



How to Detect and Prevent Elderly Financial Abuse

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(Reuters)

Tragically, some nefarious souls take economic advantage of older relatives who are in compromised physical, emotional or mental positions. Whether you're a senior citizen or have one in your life, it is important to know what financial elderly abuse is all about, and how you can prevent and recover from it.

Elderly financial abuse can take on many forms, including stealing assets, forging signatures to obtain new lines of credit and loans, and fraudulently using existing credit cards. Such cases are on the rise: According to the 2011 MetLife Study of Elder Financial Abuse, victims lose an estimated \$2.9 billion dollars annually, up 12% from \$2.6 billion in 2008. While strangers are responsible for 51% of the crimes, 34% are committed by family members, friends and neighbors.

As a professional daily money manager, Mim King, of Lexington, Ky., sees evidence of fraud and theft in her practice frequently. However, she was shocked that it happened in her own family.

"My sister, who had lived with my parents, had misused and misspent one-third of my parents' net worth," says King. "I discovered it when she asked our broker to sell \$60,000 worth of investments to pay credit cards."

Besides using her parents' credit cards, the sister had opened about 50 accounts in her and many other people's names to purchase cruises, beauty treatments -- even a car for her best friend. She also padded her salary and bailed her boyfriend out of jail twice, charging \$16,000 in bail bonds.

For years, she managed to keep her dealings quiet by paying one card with the other, but after the stock sale request, the ruse collapsed.

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King's parents were astonished when she told them their daughter had swindled at least \$100,000. "Their jaws dropped. My dad didn't believe it at first. They defended her. For 22 years, she worked for them and lived with them for free. They trusted her, and she betrayed that trust many times over."

It took two years to repair the financial damage. "Dad was a lawyer, and we had to shut his doors because she ran the business," says King. The emotional injury, though, was irreparable. "She still has never apologized for or even acknowledged what she did. Dad died of a broken heart."

Who is most susceptible

Not everyone deep into their retirement years is susceptible to elderly financial abuse, but the MetLife study found that women are twice as likely as men to be victims. Additionally, most are between the ages of 80 and 89, live alone and require some level of home or health care assistance.

"Elders who are sick or who have recently developed diminished capacity (stroke, paralysis, etc.) can be targets for financial abuse because it is easy for predators to exert undue influence," says Shaun P. McGrady, an elder law and advocacy attorney from San Diego. They may sign documents that they barely understand. People who aren't fluent in the language in which contracts or credit agreements are written are also vulnerable.

Other prime victims, according to Patricia Maisano, CEO of Ikor USA, a health care advocacy and guardianship network, are those suffering from dementia. "Their short-term memories are so bad," says Maisano. "The crimes happen, but they don't remember they were mugged."

The attitude and isolation of some older people can put them in additional danger. Julie Northcutt, CEO of Caregiverlist, a national website providing information on senior care options, says many are at risk of financial abuse from relatives because they tend to be trusting and lonely. "They value that relationship, and anything that person says, they are going to believe."

Maisano also says elderly parents who have raised financially dependent children are also predisposed. "In some situations, the mom or dad has fostered the entitlement mentality and behavior. The kids never had a job, and think 'What am I going to do now?' when their parents can't do that anymore." Dipping into their parents' reserves and using their credit can seem justifiable.

Profiles of perpetrators

In fact, an overblown sense of deserving is a common reason for elderly fraud. And it's done by the person you'd least expect, says Maisano. "I have had very normal-looking adult children stand up and say: 'My parent's money is my money. Whether they are alive or dead, it's my money.'" They feel the parent is living too long, and assumed they would have the funds already, so they take it any way they can.

Selfish intentions aren't always to blame, says Northcutt. The pressures of dealing with ill or contentious people can take a toll. "Senior care can be emotionally and physically exhausting," says Northcutt. "They can be mean and abusive themselves -- personality changes are very real. After weeks and weeks of that, they justify their actions: 'I can just take this credit card and buy a nice outfit.' Good people can go bad doing senior care."

Other thieves are addicts looking for a mark -- even if it's their aging mom or dad. Northcutt cites a couple she worked with who had five children: "Four were phenomenal people, but one was a bad egg. That person had a little drug habit and was a spender." The siblings discovered he had managed to transfer ownership of their parents' home to himself, ensuring a steady stream of cash via a home equity loan.

And when cash is tight, thefts against the elderly rise. The MetLife study found that dollar losses over the holidays due to crimes perpetrated by friends and loved ones were especially high.
Be aware of the warning signs

The National Committee for the Prevention of Elder Abuse, a Washington, D.C.-based watchdog association, offers some clues to when elderly financial abuse might be occurring, including:

- * Bills are left unpaid and notices of eviction or discontinued utilities arrive.
- * Unexplained withdrawals from bank accounts or transfers between accounts.
- * Bank statements stop coming.
- * Care is not commensurate with the size of the estate.
- * Belongings or property goes missing.
- * Suspicious signatures appear on checks or other documents.
- * The elder or the caregiver gives implausible explanations about financial matters.

Northcutt also says to check for a surge of additional mail and credit offers as the person caring for the senior may be misusing the address and information to apply for loans and credit.

What can you do

If you're a senior citizen and others are privy to your finances, King recommends involving a neutral third-party into your routine -- especially if someone is living with you and assuming such tasks as grocery shopping and paying the rent. With access comes temptation. Consider hiring a member of the American Association of Daily Money Managers to monitor bank account and credit activity, as these professionals can quickly detect problems.

Even if you don't hire outside help, hold regular money meetings. "Say, 'Let's sit down once a month and go over the finances,'" says King. Instruct a checks-and-balances plan by involving other family members and send each other quarterly reports.

Another key way to mitigate theft is with a financial power of attorney, says Harry S. Margolis, elder law attorney in Boston. This legal document allows you to choose one or more people to oversee your financial affairs if you are unable to do so. The caveat, says Margolis: "Give it to someone you have extreme confidence in." In the wrong hands, a power of attorney can place you in, rather than deliver you from, danger.

Suspect elderly financial abuse might be occurring now? Northcutt says to contact the Administration on Aging, the federal agency responsible for advocating the concerns of the older people and their caregivers. "They service every county in the U.S. and will get a social worker to help."

If you believe someone who has passed away was a victim of elderly financial abuse, federal and state laws can offer recourse. In California, for example, says McGrady, "where an elder has died and the estate is subjected to fraud, a person who the court deems acted in bad faith concerning the estate, will be liable for double the value of the property."

Finally, "trust, but verify," says King. "If my dad had just done that, this would not have happened."