

***ELDER FINANCIAL ABUSE
TASK TEAM REPORT TO
THE CALIFORNIA
COMMISSION ON AGING***

Prepared for
**PLANNING FOR AN AGING
CALIFORNIA: AN
INVITATIONAL FORUM**
March 8, 2005

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The Purpose

The purpose of this document is to provide a status report of the work of a stakeholder task team on Elder Financial Abuse organized around working on implementation of “Planning for an Aging California Population” (Health and Human Service Agency October 2003).

Task Team Members

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Helen Karr	Member, California Commission on Aging
Jim Dangerfield	Former Senior Vice President, Glendale Savings & Loan
Robyn James	Former Program Director, SAIF Program
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Table of Contents

	<u>Page</u>
I. Forward.....	1
II. Background on Elder Financial Abuse.....	3
III. Current Status of Elder Financial Abuse Task Team	4
IV. Elder Financial Abuse Implementation Priorities and Action Plan	4
V. Barriers to Implementation of Elder Financial Abuse Priorities	6
VI. Proposed Revisions to the <i>Strategic Plan for an Aging California Population</i>	6

I. Forward

A. Who is the California Commission on Aging?

The California Commission on Aging (CCoA) was established in 1973 by the Burton Act. It was confirmed in the original Older Californians Act of 1980 and reconfirmed in the Mello-Granlund Older Californians Act of 1996.

The Commission serves as "*the principal advocate in the state on behalf of older individuals, including, but not limited to, advisory participation in the consideration of all legislation and regulations made by state and federal departments and agencies relating to programs and services that affect older individuals.*" As such, the CCoA is the principal advisory body to the Governor, State Legislature, and State, Federal and local departments and agencies on issues affecting older Californians.

B. SB 910—Aging Planning Legislation

California is home to nearly four million people over age 65—the largest older adult population in the nation. This number is expected to more than double over the next several decades as the baby boomers begin reaching this milestone. To address this impending reality, Senator John Vasconcellos wrote Senate Bill 910 (Ch. 948/99, Vasconcellos). The bill mandated that the California Health and Human Services Agency develop a statewide strategic plan on aging for long term planning purposes. On October 14, 2003, the *Strategic Plan for an Aging California Population—Getting California Ready for the Baby Boomers*, was completed with the major support of the CCoA and a plan development task team representing 25 older adult stakeholder organizations supported by 15 state departments. The Governor signed the plan in November 2003. (The Strategic Plan can be reviewed at http://www.calaging.org/works/population_files/population.pdf.)

C. CCoA's Monitoring Role of the Strategic Plan

SB 910 calls for periodic updates so that it can be continuously improved and reflect new circumstances, new opportunities and the changing socio-political environment. The CCoA agreed to assume responsibility for the monitoring and updating the Strategic Plan. In this capacity, the CCoA is responsible for convening stakeholders, holding meetings, and monitoring the progress of priority action items outlined in the Plan. The CCoA will report to the Legislature the progress of the Plan's implementation, and update the Plan's contents to reflect changing priorities and actions. Reports to the Legislature will be on a biennial basis.

The CCoA's approach to monitoring the Strategic Plan's implementation during 2003-2005 includes:

- Encouraging/facilitating work on Strategic Plan implementation by convening nine new stakeholder task teams, facilitating initial meetings and establishing partnerships with two previously formed stakeholder teams.
- Dialoguing with state officials at the March 8, 2005 Forum on the top 15 priorities in the Strategic Plan.
- Distributing and compiling the results of a baseline questionnaire on the Strategic Plan's 15 Priorities. The questionnaire was distributed to private, public and non-profit providers and aging advocates.
- Reporting to the Legislature by May 2005, on the progress of the Strategic Plan.

D. Stakeholder Task Teams

Eleven Stakeholder Task Teams have been charged with identifying and focusing efforts on several of the top priority recommendations, developing action plans to support or achieve implementation of these priorities and identifying necessary amendments or additions to the original Plan. These volunteer Task Teams have been meeting for the period October 2003 through December 2004, though some Task Teams started their efforts later than others. Written reports have been received from all Task Teams—copies are available from the CCoA office. The focus areas for the 11 stakeholder task teams are: Housing, Economic Security, Elder/Financial Abuse, Transportation, Wellness/Prevention, Mental Health, Oral Health, Long Term Care, Palliative/End of Life Care, Assistive Technology, Provider Workforce.

The choices and actions taken by the Task Teams are solely their own and do not necessarily represent the position of the CCoA.

Strategic Plan for an Aging California Population
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Elder Financial Abuse Task Team

II. Background on Elder Financial Abuse¹

According to the United States Senate Special Committee on Aging, each year, 500,000 to 5 million (1.4 percent - 14.2 percent) of elders in the U.S. are victims of some type of elder abuse. 84 percent of elder abuse cases go unreported, making the reported cases just the “tip of the iceberg.” California Elder Abuse laws were modeled on Child Abuse laws, which primarily focus on physical abuse. Physical abuse accounts for almost 16 percent of all the reported elder abuse cases. However, 40 percent of all elder abuse involves some form of financial exploitation, which is of increasing concern because nearly 70 percent of our nation’s household net worth is controlled by people over the age of 50.

According to the 2000 Census, California has 3.6 million citizens aged 65 and above. This population is estimated to nearly double (to 7 million) by the year 2020. Each year, up to 500,000 California citizens are victims of some type of elder abuse. 200,000 (40 percent) of these are victims of financial abuse.

The California Department of Corporations Seniors Against Investment Fraud (SAIF) Program conducted a statewide benchmark study in 2002 to determine the extent of consumer and financial scams targeting older Californians. Amazingly, the SAIF study determined that in California alone:

- Over 70 percent of people aged 50 and above have been approached fraudulently.
- The monetary loss to senior financial scams is not less than 3.8 billion dollars.
- The monetary loss to senior investment scams is ten times greater than to any other form of consumer fraud.
- 100 percent of professionals who work closely with elders believe they will be re-victimized unless there is educational intervention. 59 percent of seniors believe this.
- The average loss per older investment fraud victim is from \$12,500 - \$25,000.

The rapid growth of the vulnerable senior population combined with the mass-marketing techniques used by financial predators in the marketplace today is driving up the number of fraudulent solicitations and activities. Older adults are

¹ Background provided by the Northern California Seniors Against Investment Abuse (SAIF) program.

being targeted aggressively by these professional predators through the internet, mail, phone, in-home visits, and free “financial seminars” specifically tailored to large groups of seniors. In addition to “professionals,” predators are also likely to include friends, caregivers and even family.

The major deterrent from fraud victimization is through awareness, prevention, and education. Unless seniors are armed with the educational tools necessary to actually spot, stop, and avoid financial exploitation, their chances of falling prey and being victimized are extremely high, if not inevitable. The research shows that the strongest predictor of *future* victimization is through analysis of *past* victimization statistics. Studies show that most victims are re-targeted by fraudulent solicitors engaging in a variety of unscrupulous activities. The victim’s contact information may be sold to other fraudulent operators, allowing for constant targeting of all types of future fraud crimes.

It has been demonstrated that financial elder abuse crimes can be curtailed through the rigorous implementation of **education** and **enforcement** activities, and statewide initiatives.

III. Current Status of Elder Financial Abuse Task Team

The Elder Financial Abuse Task Team met monthly from July to December 2004, to select priorities and develop an action plan for 2005. Task Team members are listed on page i of this document.

The Task Team began its work by reviewing the *Strategic Plan on an Aging California* including the full list of Elder Financial Abuse recommendations. The Task Team worked through a selection process to identify two implementation priorities. The priorities represent what the Task Team members felt could be reasonably accomplished in the current environment. For each of these priorities, an Action Plan was created. As a final step, the Task Team compiled a list of barriers that hinder implementation.

IV. Elder Financial Abuse Implementation Priorities and Action Plan

Priority	Action Plan
<p>Expand educational programs about fraud schemes to the senior and dependent adult communities, law enforcement, and prosecutors. Use the existing educational models from the Attorney General (AG) and Department of Corporations (DOC).</p>	<ul style="list-style-type: none"> • Education—By using the existing AG and DOC educational models, expand education to the senior and dependent adult communities, law enforcement, and prosecutors about the schemes used to defraud this demographic. The education component would: <ol style="list-style-type: none"> a) Make the elderly aware of such schemes, ways to avoid the schemes, and the importance of reporting questionable financial transactions early to the proper legal authorities. b) Make law enforcement aware of the different schemes throughout the state and provide suggestions on how to coordinate their efforts with other agencies, and c) Keep the prosecutors’ offices aware of the prevalence of the schemes throughout the state and encourage those offices to actively prosecute offenders. d) Build on the experience of the SAIF Program to organize volunteers at the grass-roots level, and the experience of the Attorney General’s Office, which utilizes the media to get their prevention message out. Both models have proven to be a highly effective method of education and prevention.

Priority	Action Plan
<p>Establish a highly effective enforcement initiative and senior fraud investigative team to provide an important vehicle to bring authorities earlier information about scams targeting seniors.</p>	<ul style="list-style-type: none"> • Coordinate well-trained volunteers, who are retired certified investigators and retired law enforcement personnel. They would attend and observe solicitation meetings. Approval, supervision and training by law enforcement officials would be necessary. Law enforcement now must rely upon victim complaints, and victims are often the last ones to realize that they have been defrauded. Through rigorous education and investigation, reports of scams can be identified while they are under way, rather than long after they have occurred. Earlier information not only facilitates effective investigation, but also will enable law enforcement to prevent losses to victims. • Establish an “Association of Senior Fraud Investigators.” • Develop a comprehensive training curriculum to be used by the Senior Fraud Investigative Team. • Gather evidentiary information and report it to the appropriate agencies for enforcement action. • Establish a system to track, monitor, and collect data on current senior fraud scams presently active throughout the state.

V. Barriers to Elder Financial Abuse Priorities Implementation

- Lack of awareness of the extent of the problem
- Lack of program funding
- Inability to implement many recommendations without specific authority
- Law enforcement must rely upon victim complaints to learn of potential fraud, and victims are often the last ones to realize that they have been defrauded

VI. Proposed Revisions to the *Strategic Plan for an Aging California Population*

The Task Team recommends the following additions to the Strategic Plan Economic Security Element, Abuse Prevention Category:

1. Expand the state’s public outreach and prevention efforts to raise more awareness of financial elder abuse. Use two existing and highly effective statewide models already in place:

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- The California Department of Corporations (DOC) SAIF Program;
 - The California Attorney General's (AG) Elder Abuse Media Campaign.

The expanded statewide public outreach campaign will operate at both a grass-roots level and through major media channels to reach out to the public across the state.

2. Support ACR 8 (Dymally) "Month of May as Elder and Dependent Adult Abuse Awareness Month."
3. Develop a statewide volunteer certification-training program utilizing a peer-to-peer model to teach financial elder abuse prevention and education.
4. Develop a comprehensive training curriculum to be used by the volunteers and others involved in the statewide education and enforcement initiatives.
5. Modify the existing financial elder abuse definition to include language that identifies financial elder abuse to also be committed by professional financial predators targeting elders.
6. Develop a statewide Financial Abuse Specialist Team (FAST) Team which is required to meet at least six times a year to share information and implement a long range strategic plan to address the financial abuse of elders and dependant adults.