

# PREVENTION AND DETECTION OF FINANCIAL EXPLOITATION

*a general training for financial agents*

January 2016



# Training Mandate

as required by [PA 15-236](#)

Financial agents as defined by CT General Statutes § 32-350 shall participate in **mandatory training**



**Financial agent is defined in section 32-350 as:**

*Any officer or employee of any trust company, bank, savings bank, credit union, savings and loan association, insurance company, investment company, mortgage banker, trustee, executor, pension fund, retirement fund or other fiduciary or private financial institution*

## **Forum and Clearinghouse for Best Practices and Training Resources for Financial Institutions PA 15-236**

- **Section 5** (c) *The Commission on Aging shall establish a forum and clearing house for best practices and free training resources to help financial institutions and financial agents detect potential fraud, exploitation and financial abuse. Not later than January 1, 2016, the Commission on Aging shall establish a single portal for training resources and materials.*
- **Section 6** (NEW) (Effective October 1, 2015) (a) *For purposes of this section, "financial agent" means an officer or employee of a financial institution, as defined in [section 32-350](#) of the general statutes, who (1) has direct contact with an elderly person within the officer's or employee's scope of employment or professional practice, or (2) reviews or approves an elderly person's financial documents, records or transactions.*
- (b) *A financial agent **shall participate in mandatory training to detect potential fraud, exploitation and financial abuse of elderly persons**, including utilizing the resources available on the Commission on Aging portal established pursuant to section 5 of this act. All financial agents shall complete such training within six months from availability of training resources on the Commission on Aging web portal, or within the first six months of their employment, if later.*



# Voluntary Reporting

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**Mandated training is different than mandated reporting:**

Financial agents in Connecticut are **not required** to report suspicion of financial elder abuse, fraud and exploitation to the Department of Social Services, **Protective Services for the Elderly Program**

However, financial agents may **voluntarily report**:

- Nonpublic information under federal exception guidelines
- Public information
- Publicly viewed safety concerns and/or concerns of behavior of well-being

Financial institutions have immunity from civil and criminal liability for good faith reporting [CGA Statutes § 17b-451 \(c\) and \(d\)](#)



# Definitions

as defined by [CGS Section 17b-450](#)

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**ELDERLY** - Any resident of Connecticut aged 60 years or older. The term “older adult” will be used interchangeably

**ELDER ABUSE** – Abuse includes, but is not limited to, the willful infliction of physical pain, injury or mental anguish, or the willful deprivation by a caregiver of services which are necessary to maintain physical and mental health.

**ELDER FINANCIAL EXPLOITATION** – Exploitation refers to the act or process of taking advantage of an elderly person by another person or caretaker whether for monetary, personal or other benefit, gain or profit.



# Some Facts

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- In Connecticut between 2010 to 2030 the 65+ population is project to increase by 57% (Connecticut's Legislative Commission on Aging)
- 1 in 5 adults aged 65 or older report they have been taken advantage of financially (NAPSA, 2015)
- The annual financial loss by victims of elder financial abuse is estimated to be at least \$2.9 billion dollars a year (Met Life Study of Elder Financial Abuse, July 2011)
- Only 1 in 44 cases of financial exploitation are reported (New York State Elder Abuse Prevalence Study, May 2011)
- **90% of perpetrators are trusted others, 47% are adult children** (National Elder Abuse Incidence Study, 1998)



# Older Adults are Targeted

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## Older Adults MAY be:

- Socially isolated
- Dependent on others for assistance
- Afraid to report
- Embarrassed
- Living with a cognitive impairment
- Experiencing a decline in financial literacy or knowledge

Life events may cause a change in management of finances (i.e. a recently deceased spouse may have handled finances leaving spouse ill-equipped)

Older adults are potential victims of financial exploitation **regardless of income level**



# Red Flags

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Suspicious **BEHAVIOR** that could indicate actual or potential abuse, fraud or exploitation

- ❖ **Noticeable neglect** or decline in appearance, grooming or hygiene
- ❖ **Increased confusion**, word-finding problems, memory issues
- ❖ **Expresses stress** regarding life and relationships



# Red Flags

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Suspicious **BEHAVIOR** that could indicate actual or potential abuse, fraud or exploitation

- ❖ **Unusual degree of fear**, anxiety, submissiveness or deference
- ❖ **Lacks knowledge** about personal financial status
- ❖ **Unexplained or unusual excitement** over a financial windfall or prize check
- **New inability to afford cost of daily living**





# Red Flags

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Suspicious **BEHAVIOR** that could indicate actual or potential abuse, fraud or exploitation

- ❖ **New associations** with “friends” or strangers
- ❖ **Sudden appearance of previously uninvolved relatives** claiming their rights
- ❖ **Excessive interest** in older adult’s finances or accounts is expressed by trusted others



# Red Flags

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Suspicious **FINANCIAL ACTIVITY** that could indicate actual or potential abuse, fraud or exploitation

- ❖ **Noticeable change in banking or financial management habits**
- ❖ **Uncharacteristic nonpayment for services**
- ❖ **Disregard to penalties**



# Red Flags

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Suspicious **FINANCIAL ACTIVITY** that could indicate actual or potential abuse, fraud or exploitation

- ❖ **Sudden changes** in who is conducting financial transactions on behalf of the older adult
- ❖ **Abrupt changes to financial documents** such as power of attorney, joint accounts, account beneficiaries
- ❖ **Making requests beyond legal authority** outlined in provided documents
- ❖ **Monies not being used in the interest or intent** of the older adult



# Red Flags

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Suspicious **FINANCIAL ACTIVITY** that could indicate actual or potential abuse, fraud or exploitation

- ❖ **Change of address** to new address
- ❖ **Suspicious signatures**
- ❖ **Unexplained disappearance of funds or valuable possessions**



# Reporting

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**Protocols** - Follow **internal protocols** provided to you by your place of employment or your legal counsel

**Time** - The sooner a report is made, the faster the exploitation can be stopped through either internal or external processes

**Proof** - **Tangible proof is NOT necessary**, suspicion is adequate

**Determination of financial abuse and exploitation is made by law enforcement and/or Protective Services for the Elderly (at the State Department of Social Services)**



# Reporting

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Financial institutions that are subject to the Gramm–Leach–Bliley Act (GLBA) are allowed certain confidentiality exemptions.

Cases of elder abuse **MAY BE REPORTED** to local, state, federal authorities under the following exceptions to federal confidentiality laws:

- To prevent fraud, unauthorized transactions, claims or other liability
- To law enforcement regarding public safety
- With consent of consumer
- Subpoenas

For specific interpretation of confidentiality laws, please consult your legal counsel.



# Reporting

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When to consider reporting to **Protective Services for the Elderly** without consent:

- Signs of incapacity
- Personal care or well-being concerns (not financial)
- Undue influence/manipulation of another party
- Inability to talk to the older adult
- Significant funds (for that person) are at stake



# Reporting

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## Who Should You Call?

### Law Enforcement

- Crime is suspected

Examples: check fraud, forgery, suspicious wireless transfers, concerning behavior of adults accompanying the consumer, observation of hostile interaction

### Protective Services for the Elderly (PSE) at the CT Department of Social Services:

- If you have concerns about personal well-being and safety of a vulnerable party
- if you have concerns about financial activity and behavior
- Whenever possible or appropriate, obtain consent or encourage a joint report to PSE in the client's presence





# Reporting

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Reporting to the Protective Services for the Elderly (PSE) at the CT Department of Social Services.

**In state referral line 1-888-385-4225**

**After hours or out of state  
call Infoline 1-800-203-1234**



# Prevention

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## **Check all proper authorization and documentation**

- Ensure that the person claiming to act for the older adult has the authority to do so  
Signature cards, Power of Attorney,  
Conservatorship/Guardianship

Note: Many individuals exaggerate or misunderstand authority granted to them by legal documents

## **Right product for the right person**

## **Build in transparency – encourage multiple people in decisions**

## **Consumer outreach and education**



# Prevention - Consumer Education

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**Financial agents have an opportunity to help PREVENT financial exploitation.**

Help empower your customers with information!

A few resources...

[FDIC Money Smart](#)

[AARP Fraud Watch](#)

[Consumer Financial Protection Bureau](#)



# Other Referral Options

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- Legal Services for the Elderly: Help them make the first call. Provides free legal services to all older adults, Power of Attorney help
- Consumer Law Project for Elders: Consumer debt and identity theft  
1-800-296-1467
- Area Agencies on Aging: benefits and support services. 1-800-994-9422
- Senior Centers or Town Social Service Offices or Access Agencies: Call Infoline 2-1-1
- Domestic Violence Hotline: 1-888-774-2900
- Sexual Assault Hotline: 1-888-999-5545
- CT Department of Banking Consumer Affairs 1-800-831-7225 or other Regulatory agencies specific to your industry (e.g. Dept. of Insurance)



# Special Thanks

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**Laura Snow, Director of the Institute on Aging and the Center for Elder Abuse Prevention at the Jewish Home in Fairfield**



## Connecticut Elder Justice Coalition



For more information about the information contained in this presentation, contact Connecticut's Legislative Commission on Aging at the State Capitol / [coa@cga.ct.gov](mailto:coa@cga.ct.gov) 860-240-5200

