The Impact of Social Relationships on Elder Financial Victimization

Theoretical, empirical, and practical perspectives

Presenters

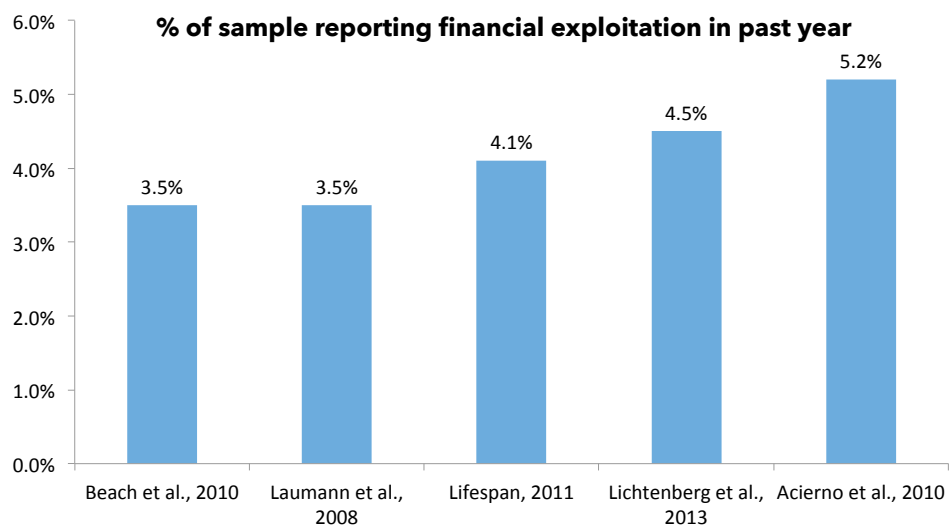**Marti DeLiema, PhD**
Stanford Center on Longevity

Scott Beach, PhD
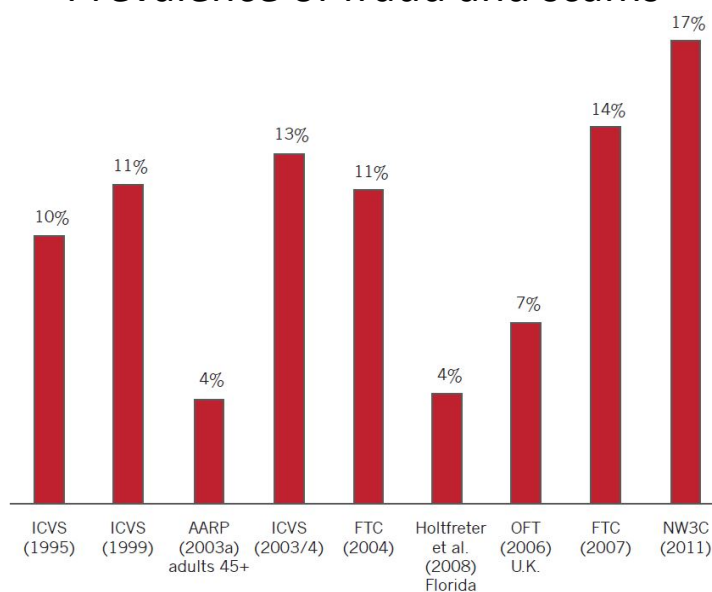**University Center for Social & Urban Research at University of Pittsburgh**

Elder Financial Victimization

OFFENSE TYPE

Consumer fraud & scams

Financial Exploitation

PERPETRATOR

Stranger

Trusted Other

Financial exploitation by "trusted other"

% of sample reporting financial exploitation in past year

3.5%	3.5%	4.1%	4.5%	5.2%
Beach et al., 2010	Laumann et al., 2008	Lifespan, 2011	Lichtenberg et al., 2013	Acierno et al., 2010

Prevalence of fraud and scams

Bar chart showing percentages:

- ICVS (1995): 10%
- ICVS (1999): 11%
- AARP (2003a) adults 45+: 4%
- ICVS (2003/4): 13%
- FTC (2004): 11%
- Holtfreter et al. (2008) Florida: 4%
- OFT (2006) U.K.: 7%
- FTC (2007): 14%
- NW3C (2011): 17%

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Targeting older adults:
Greater returns or easier to deceive?

- Impaired financial decision-making
- More trusting of strangers
- Greater social isolation
- More likely to be at home
- More assets to exploit
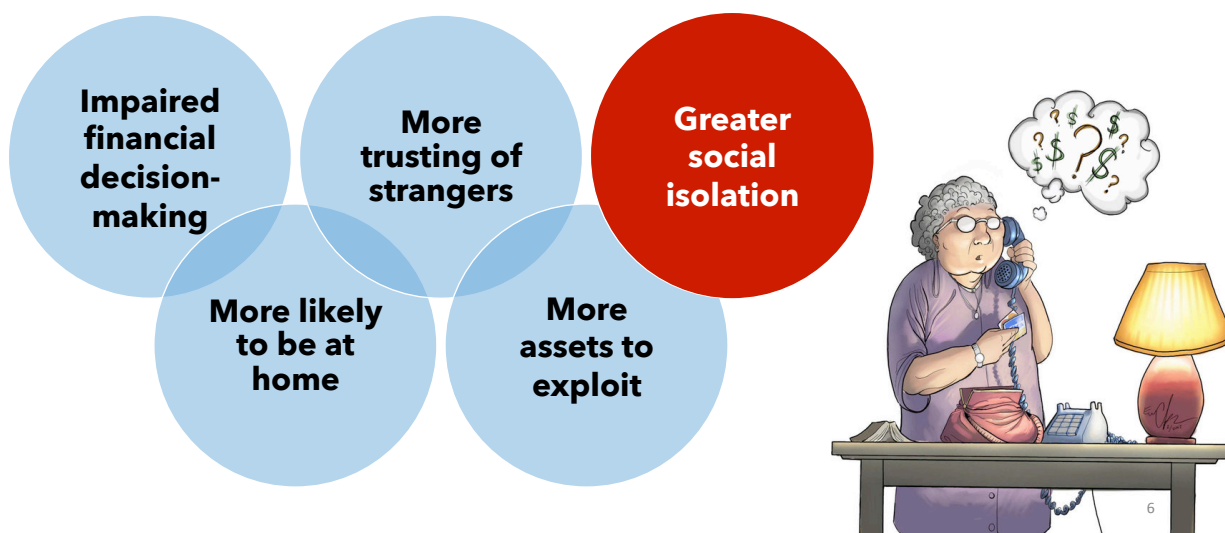
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Is social isolation a problem?

- 28% of older adults in America live alone
- More than 1/2 of US adults are unmarried
- Household size is shrinking
- More than 1/3 of adults ages 45+ report feeling lonely
- Majority of US adults do not participate in a social group (religious organization, club, sports league, etc.)
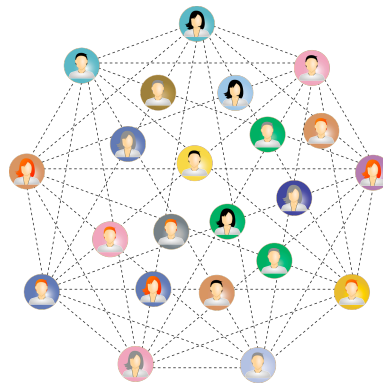
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Social isolation
- A lack of meaningful social connection with others
- Not to be confused with loneliness

Social network
- Size
- Density

Perceived social support
- Appraisal/emotional
- Tangible/functional
- Belonging

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Several population sample survey studies show a link between social factors and risk of elder financial exploitation

- Laumann, Leitsch, & Waite (2008) – U.S. national survey

  -- *Married older adults less likely to be FE victims*

- Peterson et al. (2014) – NY State survey

  -- *Living with spouse less likely to FE victims*

  -- *Larger non-spousal household size, more FE*

- Schafer & Koltai (2015) – U.S. national survey

  -- *Greater density social networks, less abuse (FE not separated)*

  -- *FE perpetrators were less likely (than physical / psychological) to be network members*

- Acierno et al. (2010) – largest U.S. national survey (NEMS)

  -- *Low social support (perceived emotional, instrumental, appraisal) was a consistent predictor of risk for all types of abuse…..EXCEPT FE*

- Lichtenberg et al. (2013) –used Health and Retirement Study (HRS)

  – *Low social-needs fulfillment associated with self-reported fraud victimization*

FINDINGS ARE COMPLEX – MORE RECENT STUDIES HAVE LOOKED AT MULTIPLE ASPECTS OF SOCIAL RELATIONSHIPS AND FE

# What kind of social relationships matter?

(Liu, Wood, Xi, Berger, & Wilber, 2017)

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(Liu, Wood, Xi, Berger, & Wilber, 2017)

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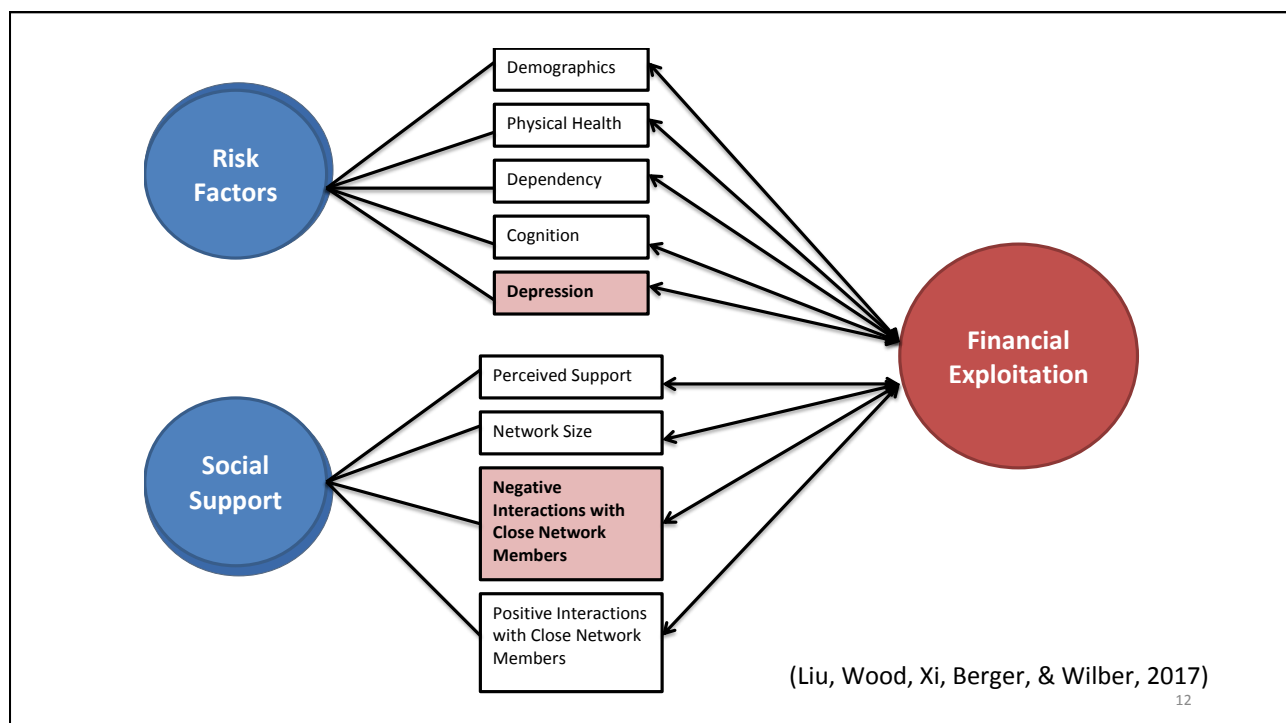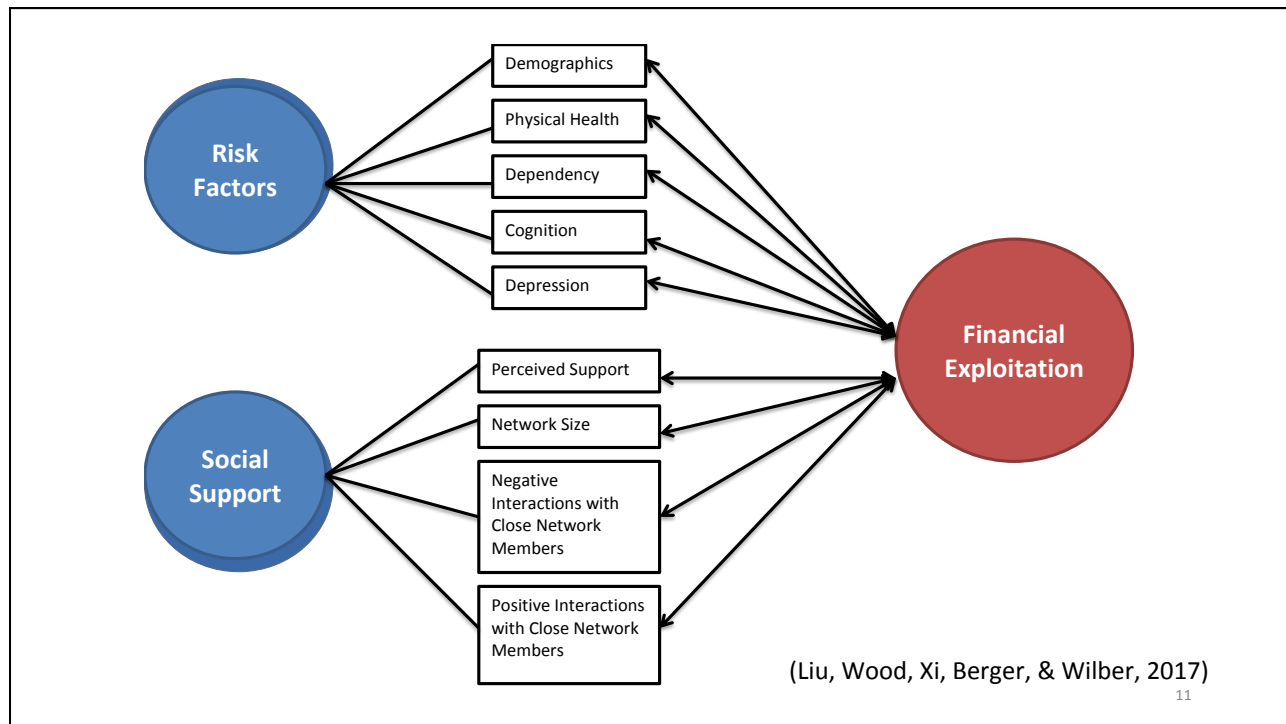
Beach, Schulz & Sneed (2016)

- Similar to Liu et al., examined multiple aspects of social relationships and FE simultaneously:

A. Perceived Social Support

B. Social Network size
  - **5 family**: spouse, parent, child, child-in-law, close relative
  - **7 non-family**: close friend, church/temple member, student, employee, neighbor, volunteer, and group member
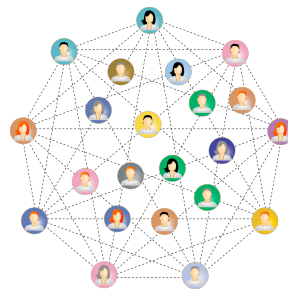
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Beach, Schulz & Sneed (2016)

FE measurement items:

1) Have you signed any forms or documents that you didn't quite understand?
2) Has anyone asked you to sign anything without explaining what you were signing?
3) Has anyone taken your checks without permission?
4) Have you suspected that anyone was tampering with your savings or other assets?

- The items were in a yes / no format
- Occurrence since turning 60, and if yes, in the last six months

- Random sample telephone survey of ~900 community-dwelling older adults in the Pittsburgh (PA) area (data collected in 2007 & 2008)

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Beach, Schulz & Sneed (2016)

Also measured as <u>covariates</u>:

• Sex, age, race, education

• Household living arrangements

• Physical disability (ADL / IADL difficulty)

• Depression

• Cognitive function

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Beach, Schulz & Sneed (2016)

	Since Age 60	Last 6 Months
Overall FE Prevalence	9.9%	3.5%
<u>Logistic Regression</u> Perceived Social Support	**High Score = ↓ FE**	**High Score = ↓ FE**
Social Network Size	**High Score = ↑ FE**	**High Score = ↑ FE**
Other significant covariates	African Americans IADL Difficulty Depression	African Americans ADL Difficulty (↓ FE) Depression

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Beach, Schulz & Sneed (2016)

Statistical interaction between perceived social support and social network size on financial exploitation since age 60.
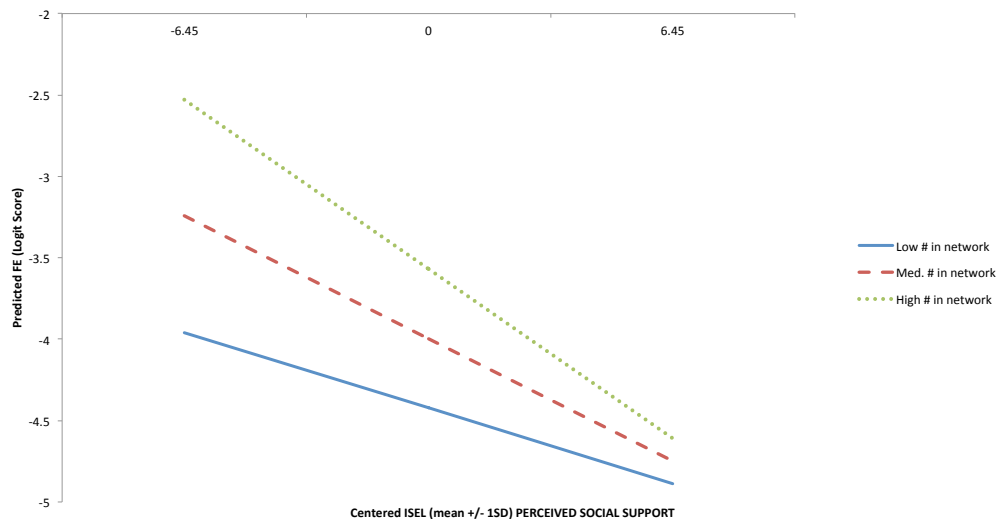
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Beach, Schulz & Sneed (2016)

Summary of Findings

- *higher perceived social support was related to lower risk of FE*

- *larger social networks were related to higher risk of FE*

- found a statistically significant *interaction between perceived social support and social network size* on FE since age 60

- It showed that the protective effects of perceived social support are greatest for those with the largest social networks.

- Follow-up analyses showed that *larger non-family social networks are related to risk for FE*, while size of the family network was unrelated to FE.

- **In sum, older adults with large non-family social networks *and* low perceived social support were at highest risk for FE since age 60**

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Beach, Schulz & Sneed (2016)

Conclusions and Implications

- Role of social relationships in FE is complex and nuanced

- when it comes to the role of social relationships and risk for FE, "more may not always be better," and that a "quality not quantity" maxim may apply

- family members, caregivers, and healthcare / service providers should encourage older adults to develop and nurture high quality, close, supportive interpersonal ties

- Encouragement to widen the social network by "making new friends" should be stressed less than making sure these new network members will truly be supportive of the older adult

- Policies aimed at enhancing network size and access to potentially "weak ties" should be balanced with a focus on enhancing supportive relationships with family and intimate friends.

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Fraud versus financial exploitation

Evidence from an elder abuse forensic center

DeLiema, M. (2017). Elder fraud versus financial exploitation: Application of routine activities theory. *The Gerontologist.* doi: 10.1093/geront/gnw258. [Epub ahead of print]
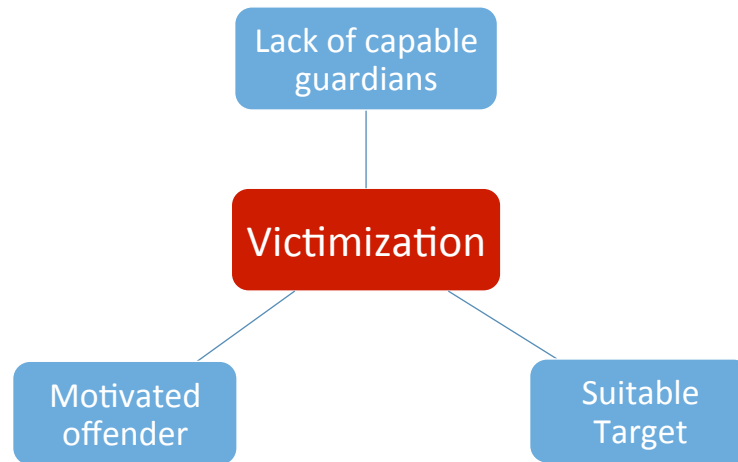
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Research Question

What are the differences between fraud and financial exploitation victims

- Cognitive Functioning
- Physical Health
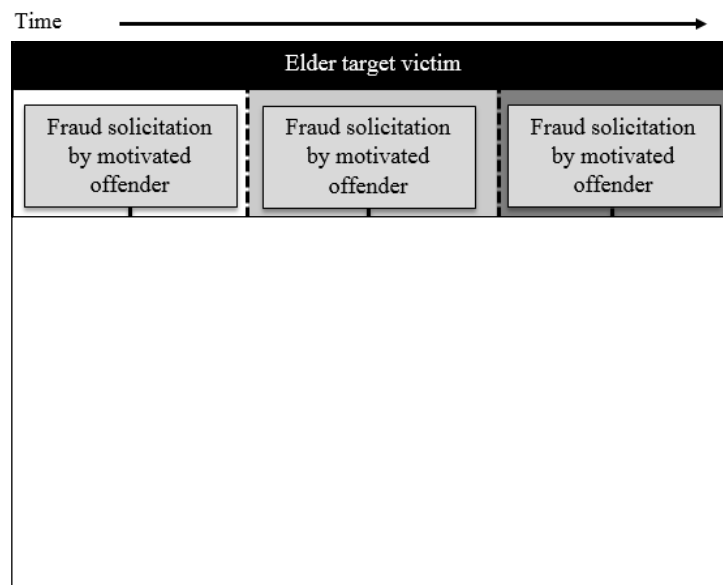- Mental Health
- Living Environment
- Social Connections

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Routine activity theory


```
        Lack of capable
           guardians
               |
          Victimization
          /           \
  Motivated          Suitable
  offender            Target
```

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Time →

Elder target victim

| Fraud solicitation by motivated offender | Fraud solicitation by motivated offender | Fraud solicitation by motivated offender |

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Time →

Elder target victim

Fraud solicitation by motivated offender

Period of moderate vulnerability: moderate physical/cognitive decline; mostly independent

Attempt ✕ blocked

Victim recognizes and resists fraud attempt

(No capable guardians needed)

Fraud solicitation by motivated offender

Fraud solicitation by motivated offender

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Time →

Elder target victim

Fraud solicitation by motivated offender

Attempt ✕ blocked

Victim recognizes and resists fraud attempt

(No capable guardians needed)

Fraud solicitation by motivated offender

Lack of financial oversight from capable guardians

Victim complies

Financial loss

Fraud solicitation by motivated offender

Attempt ✕ blocked

A. Capable guardian(s) provide financial oversight, *or*

B. "Trusted other," financially exploits elder

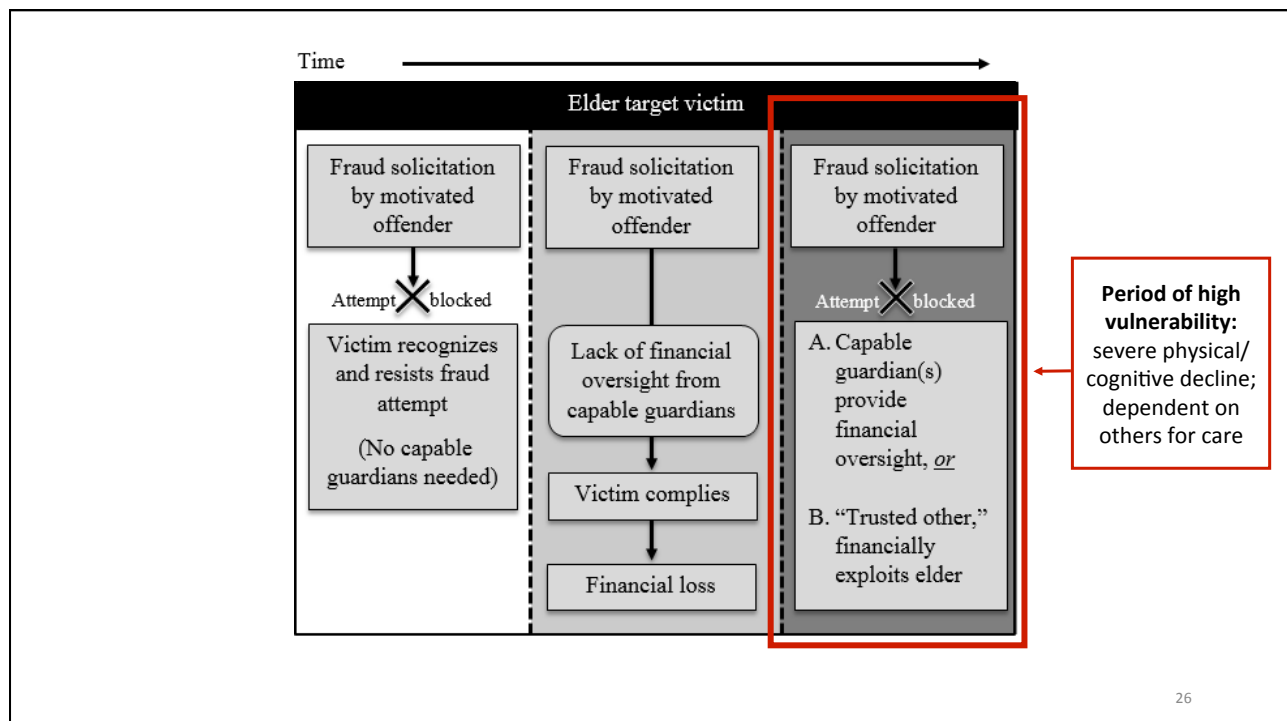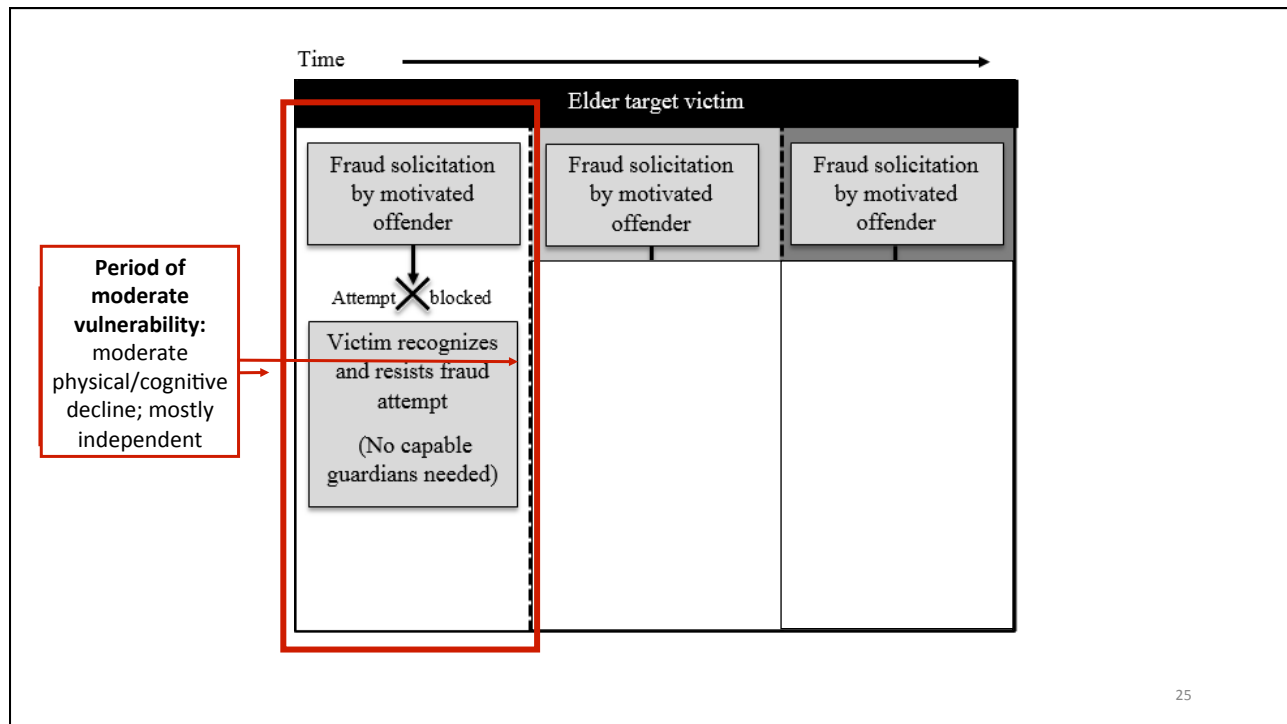**Period of high vulnerability:** severe physical/cognitive decline; dependent on others for care

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Sample & Data

Sample

62 financial exploitation and fraud victim case files from the LA County Elder Abuse Forensic Center
n_{fraud}=28; $n_{financial\ exploitation}$ =25

Data

- Neuropsychologists' evaluations of victims' cognitive functioning, mental status and home environment
- Medical records
- Case intake & notes
- Forensic Center meeting minutes

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Fraud Case Study: Mr. L

- Mr. L, age 73, was never married and he lived alone. One afternoon he was approached in the parking lot of a Vons grocery store by a 35 yr. old female.
- She ingratiated herself into his life, became his "girlfriend", and convinced him to invest in a scheme fixing up houses in Vegas.
- With the help of a friend she abducted Mr. L for 2 weeks in Las Vegas and convinced him to get a reverse mortgage.
- By the end of 3 years, she had taken $150,000 from Mr. L + $14,000 in credit card charges.

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Financial Exploitation Case Study: Mrs. K

- Mrs. K's grandson moved in after her husband died in 2008 to be a live-in caregiver.
- The grandson was bipolar and had a gambling problem.
- He stole Mrs. K's checkbook and forged 41 checks. He hid the bank statements from his mother (the POA) and from Mrs. K.
- The grandson stole her identity, opened several credit cards in her name, and then fled from his caregiving duties, abandoning Mrs. K.
- Mrs. K "loved him very much" and was surprised and devastated by his actions.

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Method

Extract → Condense → Analyze
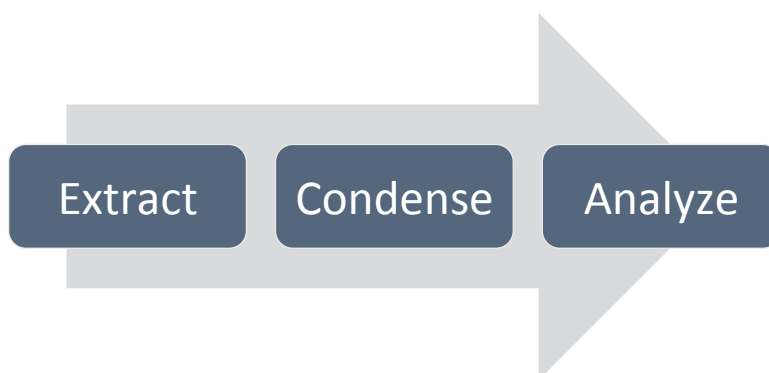
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Fraud victims lost more, on average

	Financial Exploitation Victims (n=25)	Fraud Victims (n=28)
Total losses	**$3,977,756**	**$14,854,795**
Average losses per victim	n=20 $198,887	n=24 $618,949
Property Lost	n=6 8 properties	n=5 9 properties

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Few differences in cognitive functioning

	Financial Exploitation Victims	Fraud Victims	Fisher's Exact test	Poisson regression (adj. for age and education)	
	Mean (SD) / frequency	Mean (SD) / frequency	p-value	Coef.	p-value
Mini Mental State Exam	18.8 (5.0)	21.4 (6.9)		0.142	**0.026***
Money Management	14.9 (9.8)	20 (10.3)		0.157	0.127
Memory Impairment			0.143		
Not impaired	0.0%	7.7%			
Mild	8.3%	19.2%			
Moderate	33.3%	11.5%			
Severe	58.3%	61.5%			
Financial capacity			0.589		
Mildly impaired	4.6%	14.3%			
Moderately impaired	31.8%	32.1%			
Severely Impaired	63.6%	53.6%			

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Few differences in health and dependency

|	Financial Exploitation Victims	Fraud Victims	Fisher's Exact Test
	Mean (SD) / frequency	Mean (SD) / frequency	p-value
Overall health			
Good	0.0%	10.7%	0.369
Fair	36.0%	28.6%	
Poor	24.0%	32.1%	
Very poor	40.0%	28.6%	
Mobility			**0.049***
No difficulty/no assistive device	40.0%	66.7%	
Uses an assistive device	60.0%	33.3%	
ADL/IADL Dependency			
Independent/little assistance needed	12.0%	14.8%	0.841
Some IADL & No ADL assistance	24.0%	33.3%	
Full IADL & Some ADL assistance	28.0%	25.9%	
Fully dependent on others	36.0%	25.9%	

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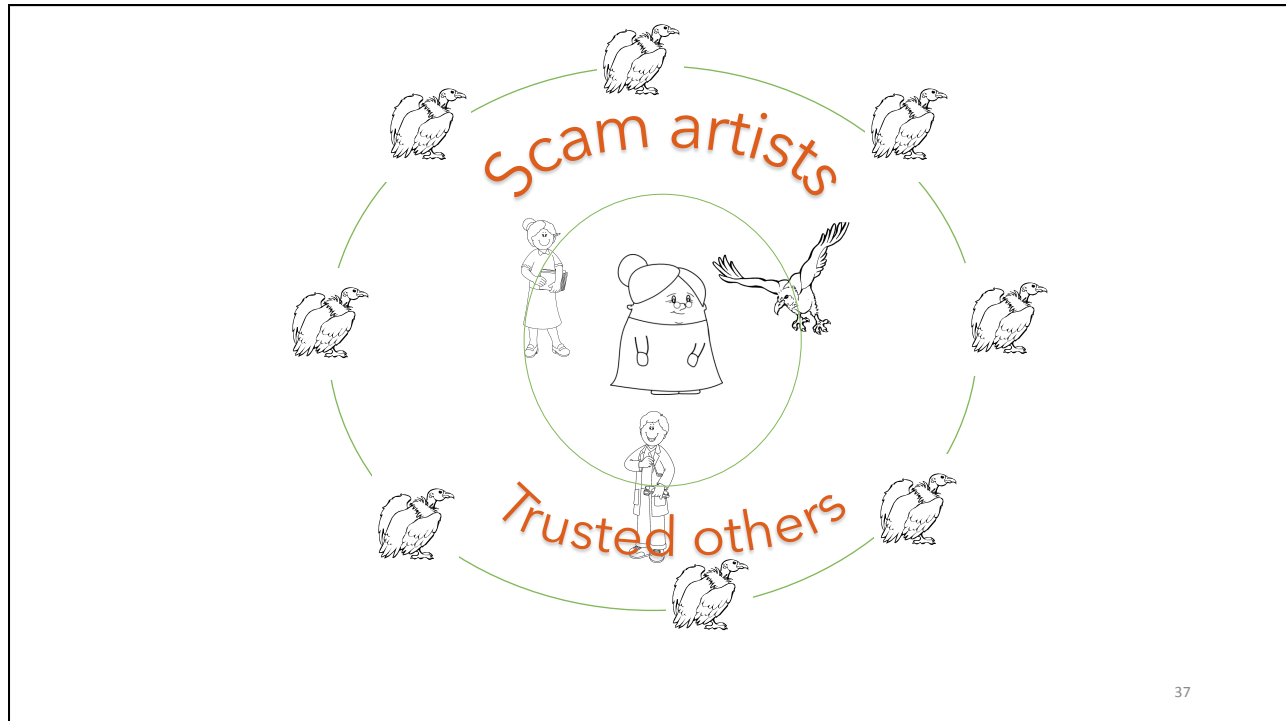# Fraud victims more socially isolated than financial exploitation victims

- Fraud victims and financial exploitation victims are very similar in health and mental status
- They are differentiated not by the level of impairment and dependency, but by their social networks

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Scam artists

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Scam artists

Trusted others

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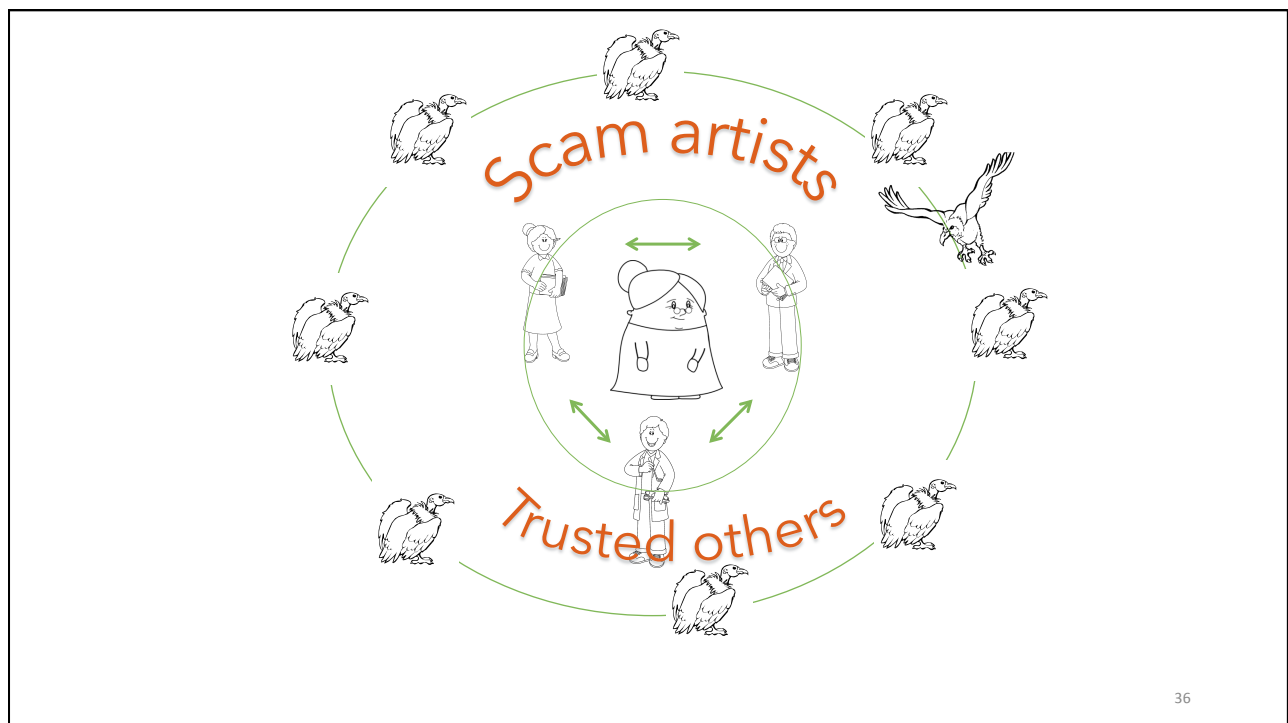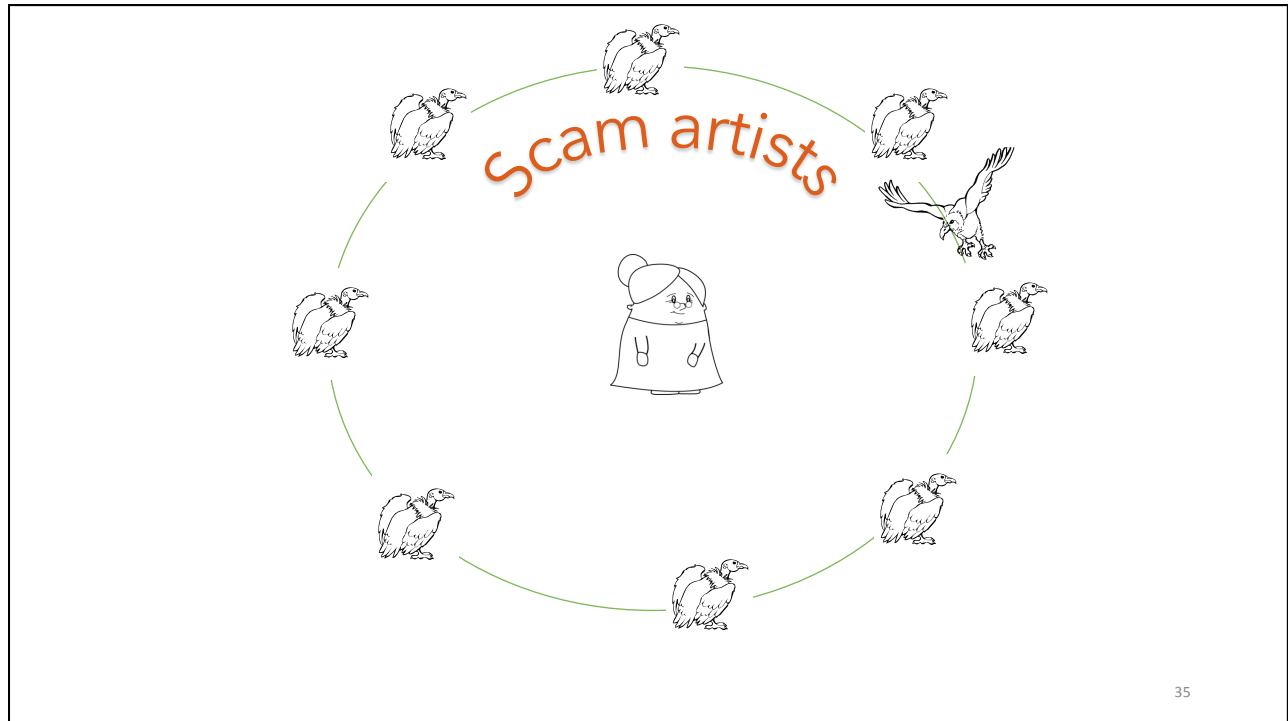
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Social network density reduces risk of elder mistreatment

- Older adults with dense social networks had a lower risk of elder mistreatment overall
- Only 22% of financial exploitation perpetrators were located inside the elder's core network, despite that over half of the perpetrators were children or partners

Schafer & Koltai, 2014
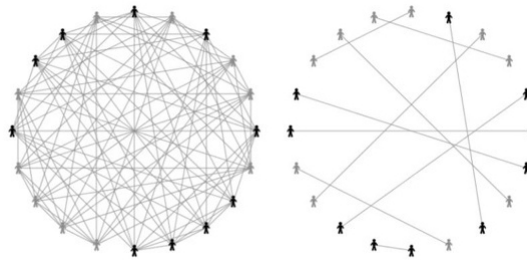
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Typical narrative of fraud by a stranger

1. Perpetrator befriends victim

2. Perpetrator promises something to victim

3. Perpetrator isolates victim

4. Victim becomes fully dependent on perpetrator

5. Perpetrator takes assets and disappears

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Summary

1. Study suggested that degree of social isolation differentiates fraud and financial exploitation victims → fraud victims more isolated from friends/family members
2. Social isolation is both a risk factor and a tactic used by perpetrators
3. Data is from a small, select sample of victims; need to replicate with a large longitudinal dataset

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Prevention and Intervention

Reducing the negative impact of social isolation on risk of victimization

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Beware of these red flags

- Changes in financial judgment or confusion about finances

- Changes in spending patterns or investment decisions

- Unusual guardedness around financial matters

- Recent life change or loss

- New "best friend" coming into the picture

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Financial/legal tools to enhance guardianship

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New safe harbor protections for financial advisors to protect older clients

FINra

Contact trusted family members

Pause the transaction

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Social support interventions

- Get multiple friends/family involved in financial management

- Offer emotional support & counseling

- Go through mail together with older person (to filter out sweepstakes scams)

- Find new opportunities for social engagement—clubs, religious organizations, other social or activity-based groups

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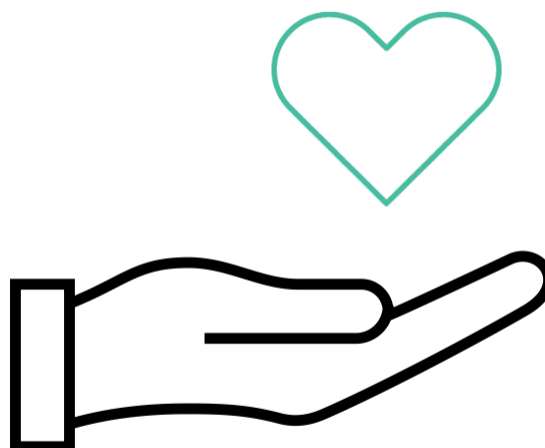
Responding to fraud

Prevention

- Consumer education:
  ftc.gov/passiton
- Check credit report for free once a year:
  www.annualcreditreport.com

Reporting

- Identity theft (FTC):
  https://identitytheft.gov/
- Consumer scams and fraud (FTC):
  ftc.gov/complaint or 1-877-FTC-HELP
- Internet scams (IC3):
  https://www.ic3.gov/default.aspx

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Final thoughts

- Involving multiple trusted friends/family members in estate planning early on may help prevent fraud and financial exploitation
- It's not just the number of social relationships a person has, it's the quality of those relationships

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Thank you!

QUESTIONS
ANSWERED
HERE
EVEN THE
SILLY ONES

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