and social services sectors review, discuss, and coordinate cases of elder abuse; identify problems that can be brought to the attention of others for strategizing and intervention; and identify research needs</li> </ul>

**Appendix X: Examples of State and Local Activities to Prevent and Respond to Elder Financial Exploitation**

State	Efforts to Prevent Exploitation by Financial Services Providers, Power-of-Attorney Agents, and Paid in-Home Caregivers	Efforts to Educate and Inform Older Adults and the General Public	Efforts to Provide Information to and Enhance Expertise for Professionals Responding to Exploitation	Efforts to Foster Collaboration among Institutions Responding to Exploitation
	<p><u>State Law</u></p> <ul style="list-style-type: none"> <li>Revised Power-of-attorney form</li> <li>Mandatory background checks for paid in-home caregivers</li> </ul>	<p><u>NYPD</u></p> <ul style="list-style-type: none"> <li>Community outreach at senior centers</li> </ul> <p><u>NYC Department of Consumer Affairs</u></p> <ul style="list-style-type: none"> <li>“Be a Savvy Senior” — guide for older adults</li> </ul>		<p><u>NYC Elder Abuse Network</u></p> <ul style="list-style-type: none"> <li>Brings police, district attorneys’ offices, social service agencies, and others together to discuss legislation, policy, research, and program planning</li> </ul> <p><u>Weinberg Center for Elder Abuse Prevention</u></p> <ul style="list-style-type: none"> <li>Emergency shelter for victims of elder abuse</li> </ul> <p><u>District Attorney’s Offices</u></p> <ul style="list-style-type: none"> <li>Elder Abuse or Financial Crimes units with staff working specifically on elder financial exploitation</li> </ul>
Pennsylvania	<p><u>State Law</u></p> <ul style="list-style-type: none"> <li>Mandatory reporting for healthcare professionals</li> <li>Mandatory background checks for paid in-home caregivers</li> </ul> <p><u>PA Securities Commission</u></p> <ul style="list-style-type: none"> <li>Investor alerts – a collection of tips, techniques, and advisories for investors</li> </ul>	<p><u>Attorney General</u></p> <ul style="list-style-type: none"> <li>Senior Consumer Reference Guide — information on how to avoid scams and fraud</li> <li>Senior Crime Prevention University — outreach program to make older adults aware of common scams, to teach them how to avoid becoming a victim, and to know whom to alert when they are concerned about their safety and well-being</li> <li>“Safe Seniors” Pamphlet — information for older adults on how to protect themselves from abuse, including financial exploitation</li> <li>Toll-free senior help line</li> </ul>	<p><u>Institute on Protective Services at Temple University</u></p> <ul style="list-style-type: none"> <li>Staff at the Institute, including a financial accountant, provide investigative assistance to APS and law enforcement for elder financial exploitation cases</li> <li>Develops curriculum and provides training to APS</li> </ul> <p><u>Philadelphia Corporation for the Aging</u></p> <ul style="list-style-type: none"> <li>Staff member who only works on financial exploitation cases</li> <li>Training to bank employees, local prosecutors, and other professionals on elder financial exploitation</li> </ul>	<p><u>Philadelphia Financial Exploitation Task Force</u></p> <ul style="list-style-type: none"> <li>Collaboration between APS, law enforcement, and private sector, with the goal of promoting awareness and prevention campaigns, delivering training, and increasing their joint capacity to conduct focused investigations and effectively prosecute cases</li> </ul> <p><u>Statewide</u></p> <ul style="list-style-type: none"> <li>Elder Abuse Task Forces - task forces review elder abuse cases on a regular basis and membership may include APS, law enforcement, judges, clergy, bankers, healthcare providers, or others</li> </ul>

**Appendix X: Examples of State and Local Activities to Prevent and Respond to Elder Financial Exploitation**

State	Efforts to Prevent Exploitation by Financial Services Providers, Power-of-Attorney Agents, and Paid in-Home Caregivers	Efforts to Educate and Inform Older Adults and the General Public	Efforts to Provide Information to and Enhance Expertise for Professionals Responding to Exploitation	Efforts to Foster Collaboration among Institutions Responding to Exploitation
		<p><u>Philadelphia Police Department</u></p> <ul style="list-style-type: none"> <li>• Outreach at senior centers</li> </ul> <p><u>PA Securities Commission</u></p> <ul style="list-style-type: none"> <li>• Elder Investment Fraud and Financial Exploitation Prevention Program (EIFFE)—educates medical professionals about how to spot older adults who may be particularly vulnerable to financial abuse and then to refer suspected investment fraud involving these at-risk patients to state securities regulators and/or to APS</li> <li>• “Confessions of a Scam Artist” publication—information to raise awareness</li> </ul> <p><u>Department of Banking</u></p> <ul style="list-style-type: none"> <li>• “Protect Yourself, Protect Your Money”—publication includes information on common scams and tips on avoiding scams</li> </ul>	<p><u>Adult Protective Services Agencies</u></p> <ul style="list-style-type: none"> <li>• State law grants APS access to bank records for elder financial exploitation investigations</li> </ul> <p><u>PA Securities Commission</u></p> <ul style="list-style-type: none"> <li>• ABCs for APS Professionals—information for APS workers on how to identify investment fraud</li> </ul> <p><u>Attorney General</u></p> <ul style="list-style-type: none"> <li>• Elder Abuse Unit—investigates and prosecutes elder financial exploitation</li> </ul> <p><u>Philadelphia Police Department</u></p> <ul style="list-style-type: none"> <li>• Crimes Against Retired and Elderly Unit—investigates crimes affecting older adults</li> </ul> <p><u>SeniorLAW Center</u></p> <ul style="list-style-type: none"> <li>• Provides legal assistance to senior crime victims</li> </ul>	

Source: GAO interviews and review of documents from California, Illinois, New York, and Pennsylvania.

# Appendix XI: Examples of Non-Governmental Organization Activities to Prevent and Respond to Elder Financial Exploitation

	Efforts to Prevent Exploitation by Financial Services Providers, Power-of-Attorney Agents, and Paid in-Home Caregivers	Efforts to Educate and Inform Older Adults and the General Public	Efforts to Provide Information to and Enhance Expertise for Professionals Responding to Exploitation	Efforts to Foster Collaboration among Institutions Responding to Exploitation
<p><b>AARP</b>  <i>AARP is a nonprofit, nonpartisan organization, with a membership of more than 37 million, that helps people age 50 and above have independence, choice, and control in ways that are beneficial to them and society as a whole.</i></p>	<p><u>Free Lunch Monitor Program</u></p> <ul style="list-style-type: none"> <li>AARP asks members to send them invitations they receive to free lunch seminars that sell investment products. Members also attend and report back to AARP on the specific investment offers. AARP has compiled information on the trustworthiness of these investment sales pitches.</li> </ul>	<p><u>Protecting Your Assets Project</u></p> <ul style="list-style-type: none"> <li>Project provides basic tips on avoiding fraud to AARP members, including email blasts and website links for additional information</li> </ul> <p><u>No Free Lunch Program</u></p> <ul style="list-style-type: none"> <li>Provides information on responding to high pressure sales tactics on AARP's website, as well as information on senior financial advisor designations</li> </ul> <p><u>Research Projects Related to Elder Financial Exploitation</u></p> <ul style="list-style-type: none"> <li>AARP has conducted several research projects related to elder financial exploitation including studies of:               <ul style="list-style-type: none"> <li>personality traits of fraud victims and effective prevention messages,</li> <li>effective outreach activities for investor fraud victims,</li> <li>diminished financial capacity of older adults and implications for the financial services industry,</li> <li>preventing the use of misleading senior designations,</li> <li>power-of-attorney abuse and what states can do about it,</li> </ul> </li> </ul>	<p><u>MoSafe Program</u></p> <ul style="list-style-type: none"> <li>In conjunction with the Missouri Bankers Association, the AARP Missouri state office developed a training program for bank clerks on financial exploitation</li> </ul>	



**Appendix XI: Examples of Non-Governmental  
Organization Activities to Prevent and  
Respond to Elder Financial Exploitation**

Efforts to Prevent Exploitation by Financial Services Providers, Power-of-Attorney Agents, and Paid in-Home Caregivers	Efforts to Educate and Inform Older Adults and the General Public	Efforts to Provide Information to and Enhance Expertise for Professionals Responding to Exploitation	Efforts to Foster Collaboration among Institutions Responding to Exploitation
<p><b>American Bar Association</b> <i>A voluntary professional organization. The mission of the American Bar Association Commission on Law and Aging is to strengthen and secure the legal rights, dignity, autonomy, quality of life, and quality of care of elders.</i></p>	<p>and</p> <ul style="list-style-type: none"> <li>background checks and other screenings for home care providers</li> </ul> <p><u>Research Projects Related to Elder Financial Exploitation</u></p> <ul style="list-style-type: none"> <li>Several research projects related to elder financial exploitation have been conducted, including studies of:</li> <li>state APS laws and types of elder abuse,</li> <li>bank employees and their ability to report elder financial exploitation,</li> <li>court-focused elder abuse initiatives, and</li> <li>elder abuse registries</li> </ul>	<p><u>Continuing Legal Education Seminars</u></p> <ul style="list-style-type: none"> <li>Webinars on topics related to elder abuse</li> </ul>	
<p><b>American Bankers Association</b> <i>Represents banks of all sizes and types and is the voice for the nation's banking industry and its employees</i></p>	<p><u>Protecting the Elderly From Financial Abuse Pamphlet</u></p> <ul style="list-style-type: none"> <li>Pamphlet is designed for older adults and the general public. It includes information on signs of financial abuse, protecting from financial abuse, and what to do if someone suspects financial abuse.</li> </ul>	<p><u>Information for members</u></p> <ul style="list-style-type: none"> <li>Shares information with members on how to identify elder financial exploitation</li> <li>Provides information via conferences and phone briefings to its members on federal bank privacy laws, encouraging members to report suspicious activity</li> </ul> <p><u>Frontline Training for Bank Employees</u></p> <ul style="list-style-type: none"> <li>Consumer protection and privacy training is intended for frontline</li> </ul>	

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Efforts to Prevent Exploitation by Financial Services Providers, Power-of-Attorney Agents, and Paid in-Home Caregivers	Efforts to Educate and Inform Older Adults and the General Public	Efforts to Provide Information to and Enhance Expertise for Professionals Responding to Exploitation	Efforts to Foster Collaboration among Institutions Responding to Exploitation
		<p>bank employees. Training includes various aspects of consumer protection, including elder financial exploitation.</p> <p><u>Bank Compliance Magazine article July-August 2011 edition</u></p> <ul style="list-style-type: none"> <li>In a magazine distributed to banks, types of elder financial exploitation, why older adults are particularly vulnerable, the role of banks, and relevant state and federal laws were described</li> </ul>	
<p><b>National Adult Protective Services Association</b></p> <p><i>A national non-profit with over 500 members in all fifty states. Provides state and local Adult Protective Services program administrators and staff with a forum for sharing information, solving problems, and improving the quality of services for victims of elder and vulnerable adult abuse.</i></p>	<p><u>Research Projects Related to Elder Financial Exploitation</u></p> <ul style="list-style-type: none"> <li>Currently conducting a baseline survey of state APS programs</li> <li>Report on state APS responses to financial exploitation of vulnerable adults</li> </ul>	<p><u>National Adult Protective Services Resource Center</u></p> <ul style="list-style-type: none"> <li>Runs the Resource Center, which is funded by the Administration on Aging</li> </ul> <p><u>National Conference</u></p> <ul style="list-style-type: none"> <li>Hosts a conference for APS professionals and several sessions are usually dedicated to elder financial exploitation</li> </ul>	
		<p><u>Webinars</u></p> <ul style="list-style-type: none"> <li>Hosts webinars on various topics related to elder abuse for APS</li> </ul>	

**Appendix XI: Examples of Non-Governmental Organization Activities to Prevent and Respond to Elder Financial Exploitation**

<b>Efforts to Prevent Exploitation by Financial Services Providers, Power-of-Attorney Agents, and Paid in-Home Caregivers</b>	<b>Efforts to Educate and Inform Older Adults and the General Public</b>	<b>Efforts to Provide Information to and Enhance Expertise for Professionals Responding to Exploitation</b>	<b>Efforts to Foster Collaboration among Institutions Responding to Exploitation</b>
<p><b>Financial Industry Regulatory Authority</b></p> <p><i>The largest independent regulator for all securities firms doing business in the United States. Its mission is to protect America's investors by making sure the securities industry operates fairly and honestly.</i></p>	<p><u>Collects investor complaints</u></p> <ul style="list-style-type: none"> <li>Investors are able to make complaints via its website, phone, fax, or mail.</li> </ul>	<p><u>Investor Alerts</u></p> <ul style="list-style-type: none"> <li>Disseminates information about scams, trends, or new financial products</li> </ul> <p><u>Research Projects Related to Elder Financial Exploitation</u></p> <ul style="list-style-type: none"> <li>Conducted several research projects related to elder financial exploitation, including studies of:</li> <li>Investment fraud</li> <li>National Financial Capability Study</li> <li>Senior Investor Literacy and Fraud Susceptibility</li> <li>Senior Fraud Risk</li> <li>Senior Financial Advisor Designations</li> </ul>	<p><u>Collaboration with federal and state regulators</u></p> <ul style="list-style-type: none"> <li>Works closely with the Securities and Exchange Commission on investor education and examinations</li> <li>Works with state securities regulators on investor education campaigns</li> </ul> <p><u>Collaboration with other non-governmental organization</u></p> <p>Together with the Stanford Center on Longevity, founded a financial fraud research center</p>
<p><b>Investor Protection Trust</b></p> <p><i>A nonprofit organization devoted to investor education. The primary mission is to provide</i></p>	<p><u>Elder Investment Fraud and Financial Exploitation Prevention Program</u></p> <ul style="list-style-type: none"> <li>The program educates medical</li> </ul>	<p><u>Research Projects Related to Elder Financial Exploitation</u></p> <ul style="list-style-type: none"> <li>Surveyed older adults and their families about handling personal</li> </ul>	<p>professionals</p> <p><u>Creating APS Core Training</u></p> <ul style="list-style-type: none"> <li>Working with California officials to create core competencies for APS workers, which would include financial exploitation, with a goal of creating national core training for APS workers</li> </ul>

**Appendix XI: Examples of Non-Governmental  
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Respond to Elder Financial Exploitation**

	<b>Efforts to Prevent Exploitation by Financial Services Providers, Power-of-Attorney Agents, and Paid in-Home Caregivers</b>	<b>Efforts to Educate and Inform Older Adults and the General Public</b>	<b>Efforts to Provide Information to and Enhance Expertise for Professionals Responding to Exploitation</b>	<b>Efforts to Foster Collaboration among Institutions Responding to Exploitation</b>
<i>independent, objective information needed by consumers to make informed investment decisions.</i>	professionals on how to spot older Americans who may be particularly vulnerable to financial abuse, particularly those with mild cognitive impairment, and then to refer suspected investment fraud involving these at-risk patients to state securities regulators and/or to local APS professionals.	finances, current financial conditions, and experiences with financial fraud or abuse. <ul style="list-style-type: none"> <li>• Surveyed experts about elder financial exploitation.</li> </ul> <u>National Call-in Day: Protecting Elders from Financial Abuse</u> <ul style="list-style-type: none"> <li>• Hosted a call-in day, in collaboration with other organizations, for older adults and their families to receive free advice and guidance on protecting against investment swindles and financial abuse</li> </ul>		
<b>Financial Services Roundtable, BITS</b> <i>The mission of the Financial Services Roundtable is to protect and promote the economic vitality and integrity of its members and the United States financial system. BITS addresses issues at the intersection of financial services, technology and public policy, such as critical infrastructure protection, fraud prevention, and the safety of financial services.</i>		<u>Older Americans Financial Abuse Prevention Working Group Pamphlet</u> <ul style="list-style-type: none"> <li>• Contains fraud prevention tips for consumers and for organizations working with older adults</li> </ul>	<u>BITS Fraud Prevention Toolkit</u> <ul style="list-style-type: none"> <li>• Information for banks on the role of financial institutions in preventing and responding to elder financial exploitation, red flags and types of offenders and scams, and the role of APS</li> </ul>	<u>Collaboration with state and local governments and other non-governmental organizations</u> Older Americans Financial Abuse Prevention Working Group

Source: GAO interviews and information collected on organization websites.

# Appendix XII: Criminal Background Check Requirements for In-home Caregivers in Selected States

State	Criminal Background Checks Mandatory or Discretionary?	Checks for Publicly Funded Care Only or Publicly and Privately Funded Care?	Type of Background Check	Conditional Employment Allowed? <sup>a</sup>	Disqualifying Offenses
California	Discretionary	Publicly & privately funded care	State and federal	State does not specify	Offenses that are against dependent or vulnerable individuals or fraud-related
Illinois	Mandatory	Publicly & privately funded care	State only	Yes	Homicide; other violent, sex-related, drug-related, fraud-related; and property offenses
New York	Mandatory	Publicly & privately funded care	State and sometimes federal	Yes	Homicide; other violent, sex-related, drug-related, and fraud-related offenses; and offenses against dependent or vulnerable individuals
Pennsylvania	Mandatory	Publicly & privately funded care	State and sometimes federal	Yes	Homicide; other violent, sex-related, drug-related, and fraud-related offenses; and offenses against dependent or vulnerable individuals

Source: AARP Public Policy Institute. (September 2010) Safe at Home? Developing Effective Criminal Background Checks and Other Screening Policies for Home Care Workers

Note: Information is as of December 2008.

<sup>a</sup> Conditional employment occurs when in-home caregivers are allowed to begin working before background checks are complete.

# Appendix XIII: Resource Centers Supported by the Administration on Aging


Name	Intended Users	Information and Services
National Center on Elder Abuse	National, state, and local professionals working with victims of elder mistreatment, including APS professionals, state and federal agencies, law enforcement, legal professionals, health care professionals, domestic violence networks, community-based organizations, elder rights advocates Public policymakers Researchers General public	Disseminates news items related to elder abuse Operates a listserv for professionals Provides information about promising practices and interventions Provides a training library Funds research
National Adult Protective Services Resource Center	Adult Protective Services professionals nationwide	Disseminates a monthly newsletter Maintains an APS-specific listserv Publishes brief descriptions of recent applicable research Holds regular webcasts Collects and compiles detailed information about APS throughout the country Provides information to state and local APS programs to facilitate implementation of identified best practices and research findings
National Legal Resource Center	Professionals involved in protecting the rights of older persons, including: Providers of legal assistance, including senior legal helplines State and local APS professionals Elder rights advocates	Disseminates information on a wide range of legal issues affecting older adults Training on legal issues Technical assistance on the provision of legal services to older adults Case consultation, including on elder financial exploitation cases

Source: GAO analysis of information provided by NCEA, National Adult Protective Services Resource Center, and National Legal Resource Center.

# Appendix XIV: Example of a Letter Promoting a Fraudulent Sweepstakes Scheme

## OFFICIAL PRIZE PAYMENT

\*\*\* Official signed document established by the prize commission \*\*\*

  
 \*\*\*\*\*MIXED AADC 07099  
 3019276677 08485.0.14 15067  
 MR [REDACTED]  
 [REDACTED] PKWY APT [REDACTED]  
 CINCINNATI OH [REDACTED]

DEFINITIVE FINDINGS AND RESULTS

All information in these financial documents is official.

Mr [REDACTED], payment of the sum of \$ 29,400.00 is 100% SURE. Do not waste any time and return your acceptance form as soon as possible.

After receiving your acceptance form confirmed and recognized winner, I could write the following to you:

- 1 Here are the definitive results:  
**MR [REDACTED] YOU HAVE REALLY WON!**
- 2 This is no joke. It is true:  
**YOU HAVE BEEN CONFIRMED AS THE MAIN WINNER OF A CHECK!\***
- 3 As soon as we receive your declaration of prize acceptance, WE GUARANTEE THAT A CHECK WILL BE SENT in your name and for  
**\$ 29,400.00 by registered mail with acknowledgment of receipt to your address in CINCINNATI!**

[REDACTED] Pkwy Apt  
Cincinnati OH [REDACTED]  
UNITED STATES

We are now waiting for your response before acting!

I am very happy for you!

Attribution No.:	<b>659.001.360</b>
Type of prize to pay:	<b>CHECK</b>
Amount of the check:	<b>\$ 29,400.00</b>

Conditions of participation: You must be at least 18 years old to participate. This is a free contest with no obligation to purchase, in which prize distribution is governed by laws of chance and in which there is one winner and losers. Participation in the contest implies that you accept all the conditions of participation. The contest closes on Dec. 31, 2011. The main prize to be won is \$ 29,400.00. Every participant has received several documents, including an acceptance form that is the participation form. In order to be eligible to win, participants must return the acceptance form with or without an order for the Magic Method. This is confirmation of participation. If you also place an order, use the enclosed, pre-addressed reply envelope. If you participate without placing an order, please use a plain white envelope and return your acceptance form directly to the address of Angèle and Angéline. Participation at the same time as placing an order is processed more rapidly to ensure that you rapidly receive the Magic Method and the Cosmic Sigil of the Sun. One participant will be randomly selected among all those who responded, who will be the main winner who may receive the check, for \$ 29,400.00. All other participants may receive consolation prizes that can also be purchase reduction vouchers. The winner of the main prize of \$ 29,400.00 will be informed by registered post and will then have 4 weeks to respond. In the absence of a response, the prize will be definitively lost. If the response is received in time, the prize will be sent to the legitimate winner within 48 hours. All decisions are final. This is an international contest. The chance of winning the main prize is 1/20,000.

\*according to the conditions of participation

- 1 -

Source: Postal Inspection Service.

# Appendix XV: Total Number of FTC Consumer Sentinel Network Complaints by Source, CY 2011

Source	Number of Complaints	Percent of Total
Complaints made directly to the FTC, by individuals and others <sup>a</sup>	788,576	43%
Better Business Bureaus	416,520	23%
Internet Crime Complaint Center <sup>b</sup>	302,381	17%
Western Union Money Transfer	54,657	3%
Canadian Anti-Fraud Centre	39,260	2%
Publisher's Clearinghouse	37,311	2%
Others (such as state and local agencies and U.S. Postal Inspectors)	174,375	10%
<b>TOTAL</b>	<b>1,813,080</b>	<b>100%</b>

Source: FTC

<sup>a</sup>These complaints may be made by phone, mail, or on the FTC's website.

<sup>b</sup>The Internet Crime Complaint Center, co-sponsored by the FBI and the National White Collar Crime Center, collects internet-related criminal complaints and aims to further research, develop, and refer these complaints to appropriate federal, state, local, and international agencies.



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# Appendix XVI: Comments from the Consumer Financial Protection Bureau

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1700 G Street NW, Washington, DC 20552

November 7, 2012

Ms. Kay E. Brown  
Director, Education, Workforce, and Income Security Issues  
U.S. Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Brown:

Thank you for the opportunity to comment on the Government Accountability Office's (GAO) draft report, *Elder Justice: National Strategy Needed to Effectively Combat Elder Financial Exploitation*, GAO-13-110.

The report reviews the harmful effect of financial exploitation on older Americans. Although the report finds that combating elder financial exploitation is primarily the responsibility of state and local agencies, it calls for implementation of a multi-faceted solution, including collaboration among federal agencies. Since the Consumer Financial Protection Bureau's (CFPB or Bureau) Office for Older Americans began its operations, we have developed several initiatives that will directly assist older consumers and those who provide services to them. We are actively developing collaborative relationships on the federal, state and local level, with public and private entities, for current and future targeted strategies. As the only federal office specifically dedicated to the financial health of Americans aged 62 and older, we believe we can make a unique contribution in this area.

The CFPB agrees that a collaborative and coordinated effort by federal agencies can help optimize strategies to combat this threat to the well-being of older Americans. In October 2012, the Bureau joined with ten other federal agencies to convene the federal Elder Justice Coordinating Council. The Council is expected to serve as an important avenue to coordinate strategy to prevent, detect and redress elder abuse, including financial exploitation.

[consumerfinance.gov](http://consumerfinance.gov)

We concur with the recommendations addressed to the CFPB in the draft report. We agree that the Bureau should develop and disseminate information for financial institutions on the circumstances under which they would not violate relevant Federal consumer financial laws, should they release relevant bank records to law enforcement and Adult Protective Services (APS) agencies. Financial institutions (including banks, credit unions and other “non-bank” providers of consumer financial products and services supervised by the Bureau) can play a key role in preventing and detecting elder financial exploitation. Prompt reporting of suspected abuse can trigger appropriate intervention, prevention of financial losses, and other remedies.

Like GAO, the Bureau has heard concerns and questions from financial institutions as to whether sharing personal account holder information when reporting elder financial exploitation is permissible under federal law. The Gramm-Leach-Bliley Act (GLBA) establishes privacy protections for account holders but provides several specific exceptions to the notice and opt-out requirements generally imposed by GLBA before nonpublic personal information can be shared with nonaffiliated third parties. These exceptions generally permit the sharing of nonpublic personal information with state and federal agencies for the purpose of reporting suspected elder financial abuse. The CFPB’s Office for Older Americans, in collaboration with other Bureau offices, is developing strategies for communicating clearly to a spectrum of financial institutions that GLBA generally does not prohibit them from reporting suspected abuse to—or respond to requests for personal information from—law enforcement, APS agencies, and other relevant entities. In addition, the Bureau is exploring options for collaborating with other federal agencies in providing this guidance to financial institutions. Through its efforts, the Bureau hopes to convey that these actions are permissible and important.

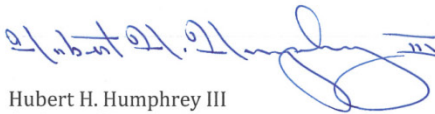
In addition, we agree that the Bureau can play a key role in developing a plan to educate financial institutions on how to recognize and report elder financial exploitation. The Bureau has received requests from financial institutions about the availability of staff training programs. The Office for Older Americans has collected information on training programs that are currently available or in use by financial institutions. We are considering options for how best to help financial institutions that request information

consumerfinance.gov

on curricula and materials for their staff about identifying and reporting  
elder financial exploitation.

Thank you again for the opportunity to comment on the draft report.

Sincerely,



Hubert H. Humphrey III  
Assistant Director  
Office of Financial Protection for Older Americans

# Appendix XVII: Comments from the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF THE SECRETARY

Assistant Secretary for Legislation  
Washington, DC 20201

NOV 8 2012

Kay E. Brown  
Director, Education, Workforce,  
and Income Security Issues  
U.S. Government Accountability Office  
441 G Street NW  
Washington, DC 20548

Dear Ms. Brown:

Attached are comments on the U.S. Government Accountability Office's (GAO) report entitled, "Elder Justice: National Strategy Needed to Effectively Combat Elder Financial Exploitation" (GAO-13-110).

The Department appreciates the opportunity to review this report prior to publication.

Sincerely,

A handwritten signature in black ink that reads "Jim R. Esquea".

Jim R. Esquea  
Assistant Secretary for Legislation

Attachment

**GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S (GAO) DRAFT REPORT ENTITLED, "ELDER JUSTICE: NATIONAL STRATEGY NEEDED TO EFFECTIVELY COMBAT ELDER FINANCIAL EXPLOITATION" (GAO-13-110)**

The Department appreciates the opportunity to review and comment on this draft report. The recommendations for HHS are consistent with what we heard during the inaugural meeting of the Elder Justice Coordinating Council. We view the inaugural meeting of the Coordinating Council as a huge success. During the meeting, we highlighted the activities of federal agencies to address elder justice issues broadly, and specifically financial exploitation. Experts from the field and Council members, including GAO, discussed areas for collaboration to avoid duplication in federal efforts, gaps calling for additional action, and opportunities to enhance our federal response absent appropriations.

HHS has submitted requests previously to implement portions of the Elder Justice Act, including those involving data, the Coordinating Council, and other efforts that would begin to address these recommendations. We look forward to working with Congress to continue implementation of the Elder Justice Act.

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# Appendix XVIII: GAO Contacts and Staff Acknowledgements

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## GAO Contacts:

Kay E. Brown, (202) 512-7215 or brownke@gao.gov.

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## Staff

## Acknowledgements:

In addition to the contacts named above, Clarita Mrena, Eve Weisberg, Andrea Dawson, and Brittni Milam made significant contributions to this report, in all aspects of the work. Also contributing to the report were James Bennett, Gary Bianchi, Jason Bromberg, Alicia Cackley, Paul Desaulniers, Holly Dye, Eileen Larence, Jean McSween, Chris Morehouse, Claudine Pauselli, Almeta Spencer, Kate Van Gelder, and Craig Winslow.

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# Related GAO Products

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*Incapacitated Adults: Oversight of Federal Fiduciaries and Court-Appointed Guardians Needs Improvement.* [GAO-11-678](#). Washington, D.C.: July 22, 2011.

*Elder Justice: Stronger Federal Leadership Could Help Improve Response to Elder Abuse.* [GAO-11-384T](#). Washington, D.C.: March 2, 2011

*Elder Justice: Stronger Federal Leadership Could Enhance National Response to Elder Abuse.* [GAO-11-208](#), Washington, D.C.: March 2, 2011

*Older Americans Act: More Should Be Done to Measure the Extent of Unmet Need for Services.* [GAO-11-237](#). Washington, D.C.: February 28, 2011.

*Consumer Finance: Regulatory Coverage Generally Exists for Financial Planners, but Consumer Protection Issues Remain.* [GAO-11-235](#). Washington, D.C.: January 18, 2011.

*Guardianships: Cases of Financial Exploitation, Neglect, and Abuse of Seniors.* [GAO-10-1046](#). Washington, D.C.: September 30, 2010.

*Guardianships: Little Progress in Ensuring Protection for Incapacitated Elderly People.* [GAO-06-1086T](#). Washington, D.C.: September 7, 2006.

*Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies.* [GAO-06-15](#). Washington, D.C.: October 21, 2005.

*Guardianships: Collaboration Needed to Protect Incapacitated Elderly People.* [GAO-04-655](#). Washington, D.C.: July 13, 2004.

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## Public Affairs

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