



Problem-Oriented Guides for Police
Problem-Specific Guides Series
No. 20

Financial Crimes Against the Elderly

by
Kelly Dedel Johnson





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Financial Crimes Against the Elderly

Kelly Dedel Johnson

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About the Problem-Specific Guides Series

The *Problem-Specific Guides* summarize knowledge about how police can reduce the harm caused by specific crime and disorder problems. They are guides to prevention and to improving the overall response to incidents, not to investigating offenses or handling specific incidents. The guides are written for police—of whatever rank or assignment—who must address the specific problem the guides cover. The guides will be most useful to officers who

- **Understand basic problem-oriented policing principles and methods.** The guides are not primers in problem-oriented policing. They deal only briefly with the initial decision to focus on a particular problem, methods to analyze the problem, and means to assess the results of a problem-oriented policing project. They are designed to help police decide how best to analyze and address a problem they have already identified. (An assessment guide has been produced as a companion to this series and the COPS Office has also published an introductory guide to problem analysis. For those who want to learn more about the principles and methods of problem-oriented policing, the assessment and analysis guides, along with other recommended readings, are listed at the back of this guide.)
 - **Can look at a problem in depth.** Depending on the complexity of the problem, you should be prepared to spend perhaps weeks, or even months, analyzing and responding to it. Carefully studying a problem before responding helps you design the right strategy, one that is most likely to work in your community. You should not blindly adopt the responses others have used; you must decide whether they are appropriate to your local situation. What is true in one place may not be true
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elsewhere; what works in one place may not work everywhere.

- **Are willing to consider new ways of doing police business.** The guides describe responses that other police departments have used or that researchers have tested. While not all of these responses will be appropriate to your particular problem, they should help give a broader view of the kinds of things you could do. You may think you cannot implement some of these responses in your jurisdiction, but perhaps you can. In many places, when police have discovered a more effective response, they have succeeded in having laws and policies changed, improving the response to the problem.
 - **Understand the value and the limits of research knowledge.** For some types of problems, a lot of useful research is available to the police; for other problems, little is available. Accordingly, some guides in this series summarize existing research whereas other guides illustrate the need for more research on that particular problem. Regardless, research has not provided definitive answers to all the questions you might have about the problem. The research may help get you started in designing your own responses, but it cannot tell you exactly what to do. This will depend greatly on the particular nature of your local problem. In the interest of keeping the guides readable, not every piece of relevant research has been cited, nor has every point been attributed to its sources. To have done so would have overwhelmed and distracted the reader. The references listed at the end of each guide are those drawn on most heavily; they are not a complete bibliography of research on the subject.
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- **Are willing to work with other community agencies to find effective solutions to the problem.** The police alone cannot implement many of the responses discussed in the guides. They must frequently implement them in partnership with other responsible private and public entities. An effective problem-solver must know how to forge genuine partnerships with others and be prepared to invest considerable effort in making these partnerships work.

These guides have drawn on research findings and police practices in the United States, the United Kingdom, Canada, Australia, New Zealand, the Netherlands, and Scandinavia. Even though laws, customs and police practices vary from country to country, it is apparent that the police everywhere experience common problems. In a world that is becoming increasingly interconnected, it is important that police be aware of research and successful practices beyond the borders of their own countries.

The COPS Office and the authors encourage you to provide feedback on this guide and to report on your own agency's experiences dealing with a similar problem. Your agency may have effectively addressed a problem using responses not considered in these guides and your experiences and knowledge could benefit others. This information will be used to update the guides. If you wish to provide feedback and share your experiences it should be sent via e-mail to **cops_pubs@usdoj.gov**.



For more information about problem-oriented policing, visit the Center for Problem-Oriented Policing online at www.popcenter.org or via the COPS website at www.cops.usdoj.gov. This website offers free online access to:

- the *Problem-Specific Guides* series,
- the companion *Response Guides* and *Problem-Solving Tools* series,
- instructional information about problem-oriented policing and related topics,
- an interactive training exercise, and
- online access to important police research and practices.



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The *Problem-Oriented Guides for Police* are very much a collaborative effort. While each guide has a primary author, other project team members, COPS Office staff and anonymous peer reviewers contributed to each guide by proposing text, recommending research and offering suggestions on matters of format and style.

The principal project team developing the guide series comprised Herman Goldstein, professor emeritus, University of Wisconsin Law School; Ronald V. Clarke, professor of criminal justice, Rutgers University; John E. Eck, associate professor of criminal justice, University of Cincinnati; Michael S. Scott, clinical assistant professor, University of Wisconsin Law School; Rana Sampson, police consultant, San Diego; and Deborah Lamm Weisel, director of police research, North Carolina State University.

Karin Schmerler, Rita Varano and Nancy Leach oversaw the project for the COPS Office. Suzanne Fregly edited the guides. Research for the guides was conducted at the Criminal Justice Library at Rutgers University under the direction of Phyllis Schultze.

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The Problem of Financial Crimes Against the Elderly

This guide addresses the problem of financial crimes against the elderly. It begins by describing the problem and reviewing risk factors. It then identifies a series of questions to help you analyze your local problem. Finally, it reviews responses to the problem and describes the conditions under which they are most effective.

Financial crimes against the elderly fall under two general categories: fraud committed by strangers, and financial exploitation by relatives and caregivers. These categories sometimes overlap in terms of target selection and the means used to commit the crime. However, the differences in the offender-victim relationships suggest different methods for analyzing and responding to the problem.

Fraud Committed by Strangers

Fraud generally involves deliberately deceiving the victim with the promise of goods, services, or other benefits that are nonexistent, unnecessary, never intended to be provided, or grossly misrepresented.¹ There are hundreds of frauds, but offenders generally use a small subset of these against the elderly. The frauds typically occur within a few interactions.

- **Prizes and sweepstakes.** These frauds generally involve informing the victim that he or she could win, or has already won, a "valuable" prize or a lot of money. The victim is required to send in money to cover taxes, shipping, or processing fees. The prize may never be delivered or, if so, is usually costume jewelry or cheap electronic equipment worth less than the money paid to retrieve it.
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- **Investments.** Because many seniors live on fixed incomes, they often want to increase the value of their estate and ensure they have sufficient funds to meet basic needs. In investment scams, offenders persuade the elderly to invest in precious gems, real estate, annuities, or stocks and bonds by promising unrealistically high rates of return. The investments often consist of fake gemstones, uninhabitable property, or shares in a nonexistent or unprofitable company.
- **Charity contributions.** Playing on some seniors' desire to help others, offenders solicit donations to nonexistent charities or religious organizations, often using sweepstakes or raffles to do so.
- **Home and automobile repairs.** Offenders may recommend an array of fraudulent "emergency" home repairs, often requiring an advance deposit. They may subsequently fail to do any work at all, start but not finish the work, or do substandard work that requires correction. Common frauds include roof repairs, driveway resurfacing, waterproofing, and pest control. The offenders are often transient, moving among neighborhoods, cities, and even states. Dishonest auto mechanics may falsely inform customers that certain repairs are needed, or they may bill for services or repairs that were not requested or were not completed.
- **Loans and mortgages.** Seniors may experience cash flow shortages in the face of needed medical care or home repairs. Predatory lenders may provide loans with exorbitant interest rates, hidden fees, and repayment schedules far exceeding the elderly's means, often at the risk of their home, which has been used as collateral.



- **Health, funeral, and life insurance.** Many seniors are concerned about having the funds to pay for needed medical care or a proper burial, or to bequeath to loved ones upon death. Unscrupulous salespeople take advantage of these concerns by selling the elderly policies that duplicate existing coverage, do not provide the coverage promised, or are altogether bogus.[†]
- **Health remedies.** The elderly often have health problems that require treatment. Preying on this vulnerability, offenders market a number of ineffective remedies, promising "miracle cures." Unfortunately, given this false hope, many seniors delay needed treatment, and their health deteriorates further.
- **Travel.** Compared with younger adults, seniors often have more leisure time and are attracted to low-cost travel packages. However, many of these packages cost far more than market rates, provide substandard accommodations, or do not provide the promised services.
- **Confidence games.** These frauds generally do not involve a product or service; instead, they include a broad array of deceitful scenarios to get cash from the elderly. The offender may pretend to be in a position of authority (e.g., a bank examiner), or otherwise trustworthy, concocting a story to get the victim to hand over cash, then disappearing.^{††} For example, the perpetrators of "lottery scams" claim to have won the lottery but to have no bank account in which to deposit the winnings. The offender promises the victim a premium in exchange for use of his or her account. After the victim makes a "good faith" payment to the offender, the victim never hears from the offender again.

[†] Harshbarger (1993) commented on this problem as having "all of the factors which create an environment for fraud and exploitation...the need is great, the cost is high, even legitimate policies are complex and confusing, and the population is vulnerable and living in fear of the day the bill comes due."

^{††} See Whitlock (1994) for detailed descriptions of numerous confidence games.



In addition to variations in the type of product or service offered, frauds vary widely in the means used to commit them.

† See Schulte (1995) for detailed descriptions of a variety of telemarketing scams.

- **Telemarketing.** Offenders call people at home, using high-pressure tactics to solicit money for fraudulent investments, insurance policies, travel packages, charities, and sweepstakes. Fraudulent telemarketing operations are designed to limit the benefit to the customer while maximizing the profit for the telemarketer and for the highly efficient contact of a lot of potential customers.†
- **Mail.** Fraudulent prize and sweepstakes operations often mail materials to a wide audience, relying on potential victims to "self-select" by returning a postcard or calling to indicate their interest. The mailings often look official, use extensive personalization (e.g., repeating the recipient's name in the text), include claims of authenticity, have contradictory content or "double-talk," and make a seemingly low-key request for the recipient to submit a small fee.²
- **Face-to-face contact.** Some frauds involving products and services (e.g., home and auto repairs) require face-to-face contact at either the victim's home or a business. Alternatively, a scammer gains entry to the victim's home by posing as a utility worker and distracts the victim while an accomplice burglarizes the home.

Successful frauds share common elements. The offenders gain trust and confidence through their charisma, by using a business name similar to that of a well-established organization, or by communicating a concern for the elder's well-being. They create the impression that the



elder has been "chosen" or is "lucky" to receive the offer, and that such offers are rare. They encourage their victims to make an immediate decision or commitment to purchase products or services, which effectively limits the opportunity for consultation with others. Further, since the "special" offers are available to only a select group of customers, the offenders ask the victims to be discreet and not discuss the details, shrouding the transaction in secrecy and decreasing the chance of discovery by a family member, neighbor, or other concerned party. The frauds occur quickly, with little risk of exposure.

Financial Exploitation by Relatives and Caregivers

Unlike strangers, relatives and caregivers often have a position of trust and an ongoing relationship with the elderly. Financial exploitation occurs when the offender steals, withholds, or otherwise misuses their elderly victims' money, property, or valuables for personal advantage or profit, to the disadvantage of the elder. Their methods can include the following:

- simply taking the elder's money, property, or valuables;
 - borrowing money (sometimes repeatedly) and not paying it back;
 - denying services or medical care to conserve funds;
 - giving away or selling the elder's possessions without permission;
 - signing or cashing pension or social security checks without permission;
 - misusing ATM or credit cards, or using them without permission;
 - doling out the elder's money to family or friends; and
 - forcing the elder to part with resources or to sign over property.³
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The tactics offenders use include deceit, coercion, intimidation, emotional abuse, or empty promises of lifelong care. Further, they usually try to isolate the victim from friends, family, and other concerned parties. By doing so, they prevent others from asking about the elder's well-being or relationship with the offender, prevent the elder from consulting with others on important financial decisions, and, perhaps most tragically, give the elder the impression that no one else cares about him or her.

In addition, relatives and caregivers sometimes exploit the following financial and legal arrangements:

- **Joint bank accounts.** Under the guise of helping the elder with his or her financial affairs, the offender has his or her name added to the elder's bank account, allowing the offender to deposit, withdraw, or transfer funds. The offender may threaten or coerce the elder into giving consent, or get consent despite the elder's limited capacity to make an informed decision.
- **Deed or title transfer.** The elder transfers ownership of property such as homes, real estate, or cars to the offender. This may occur as the result of force or intimidation, or as a "gift" or other transaction the elder does not fully comprehend.
- **Power of attorney and durable power of attorney.** These legal arrangements give a person the authority to manage the elder's affairs on the elder's behalf. When used properly, the legally appointed agent makes decisions that are in the elder's best interest. Misuse arises when the agent induces the elder to sign the document; makes decisions or transactions that benefit the agent, to the detriment of the elder; uses the power after it has been terminated; or uses the power for purposes other than what is intended.



- **Living trusts and wills.** To avoid potentially expensive probate fees and estate taxes, an individual can transfer property and other assets into a trust. The effectiveness of this legitimate estate-planning tool depends, of course, on the trustworthiness of the person appointed to manage the trust. In addition, through a variety of emotional appeals, a perpetrator may induce an elder to change his or her will, making the perpetrator the sole beneficiary upon the elder's death.

Distinguishing between an unwise, but legitimate, financial transaction and an exploitative transaction resulting from undue influence, duress, fraud, or lack of informed consent can be difficult.⁴ Suspicious transactions may be well-intentioned but guided by poor advice. Generally, financial exploitation involves a pattern of behaviors, rather than single incidents.

Related Problems

Financial crimes against the elderly share some characteristics with other crimes. Related problems requiring separate analysis and response include:

- identity theft,
- Internet fraud,
- check and credit card fraud, and
- prescription fraud.

Financial exploitation of the elderly may also occur in concert with other types of elder abuse, including:

- physical abuse,
 - sexual abuse,
 - emotional abuse, and
 - neglect.
-



Factors Contributing to Financial Crimes Against the Elderly

Understanding the factors that contribute to your problem will help you frame your own local analysis questions, determine good effectiveness measures, recognize key intervention points, and select appropriate responses.

National Prevalence Estimates

As discussed above, there are many types of fraud and financial exploitation. In addition, states vary in terms of the age at which one is considered "elderly." These factors make it very difficult to estimate national prevalence. Typically, crime rates are listed in sources of official statistics, such as the FBI's Uniform Crime Reports and the Justice Department's National Crime Victimization Survey. However, neither of these sources provides information on victimization by fraud. Furthermore, studies relying on reports of victimization are particularly limited given the widespread agreement that fraud is dramatically underreported.

However, several national organizations have completed studies offering various ways to quantify the rate of financial crimes against the elderly. Some of these focus on consumer fraud, estimating that somewhere between 20 and 60 percent of adult Americans have reported being the victim, or attempted victim, of it.⁵ These studies do not separate prevalence estimates across age. Within the general category of consumer fraud are estimates of losses due to telemarketing fraud. In 2000, the U.S. Senate Special Committee on Aging reported that, each year, consumers lose approximately \$40 billion to telemarketing



fraud, and estimated that approximately 10 percent of the nation's 14,000 telemarketing firms were fraudulent.⁶ Some researchers estimate that only one in 10,000 fraud victims reports the crime to the authorities.⁷

Other studies focus on the extent of financial exploitation by relatives or caregivers. In 1998, the National Center on Elder Abuse reported an estimated 21,427 substantiated cases of financial or material exploitation of an elder, accounting for approximately one-third of all substantiated elder abuse cases, including physical and sexual abuse and neglect.⁸ In 1998, using data from 24 states, the National Aging Resource Center on Elder Abuse estimated that 20 percent of elder abuse victims were victims of financial exploitation.⁹ State-level surveys have identified higher proportions of financial exploitation within reported elder abuse cases, with over 40 percent of elder abuse cases in California and North Carolina involving financial exploitation.¹⁰

The usefulness of these studies in determining the scope of your local problem is rather limited. However, they show that the problem affects a large proportion of the population, regardless of age, and is likely to be underreported by victims and underrepresented in official statistics.

Underreporting

Researchers agree that elder fraud is dramatically underreported, which is problematic for several reasons. First, the failure to report means that the assistance of police, adult protective services, family members and others is not mobilized to stop the abuse. Second, even if intervention is not necessary, the underreporting of these



crimes makes it very difficult for problem-oriented efforts to proceed because of a lack of information on the targets, methods and perpetrators. Finally, the lack of reporting may encourage the offenders to victimize others.

Many elderly victims do not report fraud because they feel ashamed, or they fear others will think they cannot care for themselves, which may trigger placement in a nursing home or long-term care facility. Significantly, many victims are not aware of support resources or do not know how to access them. In the case of financial exploitation, many victims have close ties to the offender and may feel protective. They may want to stop the exploitation and recover their assets, but not want the offender punished. In addition, many victims believe they are at least partially to blame.

Professionals (e.g., bankers, attorneys, accountants, and doctors) are also often slow to report suspected abuse.¹¹ Their brief, episodic interactions with the elderly and their lack of expertise in undue influence and criminal conduct serve as barriers to reporting. Even if they suspect abuse, there often is no specific protocol for reporting it.

When elderly victims do report losses by fraud or financial exploitation, the report quality often makes investigation difficult.¹² If cognitively impaired, the victim may not remember important details or may not be able to recount the sequence of events. Victim interviewers should put victims at ease and provide sufficient time and cues for accurate recall, or else the reports may lack important details. (These issues are discussed more thoroughly in the "Responses" section of this guide). Finally, cognitively and physically impaired seniors may feel overwhelmed at the prospect of traveling to the police station, district



attorney's office, or court. Given that complicated cases of fraud and financial exploitation may take years to go to trial, it is possible that a particularly frail victim's cognitive or physical health will decline to the point that he or she cannot testify.

Not only do these barriers to intervention make prevention that much more critical, but they also highlight the importance of developing investigative techniques that account for both the complexity of the crimes and the unique personal challenges of the victims.

Victim Vulnerabilities

The prevailing stereotype of elderly fraud victims is that they are poorly informed, socially isolated individuals—potentially suffering from mental deterioration—who cling to old-fashioned ideas of politeness and manners that interfere with their ability to detect fraud. It is true that dementia and other cognitive impairments sometimes play a role in elder fraud and financial exploitation. For seniors with advanced impairments, responses requiring their participation may have limited effectiveness. However, recent research has refuted prevailing stereotypes, characterizing the majority of potential victims as more educated, informed, and socially active than previously supposed. A major AARP (formerly known as the American Association of Retired Persons) survey identified fraud victims as relatively affluent and well-educated, with extensive networks of family and friends.¹³ This survey identified several key points:



- Victims were likely to believe fraudulent sales pitches, thinking that their chances of winning were good and that the prizes offered for a fee were a good bargain.
- Over two-thirds of the respondents reported they had difficulty telling fraudulent and legitimate pitches apart, despite the fact that 90 percent had heard about telemarketing fraud.
- Many victims reported having difficulty ending a conversation with a telemarketer, even when they believed the offer was fraudulent.

There has been significant debate about the extent to which age affects the likelihood of consumer fraud victimization. That debate is beyond the scope of this guide. However, it is important to recognize that old age alone is not a reliable predictor of fraud victimization. Understanding the role of other risk factors can help you analyze your local problem and devise appropriately targeted responses. A number of researchers have noted that the following personal factors affect the extent to which people are likely to be victimized:

- home ownership;
- likelihood of seeking advice before a purchase;
- knowledge of sources of consumer information and consumer rights;
- financial risk-taking behavior;
- openness to marketing appeals;
- knowledge of the existence of frauds, scams, and misleading practices; and
- ability to hang up on telemarketers.¹⁴

The research implies that a lack of knowledge and of certain consumer skills creates a susceptibility to fraud.



Victimization studies have found that seniors who have active social lives and experience a broad array of consumer situations may be vulnerable to fraud simply because of increased exposure.¹⁵ On the other hand, those who are socially isolated may also be vulnerable because they are less likely to seek advice before a purchase, and because the sales pitch itself addresses an unmet need for social interaction, resulting in their feeling obligated to be friendly or compliant in return.¹⁶

Although similar to elderly fraud victims in many respects, seniors exploited by relatives and caregivers differ in significant ways. There is no aspiration for monetary gain. They may fear what the offender may do if they do not comply with his or her demands. They may also have long-term emotional ties to the offender that create conflict about reporting abuse, and may cause them to feel protective of the offender once the abuse is discovered.

Although not studied empirically, there are abundant references in the literature to various lifestyle characteristics of the elderly believed to be linked to fraud victimization. Although many seniors live in poverty, home ownership is high among this group, and many have savings, pensions, and social security income. In addition, seniors are more likely than other demographic groups to be home during the day, and therefore available to telephone and in-person marketing efforts. These factors, combined with an assortment of anxieties specific to the elderly—the fear of outliving one's savings, of losing one's financial independence, of failing health—create fertile ground for all types of fraud and financial exploitation.



Victim Facilitation

In contrast to victims of most other forms of crime, consumer fraud victims have a participatory role that is critical to a successful transaction. Victim compliance can fall along a continuum.¹⁷ At one end is the completely uninvolved victim, as in the case of identity theft or credit card fraud. Toward the middle is the victim who makes a purchase or financial arrangement that is not well-informed or well-researched. At the far end is the repeat victim. Even after victimization, many people repeat high-risk behaviors.

The following are key moments that put the victim at risk in the typical fraud transaction. They have clear relevance to points of intervention:¹⁸

- The victim makes the initial contact, or takes steps that lead to the initial contact, indicating receptivity to the pitch.
- The victim provides information about him- or herself that helps the offender to carry out the fraud.
- The victim allows the conversion of a business relationship to one of trust, and waives customary safeguards.
- The victim believes the offender's scenario or pitch.
- The victim writes a check, gives a credit card number, or otherwise provides access to funds.

In addition, certain traits might make people prone to fraud or financial exploitation.¹⁹ Some of these are considered positive, such as good citizenship, compassion, generosity, respect for authority, and a trusting nature. Others are less desirable, such as being careless, susceptible to flattery, or easily intimidated. Some factors that seem irrelevant on the surface may also contribute to the likelihood of fraud victimization, such as being on



"junk mail" lists; belonging to organizations; making purchases over the phone or Internet; moving; buying a house, car, or appliance; investing; and donating to charity.

You should be aware of the various ways fraud and financial exploitation victims may unwittingly help offenders and, when possible, assign them an active role in responding to the problem.

Revictimization

It is a well-documented fact that fraudulent operations compile the names of fraud victims on "mooch" or "sucker" lists and sell them to one another. These lists offer a shortcut to the typical approach of "cold calling" or random-number dialing, as the people listed have already shown themselves susceptible to fraud.

Researchers have found that the strongest predictor of future victimization is past victimization.²⁰ Not only are past victims retargeted, as described above, but they also can fall prey to scammers offering to help them recoup their losses from previous frauds. Fraudulent operations called "recovery rooms" approach past victims and offer to investigate the original fraud and to return the lost funds—for a fee. Naturally, once victims pay the recovery fee, they never hear from the secondary scammer again.

The very nature of financial exploitation by relatives and caregivers implies a pattern of revictimization. Seldom are the perpetrators satisfied with a single bank withdrawal or forged check. Instead, the pattern is more likely to begin with small-value transactions, which escalate over time and, if undeterred, conclude with the transfer or expenditure of all the elder's assets, leaving the victim with no means of financial support.



Types of Influence

Consumer fraud relies on the manipulation of victims' emotions to get them to agree to a transaction. Emotional ploys include making the consumer feel he or she is part of a special group receiving VIP services, and creating a sense of urgency that prevents further research into the transaction. In addition, offenders may refuse to accept "no" for an answer, have an endless supply of rebuttals for any excuse the victim offers, and have an aggressive style that intimidates the victim into complying. These tactics are essential components of fraud and are effective primarily because of their appeal to the natural human desires to feel special, to find a bargain, and to please.

Particularly when investigating financial exploitation, vexing questions often arise as to whether the victim understood the transaction, appreciated the value of what he or she gave away or signed over, and comprehended the implications of the transaction. Three concepts are particularly critical when analyzing the range of frauds and associated crimes:²¹

- **Mental capacity.** While a gradual decline in functional skills such as memory, calculation, and information-processing is natural as age advances, more pronounced declines can be brought on by particular illnesses, nutritional deficiencies, depression, and certain medications. Obviously, given the complex nature of many financial transactions, mental capacity plays an important role in making sound purchases and managing financial affairs.
 - **Consent.** Essentially, the term means to accept or agree to the proposal of another. To be legally binding, the person giving consent must be able to understand the implications of the transaction.
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- **Undue influence.** Perpetrators may use an array of techniques to gain power over the victim's decision-making and ensure compliance. These include isolating the victim, promoting dependency, and inducing fear and distrust of others. By threatening the victim, exerting pressure to act quickly, or deterring the victim from seeking advice from others, offenders use undue influence to prevent voluntary consent.

Experts in this area note that vulnerability to undue influence is unrelated to intelligence. However, if an elder is cognitively impaired, has sensory deficits (e.g., vision or hearing loss), or has nutritional deficits, he or she may be more easily manipulated because of a lack of faith in his or her own memories and perceptions.²²

The influence used to perpetrate financial crimes falls along a continuum.²³ On one end, the influence is rather benign, as the victim is not actually tricked or forced into doing something against his or her will. On the other end is the rather clear-cut case of theft in which the perpetrator takes something without the victim's consent. One step past benign, coercion involves undue influence using domination, intimidation, and threats. Further still, fraud involves swindling by deception, trickery, or misrepresentation.

Understanding the victim's mental status and the types of influence used is essential for devising appropriate responses to the problem.

Offender Characteristics

The offender-victim relationship is the main criterion used to distinguish the major categories of financial crime in this guide.



Strangers. Consumer fraud offenders are usually strangers to their victims, although they may observe victims' patterns (e.g., times in or out of the house, spending habits, etc.) to identify them as a potential "mark." Telemarketers have no face-to-face contact with victims and may call from thousands of miles away. Given the attention that elder fraud has received in recent years, there are surprisingly few empirical studies of offenders, particularly in light of the extensive literature on victim characteristics.²⁴

Offenders vary greatly in terms of age, race, socioeconomic status, and education level. Most elder fraud offenders are male. They may be motivated by profit or a need to feel powerful and important. The challenge of the fraud itself may provide a "high," particularly when it is pulled off against wealthy or well-educated victims. In general, offenders are not bound by conventional norms or business ethics, and rationalize their behavior. In clinical studies, criminologists have found offenders to have all types of psychological dysfunctions, revealed in their distorted thinking processes and lack of regard for others.²⁵

In terms of behavior, those who perpetrate fraud against the elderly often present themselves as self-assured, friendly, and sophisticated. They are persistent, yet can often avoid raising suspicion. "What the con man does is an extreme expression of normal business dealings—salesmanship based on the ability to persuade others...the promise of gain is central to society...and it is not abnormal to offer opportunities to make money or improve one's health."²⁶



Fraudulent telemarketers frequently work out of "boiler rooms"—temporary, highly mobile operations that can be disassembled and reassembled quickly. Boiler-room operations typically have six stages:²⁷

1. *Solicitation.* Telemarketers identify new prospects through either incoming mail (postcards or certificates returned by people responding to bulk mailing) or unsolicited outgoing calls. "Mooch" or "sucker" lists are critical for efficiency at this stage, and most calls are out of state.
 2. *Sales.* The pitch is usually a written script, although most callers are given wide latitude in what they can promise and in price negotiation. A "front room" contains less-experienced callers who make the initial contacts. Calls to consumers who do not accept the offer are transferred to a "no-sale room," where more-experienced callers pressure the consumers and explain away their concerns. Callers in a "reload room" target past victims, using an assortment of bogus promises to get them to buy again. Notably, the "reload room" callers usually solicit the bulk of the company's illicit income.
 3. *Verification.* Shortly after the sale is complete, a caller recontacts the customer, reviews the sales terms, and arranges for payment. At this stage, the caller attempts to obscure any misrepresentation made during the initial stage.
 4. *Collection.* To avoid buyer's remorse, the scammers must secure payment quickly. They do so by requiring overnight check mailing, bank draft authorization, or electronic funds transfer. Notably, because of their instability and illegal business practices, most boiler rooms cannot obtain bank merchant accounts for credit card sales.
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5. *Shipping.* While one might guess that the promised product is never shipped, successful boiler rooms have found that reliable shipping minimizes consumer complaints, which in turn decreases the likelihood of law enforcement intervention. Most boiler rooms use a "10 to 1" principle, awarding a prize valued at approximately one-tenth of the fee paid.

6. *Customer service, harassment, and intimidation.* Ongoing availability to customers is important to handle problems. In fraudulent operations, scammers may belittle or berate complainants, or use delay tactics and empty promises to frustrate them into giving up the pursuit of recovery. These organizations generally provide refunds only with the threat of law enforcement action.

Understanding boiler-room mobility and structure is essential to intervention efforts targeting the operations themselves.

Relatives and caregivers. Financial exploiters of the elderly rely on the nature of their relationships with them to support the abuse. The victim has often formed a close bond with the offender, and may be unaware of or deny the abuse. In addition, the victim may fear being alone or being placed in a nursing home if the offender is removed. These dynamics are important to understand in addressing the emotional impact on the victim.

A national survey found that offenders tend to be significantly younger than their victims, with 40 percent age 40 or younger, and another 40 percent age 41 to 59. Nearly 60 percent are male, and nearly 60 percent are relatives.²⁸



There are three general categories of offenders:[†]

1. *Adult children, grandchildren, and other relatives.* While an elder might generally believe that a relative is providing financial assistance, the relative may be withdrawing cash from joint bank accounts for personal use, using the elder's credit card to make unauthorized purchases, or embezzling money by refinancing the elder's home. This is the largest category of offenders, and, sadly, the abuse is often not discovered until after the elder's assets have been depleted.
2. *Professional caregivers.* Home health aides offer invaluable assistance to seniors who need help to live independently. However, they sometimes abuse an elder's trust by intercepting and activating unsolicited credit cards in the elder's name; taking jewelry, cash, or other valuables; forging or altering checks for their own use; or tricking the elder into transferring titles and deeds to the caregiver.
3. *Close friends or others in a position of trust.* This group can include neighbors, handymen, bank tellers, real estate agents, or investment advisors. In general, such offenders may encourage investments and expenditures that benefit only themselves, steal money or property, or arrange for changes to wills, trusts, or mortgage financing for their own benefit.

[†] Sklar's (2000) typology actually includes a fourth category –professional crime groups, which are not discussed here.

Questions of consent or voluntary gift-giving make the investigation of potential abuse cases difficult. Gift-giving habits vary across families, as do cultural expectations regarding elderly care; thus it is essential that you examine each situation within the appropriate context.²⁹ Further, you should examine any business relationship an elder may have in terms of the nature of the arrangement.³⁰ For example, a relationship with a gardener or housekeeper may be based on a "good faith" exchange in which each party negotiates in his or her own self-interest (barring



deception and misrepresentation). However, some business relationships, such as those with financial planners, bankers, or health care workers, require the professional to act in the elder's best interest. Sometimes, a "good faith" relationship evolves beyond the original intent (e.g., the housekeeper begins to help the elder with finances). These relationships become abusive when the perpetrator continues to act in a self-serving way, rather than make decisions based on the elder's best interest.³¹

Regardless of the category of offender, there are two basic types.³² The first type includes dysfunctional people with low self-esteem who may be abusing substances, feeling stressed, or feeling the weight of their caregiver responsibilities. They do not generally seek out victims, but instead passively take advantage of opportunities that arise. The second type includes those who methodically target vulnerable seniors, establish power, and obtain control over their assets.

Warning Signs and Indicators

Crime prevention efforts have identified a number of warning signs and indicators of both consumer fraud and financial exploitation of the elderly. Because the means of committing the two types of crime are different, the signs and indicators are listed separately here.

Warning signs of consumer fraud.³³ These include the following:

- stacks of unsolicited mail proclaiming the recipient to be a "guaranteed winner";
 - unusual number of packages containing inexpensive costume jewelry, plastic cameras, watches, etc.;
 - excessive numbers of magazine subscriptions;
-



- unsolicited phone calls from operators offering "fantastic opportunities" to claim prizes or invest;
- difficulty covering basic expenses such as food, utilities, etc., when income should support these needs;
- at the bank, accompaniment of the elder by a stranger who encourages a large withdrawal; and
- checks and withdrawals for individuals, marketing companies, or other businesses, or transactions that the elder cannot explain.

Indicators of financial abuse.³⁴ These include the following:

- A recent acquaintance expresses an interest in finances, promises to provide care, or ingratiates him- or herself with the elder.
 - A relative or caregiver has no visible means of support and is overly interested in the elder's financial affairs.
 - A relative or caregiver expresses concern over the cost of caring for the elder, or is reluctant to spend money for needed medical treatment.
 - The utility and other bills are not being paid.
 - The elder's placement, care, or possessions are inconsistent with the size of his or her estate.
 - A relative or caregiver isolates the elder, makes excuses when friends or family call or visit, and does not give the elder messages.
 - A relative or caregiver gives implausible explanations about finances, and the elder is unaware of or unable to explain the arrangements made.
 - Checking account and credit card statements are sent to a relative or caregiver and are not accessible to the elder.
 - At the bank, the elder is accompanied by a relative or caregiver who refuses to let the elder speak for him- or herself, and/or the elder appears nervous or afraid of the person accompanying him or her.
-



- The elder is concerned or confused about "missing money."
- There are suspicious signatures on the elder's checks, or the elder signs checks and another party fills in the payee and amount sections.
- There is an unusual amount of banking activity, particularly just after joint accounts are set up or someone new starts helping with the elder's finances.
- A will, power of attorney, or other legal document is drafted, but the elder does not understand its implications.

These warning signs and indicators have been incorporated into a variety of education tools targeting family members, banks, attorneys, and other concerned parties. These are discussed in the "Responses" section of this guide.

Lack of Oversight of Legal Documents

Given that legal documents such as trusts, joint bank accounts, and powers of attorney give a third party such enormous decision-making power, it is surprising that the preparation and execution of these documents is not more closely regulated. With regard to powers of attorney, very few states require them to be registered, few require a lawyer's involvement in drafting the document, and witnesses are not required to ensure the elder's signature is voluntary.³⁵ Although most states require notaries, they are not trained to assess mental capacity and therefore cannot protect an impaired elder from abuse. No record of ongoing use is provided to the elder, so even fully competent seniors are not able to monitor transactions made on their accounts. Finally, few states have formal procedures for revoking the authority granted under power of attorney, which allows the offender to continue abusing this power even after intervention.



Laws and Agencies Involved

Every state has adopted laws to prohibit particular types of fraud and, often, to enhance penalties for fraud against the elderly. Older consumers are, of course, protected by general consumer protection laws, telemarketing laws, and other statutes governing theft, embezzlement, fraud, etc. However, given that each state crafts its own laws, there are significant differences that make a description of national legislation concerning elder financial abuse impossible. These differences tend to apply in the following six areas:³⁶

1. definition of "elderly";
2. definition of abuse, whether physical abuse, sexual abuse, financial abuse, or neglect;
3. classification of abuse as criminal or civil;
4. standards for reporting abuse;
5. methods for investigating abuse; and
6. recommended sanctions.

Not only do these differences make it difficult to describe the various legislative approaches, but they also make it difficult to investigate and prosecute fraud offenders who may have victimized people in several states, all of which have different statutory requirements.

Further, fraud and financial abuse cases come under the jurisdiction of several agencies. Federal agencies such as the FBI, Postal Inspection Service, and Secret Service, as well as state and local police, may be involved in investigating large-scale consumer fraud operations. The lack of information-sharing across these agencies has been identified as a significant barrier to effective intervention.³⁷



When a financial crime involves the misuse or abuse of legal documents, the case may also be classified as a civil matter, requiring additional cooperation with the prosecutor and court of jurisdiction. Banks and phone companies are also critical partners in investigating fraud or financial exploitation. Finally, given that the senior's welfare is paramount, social service agencies, such as adult protective services and medical and mental health services, must also be included in a coordinated effort to protect the senior from further harm.

Fraud and financial exploitation cases present a complicated web of behavior, intent, and consequences. The scope of jurisdiction and various areas of expertise required are unlikely to be found in any one agency, requiring cooperation across traditional jurisdictions and professional boundaries.



Understanding Your Local Problem

The information provided above is only a generalized description of financial crimes against the elderly. You must combine the basic facts with a more specific understanding of your local problem. Analyzing the local problem carefully will help you design a more effective response strategy.

Most likely, there will be a combination of frauds committed by strangers and financial exploitation by relatives and caregivers. You should analyze the factors surrounding these two crimes separately, since they are different in nature. Further, although developing profiles or combined data on the crimes (e.g., average amount of money lost, average age of victim, etc.) can be useful, these averages can mask important variations and may lead to generalized responses that fail to combat a particular type of fraud or exploitation.

In the case of consumer fraud, it is likely that a few different types will be occurring in your community at any given time. It is important to identify the types of fraud currently operating, the likely targets, the means used to commit the fraud, and the factors that may prevent victims from reporting it. Given that a significant number of seniors have likely resisted a variety of fraudulent sales pitches, it will be useful to identify the strategies they used to avoid being victimized.

In the case of financial exploitation, it is important to understand how offenders gain access to the victims' funds, what the nature of the offender-victim relationship



is, and what resources are available to support and protect the elderly. Interviews with professionals who have observed various financial transactions will help to identify areas in which procedural safeguards could be employed.

Although fraud and financial exploitation cases have some similarities, the situations facilitating the crime will vary considerably. In addition, the fact that many cases go unreported means that official police and prosecutor records will not include the details necessary for a comprehensive problem analysis. Therefore, it is important to gather information about the local problem from multiple sources and perspectives, including:

- official police and prosecutor records;
- computer-generated maps of reported fraud incidents;
- victims and concerned friends and family members;
- seniors not previously identified as victims;
- local advocates for the elderly;
- adult protective services workers;
- fraud and financial crimes investigators;
- bankers, attorneys, and accountants; and
- perpetrators of fraud and financial exploitation.

Asking the Right Questions

The following are some critical questions you should ask when analyzing your particular problem of financial crimes against the elderly, even if the answers are not readily available. The questions are listed separately for fraud and for financial exploitation. Your answers to these and other questions will help you choose the most appropriate set of responses later on.



Fraud: Victims

- What are the victims' characteristics? Do they typically live alone? Are they homeowners? Are they home during the day? Is there any evidence of diminished mental or physical capacity?
- How exposed to fraud are they? Do they routinely enter contests and sweepstakes? What other marketing efforts are they exposed to? How often do salespeople contact them by phone? By mail? In person?
- What factors influence the decision to buy goods or services? Particular characteristics of the salesperson or the pitch? Need for the good or service offered? Fears about their financial situation, health, or long-term care?
- How did they report the crime? What factors influenced them to do so? What factors could have deterred them from reporting?

Fraud: Persons Who Avoid Victimization

- What are the characteristics of persons who avoid victimization? Do they typically live alone? Are they homeowners? Are they home during the day?
 - How often are they exposed to marketing efforts by phone? By mail? In person? Have they done anything to decrease their exposure to these efforts?
 - What do they do to stop unwanted sales offers?
 - Do they routinely discuss their purchases or financial matters with anyone? How aware are they of various types of fraud? Do they know how to research products or offers before buying?
 - Do they suspect they have ever been a victim of fraud, even though they did not report it? What deterred them from reporting? What would encourage them to report a fraud in the future?
-



Fraud: Offenders

- What are the offenders' characteristics? Do they usually work alone, or in groups? How do they identify potential partners?
- How do they develop the frauds? Do they use a variety of means, or do they stick to a particular method (e.g., mail, phone, in person)? Do they specialize in a particular kind of fraud, or commit a variety of them?
- How do they identify potential victims? How are "mooch lists" developed? From where are they purchased?
- What motivates them? Money? Power? A sense of importance?

Fraud: Incidents

- What types of frauds are most frequently reported? Are there similarities in the types of frauds that typically go unreported?
- Where are the frauds occurring? Are they clustered in specific neighborhoods or geographic areas? Are the victims similar?
- What method is used (e.g., mail, phone, in person)? Is there evidence that the offenders work from another jurisdiction?
- What tactics are used to avoid detection? Time pressure? Secrecy? False address? Use of a courier?

Financial Exploitation: Victims

- What are the victims' characteristics? Do they live alone? Do they have regular contact with nonabusive family or friends? Is there evidence of diminished mental or physical capacity?
-



- What is the victim-offender relationship? Elder and relative? Elder and caregiver? What are the relationship's positive aspects? Companionship? Promise of long-term care? Fulfillment of family obligations? Of cultural expectations?
- When did the victim become aware of the exploitation? How was the incident reported? What factors encouraged reporting? What factors discouraged reporting? To what extent were friends or family involved in discovering and reporting the incident?

Financial Exploitation: Offenders

- What are the offenders' characteristics? Do they work alone, or in groups? Do they have a history of exploiting others? How does the caregiving relationship start? Does the offender volunteer? Is the offender hired through an agency?
- What motivates offenders? Money? Power? Feelings of entitlement? Concerns about inheritance?
- How do offenders get victims to comply? Isolation? Promises? Undue influence? Coercion? Theft?

Financial Exploitation: Incidents

- What are the primary means used to commit the crime? Joint accounts? Legal documents such as wills, deeds, trusts, powers of attorney?
 - What professionals are involved in the transactions? Bank tellers? Attorneys? Accountants? How may they unwittingly facilitate the crime?
-



Measuring Your Effectiveness

Measurement allows you to determine to what degree your efforts have succeeded, and suggests how you might modify your responses if they are not producing the intended results. You should take measures of your problem *before* you implement responses, to determine how serious the problem is, and *after* you implement them, to determine whether they have been effective. All measures should be taken in both the target area and the surrounding area. (For more detailed guidance on measuring effectiveness, see the companion guide to this series, *Assessing Responses to Problems: An Introductory Guide for Police Problem-Solvers*.)

The following are potentially useful measures of the effectiveness of responses to financial crimes against the elderly. As with the previous sections, the two main types, fraud and financial exploitation, are discussed separately. Further, distinctions are made between "process" measures, which indicate the extent to which responses are being implemented as designed, and "outcome" measures, which indicate the impact the responses have on the level of the problem.

Fraud

You can use the following "process" measures to identify the extent to which selected responses have been implemented as designed. Given the extent of underreporting and its impact on understanding the scope of the problem, a corollary evaluation goal may be to assess the success with which reporting mechanisms are used:



- increases in the number of seniors who are aware of current frauds and have been trained how to stop unwanted sales efforts;
- increases in the number of arrests, prosecutions, and convictions of operators of fraudulent marketing schemes;
- increases in the use of consumer protection resources to investigate the legitimacy of offers or businesses; and
- increases in the use of mechanisms to report attempted or successful frauds.

You can use the following "outcome" measures to determine the impact of your responses on the level of the problem:

- decreases in the dollar amounts lost by elders to consumer fraud;
- decreases in the number of elders defrauded via mail, telephone, or in-person scams; and
- decreases in the number of elders who are revictimized by "recovery room" operations.

Financial Exploitation

You can use the following "process" measures to identify the extent to which selected responses have been implemented as designed:

- increases in the number of professionals (e.g., bankers, doctors, lawyers, accountants) trained to identify the warning signs of financial exploitation;
 - increases in the number of reports of financial exploitation shared across agencies (e.g., police, prosecutors, adult protective services);
-



- increases in the number of elders proactively protecting their financial assets; and
- increases in the number of offenders arrested, prosecuted, and convicted for financial exploitation of elders.

You can use the following "outcome" measures to determine the impact of your responses on the level of the problem:

- decreases in the dollar amounts lost by elders via financial exploitation; and
- decreases in the number of elders who are financially exploited by relatives or caregivers.



Responses to the Problem of Financial Crimes Against the Elderly

Your analysis of your local problem should give you a better understanding of the factors contributing to it. Once you have analyzed your local problem and established a baseline for measuring effectiveness, you should consider possible responses to address the problem.

The following response strategies provide a foundation of ideas for addressing your particular problem. These strategies are drawn from a variety of research studies and police reports. Several of these strategies may apply to your community's problem. It is critical that you tailor responses to local circumstances, and that you can justify each response based on reliable analysis. In most cases, an effective strategy will involve implementing several different responses. Law enforcement responses alone are seldom effective in reducing or solving the problem. Do not limit yourself to considering what police can do: give careful consideration to who else in your community shares responsibility for the problem and can help police better respond to it.



† In Canada, the Deceptive Telemarketing Prevention Forum included representatives from government, private, and nonprofit organizations to gather and share intelligence, formulate response strategies, and develop public education efforts. Participants included credit card companies, telephone companies, retired persons associations, marketing associations, police, bankers, the postal service, consumer groups, and the Better Business Bureau. For more information, see the Royal Canadian Mounted Police website, www.phonebusters.com.

In the United States, many state and local jurisdictions have developed area TRIADs, which are partnerships between local and state police agencies, sheriffs associations, and retired persons associations, such as the AARP. Some jurisdictions also include agencies on aging, senior centers, health departments, and adult protective services.

A number of jurisdictions (e.g., Los Angeles; Orange County, Calif.; Ventura, Calif.) have also developed multiagency teams of specialists to investigate and intervene in elder fraud and financial exploitation cases. For example, Fiduciary Abuse Specialist Teams (FASTs) often include police, the district attorney, the city attorney, private conservatorship agencies, health and mental health providers, probate judges, trust attorneys, insurance agents, real estate agents, escrow officers, stockbrokers, and estate planners. The National Committee for the Prevention of Elder Abuse has created specific guidelines for establishing and coordinating a local FAST, which can be accessed at www.preventelderabuse.org/communities/fast.html. For more information, see also Allen (2000); Aziz (2000); and Velasco (2000).

General Responses

The responses that follow are useful for addressing the problems of both fraud and financial exploitation. Strategies targeting the specific elements of each type of financial crime are discussed separately below.

1. Creating multiagency task forces. Elder fraud and financial exploitation cases are complex and require expertise in multiple areas, including:

- law enforcement and investigation,
- financial management,
- insurance,
- investments,
- real estate,
- probate law,
- criminal law,
- civil law,
- mental capacity, and
- social services for the elderly.

It is unlikely that a single agency will have the necessary skills and resources for a multidisciplinary approach. Thus, multiagency efforts are required, should include agencies and individuals with knowledge in the key areas, and should be tailored to the characteristics of the local problem.[†]

2. Working across jurisdictions. Because both the victims and the offenders may live in and operate out of several jurisdictions, information-sharing among various law enforcement agencies is critical to building a solid case. A variety of federal, state, and local law enforcement agencies may need to be involved. Further, because financial exploitation often occurs in concert with other



crimes, such as assault, neglect, and false imprisonment, multiple units within a given police agency may need to be involved.

3. Improving reporting mechanisms. It is widely agreed that underreporting dramatically skews available data on the prevalence of financial crimes against the elderly. The reasons for underreporting were discussed previously, but you should pay attention to the specific barriers to reporting in your jurisdiction. Accurate descriptions of the local problem depend on better information about the type, frequency, and characteristics of various frauds.

Creating easy-to-access reporting mechanisms for victims, concerned family and friends, and professionals will help not only with identifying problems, but also with developing effective responses. Perhaps most importantly, improved reporting mechanisms will help in prosecuting offenders and providing needed victim services. Education campaigns should provide telephone numbers for reporting incidents of victimization. It is also useful to include a short description of what the elder can expect to be asked, what the typical response time is, and what the procedures are.

Once a multiagency effort is established, it is important to create clear and efficient pathways for cross-agency reporting for police, adult protective services, and other agencies. Because each agency serves a different need, it is critical that each agency be deployed to offer relevant services to victims. Cross-agency reporting procedures should ensure that each agency mobilizes its resources without impeding other agencies' work.



† The Office for Victims of Crime published a handbook for law enforcement officers that includes specific techniques for interviewing elderly victims and witnesses. It is available at www.ojp.usdoj.gov/ovc/publications/infos/firstrep/2001/welcome.html; see also National White Collar Crime Center (1998); Shibley (1995); Kohl, Brensilber, and Holmes (1995); and Forst (2000).

4. Training police to interview elderly victims of financial crimes. Once the problem of underreporting has been tackled, intervention with offenders depends on the quality of information investigators can get from victims. There are two key areas in which focused training efforts are required: interviewing elderly victims, and investigating financial crimes.

First, although certainly not the case for all seniors, many elderly victims have physical, sensory, memory, or other cognitive impairments that can interfere with an officer's attempt to gather information. It is therefore critical that officers are trained to identify such impairments and to respond with effective interviewing techniques.† Improving officers' skills with elderly victims has been shown to improve the quality of investigations and to positively affect victims' subsequent attitudes, behaviors, and perceptions toward the police.³⁸

Second, given the complexity of fraud and financial exploitation cases, investigators need to cover all of the relevant domains of inquiry. These should include victim characteristics (e.g., relationship to the offender, mental capacity, etc.), offense characteristics (e.g., telemarketing scam versus financial exploitation by a caregiver), and offender characteristics (e.g., relationship, frequency of contact), as well as detailed information about the elder's estate, financial arrangements, and relevant legal documents. Several investigation checklists are available to guide the development of a comprehensive inquiry.³⁹

5. Decreasing victims' isolation. Seniors who are isolated and have little contact with family, friends, caseworkers, and other concerned parties may be at increased risk of being victimized by fraudulent businesses. Decreasing this



isolation through police welfare checks, neighborhood watches, and in-person outreach efforts can help to ensure that elders are aware of available resources they can turn to with questions and concerns about potential scammers.⁴⁰ Further, ongoing contact with family members can provide the means for ongoing monitoring of the elder's financial matters. The U.S. Postal Service has created a list of warning signs and various preventative measures for family and friends of seniors.[†]

[†] The list is available at www.usps.com/postalinspectors/fraud/seniorwk.htm.

Live-in caregivers who exploit seniors often isolate them to avoid being detected. Periodic contact by family, friends, and other concerned parties improves the likelihood of early detection.

Adopt-a-Senior programs—in which volunteers regularly check on the well-being of seniors in their neighborhoods and inquire about unusual mail, phone calls, and financial transactions—have been effective in combating the isolation that places the elderly at risk, and in identifying potentially abusive situations.⁴¹

The strategies above apply broadly to both fraud and financial exploitation of the elderly. However, given that these two types of crime are different in several important ways, there are several responses that are more relevant to one type of crime than to the other.

Specific Responses: Fraud

6. Educating seniors and other concerned parties.

Although not effective as a stand-alone strategy, when used as part of a multifaceted response, outreach efforts should educate seniors about



† The Direct Marketing Association provides clear procedures for removing personal information from national and state marketing lists, available at www.dmaconsumers.org/consumersistance.html#mail and www.the-dma.org/government/donotcalllists.shtml.

- types of scams operating in the area;
- how to screen calls using caller-identification devices and answering machines;
- suspicious behaviors and warning signs of fraudulent offers;⁴²
- how to reduce unwanted solicitations by removing home addresses, phone numbers, and email addresses from marketing and junk mail lists;[†]
- how to investigate offers and potential purchases;^{††}
- how to select qualified and reputable contractors;
- how to end unwanted sales calls;⁴³ and
- how to report fraud.

Warning Signs of Fraudulent Offers

- A promise that you can win, make, or borrow money easily.
- A demand that you act immediately or else miss out on a great opportunity.
- A refusal to send you written information before you agree to buy or donate.
- An attempt to scare you into buying something.
- An insistence that you wire money or have a courier pick up your payment.
- A refusal to stop calling after you have asked not to be called again.

Source: National Fraud Information Center (n.d.).

†† The AARP provides a concise list of "Do's and Don'ts," a review of relevant statutes, and tactics for preventing fraud, available at www.aarp.org/fraud/home.htm.

Some jurisdictions have found it useful to present these topics in concert with financial planning workshops. In addition, television stations can be useful partners in this endeavor. Many local stations assign reporters to consumer fraud issues and regularly air segments on the problem. Reports about local scams and general prevention measures have the potential to reach a large audience.



The Pitch and the Law: Typical Offers by Telemarketers, and How They Violate the Law

The Pitch	The Details	The Law
"You are eligible to win a valuable prize!"	"You can win a car worth \$35,000; \$10,000 in cash; a European vacation; or a diamond necklace worth \$2,000. Your purchase today of our fabulous vitamins will automatically enter you into this amazing sweepstakes."	A prize is free. You need not pay any money or buy anything to enter a sweepstakes or win a prize. The caller must tell you the "no-payment, no-purchase" method of entering. If the caller says you have already won a prize, the caller must also tell you all the costs associated with claiming it. This is important because the costs may be high and may substantially reduce the prize's value.
"We can get your money back!"	"I was sorry to hear that you lost money in a telemarketing scam. It's really a shame that people will call you offering you a great deal and then steal your money. But my company will get your money back for you. All you have to do is give me your credit card number to cover our low service charge."	You do not have to pay in advance. These so-called "recovery rooms" are just a way to take advantage of you a second time. A caller who promises to recover or help you get back money you lost, or to obtain an item of value you were promised in a prior telemarketing call, cannot ask for or receive money from you until seven business days after you actually receive the promised money or item.
"Great loans at great rates. Bad credit, no problem!"	"Today is your lucky day. I'm going to help you qualify for the loan you never thought you'd get. For only a small fee, I will get those late payments removed from your credit records. I'll send a courier to pick up your payment, because the sooner you pay the fee, the sooner I can get started."	You need not pay until you see proof that your credit record has been fixed. A caller is prohibited from asking for payment to remove negative information, or otherwise improve your credit report, until after 1) the period for providing you with all promised goods and services has expired; and 2) you receive documentation that the promised results have been achieved, in the form of a report from a credit reporting agency issued more than six months after the promised results were achieved. Remember that you can, on your own and at no cost, get inaccurate negative information removed from your credit report.
"Magazines at fantastic low prices. Give me your bank account number, and they're in the mail!"	"We've extended this amazing offer one more day, and we have to receive your money by midnight tonight. But don't worry-you can meet the deadline. Just give me your bank account number, and I can process your order right away."	Callers must get specific authorization from you to take money from your bank account. The caller must get your written authorization or tape record your verbal authorization to withdraw a specified amount from your account, or send you a written confirmation of the transaction before attempting to withdraw money from your account. The caller must provide the written or taped authorization to the bank upon request.

Source: American Association of Retired Persons (n.d.), "Telemarketing Fraud."



† For more information, see Aziz et al. (2000); Chatelin (1994); and U.S. Department of Justice, Office of Justice Programs (2000).

7. Identifying high-risk seniors. Research has shown that offenders often repeatedly target past fraud victims using "mooch lists" and recovery room scams. Identifying seniors by risk level helps to target intervention efforts appropriately.⁴⁴ High-risk seniors are those whom police, prosecutors, postal inspectors, or other agency personnel have identified as previous victims. Volunteers are dispatched to help the seniors prevent future victimization. They offer ongoing, in-person contact, providing not only emotional and moral support, but also tangible tools for combating fraud, such as reviewing daily activities, sorting through the mail, and evaluating telemarketing offers.

8. Reversing the "boiler room." These large-scale operations mail out postcards offering a free and guaranteed prize to the recipients. Those who respond to the telephone number listed receive detailed information on sweepstakes fraud and how to protect themselves. Working with senior volunteers, the U.S. Postal Service, consumer protection groups, and others, police may staff the hotlines and provide the information. Similarly, "reverse telethons" use operators with expertise in various types of fraud to answer callers' questions. Task forces established to combat the local elder fraud problem publicize, schedule, and recruit experts to offer advice to seniors, their families, and other concerned parties.[†]



Escape Mechanisms for Unwanted Sales Calls

- Refuse to communicate
 - Leave the scene
 - Do not respond to mail solicitation
 - Hang up the phone
- Refuse the offer for the moment
 - Indicate you will think about it and seek a second opinion
 - Request written information about the offer
 - Deny having the financial means to accept the offer
 - Indicate you will verify the legitimacy of the business before accepting
- Refuse the offer categorically
 - Indicate knowledge that the offer is a scam
 - Refuse to supply personal information
 - Refuse to pay fees, deny any charges
 - Threaten to contact the authorities
 - Simply refuse
- Take steps to avoid losing money after a suspicious offer/contact
 - Stop payment, cancel the order
 - Contact the authorities to have the money returned
 - Contact the authorities to alert them about illegal activities

Source: Adapted from Friedman (1998).

9. Making it easier for people to hang up on telephone

scams. Studies have shown that many people have difficulty hanging up on telemarketers, even after they have decided they are not interested in the product or service being sold. An "Easy Hang Up" device has been used to help seniors end calls without fearing they are being rude or abrupt. Once the senior decides the call is unwanted, he or she presses an activation button, and a short recorded message is played, such as "I'm sorry, this number does not accept this type of call. Please regard this as your notification to remove this number from your list. Thank you." The call is then disconnected.[†]

[†] For more information, see Kaye and Darling (2000).



† The FBI's Operation Disconnect, Operation Senior Sentinel, and Operation Double Barrel have resulted in thousands of indictments and the recovery of thousands of dollars. See also U.S. Department of Justice, Office of Justice Programs (2000).

†† For more information, see Slotter (1998).

10. Launching undercover operations. Although time-consuming and expensive, there have been several large-scale undercover operations to dismantle fraudulent telemarketing organizations.[†] A key telemarketer vulnerability is the inability to be certain of whom they have called. In these operations, police officers and volunteers had their names added to "mooch lists" and posed as potential victims of telemarketing scams. Fraudulent organizations contacted them repeatedly, and the conversations were recorded and used as evidence. Such operations are usually conducted as collaborative efforts between federal, state, and local law enforcement, the AARP, and other senior advocacy organizations.^{††}

Specific Responses: Financial Exploitation

As discussed previously, the characteristics, warning signs, and perpetrators of financial exploitation differ significantly from those of fraud. While some of the methods may be similar, preventing financial exploitation by relatives and caregivers requires specific responses.

11. Enacting proactive health care, legal, and financial planning. The best defense is a good offense. Programs to help people make health care and financial arrangements before they are necessary ensure that these decisions are made thoughtfully and with the person's voluntary and informed consent. Financial arrangements can vary from direct deposit of pension and social security checks and automatic payment of utility bills, to estate planning and the creation of powers of attorney. Professional help with such planning can be offered as part of community outreach activities implemented by a multidisciplinary team.



12. Assessing statutes related to power of attorney.

Although power of attorney is a common tool that serves an important and legitimate purpose for many seniors, it is also vulnerable to abuse. Specific regulations governing powers of attorney vary by state. Reviewing existing legislation and assessing current provisions for establishing, auditing, modifying, and canceling power of attorney are an important part of assessing the local problem. If existing statutes are vulnerable to abuse, consider lobbying for the addition of protective safeguards.

13. Screening caregivers. Many states do not require in-home caregivers to undergo criminal background checks. By implementing such measures, people with a history of physical or financial abuse or neglect could be prevented from working as licensed caregivers. However, this strategy would affect only those caregivers hired through licensed agencies, and would not apply to informal caregiving arrangements.

14. Training police and professionals involved in elders' affairs. Police should be trained in the specific elements of fraud and financial exploitation. Further, reports from victims and other concerned parties are likely to be complex and may be confusing to both dispatchers and responding officers. Training for these individuals should focus on proper procedures for referring cases for investigation, and on ensuring that complainants understand how the case will be handled.

Because of their ongoing involvement in elders' financial affairs, banks and other financial institutions are uniquely positioned to help prevent and detect financial exploitation, and are therefore an essential partner in combating the problem. Several states have developed



and implemented training curricula for bank tellers to recognize the warning signs of abuse, and these curricula are widely available for replication or adaptation.⁴⁵

Similarly, attorneys and certified public accountants who prepare wills, tax returns, estate planning documents, and other legal documents are uniquely suited to serve as an early warning system to prevent financial exploitation. Particularly if trained to identify the warning signs of undue influence and diminished mental capacity, attorneys and accountants can work with a multidisciplinary team to make sure that all legal documents are executed with the elder's voluntary and informed consent, and will serve the elder's best interest.⁴⁶

Focused training can encourage doctors to ask specific questions when assessing elders' physical and emotional well-being. During private consultations, doctors can explore the quality of elders' interactions with caregivers, increasing the likelihood of detecting financial exploitation.⁴⁷

Responses With Limited Effectiveness

15. Disseminating information as a stand-alone strategy.

Traditional approaches focused on raising public awareness have had limited success when used alone. Particularly when targeting elders with significant mental impairment, those who are isolated, and those who are in desperate financial situations, public information campaigns alone are insufficient for preventing financial abuse. Further, information campaigns that rely solely on the distribution of information (e.g., fliers, pamphlets) and do not feature any in-person interaction are among the least effective strategies for preventing crime.



16. Enacting mandatory reporting laws. Although they have shown some success in preventing and responding to child abuse, mandatory reporting laws have not been shown effective in preventing, identifying, or addressing financial abuse of the elderly. Training curricula generally include only the reporting requirements, and do not help officers to detect abuse or provide responsive services; in addition, sufficient resources are not allocated for quality investigations of all reports made.⁴⁸

17. Bonding or registering telemarketers. Although bonding and registration are often suggested to prevent fraud, there is no empirical research validating the effectiveness of such provisions. While legitimate businesses are likely to comply with such requirements, fraudulent organizations are not likely to be deterred by them. Further, it is unlikely that the average consumer would know to ask about bonding or registration, or that a fraudulent salesperson would tell the truth if asked about the company's compliance. In one jurisdiction, researchers discovered that fraudulent organizations found the registration requirement helpful, as being able to tell victims they were registered with the state brought a false air of legitimacy.⁴⁹

18. Expanding existing statutes. In the literature, there are many references to the need to expand the scope of existing statutes to promote the prosecution of financial crimes against the elderly, and to enhance applicable penalties. While enhanced sentences may offer some benefit in terms of specific deterrence, there is no empirical research indicating that such statutes result in increased prosecution rates. Further, such statutes have not been shown to have a general deterrent effect.⁵⁰



However, there is some evidence that requiring restitution for elderly fraud victims, and improving efforts to enforce restitution orders, can ease the harm suffered by the victim.⁵¹



Appendix: Summary of Responses to Financial Crimes Against the Elderly

The table below summarizes the responses to financial crimes against the elderly, the mechanism by which they are intended to work, the conditions under which they ought to work best, and some factors you should consider before implementing a particular response. It is critical that you tailor responses to local circumstances, and that you can justify each response based on reliable analysis. In most cases, an effective strategy will involve implementing several different responses. Law enforcement responses alone are seldom effective in reducing or solving the problem.

Response No.	Page No.	Response	How It Works	Works Best If...	Considerations
<i>General Responses</i>					
1.	36	Creating multiagency task forces	Provides a range of expertise in critical areas	...formed as a collaborative partnership between public, private, and nonprofit agencies	As a stand-alone strategy, not likely to directly impact the scope or level of the problem
2.	36	Working across jurisdictions	Creates the ability to build cases against highly mobile offenders; incorporates expertise in areas of co-occurring crimes	...created through formal interagency agreements with clear and specific protocols for line-level officers	Relationships require maintenance; need clear indications of the lead agency in specific cases; potential for "turf" issues to reduce efficacy



Response No.	Page No.	Response	How It Works	Works Best If...	Considerations
3.	37	Improving reporting mechanisms	Improves the quality of the data available to assess the scope of the local problem; creates the ability to provide services to avoid repeat victimization	...clear directions for reporting are widely publicized; specific protocols for agency cross-reporting are developed	Rate of reported crimes will increase; potential for one agency to interfere with the activities of another working the same case
4.	38	Training police to interview elderly victims of financial crimes	Increases the quality of investigations; increases sensitivity to victims' needs	...ongoing training is available; barriers to accessing information held by other agencies are removed up front	Requires long-term commitment to training; requires obtaining access to information that is traditionally not quickly available to police
5.	38	Decreasing victims' isolation	Improves the ability to support and monitor financial decisions by at-risk seniors; improves the chances of early detection	...contact is ongoing and in person; contacts are knowledgeable about warning signs	Requires long-term commitment
<i>Specific Responses: Fraud</i>					
6.	39	Educating seniors and other concerned parties	Makes it more difficult for frauds to succeed	...the curriculum includes specific strategies for identifying frauds as they are occurring, and techniques for ending unwanted interactions	Difficult to access seniors who are isolated, are disabled, or have diminished mental capacity (high-risk groups); requires practice and ongoing compliance from the recipient



Response No.	Page No.	Response	How It Works	Works Best If...	Considerations
7.	42	Identifying high-risk seniors	Decreases the likelihood of repeat victimization	...services include individualized attention to high-risk behaviors	Individualized nature of the intervention can be time-and cost-intensive
8.	42	Reversing the "boiler room"	Effectively identifies those likely to be open to fraudulent sales pitches	...prevention information is delivered in a way that meets elders' need for interaction, rather than relying on recordings	Expensive; less effective without personal interaction and without individualized, concrete strategies for minimizing high-risk behaviors
9.	43	Making it easier for victims to hang up on telephone scams	Decreases exposure to fraudulent pitches; reduces temptation	...exposure is primarily via telemarketing calls	Expensive; does not address other sales approaches (mail, in person)
10.	44	Launching undercover operations	Increases offenders' risk of arrest and prosecution	...launched as a multiagency effort; undercover victim strategy is coupled with infiltration of the organization itself	Expensive; requires long-term commitment; complex and competing interests
<i>Specific Responses: Financial Exploitation</i>					
11.	44	Enacting proactive health care, legal, and financial planning	Makes it more difficult to access elders' assets	...done early, before any cognitive deterioration; attorneys and financial experts guide the arrangements	Does not guarantee long-term security of assets



Response No.	Page No.	Response	How It Works	Works Best If...	Considerations
12.	45	Assessing statutes related to power of attorney	Decreases vulnerability to abuse	...the review is accompanied by new procedural safeguards	Legislative changes require long-term commitment; impact limited to attempts to abuse power of attorney
13.	45	Screening caregivers	Prevents those with criminal records of abusing the elderly from continuing to do so	...criminal records in multiple jurisdictions can be accessed	Effectiveness is limited to those situations in which caregivers are hired through an agency; will not impact informal arrangements
14.	45	Training police and professionals involved in elders' affairs	Increases possibilities for early detection	...there are ongoing working relationships between police and the professionals; a specific officer is identified for future inquiries	May still require a mental health professional to determine the capacity for consent; assessments are expensive
<i>Responses With Limited Effectiveness</i>					
15.	46	Disseminating information as a stand-alone strategy	Provides access to information on current frauds and methods to decrease personal risk	...recipients follow the advice	Difficult to target elders at highest risk; fails to meet needs for interaction; cannot be individualized
16.	47	Enacting mandatory reporting laws	Increases the likelihood that crimes will be reported	...mandated reporters know how to detect abuse and understand the protocol for reporting; investigating agencies are sufficiently funded to respond to all reports	Lack of follow-through tends to erode confidence in the system



Response No.	Page No.	Response	How It Works	Works Best If...	Considerations
17.	47	Bonding or registering telemarketers	Requires telemarketing operations to provide assurance of legitimacy and good-faith intentions	...telemarketers agree to follow all rules and regulations	Requires buy-in from offenders; provides false sense of good intentions; most consumers do not know to ask about bonding or registration
18.	47	Expanding existing statutes	Provides enhanced penalties for crimes targeting the elderly; reduces rewards	...offenders are caught; restitution is ordered and enforced	No general deterrence effect; does not help prevention efforts



Endnotes

- ¹ Titus (1999).
 - ² Rosenfield (1994).
 - ³ Ward-Hall (1999); Hafemeister (2003).
 - ⁴ Hafemeister (2003).
 - ⁵ American Association of Retired Persons (1999); Titus, Heinzelmann, and Boyle (1995).
 - ⁶ U.S. Senate (2000).
 - ⁷ O'Hanlon (1997).
 - ⁸ National Center on Elder Abuse (1998).
 - ⁹ Tueth (2000).
 - ¹⁰ California County Welfare Director's Association (1988); Shiferaw et al. (1994).
 - ¹¹ Hafemeister (2003); Tueth (2000).
 - ¹² Nerenberg (1999).
 - ¹³ American Association of Retired Persons (1996).
 - ¹⁴ American Association of Retired Persons (1996); Langenderfer and Shimp (2001); Titus, Heinzelmann, and Boyle (1995); Van Wyk and Mason (2001); Choi, Kulick, and Mayer (1999).
 - ¹⁵ Van Wyk and Mason (2001).
 - ¹⁶ Lee and Geistfeld (1999).
 - ¹⁷ Titus and Gover (2001).
 - ¹⁸ Titus and Gover (2001).
 - ¹⁹ Titus and Gover (2001).
 - ²⁰ Titus (1999).
 - ²¹ National Committee for the Prevention of Elder Abuse (n.d.), "Mental Capacity, Consent, and Undue Influence"; National Committee for the Prevention of Elder Abuse (n.d.), "An Interview With Margaret Singer on Undue Influence"; Quinn (2000).
 - ²² National Committee for the Prevention of Elder Abuse (n.d.), "An Interview With Margaret Singer on Undue Influence."
 - ²³ Wilber and Reynolds (1996).
 - ²⁴ Whitlock (1994); Doocy et al. (2001); Blum (1972).
 - ²⁵ Blum (1972).
 - ²⁶ Blum (1972), p.14.
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- ²⁷ Slotter (1998).
- ²⁸ National Center on Elder Abuse (1998).
- ²⁹ Sanchez (1996).
- ³⁰ Wilber and Reynolds (1996).
- ³¹ Wilber and Reynolds (1996).
- ³² Tueth (2000).
- ³³ U.S. Postal Service (n.d.).
- ³⁴ Illinois State Triad (1998); Harshbarger and Ollivierre (1993); Price and Fox (1997).
- ³⁵ This section is adapted from Nerenberg (2000).
- ³⁶ Stiegel (1995), as cited in Payne (2000).
- ³⁷ Nerenberg (1999).
- ³⁸ Zevitz and Gurnack (1991).
- ³⁹ Nerenberg (1996); Illinois State Triad (1998).
- ⁴⁰ Payne (2002).
- ⁴¹ Coker and Little (1997).
- ⁴² National Fraud Information Center (n.d.); American Association of Retired Persons (n.d.).
- ⁴³ Friedman (1998).
- ⁴⁴ Oregon Department of Human Services (n.d.).
- ⁴⁵ Price and Fox (1997); Nerenberg (1996); Nassau County Police Department (1998).
- ⁴⁶ Rush and Lank (2000).
- ⁴⁷ Tueth (2000).
- ⁴⁸ Daniels et al. (1999); U.S. General Accounting Office (1991).
- ⁴⁹ Doocy et al. (2001).
- ⁵⁰ Hafemeister (2003).
- ⁵¹ Deem (2000); National Committee for the Prevention of Elder Abuse (n.d.), "Restitution."
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Recommended Readings

- ***A Police Guide to Surveying Citizens and Their Environments***, Bureau of Justice Assistance, 1993. This guide offers a practical introduction for police practitioners to two types of surveys that police find useful: surveying public opinion and surveying the physical environment. It provides guidance on whether and how to conduct cost-effective surveys.
- ***Assessing Responses to Problems: An Introductory Guide for Police Problem-Solvers***, by John E. Eck (U.S. Department of Justice, Office of Community Oriented Policing Services, 2001). This guide is a companion to the *Problem-Oriented Guides for Police* series. It provides basic guidance to measuring and assessing problem-oriented policing efforts.
- ***Conducting Community Surveys***, by Deborah Weisel (Bureau of Justice Statistics and Office of Community Oriented Policing Services, 1999). This guide, along with accompanying computer software, provides practical, basic pointers for police in conducting community surveys. The document is also available at www.ojp.usdoj.gov/bjs.
- ***Crime Prevention Studies***, edited by Ronald V. Clarke (Criminal Justice Press, 1993, et seq.). This is a series of volumes of applied and theoretical research on reducing opportunities for crime. Many chapters are evaluations of initiatives to reduce specific crime and disorder problems.



- ***Excellence in Problem-Oriented Policing: The 1999 Herman Goldstein Award Winners.*** This document produced by the National Institute of Justice in collaboration with the Office of Community Oriented Policing Services and the Police Executive Research Forum provides detailed reports of the best submissions to the annual award program that recognizes exemplary problem-oriented responses to various community problems. A similar publication is available for the award winners from subsequent years. The documents are also available at www.ojp.usdoj.gov/nij.
 - ***Not Rocket Science? Problem-Solving and Crime Reduction,*** by Tim Read and Nick Tilley (Home Office Crime Reduction Research Series, 2000). Identifies and describes the factors that make problem-solving effective or ineffective as it is being practiced in police forces in England and Wales.
 - ***Opportunity Makes the Thief: Practical Theory for Crime Prevention,*** by Marcus Felson and Ronald V. Clarke (Home Office Police Research Series, Paper No. 98, 1998). Explains how crime theories such as routine activity theory, rational choice theory and crime pattern theory have practical implications for the police in their efforts to prevent crime.
 - ***Problem Analysis in Policing,*** by Rachel Boba (Police Foundation, 2003). Introduces and defines problem analysis and provides guidance on how problem analysis can be integrated and institutionalized into modern policing practices.
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- ***Problem-Oriented Policing***, by Herman Goldstein (McGraw-Hill, 1990, and Temple University Press, 1990). Explains the principles and methods of problem-oriented policing, provides examples of it in practice, and discusses how a police agency can implement the concept.
 - ***Problem-Oriented Policing and Crime Prevention***, by Anthony A. Braga (Criminal Justice Press, 2003). Provides a thorough review of significant policing research about problem places, high-activity offenders, and repeat victims, with a focus on the applicability of those findings to problem-oriented policing. Explains how police departments can facilitate problem-oriented policing by improving crime analysis, measuring performance, and securing productive partnerships.
 - ***Problem-Oriented Policing: Reflections on the First 20 Years***, by Michael S. Scott (U.S. Department of Justice, Office of Community Oriented Policing Services, 2000). Describes how the most critical elements of Herman Goldstein's problem-oriented policing model have developed in practice over its 20-year history, and proposes future directions for problem-oriented policing. The report is also available at www.cops.usdoj.gov.
 - ***Problem-Solving: Problem-Oriented Policing in Newport News***, by John E. Eck and William Spelman (Police Executive Research Forum, 1987). Explains the rationale behind problem-oriented policing and the problem-solving process, and provides examples of effective problem-solving in one agency.
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