Identifying Financial Fraud and Exploitation

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Financial Exploitation

- Crime of the Century

- Survey of States – National Adult Protective Services Association
  - 2000 – 13% Financial Exploitation
  - 2004 – 22% Financial Exploitation

- Triangle Research Institute Study (draft)
  - 1950 – 2000 U.S. Population grew 87%
    - Age 65+ grew 188%
    - Age 85+ grew 635%
Adult Protective Services Industry

- Barriers when approaching banks
  - Privacy Concerns
  - Speaking a Different Language
- Massachusetts & Oregon banking projects
- Philadelphia Corporation for Aging
  - Financial Exploitation Specialist
  - Wachovia Project
PCA/Wachovia Partnership

- September 2003 – Pilot expanded to entire state of Pennsylvania.
- January 2004 – Program is rolled out to all Wachovia Financial Centers in 11 states plus the District of Columbia.
- 2007 - 31 states trained over 3000 Financial Centers
Wachovia Program: Training Outline

- Background
- Philadelphia Pilot
- Expanded Pilot
- Types of abuse
- Scams
- Red flags
- Roles
Purpose

- Introduce a program which partners Wachovia Financial Centers, Wachovia Loss Management and Adult Protective Services
- Provide Wachovia staff with training to identify and help prevent the financial exploitation of the elderly
Background

- Older Adult Protective Services Act of 1987-PA
  - “Older Adults who lack the capacity to protect themselves.....shall have access to services necessary to protect their health, safety, and welfare.”

- Exploitation - PA
  - “An act or course of conduct by a caretaker or other person against an older adult or older adult’s resources, without the informed consent of the older adult or with consent obtained through misrepresentation, coercion, or threats of of force, that results in monetary, personal or other benefit, gain or profit for the perpetrator or monetary or personal loss to the older adult.”

- Bank Reporting - PA
  - Any person MAY report
  - APS shall have access to all documents relevant to the investigation
  - Banks are immune from civil or criminal liability unless the reporter acted in bad faith or with malicious purpose
Background

- Adult Protective Services
  - Receive reports of abuse
  - Conduct investigations
  - Carry out client assessments and develop service plans
  - Arrange for available services needed to correct or eliminate abuse, neglect, exploitation or abandonment of older adults

- PA Eligibility: A person reported to be in need of Protective Services must meet all of the following criteria:
  - Is at least 60 years of age
  - Cannot perform or obtain, without help, services necessary to maintain physical or mental health
  - Has no responsible caretaker
  - Is at imminent risk of danger to his/her person or property.
Background

- Role of the Financial Community
  - Eyes and ears in the community
  - Inherent trust relationship with our clients
  - Expertise in financial fraud that is lacking in social workers
- Commitment to Protecting customers
- Role of employees in the general community
Philadelphia Pilot

- Partnership between Philadelphia Loss Management, Philadelphia Financial Centers, Legal, Operations Consultants, and Philadelphia Corporation for Aging

- 6 Week Results:
  - 24 Referrals Tracked (Philadelphia+): 6 from APS to Wachovia and 17 from Wachovia to APS
  - $31,500 in losses prevented
  - $765,000 in assets protected
Expanded Pilot Results

During the first year, 126 cases were tracked. Wachovia referred 112 to APS and 14 were referred to Wachovia from APS. $467,000 in losses were prevented and $1.3 million in balances were protected.

- 5 POA's were appointed or removed
- 7 Criminal Complaints were filed
- 5 Abusers were removed from the elder's home
- 10 Guardians were appointed or removed
- 2 Representative Payees were appointed
- 2 Protective Orders were issued
- 18 received general APS assistance
- 14 Losses were prevented (no additional APS assistance)
- 35 Unsubstantiated/Client deemed competent
- 28 Still Pending at the pilot conclusion
Types of elder financial abuse

- Countless variations
- Two principal categories of financial exploitation:
  - By strangers
  - By persons with a relationship to the senior
- Helping agencies and their responses vary according to which type of abuse is occurring
Types of Abuse

- **Self Neglect** failure by oneself to provide goods or services essential to avoid a serious threat to one’s physical or mental health.

- **Neglect** Intentional failure to fulfill care giving obligations, infliction of physical or emotional stress or injury, abandonment, denial of food, medication, personal hygiene, etc..

- **Physical Abuse** infliction of physical pain or injury, etc..

- **Psychological Abuse** infliction of mental anguish by demeaning name calling, threatening, isolating, etc...

- **Financial Abuse** illegally or unethically exploiting by using funds, property, or other assets of an older person for personal gain.

* Financial Abuse is the focus but the other types have been detected by financial center personnel and reported. Recognizing the signs can prevent financial fraud.
Fraud Against Seniors

- Advance Fee Fraud
- Pigeon Drop
- Bank Employee/Examiner Fraud
- Itinerant Fraud
- International Lottery
- Relative in Distress
- Misappropriation of income or assets by family member or caregiver
- Identity theft
- Telemarketing Scams
Red Flags

- Large out-of-the norm cash withdrawal request.
- Excitement about winning a sweepstakes or lottery.
- Customer has companion with them who seems to be “calling the shots”.
- Customer has no knowledge of newly issued ATM or Checkcard on account.
- Customer confused about account balance or transactions on their account.
- Caregiver getting paid too much or too often.
- Request for new Power of Attorney that customer does not appear to understand.
- Customer concerned about giving out personal and account information to solicitor via the phone or email.
Roles – Branch Office Staff

- Identify the situation - Recognize warning signs in the customer’s activity or behavior.
- Avoid confrontation & try to separate the client from the suspect
- Use probing questions to determine customer intent - let them tell use their own words - no prompting
- Delay the suspicious transaction if possible
- Contact the fraud department (Loss Management)
- Be aware of recent or new scams & fraud schemes
Roles – Bank Fraud Dept

- Document situation
- Take immediate protective action on accounts – follow normal prevention and recovery steps.
- Make report to Adult Protective Services
- Provide necessary research & investigative assistance to APS as needed
- Monitor account during legal proceedings
- Advise financial center of final outcome
Roles – Adult Protective Services

- Confidential
- Investigate
- Make contact
- Interview
- Review information
- Possibly contact law enforcement
- Make a determination
- Advise bank of decision
Lessons Learned - Wachovia

- Financial Center employees are in a very good position to identify abuse or neglect and they want to help their clients.
- Elder Abuse training for tellers, and transaction review by fraud investigators, will reduce unnecessary referrals.
- Some cases take months while APS petitions the court for guardianship.
- Some APS workers are reluctant to provide case updates but most are cooperative.
- Sometimes we have to let go - even when we know the senior is throwing their money away. Self determination is a critical factor.
- In some cases there is no fraud - but our teller may be the only person who can identify a senior in need.
- 7 out of 10 times when they think there is something wrong….they are correct.
Next Steps

- Involve Branch Operations, Training, Legal and Loss Prevention staff in planning
- Determine roles and responsibilities within your organization
- Make contacts with local area agencies on aging
- Customize training program
- Deliver training to customer facing employees and fraud investigations staff
- Determine how referrals will be tracked
- Implement and track results
WACHOVIA Figures

2004
723 cases
$521,586 losses prevented
$65,571 actual losses-reimbursed by the bank
$736,593 assets at risk

2005- first 5 months
282 cases
$93,364 losses prevented
$72,713 actual losses
$998,457 assets at risk

21 States-2007
3100+ Financial Centers will be trained
BITS FRAUD PREVENTION TOOLKIT

- 100 of the largest Financial Institutions in United States
- Distribution across the country
- Web cast-American Bankers Association
Resources

- NAPSA: www.apsnetwork.org
- National Center on Elder Abuse:
  American Bar Association Publication” Can Bank Tellers Tell”
  www.elderabusecenter.org
- Stopseniorscams.org
- Bitsinfo.org
- PCA Older Adult Protective Services
  215-765-9040
Philadelphia Corporation for Aging (PCA) is a private, non-profit organization serving as Philadelphia county's Area Agency on Aging (AAA) since 1973. PCA's mission is to improve the quality of life for Philadelphians who are older or have disabilities by helping them achieve maximum levels of health, independence and productivity. PCA contracts with a variety of providers and community organizations to deliver a variety of social support, legal and health care services to over 100,000 Philadelphians.

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About BITS

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Questions and Answers