



# **ELDER FINANCIAL ABUSE:**

# **WHAT FINANCIAL INSTITUTIONS CAN DO TO PREVENT IT**

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# INTRODUCTION

According to AARP, elder financial exploitation costs older Americans **\$28.3 billion** per year. Older Americans and their families are suffering tremendous losses—financially, mentally, and physically—as a result of this growing problem. You are already well aware of this, which is why you are here with us today.



# INTRODUCTION

What are the responsibilities of those involved with elder financial abuse, including financial institutions?  
How can we press for powerful and permanent fixes that protect older adults from losing their life savings?  
Why are current solutions not working? Where do we go from here?



# AGENDA

**01** ELDER FINANCIAL ABUSE: AN OVERVIEW

**02** ELDER FINANCIAL ABUSE: AN EVER-EVOLVING PROBLEM

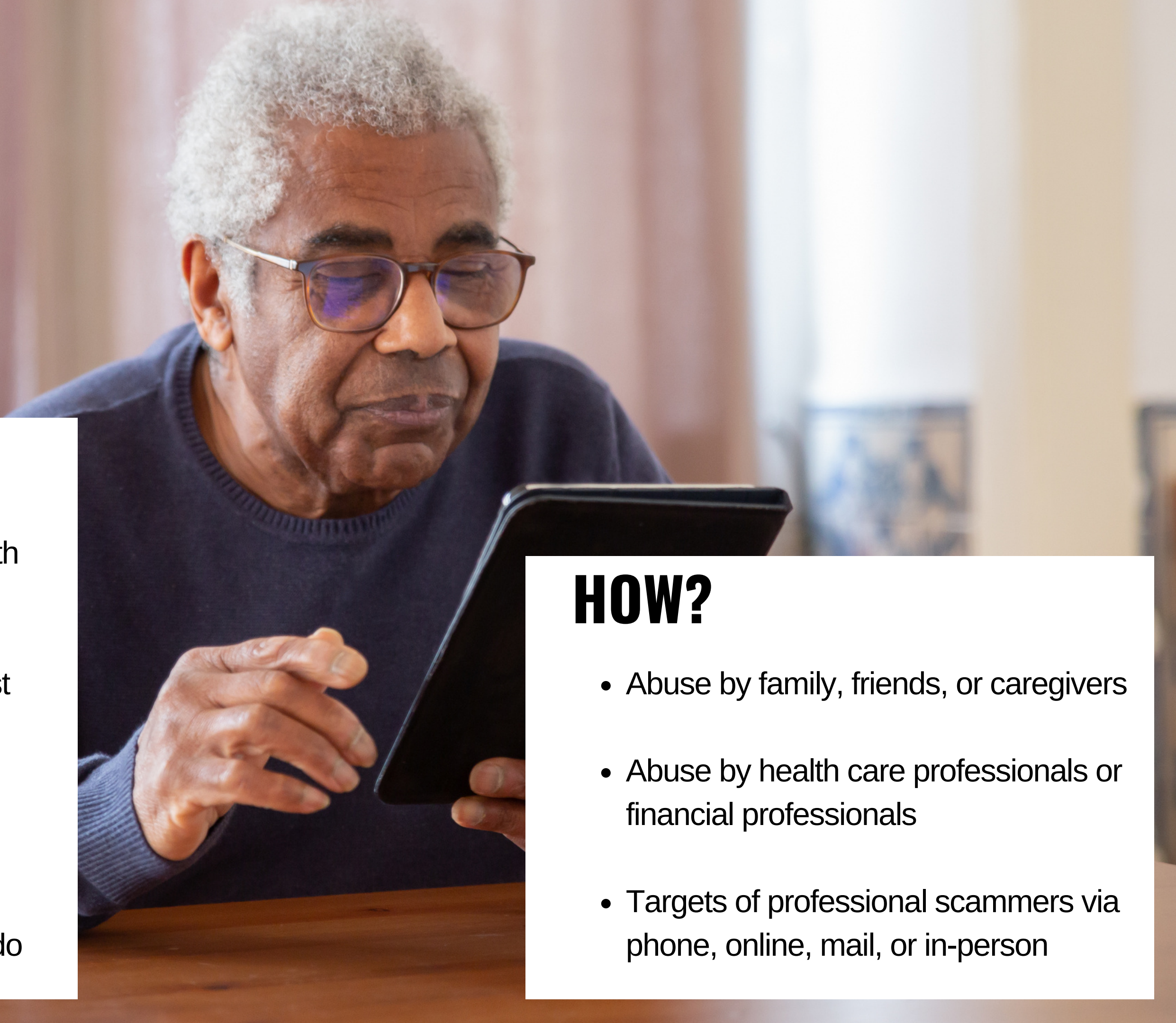
**03** VICTIM STORIES

**04** CALIFORNIA ELDER ABUSE LAW: UNCLEAR STANDARDS

**05** EXISTING IDEAS AND PROPOSED SOLUTIONS

**06** QUESTIONS

# ELDER FINANCIAL ABUSE



## WHY?

- Older adults have built up more wealth than younger people
- Older adults are discriminated against and dehumanized
- Older adults may have mild cognitive impairment
- Scammers are experts at what they do

## HOW?

- Abuse by family, friends, or caregivers
- Abuse by health care professionals or financial professionals
- Targets of professional scammers via phone, online, mail, or in-person

# EXAMPLES

real  
estate  
fraud

forgery

unsuitable  
insurance

419 scam

changes  
to will

grandparent  
scam

tech  
support  
scam

unauthorized  
access to  
accounts

living  
trust  
mill

# RED FLAGS (not an exhaustive list)

Uncharacteristic banking activity, including more frequent or larger withdrawals

Large wire transfers to strangers

Transfers to foreign bank accounts

Older customers unwilling to discuss purpose of transactions





# WHAT HAS CHANGED?

Just 10 years ago, scams took place mostly in-person or through the mail. Sometimes, they took place over the phone. The scam landscape has changed dramatically.

Scammers now primarily target seniors:

- online
- calls using spoofed phone numbers



# THE OLD WAY

Scammers have always had their preferred ways of getting older adults to part with their hard-earned money. Scammers used to talk older adults into transferring funds through money transfer businesses or via the purchase of untraceable gift cards or pre-paid debit cards.



# THE CURRENT WAY

Although victims continue to pay scammers via gift cards (and now, bitcoin), DOJ and FTC settlements with Western Union and MoneyGram have led to significant fraud safeguards for customers of those companies. Older adults are now more likely to wire money to scammers directly from their own banks.



# ELDER FINANCIAL ABUSE VICTIMS



**ALICE LIN**

A scammer reached out to 80-year-old Ms. Lin with a text message, convincing her to invest in “cryptocurrency.” After guiding her to download a fake cryptocurrency trading app, the scammer convinced Ms. Lin to make 7 wire transfers over a two-week period, totaling \$720,000. Chase Bank never contacted Ms. Lin’s daughter regarding these suspicious transactions, even though her daughter is joint on the account. Instead, Chase bank assisted the scammer by processing each wire—charging the standard fee for each transfer.

# ELDER FINANCIAL ABUSE VICTIMS



## WILLIAM AND AVE BORTZ

William and Ave Bortz, both in their late 70s, were instructed by scammers to wire nearly \$700,000 overseas. Chase Bank customers for nearly 50 years, neither had ever wired a large sum of money to a foreign country. When they wired the initial \$198,000 payment to Hong Kong at Chase, Chase did not flag the request as suspicious. Instead, Mr. and Mrs. Bortz were charged a \$50 wire transfer fee and invited to join a private banking service.

# BANKS AS GATEKEEPERS

Financial institutions play a vital role in preventing and responding to elder financial abuse. They are uniquely positioned to detect when an elder account holder has been targeted or victimized—and to take action. Why are older adults not being better protected by their financial institutions?

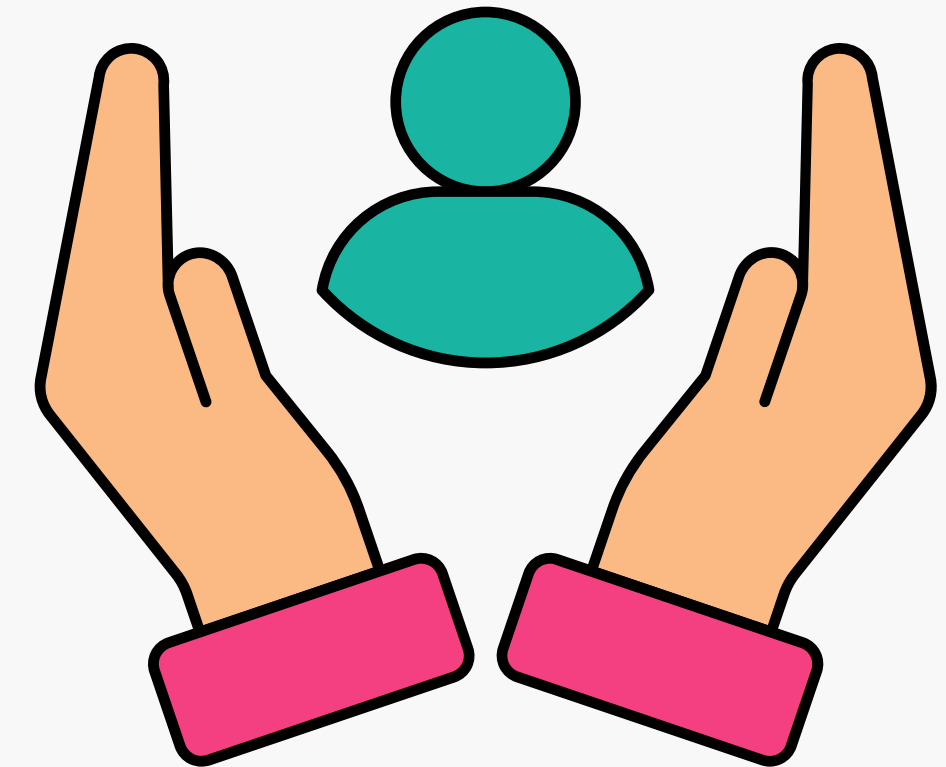


- Emphasis on reporting over prevention
- Little incentive to detect elder financial abuse
- No standardized training for financial institutions
- Ineffective “Know Your Customer” algorithms
- Untested and unproven educational efforts



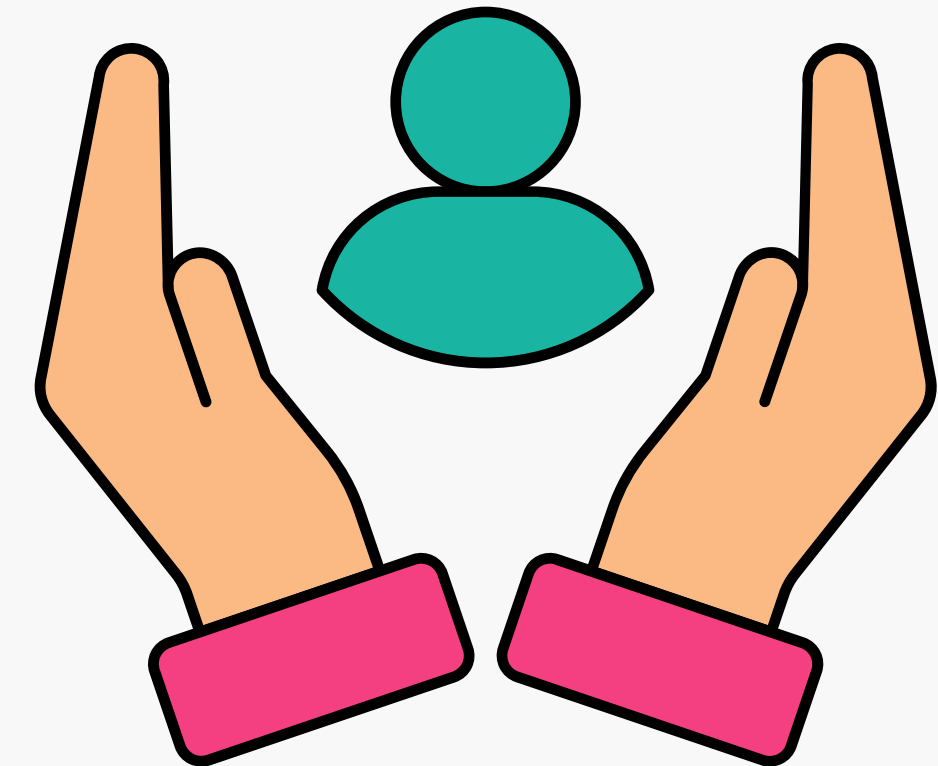
# EADACPA

California has a protective Elder Abuse and Dependent Adult Civil Protection Act ("EADACPA") that protects Californians age 65+ regardless of their possible cognitive deficits.



# EADACPA

The California Legislature recognizes that elders and dependent adults may be subjected to abuse, neglect, or abandonment, and that **California has a responsibility to protect these persons.**





# EADACPA

As a remedial statute, the EADACPA is to be liberally construed on behalf of the class of persons it is designed to protect.



Banks always argue that the bank must have actual knowledge of the financial abuse in order to be held liable for assisting in the scam.

However, a San Francisco Court has ruled that the better reading—and the one that is more protective of the rights of elders—is that a cause of action for assisting elder financial abuse in violation of WIC § 15610.20(a)(2) ***does not require that the “assister” have actual knowledge of the underlying financial abuse.***

**BANKS AS  
ASSISTERS**



# EXISTING IDEAS



**1**

Western Union and  
MoneyGram  
settlement-style  
protections

**2**

FINRA Rule 2165



# FINRA RULE 2165

Allows FINRA-registered brokers and dealers to refuse to disburse seniors' securities or funds for up to 25 days when elder financial exploitation is suspected

The background of the slide features a 3D-rendered image of a classical bank building facade. The word "BANK" is prominently displayed in large, gold, 3D block letters on the pediment. Below the pediment is a decorative frieze with a Greek key pattern. To the right, a large, circular vault door is partially open, revealing a grid of metal bars and a row of mailboxes or small lockers inside. The overall color palette is dominated by the grey of the building, the gold of the letters and accents, and the blue-grey of the vault door.

# BANK

## CUSTOMER SIDE

- Privacy is king
- No holds on suspicious transactions
- Unilateral decisions by account holders

The background of the slide features a 3D-rendered bank building facade with the word "BANK" in large, gold, block letters. To the right, a circular vault door is open, revealing a grid of green metal safes. The scene is set against a bright orange background on the left side.

# BANK

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## INVESTMENT SIDE

- Encouraged to ask questions
- Hold disbursements up to 25 days
- Trusted contacts encouraged

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**ALL IN THE SAME BUILDING**

# PROPOSED SOLUTIONS



For Immediate Release | June 15, 2023

## **ABA Foundation Joins FBI in Releasing New Guide for Banks to Prevent Elder Financial Exploitation**

Guide offers tips and other information to help front-line bank staff detect and prevent elder financial exploitation





# ELDER FINANCIAL EXPLOITATION

How to Protect Your Customers



 **ABA  
FOUNDATION.**



## **SPOT THE RED FLAGS OF ELDER FINANCIAL EXPLOITATION**



# COMBAT ELDER FINANCIAL EXPLOITATION WITH THE THREE Rs:



**RECOGNIZE**



**RESPOND**



**REPORT**



# SB 278 (DODD) ELDER FRAUD PROTECTION BILL

1

## CLARIFIES EXISTING LAW

Clarifies the standard of care for holding financial institutions civilly liable when they assist in elder financial abuse

2

## PROVIDES CLEAR ABUSE INDICATORS

Requires bank staff to look for the financial and behavioral red flags of elder financial abuse as outlined in FinCEN Advisory FIN-2022-A002

3

## REQUIRES ACTION ON RED FLAGS

When red flags are detected, a financial institution must warn the elder and either contact a joint account holder or the elder's trusted contact person

4

## AUTHORIZES HOLDS UNDER CERTAIN CIRCUMSTANCES

When there is no joint account holder or trusted contact, financial institution is required to temporarily hold a suspicious transaction

**QUESTIONS?**

**WE WANT TO HEAR  
YOUR SUGGESTIONS**



# FURTHER READING

AARP BankSafe Initiative: [The Scope of Elder Financial Exploitation: What It Costs Victims](#)

US Department of Justice: [Western Union Admits Anti-Money Laundering and Consumer Fraud Violations, Forfeits \\$586 Million in Settlement with Justice Department and Federal Trade Commission](#)

Federal Trade Commission: [MoneyGram Agrees to Pay \\$125 Million to Settle Allegations that the Company Violated the FTC's 2009 Order and Breached a 2012 DOJ Deferred Prosecution Agreement](#)

FINRA: [Rule 2165. Financial Exploitation of Specified Adults](#)

[SB 278 \(Dodd\)](#)



THANK YOU

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