

Elder Law: Financial Abuse of Seniors

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July 1, 2013

Financial abuse of the elderly is a problem that should concern all of us. A 2009 study by the US Government Accountability Office estimates that 14 percent of non-institutionalized senior citizens experienced some type of elder abuse within the past year. This estimate is probably low, however, because of the failure of seniors to report abuse due to embarrassment and/or cognitive deficit. Financial abuse can rob seniors of the life savings they depend on to support themselves as they age. In addition to the psychological and economic harm to older adults, financial abuse of the elderly can impose an economic burden on all Americans due to the increased expenditure of public funds for health care and supportive services for the victimized elderly.

Certain characteristics of seniors render them targets for financial abuse. Individuals who grew up in the 1930s and 1940s are generally more trusting and polite than succeeding generations. They generally own their own homes, have a “nest egg” and have excellent credit ratings. The elderly are less likely to report a crime because they are not sure to whom they should report the crime and because they are embarrassed that someone took advantage of them. If the abuse is reported, the offender may escape prosecution because the elderly make poor witnesses due to memory loss or confusion.

Financial abuse of the elderly is usually separated into two categories: abuse by strangers and abuse by relatives and caregivers. The offenders in consumer fraud manipulate seniors’ emotions to take advantage of them. The abuse by strangers is characterized as follows:

- Telemarketer, lottery and sweepstakes scams;
- Contractor scams occur when an offender posing as a contractor appears at the senior’s home and persuades her that she needs certain roof, driveway, or other repairs, takes payment for the repairs and then does not return again;
- Persons posing as investors who accept the senior’s funds and abscond with them and persons selling “trust mill” revocable living trusts and annuities for which the senior pays thousands of dollars and which are not suitable for the senior’s needs;
- Reverse mortgage scams trick seniors into signing over the deeds to their homes;
- Medical equipment companies offer “free” equipment in exchange for the senior’s Medicare number so the company can commit Medicare fraud; and
- In a common Medicare refund scam, the offender requests the senior’s Medicare card number, purportedly to refund \$250 for a prescription coverage gap. With that information the senior’s identity can be stolen.

In contrast, with financial exploitation by relatives or caregivers, the offender relies on his or her relationship with the senior to support the abuse. Abuse by relatives or caregivers is characterized as follows:

- Forging checks;
- Withdrawal of funds from a financial institution as agent under a power of attorney;
- Withdrawal of funds as joint owner of the account;
- Transfer of ownership of accounts or other property to the offender; and
- Naming the offender as beneficiary of accounts.

The relative or caregiver often uses his or her relationship with the senior to exert influence upon the senior to transfer assets to the offender or give him power over the senior's assets. The senior may acquiesce because of fear that she will lose the assistance of the relative or caregiver or due to weakened intellect or cognition.

Steps can be taken to help decrease the incidence of elder abuse. The following are specific tips to address the financial abuse of seniors:

- Stay in frequent contact with the seniors in your life. Regular communication provides the means to identify any concerns the senior may have;
- Instruct seniors to avoid giving out Social Security numbers or checking account numbers especially to telephone callers;
- Assist seniors with organizing financial affairs. Be sure that the senior works with reputable financial advisor;
- Assist seniors with organizing legal affairs. Be sure that responsible and trustworthy agents are named under powers of attorney. Consider the use of a trust to protect assets;
- Note if a relative or caregiver makes excuses why the senior is not accessible to others as an offender may isolate the senior in order to exert influence upon him;
- Note unusual amount of activity in the senior's bank accounts; and
- Report any incident of suspected financial abuse to authorities.

If you suspect that a senior you know may be the victim of financial abuse help is available through contacting Allegheny County Older Adult Protective Services at 412-350-6905. All calls are anonymous and all reports are investigated. You can also notify the Attorney General by calling the Pennsylvania Attorney General Elder Abuse Hotline at 1-866-623-2137. Whether the senior is a relative, friend or acquaintance, reporting any suspected financial abuse of the elderly is the first step in addressing this growing problem and providing justice to our senior population.