

# **BITS Fraud Protection Toolkit**

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## **Protecting the Elderly and Vulnerable from Financial Fraud and Exploitation**

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# Agenda

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- **Background**
- **Financial Exploitation Defined**
- **Role of Financial Institutions**
- **Red Flags, Offenders and Scams**
- **How to Make a Difference**
  - **Role of the Branch Office**
  - **Role of the Loss Prevention Department**
  - **Role of Adult Protective Services (APS)**

# Vulnerable Adult Abuse: Background

## ■ Vulnerable Adults

- Defined as over the age of 60 – 65, depending on the state, or disabled individuals over the age of 18.
- Often lack the physical and mental capability of caring for themselves.

■ Often traced to family members, caregivers and trusted friends.

■ Adult Protective Services (APS) agencies substantiate more cases of financial abuse than physical abuse each year.

■ Only 1 of 14 cases of domestic vulnerable adult abuse incidences is reported.

- Number of cases exceeds 850,000 annually.

# Vulnerable Adult Abuse: Financial Exploitation

- **Financial exploitation can include:**
  - **Illegal or improper use of a vulnerable adult's funds, property or assets.**
  - **Cashing checks without authorization or permission.**
  - **Forging an older person's signature.**
  - **Misusing or stealing an older person's money or possessions.**
  - **Coercing or deceiving an older person into signing any document.**
    - **Contract**
    - **Will**
  - **Improper use of conservatorship, guardianship, or Power of Attorney.**

# Vulnerable Adult Abuse: Role of the Financial Institution

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- A primary role of financial institutions is to protect assets, prevent losses and safeguard consumer information.
- Regular customer contact puts financial institutions in a unique position to detect behavior changes and to assist in protecting customers.
- Proactive measures help to promote goodwill within the communities where institutions have footprints.
- In some states financial institutions are mandated to report instances of abuse and are provided immunity from civil or criminal liability if acting in good faith.

# Vulnerable Adult Abuse: Categories

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## ■ Theft of Income:

- Most common form of financial exploitation.
- Typically less than \$1000 per transaction.

## ■ Theft of Assets

- Often more extensive and typically involves abuse associated with:
  - Power of Attorney
  - Real estate transaction
  - Identity theft
  - Tax manipulation

# Vulnerable Adult Abuse by Strangers: Types of Scams

- Power of Attorney fraud
- Phone company scam
- Charitable donation scam
- Advance fee (419) fraud
- Pigeon drop
- Financial institution examiner fraud
- Inheritance scams
- Financial institution employee fraud
- Itinerant fraud
- International Lottery Fraud
- Government grant scams

# Vulnerable Adult Abuse by Strangers: Types of Scams, cont.

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- Unsolicited work
- Internet Scams: Phishing, Spoofing, Pharming
- Misappropriation of income or assets
- Identity theft
- Telemarketing scams
- Fictitious relative
- Fake prizes
- Internet sales or online auction fraud
- Stop foreclosure scam
- Investment property

# Vulnerable Adult Abuse: Relative and Caregiver Offenders

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- Have a unique position of trust and ongoing relationship with the vulnerable adult.
- Methods of financial exploitation include:
  - Simply taking the victim's money.
  - Borrowing money and not paying it back.
  - Signing or cashing the person's pension or social security checks without permission.
  - Forging the vulnerable person's signature to cash checks.
  - Deceiving or coercing the victim into signing checks.
  - Transferring title on, or re-encumbering, real property.

# Top 10 “Red Flags” Associated with Vulnerable Adult Fraud\*

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1. Signature seems forged, unusual, or suspicious
2. A set of “out-of-sync” check numbers
3. Allegations of “missing funds” from a vulnerable adult’s account
4. A vulnerable adult fails to understand recently completed transactions or repercussions of his or her actions
5. Financial institution or credit card statements start being sent to an address other than the vulnerable adult’s home

\*Top 10 provided by Missouri Department of Health and Senior Services (DHSS) Division of Senior and Disability Services

# Top 10 “Red Flags” Associated with Vulnerable Adult Fraud, cont.

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- 6. Unusual cash withdrawals from a checking account in a short period of time**
- 7. Abrupt increase in credit card activity or a sudden flurry of “bounced” checks**
- 8. Vulnerable adult's account shows ATM activity even though he or she is physically unable to leave home**
- 9. Vulnerable adult is accompanied by a third party who encourages the withdrawal of a large sum of cash and may not allow vulnerable adult to speak**
- 10. Abrupt and unexplained change in a financial Power of Attorney; new names added to signature cards; new joint account**

\*Top 10 provided by Missouri Department of Health and Senior Services (DHSS) Division of Senior and Disability Services

# Internal Awareness and Training: Role of the Customer Contact Staff

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## ■ Identify “Red Flags”:

- Sudden changes in financial institution account or practice, including an unexplained withdrawal of large sums of money by the vulnerable adult who is escorted by another (e.g. caregiver, family member, “friend”, etc.).
- The addition of authorized signers on a vulnerable adult's financial institution signature card.
- Unauthorized withdrawal of the vulnerable adult's funds using the ATM card, particularly repetitive withdrawals over a short period inconsistent with prior usage patterns.

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## ■ More “Red Flags” to identify:

- Abrupt changes in a will or other financial documents.
- Unexplained disappearance of funds or valuable possessions.
- Substandard care being provided or bills unpaid despite the availability of adequate financial resources.
- Discovery of a vulnerable adult's signature being forged for financial transactions or for the titles of his or her possessions.

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- And more “Red Flags” to identify:
  - Sudden appearance of previously uninvolved relatives claiming their rights to a vulnerable adult's affairs and possessions.
  - Vulnerable adult has companion who seems to be “calling the shots.”
  - Vulnerable adult has no knowledge of newly issued ATM or debit card on account.
  - Vulnerable adult is confused about the account balance or transactions on his or her account.
  - A caregiver appears to be getting paid too much or too often.

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- And even more “Red Flags” to identify:
  - Request for a new Power of Attorney that the vulnerable adult does not appear to understand.
  - Vulnerable adult reports concerns about giving out personal and account information to a solicitor via the phone or email.
  - Unexplained sudden transfer of assets, particularly real property, to a family member or someone outside the family.
  - Excitement about winning a sweepstakes or lottery.
  - A vulnerable adult's report of financial exploitation.

# Internal Awareness and Training: Role of the Customer Contact Staff

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## ■ And more “Red Flags”:

- Provision of services that are not necessary.
- Sudden appearance of credit card balances with no prior history of using credit.
- Change in customer’s physical appearance or lack of hygiene.
- Refinance of the vulnerable adult’s property, particularly with significant cash out or with the addition of new owners on the deed and, most particularly, without the new owners shown as co-borrowers on the loan.

# Internal Awareness and Training: Role of the Customer Contact Staff

## ■ If you suspect fraud:

- Carefully verify a person's authority, if someone is acting on the customer's behalf.
- Avoid confrontation and attempt to separate the vulnerable adult from the individual accompanying him or her.
- Delay the suspicious transaction, if possible, by advising the customer that additional verification of the transaction is required.
  - Note: If your customer has asked for a large cash withdrawal which appears out of pattern, an institution could provide an awareness document and ask the customer to sign it prior to receipt of funds.

# Internal Awareness and Training: Role of the Customer Contact Staff

- Use probing questions to determine the customer’s intent. It is important to let the customer tell you using his or her own words without prompting. Examples include:
  - *Power of Attorney (POA) request*: “Mr. Jones, do you want Ms. Smith to be able to withdraw money from your account at any time without needing your permission?”
  - *Home repair or 419 scam*: “Mrs. Green, \$4000 is a lot of cash to be carrying around. For your safety, I can make a check out to the other party if you have the receipt with the correct spelling of the name.”
- Contact your institution’s loss prevention and/or legal departments for assistance and guidance.

# Internal Awareness and Training: Role of the Loss Prevention Dept.

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- Take immediate protective action on accounts by placing holds or restraints and follow normal prevention and recovery steps to follow the money as needed.
- Document the situation in an investigative file.
- Make a verbal report to local APS and provide investigative research services as needed.
- Monitor accounts during legal proceedings if needed.
- Advise the branch office of outcome.

# Internal Awareness and Training: Role of Adult Protective Services

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- Receive and investigate reports.
- Make unannounced visit to vulnerable adult's home.
- Offer services when abuse is confirmed.
- Work with legal service providers and law enforcement to prosecute those responsible for abuse.
- Advise financial institution of outcome as it relates to the institution's accounts.

# For More Information

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**Robin Slade, Senior Consultant**

**BITS**

**630-653-9340**

**[robin@fsround.org](mailto:robin@fsround.org)**