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Banks & credit unions: Working with them to prevent & respond to financial exploitation

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Disclaimer

- *This presentation is being made by a Consumer Financial Protection Bureau representative on behalf of the Bureau. It does not constitute legal interpretation, guidance or advice of the Bureau.*
- *Note: This document was used in support of a live discussion. As such, it does not necessarily express the entirety of that discussion nor the relative emphasis of topics therein.*

Consumer Financial Protection Bureau (CFPB)

The mission of the Consumer Financial Protection Bureau is to make markets for consumer financial products and services work for consumers by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control of their economic lives.



Office for Older Americans (OA)

- Mission: help consumers 62+ to get the financial education and training they need to:
 - Prevent unfair, deceptive and abusive practices aimed at seniors
 - Help seniors make sound financial decisions as they age
- The only office in the federal government specifically dedicated to the financial health of older consumers

Diminished capacity and vulnerability

- Financial skills decline with Mild Cognitive Impairment (MCI – pre-dementia)
- MCI may not be easy to detect – but individuals may have impaired judgment about scams and frauds
- 22% of those over age 71 have MCI
- 1 in 9 people 65+ have Alzheimer's disease
- About one-third of people 85 and older have Alzheimer's



Case Scenarios

- Minnesota pastor steals \$25,000
- Indiana home care worker charged with 9 felonies after taking more than \$150k
- Oklahoma woman sent up to 90 checks a month, believing she won sweepstakes

What do these cases have in common?

- Older people, some with documented cognitive impairments, lost many thousands of dollars to perpetrators who targeted and stole from them.
- In all cases, funds went from the victims' deposit accounts to the perpetrators.
- In two of the cases, bank employees detected unusual transactions or other red flags for financial exploitation and notified government authorities.

Financial institution role in preventing and responding to elder financial exploitation

■ CHALLENGE:

- Banks and credit unions are uniquely positioned to prevent and respond to elder financial abuse
- While some banks and credit unions have comprehensive approach to protecting older account holders, many have room for improvement
- GAO report 2012: Adult protective services and criminal justice officials told GAO that financial exploitation generally underreported by banks

Advisory & Recommendations and report to financial institutions on preventing and responding to elder financial exploitation

- Released by CFPB on March 23, 2016.
- Office for Older Americans identified best practices to enable financial institutions to prevent elder financial abuse and intervene effectively when it occurs
- Financial institutions can consider recommendations as they assess their own current practices
- Although Advisory and Report emphasize importance of compliance with appropriate federal and state laws, not intended to interpret federal consumer financial law or any other statute or rule—or to impose duties on financial institutions

Overview of recommendations: Protocols

- Develop, implement and maintain internal protocols and procedures for protecting account holders from elder financial exploitation.
- Protocols likely will vary depending on the institution's size and risks.

Overview of recommendations: Training

- Train employees regularly and frequently.
- Tailor training to specific staff roles.
- Include definition of elder financial exploitation, warning signs and action steps for prevention and response.

Overview of recommendations: Detection

- Detection includes arming frontline staff to detect warning signs that may signal abuse and harnessing technology.
- Ensure that fraud detection systems include analyses of types of products and account activity that may be associated with elder fraud risk.
- Indicators of elder fraud risk may not match conventionally accepted patterns of suspicious activity.

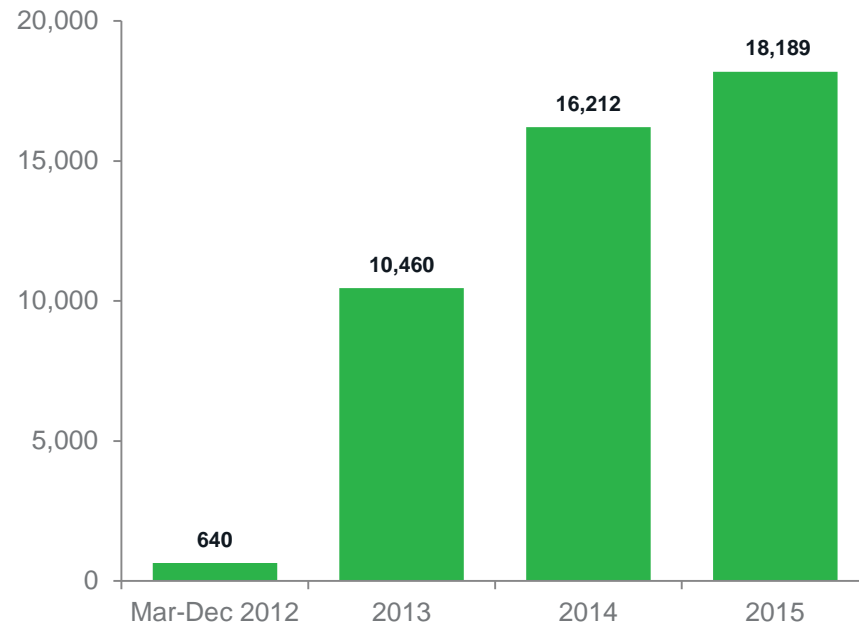
Overview of recommendations: Reporting

- Report *all* cases of suspected exploitation to relevant federal, state and local authorities.
- Be aware of state reporting mandates.
- File SARs.
- Understand that federal privacy law is not a barrier (2013 Interagency Guidance).
- Understand the roles of first responders.
- Expedite documentation requests.

Overview of recommendations: Reporting - SARs

- File SARs to report suspected financial exploitation
 - What is a SAR?
 - How are SARs relevant to elder financial exploitation?
 - Who has access to SARs?
 - Can APS access SARs or any information related to SARs?
- Understand that federal privacy law is not a barrier (2013 Interagency Guidance).
- Understand the roles of first responders.
- Expedite documentation requests.

Trend in SARs filed by depository institutions about elder financial exploitation



Overview of recommendations: Reporting, cont'd

- Understand that federal privacy law is not a barrier (2013 Interagency Guidance).
- Understand the roles of first responders.
- Expedite documentation requests.

Overview of recommendations: Protecting older account holders

- Comply with EFTA and Regulation E.
- Offer account holders the opportunity to consent to disclosure of account information to trusted third parties when the financial institution suspects financial exploitation.
- Offer age-friendly services that enhance protections.
 - Planning for incapacity.
 - Honoring powers of attorney.
 - Protective opt-in account features
 - Multi-party accounts without right of survivorship (convenience accounts).

Overview of recommendations: Collaboration

- Work with law enforcement and adult protective services.
- Participate in coordinated efforts to educate account holders, caregivers, and the public.
- Participate in and support multidisciplinary network initiatives.

Find the Advisory and Recommendations

- Advisory:

http://files.consumerfinance.gov/f/201603_cfpb_advisory-for-financial-institutions-on-preventing-and-responding-to-elder-financial-exploitation.pdf

- Recommendations and Report:

http://files.consumerfinance.gov/f/201603_cfpb_recommendations-and-report-for-financial-institutions-on-preventing-and-responding-to-elder-financial-exploitation.pdf

Elder Financial Protection Networks

- CFPB is studying a variety of networks around the country that can help combat elder financial exploitation
- Findings will be useful for APS and financial institutions, both key stakeholders in protecting older and vulnerable adults



What is a network?

A sustained, and largely voluntary, collaboration effort or partnership that works to prevent, detect, and/or respond to elder financial exploitation.



Why networks?

The magnitude and complexity of the problem requires a collaborative community response:

- ❑ A growing older population - 10,000 people in the U.S. turn 65 every day
- ❑ Losses estimated to be as much as \$36.5 billion
- ❑ Numerous and constantly changing forms of exploitation
- ❑ A variety of perpetrators
- ❑ A number of vulnerability factors - including cognitive decline



Why networks?

Preventing , detecting and responding to financial exploitation requires collaboration:

- ❑ Financial exploitation often occurs alongside neglect, physical abuse, sexual assault, and other types of elder abuse.
- ❑ Financial exploitation has an impact on a number of community stakeholders ranging from financial institutions to social service organizations.



Network impact and benefits

... for the network's members

- Improved communication between network participants (both formally and informally)
- Coordinated efforts developing priorities, addressing challenges and seeking solutions
- Higher case resolution, including prosecution

... for older adults

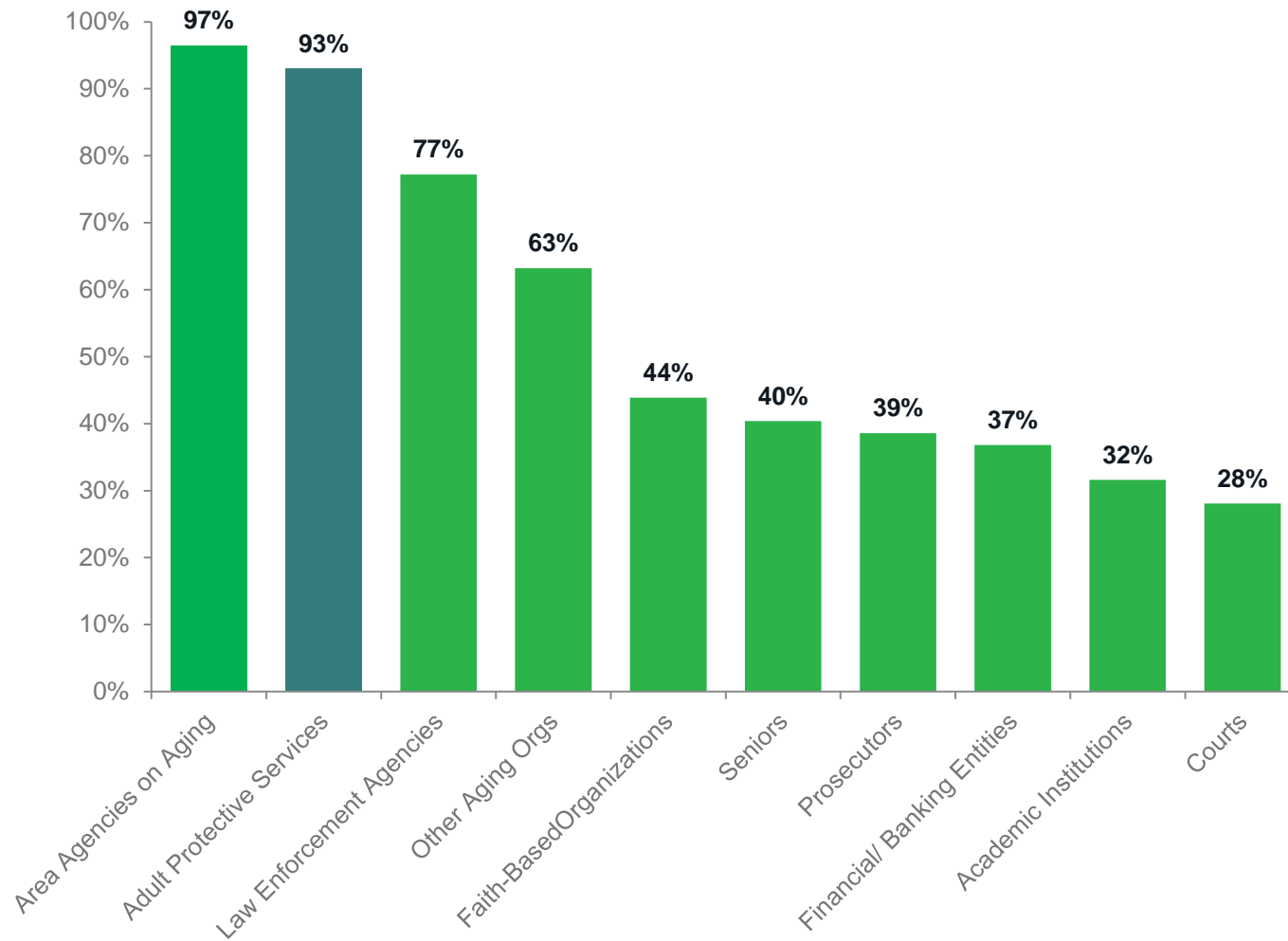
- Timely and comprehensive response
- Increased awareness of issues and services in their community

Types of networks

	Triads	MDTs (Forensic Centers, EFRT, FASTs)	Other Networks
Primary Activities	Training, education and awareness	Case review	Training, education and awareness Advocacy and systems change
Main Areas of Focus	Safety and crime prevention	Elder abuse	Varies
Strengths	Nationwide coverage, direct Involvement of consumers	Multidisciplinary expertise, direct support to victims	Broad policy changes, stakeholder engagement
Typical Members	Law enforcement, senior services organizations.	APS, law enforcement, Area Agencies on Aging	Senior services organizations, and community and advocacy groups Area Agencies on Aging
Geographic Focus	Town, City, County	City, County	All levels



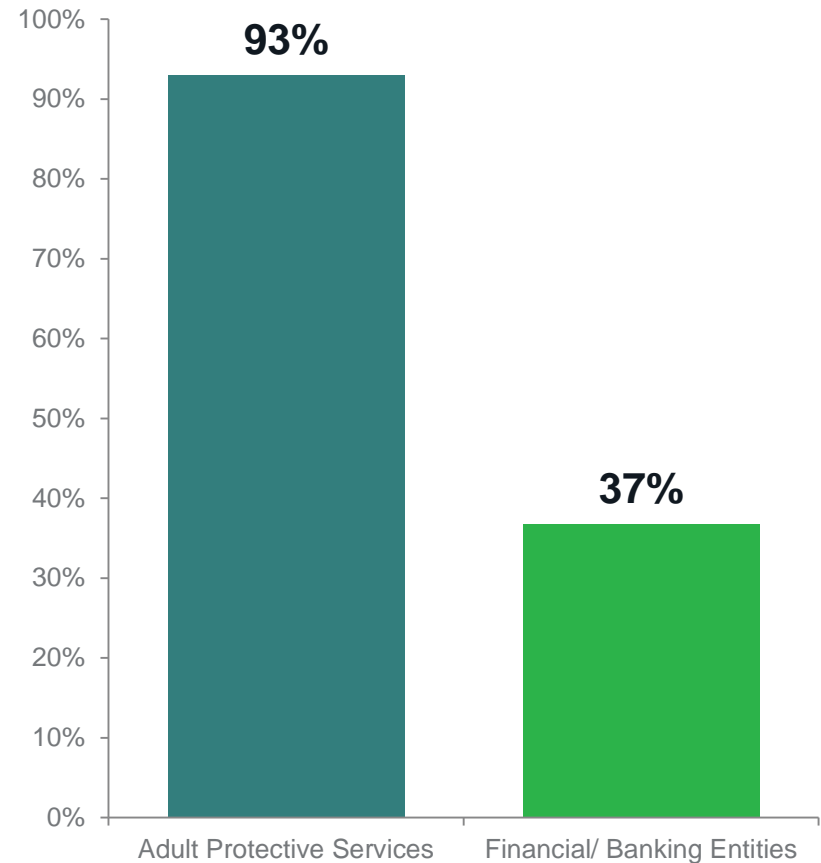
APS a common member in non-Triad networks





Connecting financial institutions to networks

- Financial institutions are key actors in combatting elder financial exploitation.
 - Their engagement in networks is limited.
 - APS can play a role in engaging them.



Money Smart for Older Adults

- CHALLENGE:

- Many older Americans, their caregivers, and others in the community don't know how to spot and avoid frauds and scams.

- CFPB INITIATIVE:

- The Office developed an awareness program called **Money Smart for Older Adults: Prevent Financial Exploitation** in collaboration with the FDIC.
- To download the Money Smart for Older Americans module, go to www.fdic.gov/moneysmart
- To order the participant/resource guide, go to www.promotions.usa.gov/cfpbpubs.html

Managing Someone Else's Money guides

- CHALLENGE:
 - Declining capacity to handle finances can make older adults vulnerable
 - People with diminished capacity often need surrogate to handle their money
 - “Lay fiduciaries” – critical source of help; often have no training; some even commit fraud
- CFPB INITIATIVE:
 - Released a set of national guides called **Managing Someone Else's Money** in 2013
 - User-friendly “how-to” guides for four types of fiduciaries: agents under powers of attorney; guardians; trustees; Social Security representative payees and VA fiduciaries
 - Links to all guides: www.consumerfinance.gov/managing-someone-elses-money
 - Bulk orders: <http://promotions.usa.gov/cfpbpubs.html#someone>



We are dedicated to improving the quality of life for vulnerable older adults

The Center for Advocacy for the Rights and Interests of the Elderly (CARIE) is a non-profit organization that has been dedicated to improving the quality of life for vulnerable older Pennsylvanians for more than 39 years.

CARIE fulfills its core mission to improve the well being, rights and autonomy of older persons through advocacy, education, and action through a "case to cause" model of advocacy that serves to promote equal access to justice and addresses problems and issues on both the individual and the systemic levels.

CARIE LINE
215-545-5728

Contact CARIE OnLINE ►
"Support for those in Need"
Monday-Friday 9am to 5pm



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CARIE's Mission

Founded in 1977, CARIE's mission is:

“To improve the well-being, rights and autonomy of older persons through advocacy, education and action”

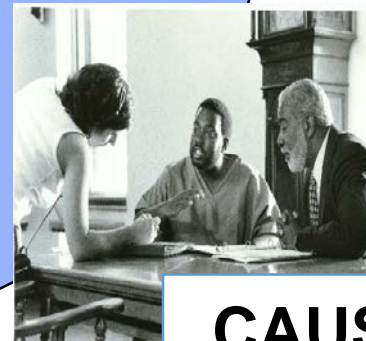


CASE



ACTION

CARIE's Circle of Advocacy



CAUSE

Major Programs

- CARIE LINE
 - Victim Advocacy
 - APPRISE (Health Insurance Counseling and Assistance)
- Long Term Care Ombudsman
- PA-SMP (Senior Medicare Patrol)
- Education and Research
- Public Policy Initiatives

Local Responses

- Work in collaboration with others
 - Protective services
 - Banks
 - Law enforcement
 - Legal services
- Make referrals
 - Local agencies
 - State agencies
 - Federal agencies

Consumer Education

- Share information with consumers/families/general public
 - How to protect yourself from fraud and abuse
 - Use examples
 - Provide resources for consumers to call for help
 - Repeat the message as many times as possible
 - Share information about how to protect from fraud

What is happening in your community?

- What are banks and credit unions doing in your state to prevent and respond to elder financial exploitation?
- Have you seen any approaches that seem to be working well or to be promising?
- Are financial institutions playing a role in interdisciplinary networks?
- Do you have any ideas on how you can work with financial institutions on these issues?
- Who are your partners

Thank you!

For more information: www.consumerfinance.gov

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