Elder Abuse and Financial Fraud

by TOOLCASE

Elder abuse is a common problem, with one in ten cases related to financial matters.

The National Council on Aging estimates that financial exploitation of the elderly is costing victims as much as

$36.5 billion a year

This number could be higher, however, as much of the frauds are unreported, frequently perpetrated by family members, friends, and caregivers.

How Elder Financial Fraud Happens

Many factors make it quite easy for our elderly community to be abused financially.

In some cases, abused seniors are suffering from mental impairments, such as dementia or Alzheimer's disease. It's common for perpetrators to take advantage of these health issues and use them for their own gain.

However, financial exploitation occurs even when the victims are healthy and have no mental impairments. These abuses are often perpetrated by their closest family members.

The most common type of elder financial exploitation is committed by adult children of the victim. But it also frequently occurs in nursing homes and assisted living centers, as well as from financial overseers, such as those with power of attorney, trustees, guardians, or conservators.

In nursing homes or assisted living facilities, residents' credit cards or checkbooks can be stolen by staff or caregivers. These scammers may also try to trick residents into signing paperwork transferring ownership of a vehicle, home, bank account or investment without knowledge or consent of the victim. Forced changes to the beneficiaries of wills and estates are, unfortunately, common.

Racial discrimination also plays a significant role in who is preyed upon for financial gain. According to a study published in 2010, African American seniors experienced higher rates of financial exploitation than non-African American seniors (23% vs. 8.4%).

This means that, on average, over 10% of our elderly population are victims of abuse in the form of financial frauds.

The first line of defense: According to the Consumer Financial Protection Bureau, trusted caretakers and loved ones should be on the lookout for new friends who behave in a possessively or controlling manner toward elderly loved ones, as these can be early signs of potential elder financial abuse.

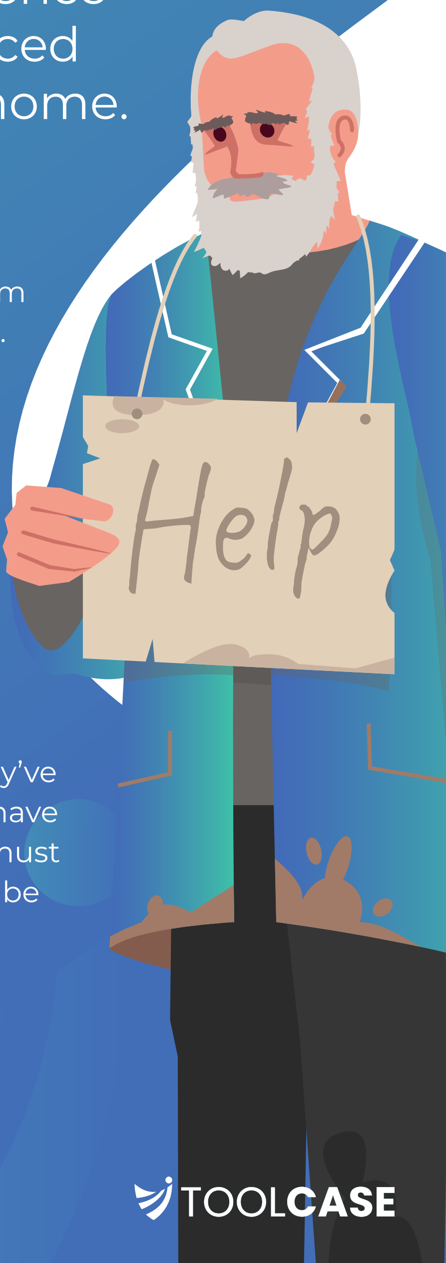
Identifying Elder Financial Exploitation and Abuse

A victim of financial abuse may have difficulty identifying it or seeking help openly. Nevertheless, financial institutions should keep an eye out for these red flags:

- New names suddenly being added to bank accounts or credit cards, and/or changes in the client's signature.
- A rise in unpaid bills or collection letters, even when the victim is known to have sufficient financial resources.
- An elder's real property or possessions are transferred to distant relatives.
- Assets suddenly transferred to someone outside the family
- Changing spending habits, like more instances of cards being used for online purchases
- Change of billing address, but not physical address
- Growing stress and anxiety over money matters

Many independent victims hesitate to report abuse out of fear they may lose their independence and may be forced into a nursing home.

Financial exploitation of elders often takes the form of quick, one-time scams. A fraudster may pretend to be a grandchild with a convincing sob story. One where money is needed immediately to help them out of a situation. Some prey on cognitive impairments, such as memory loss, to fool victims into believing they've forgotten to pay a bill or have agreed to a service that must be paid for but will never be rendered.



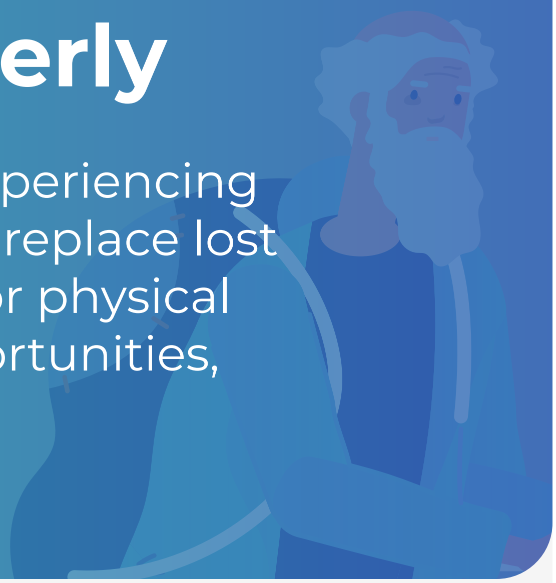
Types of Domestic Financial Abuse of the Elderly

Advocacy groups for the elderly have outlined a number of financial abuses in hopes of shining more light on the issue. Financial abuses by individuals in a domestic setting include:

- The act of taking money or property without permission or misusing it
- Fraudulently obtaining the signature of an elder
- Bank accounts with joint signatures abused
- Fraudulent use of debit or credit cards
- Not obtaining permission or authorization to cash an elder's check
- Fraudulently appropriating pension or social security funds
- Using deception, coercion, or undue influence, to pressure an elder into creating and signing a last will, a power of attorney, or a deed
- Providing false information about the elder's assets resulting in the elder assigning them custody
- convincing an elderly person to change their current wills or insurance policies in order to change beneficiaries
- Exercising a power of attorney beyond the scope of the original execution, including a durable power of attorney
- Making improper use of the authority granted by conservatorships, trusts, etc.
- The negligent handling of assets, such as misuse by fiduciaries and caregivers
- The promise of long-term care In exchange for money or property, with no intention of making good
- At-home caregiving services overcharging or not providing services
- Physical denial of access to finances or appropriate financial information

The Impact of Financial Abuse on the Elderly

Many retirees and individuals experiencing physical or mental decline can't replace lost assets. Due to advanced aging or physical disabilities, there are fewer opportunities, and less time to recover losses.



The loss of assets can result in the reduction of independence and security, leading to significantly negative ramifications both symbolically and practically.

Victims of elderly abuse may become financially dependent on family members or social services, and, because of such abuse, see an increased level of stress and shame.

They may experience extreme feelings of terror, both at the hands of criminals and in themselves, which in turn leads to dramatic changes in their lifestyle, physical and emotional wellbeing.

Additionally, anxiety, shame and stress brought on by fraud may cause self-isolation from friends or family members.

For the elderly, economic ruin is a frightening yet all-too-real scenario. The loss of assets can be devastating both financially and mentally, both of which often lead to physical deterioration. Ultimately, the results of financial abuse on the elderly can be just as harmful as physical abuse.

Of course, frauds perpetrated on the elderly may also result in losses at financial and banking institutions.

The cost of fraud has increased dramatically over the past few years. Today, US financial services firms, including banks and credit unions, are experiencing a loss of $4 for every dollar in fraud. And the elderly are a prime target.

How ToolCASE Helps Prevent Financial Frauds

Elder financial abuse is one of the greatest issues and challenges we have in the world of financial crime.

But there are solutions.

ToolCASE has been providing financial crime and transactional fraud solutions based on artificial intelligence for over 20 years.

Our clients are predominantly core banking and financial institutions. We have a deep understanding of all financial frauds and cyber incursions, both large and small.

From discreet money laundering schemes and large-scale bank and card frauds to loan application and tiny one-off transactional frauds, the detection and prevention of fraud is built into our DNA.

Our rule-based AI technology can monitor and alert transactional institutions of even the smallest anomalies, and it does so in real time.

We help the elderly, and their institutions, avert illicit funds transfers, illicit account openings, can detect and alert irregular spending or transactions, and even detect unusual changes or applications in "paperwork" for loans and mortgages.

ToolCASE AI monitors millions of core data points across any number of sources within a banking institutions data flow. And, unlike legacy systems, we monitor it live, not after the fact in batched data.

We apply our best-in-class RembrandtAi along with other methodologies of deep learning intelligence to monitor not just core transactional activity of the elderly, but also other potentially fraud related data sets like geo location, card usage habits, projections, and forecasts, as well as likely/unlikely purchases and irregular or unexpected changes to established data and inputs.

We not only monitor for anomalies in real-time but have predictive capabilities to project when and where fraud may occur in the future.

Our AI systems may not only detect and prevent elderly abuse, but with the deep analysis of transactional data, we could potentially detect mental deterioration in elderly clientele before abuses occur.

ToolCASE provides the technology to fight elderly financial abuse, saving victims from hardship and institutions from fraud losses.

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