Research Report

The Thief Who Knows You: The Cost of Elder Exploitation Examined

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Introduction

By the time my grandfather had reached his 90s, he was physically incapacitated; my grandmother, meanwhile, had dementia. They had agreed they wanted to age in place in the home in which they raised their family, so instead of entering an assisted living facility my grandfather hired in-home aides. He and the rest of the family grew close to the aides.

Unfortunately, all was not smooth sailing from there. My family soon noticed things were missing from the home. Worse, cash was disappearing from my grandfather’s wallet.

My family was primed to see these developments as a red flag of financial exploitation and thus was able to stop it. The culprit, it turned out, proved to be one of my grandfather’s in-home aides. My grandfather was lucky that his family was paying attention and that he lost only a minimal amount.

Unfortunately, the incident described above is not an uncommon one, and it happens not only inside one’s home but anywhere there are assets. Much work remains to be done to understand financial exploitation from all angles, so that advocates can tackle it effectively.

This paper provides an examination of financial exploitation like the kind my grandfather faced and takes stock of the current understanding of the issue. With a close eye on the all-important question of cost—that is, the cost to victims, financial institutions, and government budgets—the paper defines financial exploitation, summarizes the methodologies and findings of studies that have examined its costs, and sheds light on what we know about both the victims and perpetrators. Finally, having assessed the current landscape of financial exploitation and our understanding of it, the paper presents some recommendations for better addressing exploitation going forward.

Distinguishing Financial Exploitation from Fraud

To effectively examine the issues surrounding exploitation, it’s important to understand its meaning. Understanding exploitation is often elusive for various reasons. Partially fueling the confusion is that financial exploitation is called many different names, as is pointed out by Shelly Jackson of the University of Virginia Institute of Law, Psychiatry, and Public Policy. These names include financial abuse, financial elder abuse, financial fraud, fiduciary economic or material abuse, financial mistreatment, personal or commercial financial elder abuse, and exploitation.¹

Perhaps an even greater source of confusion, however, is that the term financial exploitation has often been incorrectly used interchangeably with the term fraud. While this has caused confusion, comparing and contrasting the two terms can, in the end, provide an opportunity for more fully understanding both.

In short, fraud is the narrower of the two terms; fraud is a kind of financial exploitation (see table 1). Financial exploitation of older individuals is much broader, and can be described as the “illegal or improper use of an elder’s funds, property, or assets.”² Unlike exploitation, fraud involves the intent to deceive during the exchange of goods and services. With fraud, deception and coercion is essential to gain the victim’s trust and access to his or her assets. Examples of such crimes include identity theft, investment fraud, consumer fraud, scams, and mail fraud.

Financial exploitation includes fraud under its umbrella but its scope is wider. The key difference involves intent. In contrast to fraud, with financial exploitation a perpetrator does not need to have intent to commit the exploitation, as is illustrated in table 1. Exploitation includes not only those attempting to access assets but also trusted individuals who may already have access to assets.

² Ibid.
TABLE 1.
The Difference between Fraud and Financial Exploitation

<table>
<thead>
<tr>
<th></th>
<th>Fraud</th>
<th>Financial Exploitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>What is the definition?</td>
<td>Includes intentional deception, concealment, or misrepresentation of goods and services for the purpose of monetary gain</td>
<td>Includes any illegal, unauthorized, or improper act that inappropriately exploits or deprives an older adult of his or her resources for monetary or personal benefit, profit, or gain</td>
</tr>
<tr>
<td>What are some examples?</td>
<td>Scams, investment fraud, mail fraud</td>
<td>Agent's misuse of a power of attorney, denial of access to assets, the taking of real property</td>
</tr>
<tr>
<td>Typically, who is the perpetrator?</td>
<td>A stranger</td>
<td>A trusted person or a stranger</td>
</tr>
<tr>
<td>Does it take into consideration vulnerabilities?</td>
<td>Not always</td>
<td>Can focus on vulnerabilities including lack of capacity</td>
</tr>
</tbody>
</table>

Further, exploitation’s definition places a special emphasis on vulnerabilities, such as dementia. Exploitation includes any illegal, unauthorized, or improper act that inappropriately exploits or deprives an older adult of resources for monetary or personal benefit, profit, or gain. Further, definitions of financial exploitation refer to a number of behaviors, such as fraud, using false pretenses, embezzlement, conspiracy, forgery, falsifying records, coerced property transfers, or denial of access to assets. Thus, the types of behavior that have been placed under the financial exploitation rubric are in fact very broad.

Since financial exploitation includes broader protections than any other type of financial crime, it also narrows that wide protection to those ages 60 or 65 (depending on the state statute) and older. It also includes those that are considered vulnerable adults, defined as those with physical and mental limitations.

Regardless of the chosen definition, financial exploitation of older adults has many costs—and not just financial. Feelings of stress or embarrassment, for example, tax the mental well-being of older victims. Given how frequently a financial exploiter is a family member or close friend, a victim may feel a sense of betrayal, as well as grief over the loss of a member of his or her social support network. These feelings can in turn produce negative health outcomes that result in additional health costs and, according to some studies, even hasten death. And, of course, there are the financial costs of exploitation—depleted savings, stolen property, and an increased dependency on social services—that are the topic of this report.

THE CHALLENGE OF GETTING AT FINANCIAL EXPLOITATION’S COST

Efforts to calculate the cost of financial exploitation are still progressing. One might think that, compared with the physical and mental costs of exploitation, the financial costs would be relatively simple to document. However, that is hardly the case. For one thing, no reliable nationwide set of financial exploitation data is available. Federal law does not require such data to be centrally organized, so the information collected and reported varies among states. There

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3 For example, N.Y. Soc. Serv. Law § 473(6)(g) (2019).
is also no direct federal support to analyze the cost of exploitation so states must tap into their own already-stretched budgets to do so.

To the extent data are collected, the information can be scattered across a number of government repositories, from the Federal Bureau of Investigation and Federal Trade Commission databases to state Adult Protective Services (APS), police, and attorney general offices. The federal Administration for Community Living has facilitated a voluntary system called the National Adult Maltreatment Reporting System that has begun to aggregate data collected by state APS offices. In the private sector, Bank of America and Wells Fargo, both of which have millions of customers, are analyzing their internal records to gain a glimpse into the issue of financial exploitation.

To make exploitation cost calculations even more elusive, financial exploitation is chronically underreported. Many older adults keep financial exploitation incidents to themselves because of feelings of guilt, embarrassment, or shame, as well as lack of awareness of resources. Thus, even if it was possible to collect every single reported instance of financial exploitation, the problem would still be severely understated.

Also affecting reporting is that self-recognition of financial exploitation is an issue. Research first conducted in Utah and repeated elsewhere showed that people do not realize when they have been exploited. In a survey for the Utah Legal Needs of the Elderly Study, when asked if anyone had ever improperly used their money, property, or assets, the majority of older adults responded in the affirmative. Yet, when asked if they had ever been financially abused, three out of four replied no. Similar findings emerged in the 44 state studies that replicated Utah's legal needs study.

To get a better understanding of the prevalence of financial exploitation, researchers have attempted to estimate the number of unreported cases.

Estimates of ratios of reported cases to actual incidents range from 1 in 10 to 1 in 44. The best estimate, coming from the most well-designed study, the New York Prevalence Study, is 1 in 44. Using these estimates to extrapolate the total cost of exploitation, of course, relies on the assumption that unreported cases involve levels of assets similar to those in reported cases.

In their attempt to provide the first glimpse into the true financial costs of exploitation, such studies have employed various methodologies.

**DETERMINING THE COST OF FINANCIAL EXPLOITATION: METHODOLOGIES DIFFER**

In light of the challenges related to the issue, researchers can use any of several different methodologies to estimate the cost of financial exploitation, each of which has its respective strengths and weaknesses. For example, survey studies ask sample populations directly about their experiences with financial exploitation, while state agency studies examine actual cases of financial exploitation reported to state APS agencies. Finally, studies from MetLife use the creative method of examining incidents of financial exploitation as reported in the media and academic papers. What follows is a look at these methodologies.

**MetLife’s Newspaper Feed**

The MetLife studies are the most oft-cited estimates of the cost of financial exploitation, although, for reasons described below, they may simultaneously underestimate the number of per-year cases and overestimate the average cost per case.

MetLife collected and reviewed incidents of financial exploitation appearing in 314 scholarly articles and media accounts between April and June 2008 and again between April and June 2010. In both studies, MetLife identified cases using the US Administration on Aging’s National Center on Elder Abuse newsfeed, which uses Google and Yahoo alerts to track daily media reports of elder abuse.

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The main strength of the MetLife studies is that they capture a broad swath of data from across the country. On the other hand, they capture only those incidents that make it into media coverage or formal studies, and it is unclear how well media or study mentions reflect the actual number of incidents of exploitation. The media in particular is more likely to report only the most egregious cases of exploitation, likely resulting in an undercounting in the MetLife study. This methodology could also mean that those exploitation cases captured by the MetLife study may not be representative of the average cost of financial exploitation and, thus, could skew the numbers upward. In addition, the researchers included costs of Medicaid and Medicare fraud, which, although borne by taxpayers, do not directly affect older adults. Nevertheless, despite such qualifiers the MetLife study remains one of the only national studies on the cost of financial exploitation.

**State APS Agency Studies**

Several states have conducted studies of the data collected by their APS agencies. These detailed studies are rich in data but they examine a much narrower population than the MetLife studies.

Utah was the first state to attempt a comprehensive study of financial exploitation, and in the process it set the standard for future studies in this space. Researchers undertook a review of substantiated cases of exploitation that involved people ages 60 or older from the Utah APS files in 2009 (57 cases), 2010 (80 cases), and 2011 (62 cases). These studies proceeded in two phases: first was a valuation of financial loss, followed by a more in-depth examination of several variables, including who made the referral, the perpetrator’s relationship to the victim, the type of financial exploitation, and the method used by the perpetrator. The Utah studies estimated a range for the total amount lost to financial exploitation by applying average costs to the estimated number of unreported financial exploitation incidents.

Utah’s groundbreaking studies blazed a trail for several other states. Although their precise methodologies varied, New York, Maine, Virginia, Oregon, and Wyoming all built on Utah’s foundation.

In 2016, New York published the results of a study conducted in 2013. The study examined records from 31 local APS offices and 1 voluntary agency, completing 928 case reviews of APS referrals that involved allegations of financial exploitation over the course of a year. In some instances, a local APS office was not able to review every reported case so the researchers resorted to sampling; in addition, not every APS office in New York participated in the study. The authors of the New York study found evidence supporting the alleged exploitation in 479, or 52 percent, of the cases. For these cases, workers provided additional information on the identity of the perpetrator, the methods used to exploit the victim, and the nature and value of the assets taken.

Virginia confirmed 1,016 cases of financial exploitation in fiscal year 2015. Of those cases, APS staff analyzed 141 (or 12 percent of the total) and 76 of those included sufficient information to determine the extent of monetary losses. Like the other studies, Virginia attempted to quantify the financial costs of exploitation and examined other variables, such as the identities of perpetrators and methods of exploitation.

Oregon sampled 623 of the 2,929 total reports of financial exploitation it received in 2013. Each of the 623 was hand reviewed by APS staff. From each report, staff mined qualitative and quantitative data on the victims, reporters, perpetrators, and investigative process.

Wyoming examined 10 APS cases in 2011, 16 in 2012, and 6 in 2013, all focusing on the financial impact on state systems. Variables examined

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included who made the referral, the perpetrator’s relationship to the victim, type of financial exploitation, method used by the perpetrator, and subsequent Medicaid eligibility.\(^{13}\) Due to the very small sample size in the Wyoming studies, it is not include it in this review, save for its findings on Medicaid costs.

Maine took a unique approach, going beyond examining its 459 cases from APS to additionally reviewing 205 cases from the nonprofit Legal Services for the Elderly.\(^{14}\) Rather than limiting the scope to a year’s worth of cases, Maine examined cases from 2010 to 2016.

Studies that use APS data are extremely useful for researchers. The very detailed and standardized forms APS uses to report incidents of financial exploitation yield lots of data in a consistent format with consistent definitions. Because the agencies collect data year after year, they can analyze trends over time. To date, this rich data source has not been fully tapped.

**Voluntary Participation Nonrepresentative Survey Studies**

Several past survey studies on financial exploitation have been descriptive in nature. These surveys do not attempt to capture actual verified reports of financial exploitation, nor do they capture a representative population. While a nonrepresentative survey can provide a glimpse into a specific small group, it cannot be used to represent the population at large.

Allianz commissioned surveys in 2014 and 2016 of adults ages 18 to 64 who either were actively providing care for a nonspousal elder age 65 or older or believed they may be in a position to provide such care within the next five years. The 2014 study featured 2,248 online panel respondents and the 2016 version had 1,000 such respondents.\(^{15}\)

In an October 2014 study, True Link also focused on the family caregiver for information, surveying a nonrepresentative sample of Americans ages 50 to 70 using a Survey Monkey Audience panel. True Link asked the 2,096 respondents to describe the financial issues they had experienced in caring for an older adult during the past five years. Of that group, 467 respondents identified themselves as having “any responsibility for an older adult.” Of those, less than 70 respondents indicated their care recipient had been exploited.\(^{16}\)

Nonrepresentative survey studies have several benefits over agency data studies. For one, they are not geographically limited. Phone and online surveys can gather data on a nationwide basis; thus, they have the potential to be more representative of nationwide trends than a study limited to agency data from a single state. In addition, survey studies may capture some incidents that were not reported to authorities, although they will not capture incidents of financial exploitation that victims are unwilling to admit to anyone.

Unlike agency data studies, nonrepresentative studies look at only the respondents in the study—meaning researchers cannot interpret the results beyond their sample. As was discussed at the outset of this paper, financial exploitation is difficult to define, but that does not mean all definitions are created equal. True Link defines financial exploitation as “any time someone got an elderly person’s money in a way that they wouldn’t have been able to when the person was younger,”\(^{17}\) which is a much broader definition that researchers generally do not accept. True Link also used an inadequate sample size to project results onto the entire older population in the United States. Given these and other limitations in the True Link study, its results are not included in the analysis below.

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17 Ibid.
Suspicous Activity Reports from Financial Institutions

The Consumer Financial Protection Bureau (CFPB) and the Department of Treasury’s Financial Crimes Enforcement Network (FinCEN) examined suspicious activity reports (SARs) involving elder financial exploitation including the narrative portion of the report. In general, financial institutions are required to file a SARs report to FinCEN when they suspect financial exploitation that involves $5,000 or more. While the study includes only assets at a financial institution, the study is included in this paper because of the large and game-changing data set: CFPB examined over 63,000 SARs reports from 2013 to 2017 and FinCEN analyzed a random sample of SARs reports from 2013 to 2019.

THE COSTS OF EXPLOITATION: A COMPARISON

Estimated costs of exploitation vary for reasons discussed throughout this paper. But one thing is clear: the cost is high and that applies to the total cost, the personal cost to victims, and other costs.

Total Costs of Exploitation: Staggering, No Matter Who’s Measuring

Each study extrapolated the costs identified in its population to project an estimate for the total annual cost of financial exploitation. Those estimates range from the tens of millions to the low billions of dollars. While the MetLife studies put the nationwide cost at $2.9 billion a year, the New York and Virginia studies in particular would seem to project even higher numbers nationwide, as both states estimate their own loss totals at as much as $1 billion a year (see table 2).

As noted above, researchers often estimate the total annual cost of exploitation by extrapolating from a study population that is of limited size and scope. Each study analyzed in this paper made these projections somewhat differently.

Individual Cost: Losses in the Thousands

Definitions of exploitation and related methodologies differ widely in all the discussed studies, resulting in a range of calculations of estimated costs. The estimated average cost of exploitation per case ranges from as much as $120,000 in the MetLife studies to as little as $24,000 in the Oregon study (see chart 1). The FinCEN studies, which examine SARs report showed the average cost to range between around $41,000 and $71,000 depending on the year.

The Medicaid Factor: The Public, Also, Gets Hit with the Cost

Although the impact on victims is the focus of each study, several of the state studies looked at the costs borne by Medicaid. In 9 percent of

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I planned to move into Donna’s house to be her caregiver and also became her power of attorney. I did this because her kids were taking advantage of her. Donna felt I should be rewarded for taking care of her before she went to the facility. I used $80,000 of her money with her permission. There is no written agreement, just verbal. I was really misguided and misinformed. I was under the impression once her money was gone, she’d qualify for Medicaid. I didn’t realize there would be a question about where her money went.

—Oregon study, perpetrator

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19 Ibid.

20 The average cost of exploitation includes exploitation committed by strangers and known individuals. The calculation does not include exploitation involving Medicare fraud or businesses.

21 Note that comparing the average cost per victim across these studies is of somewhat limited value since the methodologies used vary.

### National Estimates

<table>
<thead>
<tr>
<th>Study</th>
<th>Actual Costs Observed</th>
<th>Methodology for Projecting Costs</th>
<th>Projected Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>MetLife (2008)</td>
<td>$397,000 over three months of public reports</td>
<td>Annualized and adjusted for the percentage of reports that did not include a dollar figure</td>
<td>$2.6 billion</td>
</tr>
<tr>
<td>MetLife (2010)</td>
<td>$530,000 over three months of public reports</td>
<td>Annualized and adjusted for the percentage of reports that did not include a dollar figure</td>
<td>$2.9 billion</td>
</tr>
<tr>
<td>CFPB (2019)</td>
<td>Over $6 billion from 63,500 SARs reports between 2013 and 2017</td>
<td>Information from SARs reports, limited to cost of exploitation involving accounts at financial institutions</td>
<td>N/A</td>
</tr>
<tr>
<td>FinCEN (2019)</td>
<td>Around $22 billion from a random sample of SARs reports from October 2013 to September 2019</td>
<td>Information from SARs reports, limited to cost of exploitation involving accounts at financial institutions</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### State Estimates

<table>
<thead>
<tr>
<th>Study</th>
<th>Actual Costs Observed</th>
<th>Methodology for Projecting Costs</th>
<th>Projected Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utah (2009)</td>
<td>$5 million in 57 reviewed cases(^a)</td>
<td>Multiplied by underreporting factors of 10, 25, and 44</td>
<td>$51 to $227 million</td>
</tr>
<tr>
<td>Utah (2010)</td>
<td>$8 million in 80 reviewed cases</td>
<td>Multiplied by underreporting factors of 10, 25, and 44</td>
<td>$77 to $339 million</td>
</tr>
<tr>
<td>Utah (2011)</td>
<td>$5 million in 52 reviewed cases</td>
<td>Multiplied by underreporting factors of 10, 25, and 44</td>
<td>$48 to $210 million</td>
</tr>
<tr>
<td>Oregon (2014)</td>
<td>$3 million in a subset of substantiated cases with sufficient information on monetary loss</td>
<td>Determined the average loss per case, multiplied by the total number of substantiated cases, then multiplied by an underreporting factor of 44</td>
<td>$439 million (without a range)</td>
</tr>
<tr>
<td>New York (2016)</td>
<td>$27 million for 928 reviewed cases</td>
<td>Adjusted to account for sampling within each APS district (and not all APS districts participated in the study), then multiplied by a high-end (44) and low-end (10) underreporting factor</td>
<td>$352 million to $1.5 billion</td>
</tr>
<tr>
<td>Virginia (2016)</td>
<td>$2 million in 76 reviewed out of 1,106 substantiated cases</td>
<td>Adjusted the number of substantiated cases by an underreporting factor of 44 and multiplied by the average cost per victim in sampled cases</td>
<td>$1.2 billion (without a range)</td>
</tr>
<tr>
<td>Maine (2017)</td>
<td>$28 million out of 646 cases reported by APS and Legal Services</td>
<td>Estimated range of exploitation from 2009 to 2016 and multiplied by underreporting factors of 10 and 44</td>
<td>$75 to $329 million</td>
</tr>
</tbody>
</table>

\(^a\) Due to its small size, Utah was able to review every reported case of financial exploitation in depth. By contrast, the other state studies had to rely on sampling.

The Utah cases victims were pursuing Medicaid benefits. While Oregon, Utah, and Wyoming examined Medicaid costs, New York estimated the costs of new or additional Medicaid benefits provided to victims who became eligible because of the assets and income lost due to exploitation. New York estimated $688,922 in losses. (Note that this type of Medicaid loss is distinct from the Medicaid losses described in the MetLife studies, which were the result of fraudulent claims submitted to Medicaid.)
### Financial Exploitation’s Cost to Family Caregivers

Allianz found that 90 percent of family caregivers took a financial hit that was connected with the exploitation of the person they were caring for. On average, family caregivers bore $36,000 in direct costs due to the exploitation. In addition, those same family caregivers spent even more in direct care costs for their loved ones than family caregivers whose loved ones did not experience financial exploitation.23

#### Financial Exploitation’s Cost to Financial Institutions

CFPB found that financial institutions lost money in 9 percent of SARs filings. When a loss to the institution did occur, the average loss was $16,700.24

#### Leading Perpetrators: Family Members

One key question is, who are the perpetrators? The state agency data studies looked at the various kinds of perpetrators of financial exploitation. Utah went a step further, breaking down the cost by type of perpetrator.

Across the board, family members represent by far the largest percentage of perpetrators and are also the costliest. In the New York study, 67 percent of perpetrators were family members.25 In Virginia, family members composed 56 percent26 and in Oregon they made up 50 percent.27 Across its three years of studies, Utah found family members were the perpetrator between 44 and 72 percent of the time. Across seven years, Maine found that 57 percent (APS) and 68 percent (State Legal Services) of perpetrators were family members.

These results could be overstating the role of family members, as APS tends to receive more

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23 Safeguarding Our Seniors, Allianz, 2016.
24 Consumer Financial Protection Bureau, Suspicious Activity Reports.
27 Fetters, Financial Exploitation in Oregon, 16.
reports involving family members than strangers. Nevertheless, the results are broadly consistent with data on customers of Bank of America. Analysis of those companies’ data found 8 out of 10 perpetrators are family members, not strangers.\(^{28}\)

All these findings are generally consistent with other national prevalence data showing that family members account for 60 to 90 percent of perpetrators.\(^{29}\)

In its 2010 and 2011 studies, Utah broke down the cost of exploitation by perpetrator type. In the 2011 study (see chart 2), the average amount exploited by a family member was $148,000 per case—significantly higher than the overall per-case amount of $91,000. Even more striking is the cost of exploitation by children of victims—a staggering $262,000 per case.

Similarly, CFPB’s study found losses were significantly greater when a family member was involved (see table 3). When a stranger was involved, the average loss was $17,000 per case compared with $42,700 per case when a family member was involved.\(^{30}\)

<table>
<thead>
<tr>
<th>Type of Perpetrator</th>
<th>Average Loss per Older Adult</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stranger</td>
<td>$17,000</td>
</tr>
<tr>
<td>Known person</td>
<td>$50,200</td>
</tr>
<tr>
<td>Family</td>
<td>$42,700</td>
</tr>
<tr>
<td>Fiduciary</td>
<td>$83,600</td>
</tr>
<tr>
<td>Nonfamily caregiver</td>
<td>$57,800</td>
</tr>
</tbody>
</table>


\(^{30}\) Consumer Financial Protection Bureau, Suspicious Activity Reports.
The stepdaughter of a 67-year-old widow—listed as the power of attorney—withdraw over $300,000 from her stepmother’s bank account and sold the stepmother’s house, leaving her homeless. The APS worker helped the woman obtain legal representation, find housing, and access other benefits. There is now a civil suit pending against the stepdaughter and the bank that allowed inappropriate withdrawals. The APS worker received a letter from the woman expressing her thanks for the assistance she received from APS. —Maine study

The FinCEN study revealed similar findings concerning family member involvement in exploitation. It found that when a family member was involved the average loss ($50,000) was double that when the exploiter was a stranger ($25,000). The significant difference between losses from stranger and family member-related cases is explainable by simple accessibility and convenience. Family members tend to steal small amounts over a long period of time rather than at a single point in time.

Notwithstanding the above data, it is worth noting that many caregivers, particularly family members, go above and beyond in taking care of older adults who have been exploited financially. In fact, caregivers often take it upon themselves to attempt to make victims whole financially, expending, on average, $36,000 per caregiver as a direct result of the financial exploitation.

Leading Reporters: Family Members

Some of the studies also looked at who reported the exploitation to APS (see table 4). Financial institutions and family members seem to be the most frequent reporters, with other common reporters including social services agencies, health care facilities, law enforcement, and friends. Victims themselves are rarely the reporters of exploitation, which is one reason for the chronic underreporting that is seen.

What Financial Exploitation Looks Like

By evaluating the different exploitation methods, we can better understand the approaches perpetrators take and better target prevention efforts. Fortunately, most of the studies broke down the prevalence of the different forms of exploitation. Each study found that perpetrators used a variety of methods to exploit their victims and individual perpetrators frequently employed more than one method.

States broke down the various forms of exploitation in different ways and categories; their findings are telling and noteworthy. In New York, misappropriation of funds (i.e., use of funds or property for unauthorized purposes) topped the list, documented in 26 percent of verified cases, followed by larceny, coercion, power of attorney abuse, and false pretenses, all of which fell in the range of 14 percent to 16 percent of cases. In 33 percent of verified cases, perpetrators used multiple methods.

Oregon found that nearly 50 percent of substantiated cases involved the theft of money (cash as well as bank and investment accounts),

<table>
<thead>
<tr>
<th>Study</th>
<th>Percentage of Cases Reported by Family Members</th>
<th>Percentage of Cases Reported by Financial Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utah (2010)</td>
<td>27</td>
<td>21</td>
</tr>
<tr>
<td>Utah (2011)</td>
<td>19</td>
<td>31</td>
</tr>
<tr>
<td>Virginia</td>
<td>14</td>
<td>25</td>
</tr>
<tr>
<td>New York</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>Oregon</td>
<td>19</td>
<td>16</td>
</tr>
</tbody>
</table>

33 Huang and Lawitz, New York Study, 35, table 9.
with the next most prevalent methods being the unauthorized use of credit and debit cards (10 percent) and scams (e.g., lottery scams or fraudulent home repairs; 8 percent).34

In the three Utah studies, the most common methods used to exploit older adults were making unauthorized bank withdrawals (35 percent to 44 percent), stealing credit cards (either misuse or identity theft; 23 percent to 35 percent), and stealing and forging checks (23 percent to 33 percent).35

In Maine, the most common methods used to exploit older adults as documented in APS cases were stealing cash (34 percent), not paying the care facility (27 percent), and making unauthorized bank withdrawals (24 percent). The top three exploitation methods based on legal service cases were deeding the home (25 percent), stealing cash (20 percent), and making unauthorized withdrawals (19 percent).36

The CFPB found the top financial products used in elder exploitation at a bank to be money transfers (52%), checking and savings accounts (44%), credit cards (9%), consumer loans (4%), and money orders (4%).37 FinCEN found that family members exploiting an older relative tend to use banks and credit unions (86%) to access money rather than multi-service businesses (i.e., grocery stores processing wire transfers), which stranger con-artists are more likely to use 77% of the time).38

**Which Methods Are the Most Costly**

Examining the cost of financial exploitation by method is also highly relevant—particularly, for example, in terms of prioritizing prevention. The Utah, Virginia, and Maine studies broke down the percentage and amount lost by method.

While using the state data to definitively identify the most prevalent and harmful methods of exploitation is problematic, in part because the various states carved out their categories in different ways, trends are apparent. From the state data, certain preferred and particularly harmful methods emerge, including theft of a home as well as transactions involving cash, checks, and credit cards.

In about half of the cases in its study, Virginia had enough information to break down the dollar amount taken by different methods: cash and checks (theft of currency, stolen or forged checks, and accessing the adult’s financial accounts without permission), credit cards (accessing or using credit cards to make unauthorized purchases or cash advances and opening a new credit card in the adult’s name without permission), and scams. Cash- and check-related methods were present in 76 percent of the cases.

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35 Gunther, *Utah Cost (2009)*, 10, chart G; Gunther, *Utah Cost (2010)*, 14, chart I; Gunther, *Utah Economic Cost*, 17, chart J.
37 Consumer Financial Protection Bureau, *Suspicious Activity Reports*.
Similarly, in 2009, Utah found that 57 percent of the total amount stolen involved financial institution–related transactions, including withdrawals, credit cards, and checks.

Similarly, in Maine, while theft of a home was the most costly method of exploitation, cash- and check-related methods still represented high dollar amounts—an average of $40,123 and $64,591, respectively.

While CFPB found money transfers were the most frequent financial product used to exploit, the average monetary loss was higher with checking and savings accounts ($48,300) than for money transfers ($32,800).  

Thus, while classification of the various forms of exploitation varies, patterns and themes emerge, allowing researchers to identify trends. This information can be extremely helpful to the industry when prioritizing preventive measures.

**Who the Most Vulnerable Are**

Understanding who is most vulnerable to exploitation is another important component to the discussion of how to prevent it. However, identifying who is most vulnerable is not as simple as examining reported incidents of exploitation by individual characteristics. For example, reported incidents of exploitation are highest for people with some level of incapacity. From a research perspective, that very notion elicits a question concerning bias: Do those with incapacity face a greater threat of exploitation or are health care workers more likely to substantiate incidents of exploitation when they discover incapacity? The United Kingdom looked at this question and found APS workers are more likely to act in cases involving an older adult with capacity issues, as many perceive the lack of capacity increases the vulnerability of the older adult.  

Despite this potential bias, Utah examined the degree to which victims’ cognitive or physical limitations influenced the amount exploited. According to Utah’s findings, victims with a variety of cognitive challenges lose a disproportionate amount of money to exploitation compared with victims without such vulnerabilities. For example, the average loss by older adults who need help managing finances is $124,710 per case, compared with $57,771 for victims who do not require such help. Similarly, victims without the capacity to consent lose an average of $133,396 per case, whereas those with capacity lose an average of $66,557. Victims with dementia are also exploited to a greater extent than those without the condition, by an average of $117,414 per case compared with $81,216, respectively.

Interestingly, victims with physical impairments were exploited for less money than those without such impairments. The Utah study found that victims with a physical impairment lost, on average, $109,467 per case compared with an average loss of $204,405 per case for victims without a physical impairment. Victims who require protection from abuse, however, were on average subjected to much greater losses ($159,414) per case than those who do not need physical protection ($45,758) per case, leading Utah to conclude that victims who are being physically abused lose more than those who are not.

CFPB estimates that those 80 and older account for over 40 percent of SARs filings. Indeed, losses for individuals over 70 are far greater than those for those under 70 (see chart 3).

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39 Consumer Financial Protection Bureau, *Suspicious Activity Reports.*


41 Some evidence shows APS caseworkers who determine the validity of a given complaint tend to express more certainty about the likelihood that abuse has occurred if the victim exhibits diminished capacity. This suggests more training is needed to aid APS caseworkers in spotting abuse in victims without mental health problems. See Davies et al., “Factors Influencing Decision-Making.”
CHART 3.
CFPB Study: Average Loss from Bank Account by Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Average Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>50-59</td>
<td>$13,400</td>
</tr>
<tr>
<td>60-69</td>
<td>$22,700</td>
</tr>
<tr>
<td>70-79</td>
<td>$45,300</td>
</tr>
<tr>
<td>80 and older</td>
<td>$39,200</td>
</tr>
</tbody>
</table>
Recommendations

The various studies discussed in this report point to one overarching conclusion: financial exploitation is a tremendously costly problem for victims, their families, and the public. What can be done? What follows are recommendations for how various key stakeholders can do their part to combat the financial exploitation of older adults.

FOR FAMILY MEMBERS AND CAREGIVERS

Education efforts to date have largely focused on arming potential victims of financial exploitation with the tools to spot and resist exploitation, yet the data show that family members are most likely to report exploitation to the authorities. As was the case with my grandfather, family members and caregivers are often uniquely positioned to notice and report exploitation. Family members should have easy access to information that can enable them to spot, report, and stop exploitation.

Educational initiatives should emphasize that family members and caregivers receive training. An added benefit of focusing training on caregivers is that, when caregivers or younger family members are educated, not only are they empowered to protect their older relative or care recipient but they, as a future older adult, are being educated on how to protect themselves, reducing the risks of financial exploitation in the long term.

That said, family members are often the greatest perpetrators of financial exploitation, and training must not neglect this fact. Consumer advocacy groups often focus more on consumer scams that involve strangers but, as studies discussed in this paper make clear, these groups must grapple with how best to train everyone—that is, victims, family members, and caregivers—to spot exploitation.

These results also underscore the importance of common-sense safeguards, such as providing limited special powers of attorney, involving at least two people in helping an older adult with finances, and avoiding joint accounts and co-mingling of funds.

FOR FINANCIAL INSTITUTIONS

Financial institutions report exploitation almost as frequently as family members and caregivers, making them another focal point for reducing financial exploitation. While many financial institutions already engage in limited exploitation prevention training for some staff members, every financial institution should conduct rigorous mandatory internal training and testing for all bank and credit union staff. Trainings not only must be expanded to all employees but also must be improved to shift their focus from spotting red flags of abuse already in progress to teaching actions that can prevent abuse in the first place. Existing trainings, meanwhile, should become more scenario-based so as to expose employees to a variety of real-world examples that will help them improve spotting and stopping exploitation.

Financial institutions should also consider bundling existing account features that empower consumers to prevent financial exploitation, including, among other features, third-party monitoring and alerts that can notify caregivers or the potential victims themselves of suspicious activity.

Another means of improving exploitation prevention involves banks’ willingness and freedom to report cases. Apparently driven by uncertainty about what is and is not permitted under the Graham-Leach Bliley Act, financial institutions have been reluctant to report financial exploitation to APS offices. Graham-Leach Bliley prohibits financial institutions from disclosing nonpublic personal information about a customer to a third party without both notice and a provision for the customer to opt out. Offenders face stiff penalties.

Yet, while financial institutions may be well aware of Graham-Leach Bliley, many may be unaware of guidance that empowers them to take action when they suspect financial exploitation. Banks and credit unions should implement
the Interagency Guidance on Privacy Laws and Reporting Financial Abuse of Older Adults,\textsuperscript{42} in which eight federal regulators clearly state that reporting to APS does not violate privacy laws and should not impede reports. This allows financial institutions to report elder financial exploitation without fear of violating privacy laws such as Graham-Leach Bliley. The Treasury Department’s Financial Crimes Enforcement Network could provide anonymized data on financial institutions’ suspicious activity reports so prevention measures can be better targeted. Better information sharing and reporting is essential to be able to, for example, spot repeat offenders or common schemes.

**FOR REGULATORS**
Regulators should continue to examine SARs to help shed light on the patterns of financial exploitation.

**FOR STATES**
States have a role to play as well, given the expertise and data their APS agencies possess. First, more states should conduct studies like those of Utah, New York, Virginia, Oregon, Maine, and Wyoming. The state APS is one of the only agencies that has data on cases of financial exploitation. In addition, unlike with survey data, for APS data, a caseworker has investigated and substantiated the claim of exploitation as well as made a determination on capacity and other health-related criteria.

Unfortunately, several barriers hinder states from conducting these studies. Some states have statutes restricting the use of APS data, making it unclear if a researcher outside APS can access and analyze the data. Moreover, APS agencies—like many state services—typically lack the funds to employ in-house researchers to conduct the necessary studies.

States should seek clarification from their respective attorney general on whether statutes restricting the use of APS data would in fact prohibit implementing studies. Making such a determination could allow this rich goldmine of data to be analyzed. The more state studies of financial exploitation, the better advocates can estimate the costs of exploitation and the methods perpetrators are using to get access to victims’ financial resources. The more known, the better advocates can educate families and financial institutions on thwarting the perpetrators of financial exploitation.

Given the losses to Medicaid (and other state-funded public benefits) demonstrated in the state agency studies, states should budget more money for up-front prevention efforts rather than paying an uncertain, but likely greater, amount of state money to compensate exploitation victims after the fact.

Finally, a leader—whether the federal government, a nonprofit organization, or a foundation—must coordinate among the states in collecting APS information in a standard format to facilitate multistate analyses and provide research support for state agency studies. With the Administration on Aging creating a national APS database, this has begun to happen.

**FOR ACADEMICS**
A representative national survey is needed to form a more accurate picture of how significant a problem financial exploitation is throughout the country.
