The concept of elder financial abuse is a topic that advisors should be aware of, and as financial professionals they also should consider taking a more active role to address it.

**Magnitude of the Problem**
A few statistics from references cited below reveal the magnitude of the problem:

- In 2011, the annual financial loss by victims of elder financial abuse was estimated to be at least $2.9 billion dollars, a 12-percent increase from the $2.6 billion estimated in 2008. I suspect the number is probably higher today. In addition, women are nearly twice as likely to be victims of elder abuse as men. Most victims were between the ages of 80 and 89, lived alone, and required some level of help with either health care or home maintenance; and the number of incidents appears to increase during the holiday season (November through January). Elder abuse, including neglect and exploitation, is experienced by one out of every 10 people age 60 and older who live at home. For every one case of elder abuse detected or reported, it is estimated that approximately 23 cases remain hidden.

- In several small studies, about half of people with dementia suffered abuse or neglect by their caregivers. Preliminary research indicates that intervention with potential perpetrators may be more effective than intervention with victims in preventing elder abuse.

**Making It Personal**
Below are two real-life stories from the MetLife Study on Elder Abuse that illustrate the problem (see endnote 1).

**Channel 8 News, Tampa, Florida, December 9, 2010:** "Investigators say age and infirmity made her the perfect target. Two water purification salesmen are under arrest, accused of taking more than $37,000 from an 88-year-old woman for filtration equipment valued at no more than a few hundred dollars. Relatives say the woman lived by herself, suffered from dementia, and handled her own finances. By her own account, her door and checkbook stayed open for charities and con artists alike. Her son, Gary Vann, a psychologist who lives and practices in Michigan, wants to get her story out as a warning to others. 'She doesn't even know what she was sold,' Vann said. ... The arrest report says bank records show that she also wrote checks ... time and again, amounting to at least $23,510.'"

**CBS Evening News, December 23, 2010:** "Marie and Cliff Long lived frugally and invested wisely. Cliff died in 2003. Madelon and Jeanette are Marie's sisters. Jeanette said her sister had about $1.3 million saved up—enough to last the rest of Marie's life—or so the couple thought. To make decisions on her finances and care, the court appointed a guardian—an agency called 'The Sun Valley Group.' First, as guardian, Sun Valley's owners Peter and Heather Frenette hired themselves to provide Marie's personal care. That way they collected not only guardian fees, but up to $15,000 a month in companion care fees, too. Jeanette says her sister's financial status today is 'Zero. Everything's been taken from her.' Today, Marie is 89 and now lives on Medicaid at taxpayer expense. Sun Valley withdrew as her guardian 12 days after her money ran out."

**How to Help**
The following suggestions are from the National Committee for the Prevention of Elder Abuse. Keep them in mind as you see older clients who fit the risk profile (i.e., are isolated, lonely, have recent losses, physical or mental disabilities, lack skills in financial matters, etc.).

Be aware of potential perpetrators who could include

- Family members (sons, daughters, grandchildren, or spouses),
- Predatory individuals who seek out vulnerable seniors (sweetheart scams or caregivers), and/or
- Unscrupulous professionals or people posing as such (who overcharge for services, etc.)

Watch out for typical indicators such as

- Unpaid bills, eviction notices, utility shut-off notices,
- Unexplained or unusual fund transfers or cash withdrawals,
- New "best friends,"
- Absence of documentation regarding financial arrangements or legal documents that are not understood by the senior, and/or
- Change of mailing address or missing bank statements

Identify additional resources available to help you follow up on suspicious activity such as

- Your firm's legal and compliance team,
- Local law enforcement specialty teams for elderly, and/or
• Financial Industry Regulatory Authority (FINRA) seniors helpline at 1-844-574-3577

Mark Harbour, CPA, CIMA®, CFA®, has served in various volunteer roles and most recently was chair of the Ethics Task Force that worked to revise the Code and Standards for the Investment Management Consultants Association® (IMCA®). He is a past president of the CFA Society of Los Angeles. Contact him at harboal@ca.rr.com.

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Top Scams of 2015. This AARP blog summarizes key information for 2015, including Internal Revenue Service imposters, tech-support scams, foreign lotteries, sweepstakes winners, and grandparent scams; http://blog.aarp.org/2015/12/25/top-scams-of-2015/?intcmp=AE-MON-CONP-SPOT1-SCAMS.

National Center on Aging. This website offers statistical research and suggestions for how to get involved; https://ncoa.acf.gov.

Aging Parents and Adult Children Together. A/Pact is a series of 10 articles produced by the Federal Trade Commission in partnership with AARP introducing eldercare issues and tips for investigating options and making decisions that maximize independence, comfort, and quality of life for seniors; http://babel.hathitrust.org/cgi/pt?id=uiug.30112004822620;view=1up;seq=3.

Endnotes


4. “The Elder Justice Roadmap” is a report that emerged from a stakeholder initiative to respond to an emerging health, justice, financial, and social crisis. The report was funded by the U.S. Department of Justice with support from the Department of Health and Human Services and is available at http://www.ncea.acl.gov/Library/Gov_Report/docs/EJRP_Roadmap.pdf.