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ELDER FINANCIAL ABUSE – WHY SHOULD YOU CARE?

BY
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One out of six elderly people will become victims of financial exploitation. One out of six.

That was the consensus of the top experts in the United States in the field of elder financial abuse during a 2005 policy planning meeting for the White House Conference on Aging. Furthermore, the average victim will lose about 30% of his or her net worth and is many times more likely to become ill or die. Yet despite this human tragedy, 80% to 95% of cases are never reported to authorities or people who could intervene. Perpetrators destroy lives and abscond with assets that would otherwise benefit the elders and their families.

The true economic impact is much greater. Elder financial abuse creates costs to local, state, and federal government agencies, as well as to businesses that employ people, often in middle- or upper-management, who are concerned about the welfare of a parent or grandparent. Elder care costs U.S. corporations at least \$29 billion annually, and it reduces the lifetime earnings of every affected caring, and employed family member by about \$700,000. Current estimates place these additional, unnecessary, costs at dozens to hundreds of billions of dollars annually.

If that is not enough, consider this: (1) When financial abuse occurs, it is often associated with other forms of abuse, such as emotional abuse, physical abuse, and neglect; (2) All of this country's experts agree that the problem is getting worse.

Types of Financial Exploitation

There are two main forms of financial exploitation or Elder Financial Abuse (EFA). The first type is “consumer fraud,” i.e., identity theft, stealing credit cards or personal identification numbers (PINs), internet scams, and telemarketing scams. The second is sometimes referred to as an “affinity scam” or “the brand new best friend.” An affinity scam is one in which a person or organization claims to share similar values with the victim, then uses the claim to establish a relationship that is later betrayed. Variations on this include “sweetheart scams” and some acts of professional misconduct.

Types of Perpetrators

There are two major types of perpetrators: opportunists and predators. Their ultimate goals may be similar, but they differ in their initial intent and behavior. “Opportunists” are usually family members or friends who have good intentions when they begin caring for an elder; however, long-term caregiving is physically, financially, and emotionally draining. Informal surveys of family caregivers in a university geriatric medicine clinic reveal that more than 98% of caregivers admit to having fantasies of abandoning or harming the elder. Most never act on these thoughts. Those who do begin by rationalizing small betrayals like using the elder’s credit card to buy their own groceries or gas, using the elder’s vehicle for personal errands, or using their relationship to obtain loans or gifts for the caregiver’s benefit. In the classic pattern, the rationalizations increase until the caregiver is engaged in frank financial abuse.

“Predators” are criminals who purposefully seek out elderly victims because of their vulnerabilities. These perpetrators place themselves in “victim-rich environments” like senior centers, religious institutions, support groups, or in-home care businesses. They may conduct surveillance of potential victims and their families for weeks or months. Predators enter situations with the intent to steal, defraud, or exploit the elders. Other forms of abuse often follow, particularly murder, because, as one police investigator correctly noted, “once the money is gone, all that’s left is a witness.”

Certain “religious” and “charitable” institutions are known to train people to be perpetrators. They target wealthy elderly people and intensify their efforts when the elders become medically impaired, isolated, or widowed. The programs train people to become a “new best friend” and to convince the elders to change their estate plans to make or *inter vivos* gifts in order to benefit the institution. The local chapter or perpetrator then receives a kickback.

What To Do?

Here are two organizations that are dedicated to elder abuse awareness, prevention, and intervention:

1. The National Center on Elder Abuse (NCEA) is a gateway to resources on elder abuse, neglect, and exploitation. The NCEA’s website is: www.elderabusecenter.org.
2. The Clearinghouse on Abuse and Neglect of the Elderly (CANE) is the nation's largest computerized archive of published research, training resources, government documents, and other sources on elder abuse. Its website is: www.elderabusecenter.org/default.cfm?p=cane.cfm.

Other suggestions for action are:

1. Obtain the name and contact information for the local elder abuse multi-disciplinary team (MDT) or Fiduciary Abuse Specialist Team (FAST). If one does not exist, then start one.
2. Obtain the name and contact information for the Elder Abuse Unit at local law enforcement (police or sheriff's department).
3. Join the NCEA's "Elder Abuse" listserv, available at: www.elderabusecenter.org/default.cfm?p=listserve.cfm.
4. Become active in the "Elder Law" and "Probate" sections of local and state bar associations.

Dr. Blum and LexisNexis have recently produced the first in a series of Internet-based presentations on the topic of "Elder Financial Abuse and Undue Influence." This "Webinar" may be viewed at: <https://casesoft.webex.com/casesoft/onstage/tool/record/viewrecording1.php?EventID=387742112>

Oast & Hook can assist seniors and family members when they suspect elder financial abuse is occurring.

Dr. Blum is an expert in the field of elder abuse and has consulted for the United Nations, the White House, the U.S. Senate, international tribunals, the American Bar Association, and numerous other groups in the United States and the Western Hemisphere. More information about elder financial abuse and Dr. Blum is available on his website: www.bennettblummd.com.

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