

DEPARTMENT OF JUSTICE

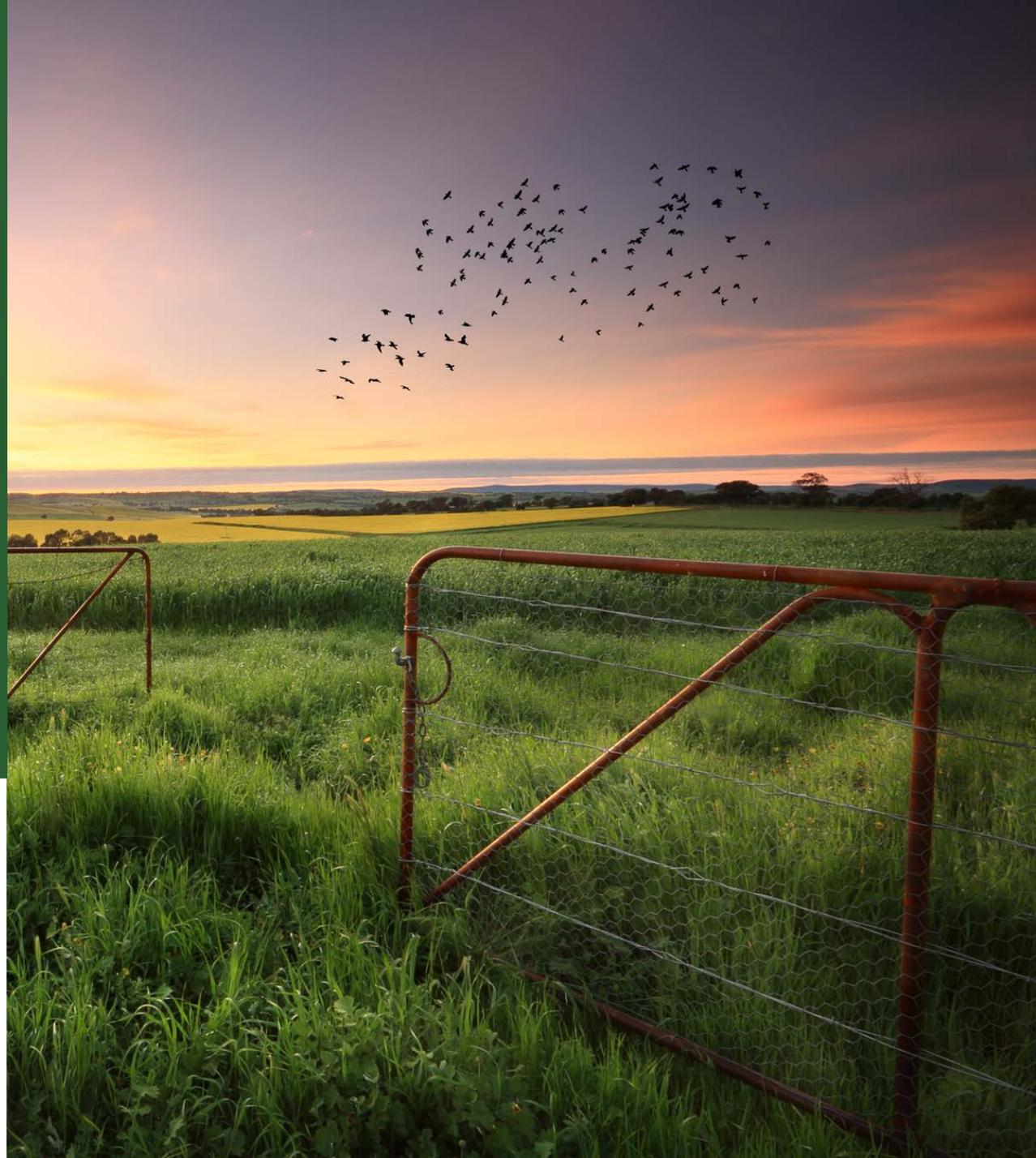
# ElderJustice INITIATIVE



Rural and Tribal Elder Justice  
Webinar Series

## Resources for Financial Institutions To Prevent and Protect Against Elder Financial Exploitation

DECEMBER 20, 2018



# ELDER JUSTICE INITIATIVE

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The **mission** is to support and coordinate the Department of Justice's enforcement and programmatic efforts to combat elder abuse, neglect, and financial fraud and scams that target older adults.

The Initiative does so by—

- Promoting justice for older adults.
- Helping older victims and their families.
- Enhancing state and local efforts through training and resources.
- Supporting research to improve elder abuse policy and practice.

# ELDERJUSTICE.GOV

**You're fighting elder abuse on the front lines. We've got your back.**

The mission of the Elder Justice Initiative is to support and coordinate the Department's enforcement and programmatic efforts to combat elder abuse, neglect, and financial fraud and scams that target our Nation's seniors.



# PRESENTERS

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- ▶ **Lisa Bleier, J.D.**, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association (SIFMA)
- ▶ **Billie McNeeley**, Financial Exploitation Specialist, Aging & People with Disabilities, Oregon Department of Human Services



*Invested in America*

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**ELDER JUSTICE INITIATIVE**

DEVELOPMENTS IN UNDERSTANDING AND COMBATING SENIOR  
FINANCIAL EXPLOITATION

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DECEMBER 2018

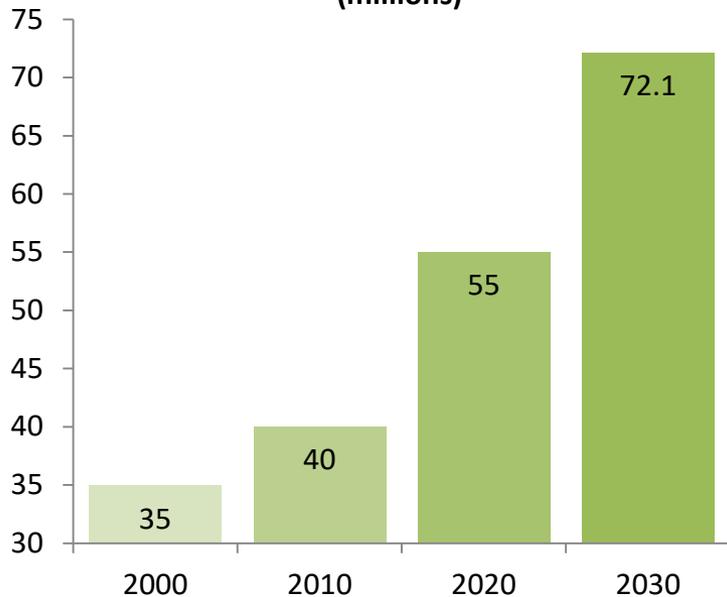
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# The Importance of Protecting a Growing Senior Population

# 10,000...

10,000 Americans will turn 65 every day through 2030.

**Projected Increase of 65+ Age Group  
(millions)**



- Currently, Americans over the age of 50 account for **77%** of all financial assets in the United States (and more than half of them utilize financial advisors)
- By 2030...
  - Seniors aged 65+ will account for **18%** of the nation's population

*Life expectancies are on the rise and cases of reported elder abuse are increasing. **This is not a problem that is going away.***

# The Reason for Concern

>50%

## Familiar Faces

- Unfortunately, more than half of all senior financial exploitation is perpetrated by **friends, family members, or caregivers**. This exploitation can be wide-ranging, is often the most difficult to prevent, and is the most under-reported form of senior financial exploitation. A victim of such exploitation may even seek to cover up such abuse out of feelings of guilt, shame, or loyalty.

- A MetLife study found that seniors lose at least **\$2.9 billion** each year to **financial exploitation in media-reported cases\***

\$2.9 B

1 in 44

- The National Adult Protective Services Association estimates that only **1 in 44 cases of financial abuse are ever reported to the authorities**

1 in 5

- It is estimated that **1 in 5** Americans aged 65 or older have been **victimized by financial fraud**

# Financial Exploitation Is...

- Third-party fraud
- Family member exploitation
- Red flags of exploitation
- Red flags of cognitive impairment

# Scams: Third-Party Fraud



**Granny Scam**



**Sweetheart & Romance Scams**



**Jamaican Lottery Scam**



**Nigerian Letter Fraud**



# Family Member Exploitation

- Purchases on older person's credit
- Inheritance impatience

## Red Flags Are...

- Social – is being isolated, accompanied by an unfamiliar “caregiver”
- Physical – dependent on another for care, repeatedly calls seeking same information
- Behavioral – withdrawn, depressed

## Red Flags Are...

- Abrupt changes – unexplained withdrawals or wire transfers
- Changes to the will beneficiary
- Purchases that are inconsistent with previous lifestyle



# New Tools in the Toolbox To Combat Exploitation

# New Tools in the Toolbox To Combat Exploitation

- New FINRA Rules
  - 4512 Amendment
  - New Rule 2165

## New Amendments to Rule 4512

- Requires firms to attempt to collect trusted contacts for new and existing clients.
- Requires firms to attempt to regularly update that information.
- Includes an exemption for institutional accounts.
- Effective February 5, 2018.

Full text of the rule:

[http://finra.complinet.com/en/display/display\\_main.html?rbid=2403&record\\_id=17537](http://finra.complinet.com/en/display/display_main.html?rbid=2403&record_id=17537)

# TRUSTED CONTACT

## Trusted Contact Authorization Form

- To be used in certain circumstances:
  - If customer cannot be reached
  - If firm has concerns about health status or well-being of customer
  - If firm believes customer may be a victim of fraud/exploitation
- Allows firms to share information

Trusted Contact Authorization Form

 Lincoln Financial Network

Account Number(s): \_\_\_\_\_

By my signature below, I authorize Lincoln Financial Network ("LFN") and its affiliates to share my nonpublic personal information\* held by LFN to the named Authorized Individual identified below. This authorization includes, but is not limited to, any of the undersigned client's information regarding securities, insurance, bank related, financial planning or other financial products or services offered by or through LFN or any financial information the undersigned may have provided to LFN.

I understand that LFN may contact the named Authorized Individual if there are questions/concerns about my whereabouts or health status (i.e., if LFN becomes concerned that I might no longer be able to handle my financial affairs) or in the event that LFN becomes concerned that I may be a victim of fraud or exploitation.

LFN suggests that the named Authorized Individual not be someone authorized to transact business on the account or who is already otherwise able to receive the information described above.

Name of Trusted Contact Person	Relationship:
Daytime Phone:	Email:
Evening Phone:	City and State:
Street Address:	

Check here if this Trusted Contact Authorization supersedes a previous Contact Authorization:

I understand that there is no requirement that LFN reach out to my contact person and that I may withdraw this Trusted Contact Authorization at any time by notifying LFN in writing at the address shown on my account statement. By signing below, I and my heirs, hold LFN harmless if we either act, or fail to act, on your stated preferences based upon our own best judgement.

Client Signature \_\_\_\_\_

Printed Name \_\_\_\_\_

Date \_\_\_\_\_

\* "Nonpublic personal information" includes, but is not limited to: financial account information and balances, recommendation for purchase of a security or insurance product, and as defined in Title V of the Federal Financial Services Modernization Act of 1999 as amended, or as defined by any other federal or state law, personally identifiable financial information provided by a consumer to a financial institution, (ii) resulting from any transaction with the consumer or any service performed for the consumer, or (iii) otherwise obtained by the financial institution.

Lincoln Financial Network is the marketing name for the retail sales and financial planning affiliates, Lincoln Financial Securities Corporation and Lincoln Financial Advisors Corporation, both dually registered broker-dealer and investment adviser entities.

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## New Rule 2165

- Provides a safe harbor from FINRA Rules 2010, 2150, and 11870, allowing firms to temporarily hold suspicious disbursements for up to 25 days (or longer if ordered by a court or state agency of competent jurisdiction).
- Focuses on disbursements.
- Includes recordkeeping and compliance requirements.
- Effective February 5, 2018.

# State Report & Hold Laws

## Laws:

**Alabama** – Act No. 2016-141

**Alaska** – Chapter 65 SLA 2018

**Arkansas** – Act No. 668 (2017)

**Colorado** – Chapter 289, Session Laws of 2017

**Delaware** – Title 31 Chapter 39 Delaware Code (2015)

**Indiana** – Act. No. 221 (2016)

**Kentucky** – Acts 2018, Ch. 127

**Louisiana** – Act No. 580 (2016)

**Maryland** – Ch. 838, 2017

**Minnesota** – Ch. 161, Laws of 2018

**Mississippi** – Sec. 75-71-413 MS Code of 1972 (2017)

**Missouri** – RSMo 409.600-409.630 (2015)

**Montana** – Chapter 84 (2017)

**New Mexico** – Chapter 106 of 2017

**North Dakota** – New Section in Ch. 10-04-08.5, Code of ND (2017)

**Oregon** – Chapter 514, 2017 Laws

**Tennessee** – Pub. Ch. 424 (2017)

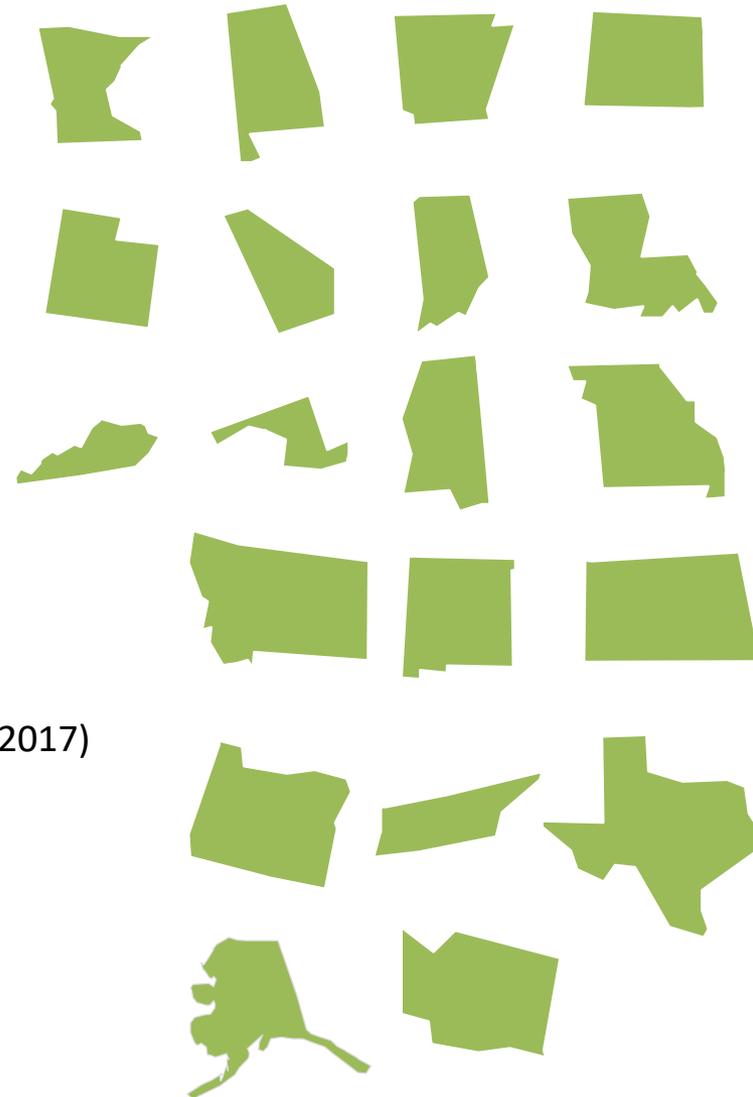
**Texas** – Art. 581-45 Vernon's TX Civil Statutes (2017)

**Utah** – Sec. 61-1-201 – 206 Utah Code Annotated

**Washington** – Ch. 133, Laws of 2010

## Rules:

**Vermont** – Regulation S-2016-01



# More Tools in the Toolbox

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- Senior Safe Act of 2017 – new law
  - Provides broader protections for firms that report suspicions of elder financial exploitation to state and federal regulators and investigators

- If you have additional questions, please contact me at [lbleier@sifma.org](mailto:lbleier@sifma.org)
- Visit our Senior Investor webpage and download our Toolkit at:
  - <https://www.sifma.org/resources/general/senior-investor-protection-toolkit/>
  - <https://www.sifma.org/explore-issues/senior-investors/>

Lisa J. Bleier

SIFMA

Managing Director and Assoc. General Counsel

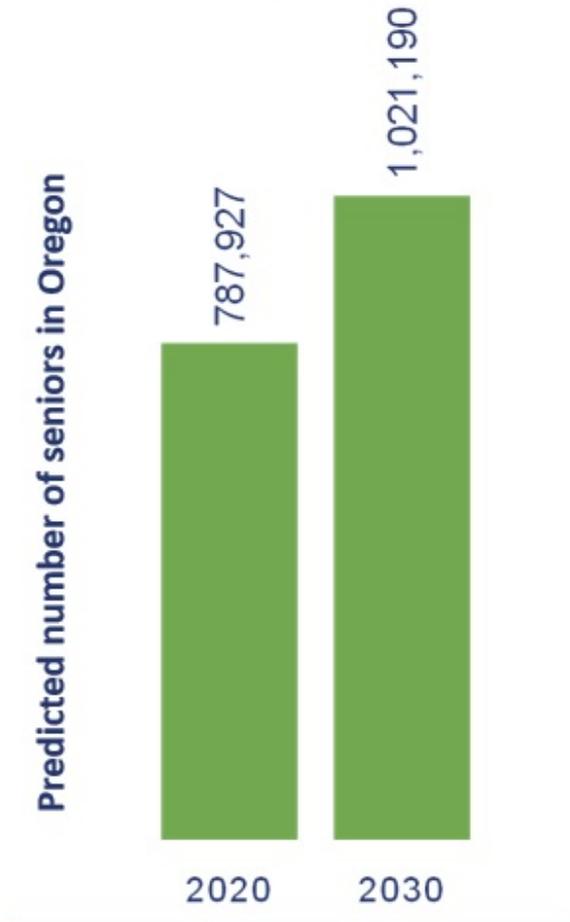


# Detecting and Preventing Financial Exploitation

## A Closer Look for Rural America



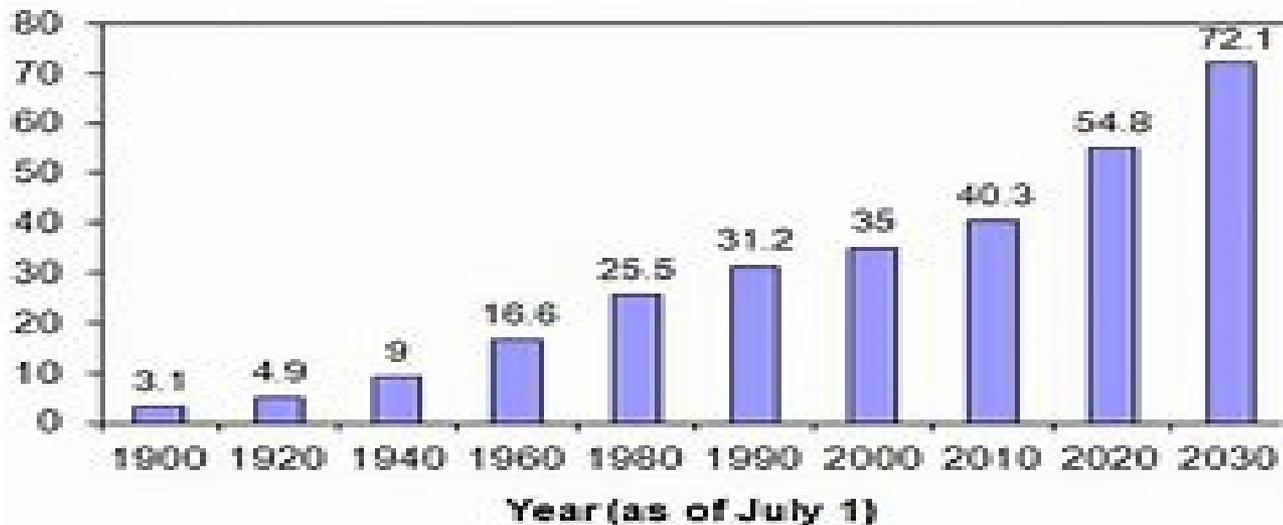
# Projected Growth of Oregon Seniors



Projected growth of Oregon's senior population from 2012 to 2030 is 175%

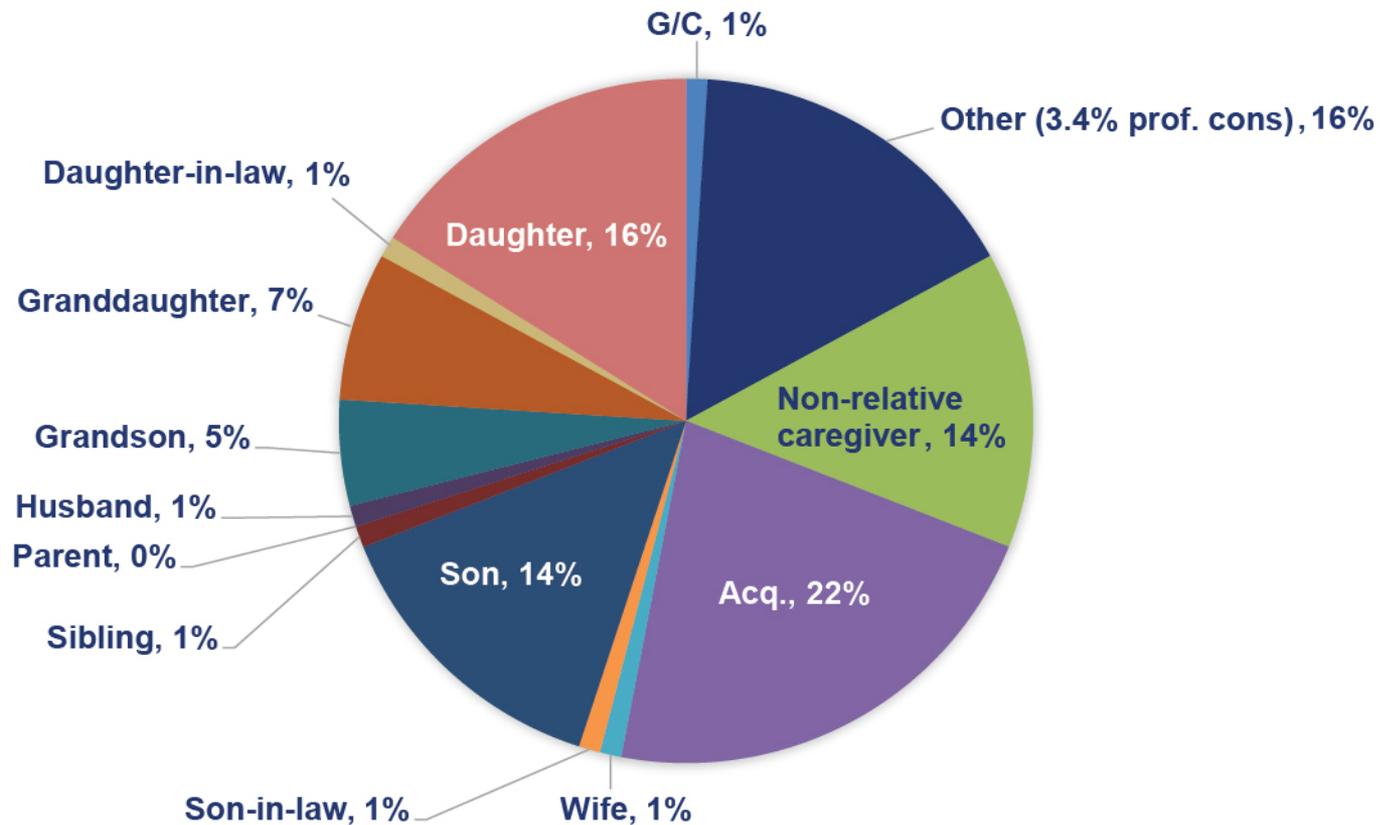
# Nationally

**Figure 1: Number of Persons 65+,  
1900 - 2030 (numbers in millions)**



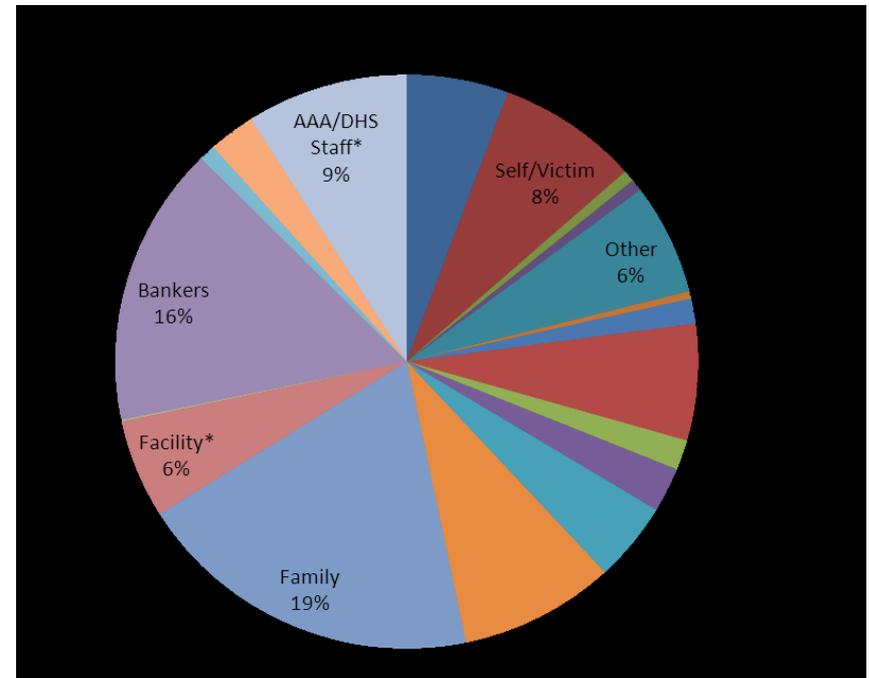
# A closer look at perpetrators

## FINANCIAL EXPLOITATION

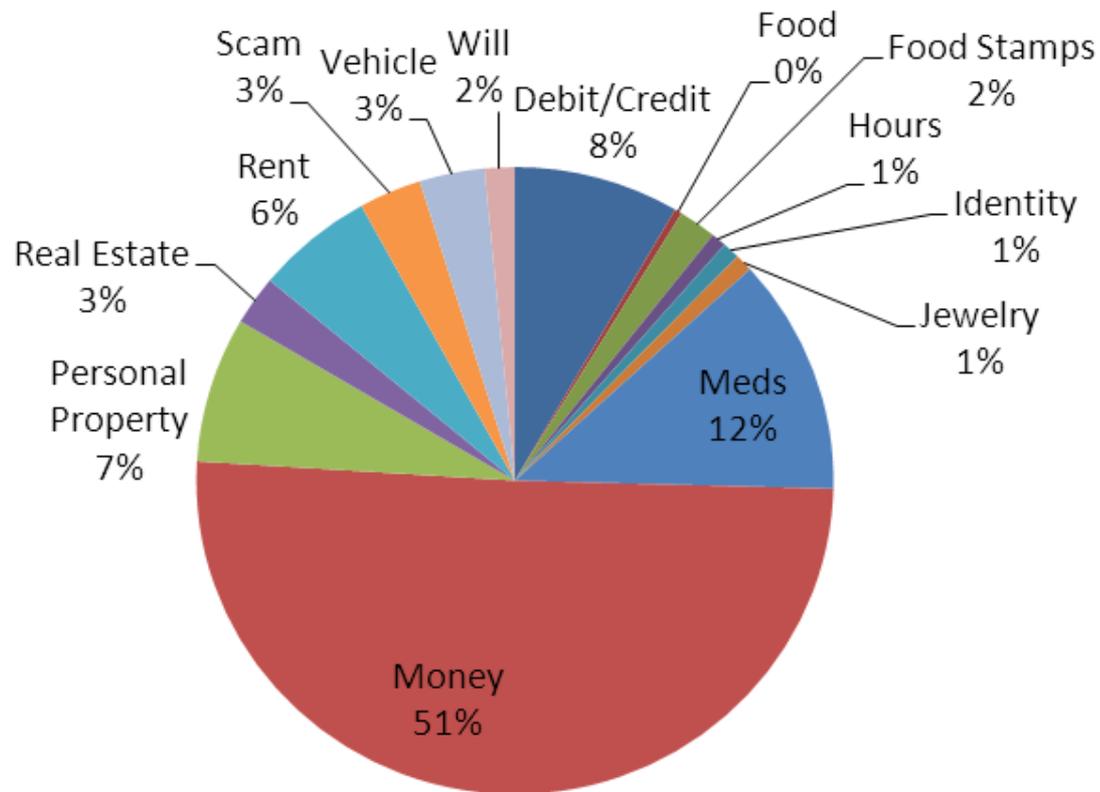


# Who Reports?

- Anonymous 3%
- Attorney 1%
- Friend/Neighbor 9%
- Health Care 4%
- Home Health 3%
- Hospital 2%
- LEA 7%
- Mental Health 1%
- Physician 1%
- Public Official 1%
- Social Services 6%



# What is Taken?

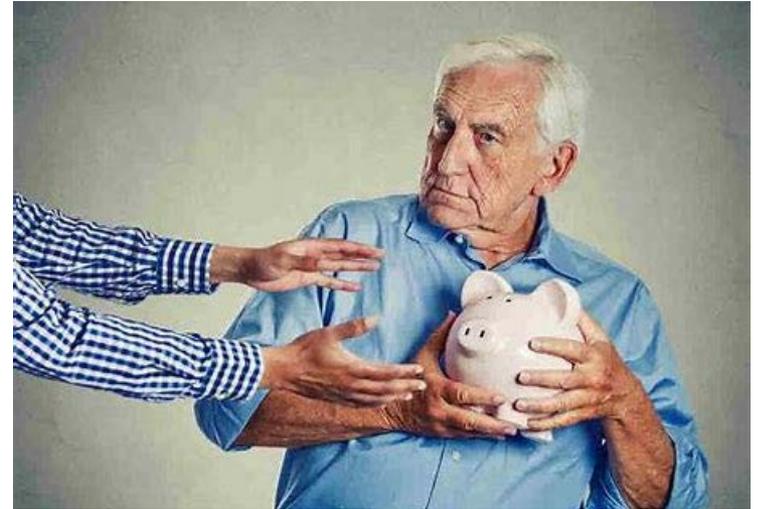


# Why Does This Matter?

Retirement Savings Lost:

*Average US Victim Loses*

**\$120,000**



*Average Retirement Savings at 50*

**\$108,000**

# Financial Institutions Lose Too!



# Let's Talk Rural Problems

- Resources! Resources! Resources!
- Accessibility of resources
- Inadequacies of existing health care treatment
- Inadequacies of support systems for caregivers
- Minorities/ESL



# Reporting Issues in Rural Areas

- May be acquainted/known to law enforcement, healthcare professionals and other reporters
- May think they will not be taken seriously
- Confidentiality might not be maintained
- Reputations will be damaged
- They don't want to make it worse



# Tribal Specific Issue

Judicial authority for crimes of abuse by non-tribal people on tribal lands has been *historically limited*.



# Let's See the Numbers

- 34%- dealt with in another way or considered it a personal matter
- 18%-Not important enough to report
- 16%-Police couldn't/wouldn't help
- 13%-Fear of reprisal or getting the victim in trouble
- 18%-"Other"

(Non-reporting to police in rural areas per Bureau of Justice Statistics)

# What Can We Do?

- Training for financial institutions
- Changes in legislation (Oregon update)
- Partnering and communication



# BankSafe

- Arm the frontlines
- Raise awareness
- Tap consumer research
- Spread industry promising practices



# BankSafe Focus

- Preventing financial exploitation
- Empowering financial caregivers
- Helping those with dementia
- **Making banking tools and learning environments easier to access** (real life scenarios, easy to navigate, short trainings, gamification)

# 11 States to Pilot BankSafe

- Oregon
- California
- Utah
- Arizona
- Colorado
- Minnesota
- Ohio
- Tennessee
- Georgia
- Florida
- Vermont



# Other Resources

- Oregon Bankers Association Toolkit

<https://www.oregonbankers.com/preventing-elder-financial-exploitation-toolkit.html>

- American Bankers Association (ABA) Safe Banking for Seniors

<https://www.aba.com/Engagement/Pages/safe-banking-for-seniors.aspx>

- Protecting Seniors: A Resource Guide for Partnering with Law Enforcement and Adult Protective Services

<https://www.aba.com/Engagement/Documents/Protecting-Seniors-Partnership-Guide.pdf>

- Consumer Financial Protection Bureau Resource's Guide for Elder Financial Exploitation Prevention & Response Networks

[https://files.consumerfinance.gov/f/documents/082016\\_cfpb\\_Network\\_Resource\\_Guide.pdf](https://files.consumerfinance.gov/f/documents/082016_cfpb_Network_Resource_Guide.pdf)

# Contact:

*Department of Human Services, Aging and People with Disabilities*  
*Phone: 503 689-3869*

Billie McNeely,  
State Financial Exploitation Specialist  
Email: [billie.mcneely@dhsoha.state.or.us](mailto:billie.mcneely@dhsoha.state.or.us)

# Questions

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**Elder Justice Initiative**

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