



**Office of Children  
and Family Services**

# **The New York State Cost of Financial Exploitation Study**

**National Adult Protective Services Association  
7<sup>th</sup> Annual Summit on Elder Financial Exploitation  
Philadelphia, PA  
September 1, 2016**

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# Acknowledgements

## Collaborative partners in the study

- OCFS Bureau of Adult Services
- OCFS Bureau of Research Evaluation & Performance Analytics
- Local offices of Adults Protective Services in participating districts
- Lifespan of Greater Rochester, Inc.
- Local partners, including law enforcement, offices for the aging, and district attorneys' offices

# Overview

1. Provide a descriptive, baseline picture of the types of financial exploitation cases being reported to Adult Protective Services (APS) offices within NYS
  - Including referral sources, client health and daily living needs, perpetrator characteristics, exploitation methods, APS outcomes, and victim impacts
2. Estimate costs incurred by service agencies and public benefit programs in response to financial exploitation referrals
3. Estimate losses experienced by NYS financial exploitation victims

# An Example of Financial Exploitation Case Reported to Local APS

*After her home was damaged during Hurricane Sandy, Lisa, a 79-year-old woman with possible dementia, was provided with emergency housing at a local nursing home. While there, she became friendly with a member of the nursing home staff named Shirley. Shirley invited Lisa to move in with her and began helping Lisa manage her affairs. Since granting Shirley power of attorney, Lisa's savings account was depleted by several thousand dollars and a property she owned was put up for sale. Stating Shirley has only her best interests at heart, Lisa has refused to speak with the Adult Protective Services worker alerted to her situation by a concerned family member.*

# What Is Financial Exploitation

New York State Social Services Law, section 473, subd. 6, par (g):

“financial exploitation” means improper use of an adult’s funds, property or resources by another individual, including but not limited to, fraud, false pretenses, embezzlement, conspiracy, forgery, falsifying records, coerced property transfers or denial of access to assets.



# What is APS and Who Is Eligible?

## What is Adult Protective Services (APS)?

A mandated service provided by county departments of social services and in New York City by the Human Resources Administration . APS investigates and assesses referrals for abuse, neglect, and financial exploitation of vulnerable adults residing in the community. APS develops individualized service plans to refer and/or deliver services to protect eligible individuals.

## Who is eligible for APS? (NYCRR section 457.1( c ))

Adults aged 18 or older who

- due to physical or mental impairments
- are unable to protect themselves from abuse, neglect or other harm and
- have no one available who is willing and able to assist responsibly



# Who is at risk of financial exploitation?

- Older adults who tend to possess more financial assets and property
- Seniors depend on others for health care and daily living support
- Presence of cognitive impairments and other disabilities for both older and younger adults

## MARY

Mary, an elderly woman with possible cognitive impairments, was referred to APS by her daughter Nancy. Several withdrawals had been made from Mary's bank accounts that Mary could not explain.

APS investigated and determined that Mary's accounts were jointly held with her son Sam. Sam admitted to withdrawing over \$13,000 from the shared account for his own personal use, stating that he needed the cash to cover his living expenses.

Mary ultimately removed Sam from her accounts, but refused to press charges against her son.

## TOM

Every month, Susan, a bank teller, would assist Tom, age 26, in cashing his Supplemental Security Income (SSI) check. Susan noticed that while Tom came to her window alone, there was always a group of people who followed him to the bank. As soon as Tom got his cash, the group would approach him and follow him out. Concerned that something wasn't right, Susan made a referral to APS.

APS investigated and found that Tom frequently experienced delusions as a result of his mental illness. Thinking he was a wealthy NBA player with money to spare, Tom would willingly hand out his SSI cash to others when asked. APS stepped in and became the payee for Tom. Tom's followers have since disappeared.

## John & Jay

After spending years in foster care, three developmentally disabled brothers, John (18), Mike (19), and Jay (23), were adopted. APS and law enforcement were called in when one brother, Mike, died at home under suspicious circumstances. An investigation revealed that the surviving brothers lived in crowded and inappropriate conditions, as well as appearing undernourished. The adopted parents were suspected of exploiting the brothers for their adoption subsidies, SSI/Social Security Administration (SSA) incomes, and money from lawsuits about blood lead levels. APS immediately removed John and Jay from the home, and worked with the NYS Office for People With Developmental Disabilities (OPWDD) to place them in a group home. The brothers did not want to return to their adoptive home, and guardians were appointed.





# Who Are the Perpetrators?

- Adult children and other family members
- Caregivers
- Neighbors
- Friends
- Attorneys
- Financial Institution Employees
- Faith-based Leaders
- Health care providers
- Scammers/stranger fraudsters

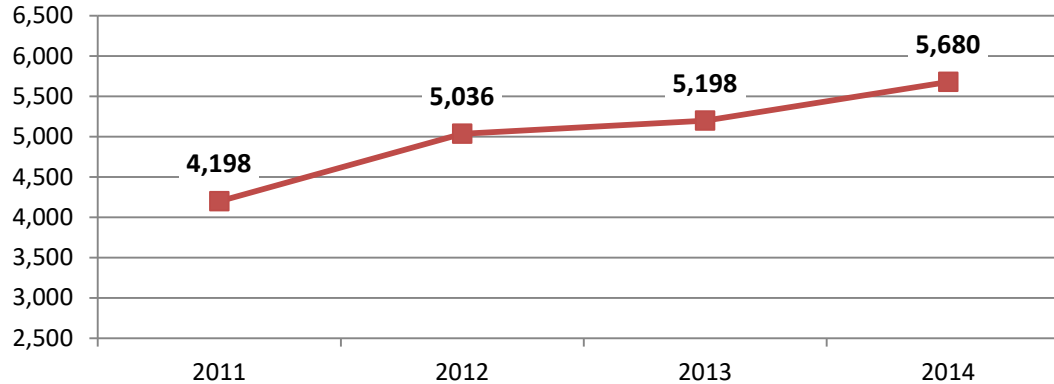
## Anna

Anna, aged 65, was excited when she received the phone call telling her she was the grand prize winner in a national sweepstakes. The sweepstakes worker told Anna that once her information had been verified, she would be able to claim her \$4 million prize. To make that happen, Anna would need to pay a small processing fee. Following the instructions given to her by the sweepstake worker, Anna wired \$40,000 to the location specified. Anna never heard from the sweepstakes company again, and eventually contacted her local APS office for help. APS investigated and referred the case to both the District Attorney's and NYS Attorney General's offices. However, APS was informed that prosecution was unlikely, as county and state officials would not be able to criminally prosecute if the scammers were from out of state or another county.

# Rise Of Caseloads—State Wide

- 35% increase in FE referrals from 2011 to 2014

## Reported Financial Exploitation of Vulnerable Persons on the Rise



- In 2014, financial exploitation comprised 37% of all perpetrator-involved cases (physical abuse, emotional abuse, sexual abuse, neglect by others and financial exploitation cases) as opposed to self-neglect, for which there is no perpetrator.



# Tip of the Iceberg



# *Under the Radar: NYS Elder Abuse*

## **Prevalence Study (2011)** [nyselderabuse.org](http://nyselderabuse.org)

- Compared one-year FE incident rate per 1,000 elder 60+ for reported cases in 2008 (documented case study) to survey of 4,156 seniors (self-reported prevalence study)
- Found *Dramatic Gap* between the documented and self-reported one-year FE incident rates
  - The ratio of self-reported FE incident rate to documented rate is 43.9, stating that only 1 in 44 FE cases was reported.
  - The self-reported prevalence study showed that FE was most prevalent form of elder mistreatment, affecting 42 out of 1,000 aged 60+ New Yorkers
  - The prevalence study did not report the values of stolen items



# What are the Consequences of FE?

- Exploited individuals may become fearful, depressed, and anxious
- Relationships with family members and trusted others may be damaged
- Victims' health and independence may be compromised
- Relatives may be forced to take on new financial burdens to care for an exploited loved one
- Public expenditures may be incurred, as social programs and health care services are accessed to supplement and/or replace lost assets

# How Much Does FE Cost?

- Very few studies attempted to attach an actual price tag to financial exploitation cases
- MetLife (The MetLife Mature Market Institute, 2009; 2011) estimated total victim loss of \$2.6 billion in 2008 and \$2.9 billion in 2010 nation wide, by reviewing incidents of financial exploitation appearing in scholarly articles and media accounts
- State of Utah used APS reports to estimate both victim losses and system costs (Gunther, 2011; 2012); the impact statewide was close to \$7.7 million in 2011 and \$4.8 million in 2012

# Need for Research

- The Elder Justice Roadmap (2014) has urged researchers to conduct additional cost studies and has cited the need for development of validated tools and methods capable of collecting cost-related data from key systems such as APS, criminal justice, financial services, Family Court, health care, law enforcement, ombudsman, and Social Security.
- The NYS Cost of Financial Exploitation Study is responsive to this call, and uses a specially developed case review instrument and promising estimation approaches to explore the fiscal impacts of financial exploitation in NYS.

# Study Methods

- Inspired by Utah's Cost of Financial Exploitation Study
  - Limited number of cases included
  - Financial cost (dollar amount & property stolen)
- New York's Study
  - Service Agency Costs
  - Public Benefit Costs
  - Victim Losses
- Survey instrument
  - 24 questions about the vulnerable adult, perpetrator, methods used for exploitation, costs, and impacts

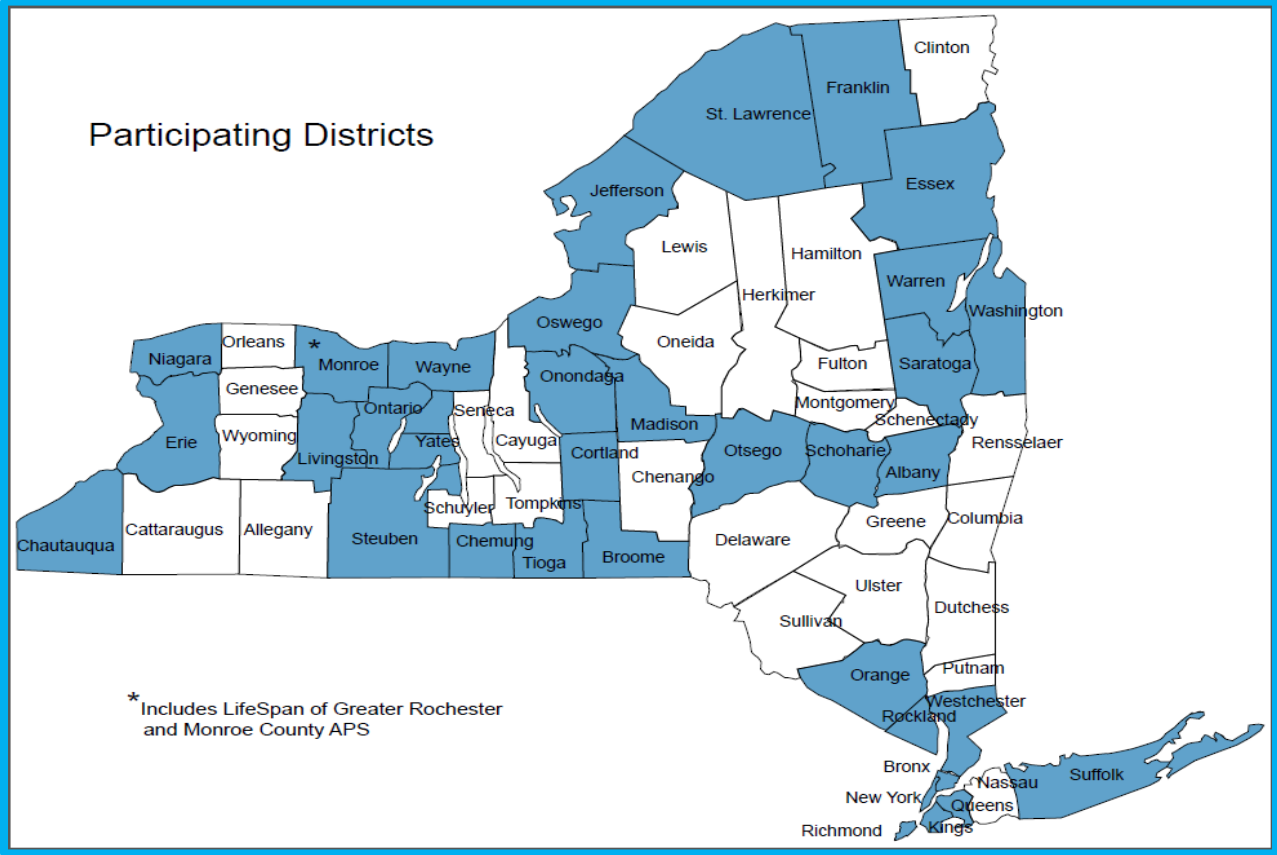


# Data Collection and Sampling

- 31 local districts of social services (LDSS)\*
  - NYC and Lifespan of Greater Rochester, Inc. participated in the study.
- FE cases referred to APS in the first 3 quarters of 2013 (and optionally, the last quarter of 2012)
  - Full referral sample: all referrals included in the case review N=928
  - Verified case sample: evidence supporting the alleged exploitation was found in 479, or 52 percent, of coded referrals
- Random samples were taken for districts not able to submit every case in sampling period
  - Erie, Niagara, and NYC: 10% sample
  - Orange and Suffolk: 20% sample
  - Franklin: 25% sample
  - Jefferson, Ontario, Oswego: 50% sample

\* There are 58 social services districts in NYS; the 5 boroughs of NYC comprise 1 social services district

# Participating Districts



# Measuring Costs and Victim Losses

- Service Agency Costs: APS offices relied on both APS case records and documentation obtained from other involved agencies to document the costs incurred as a result of investigation, assessment and/or service plan activities
- Public Benefit Costs: APS workers track to record the benefit type and monthly value of new or additional public benefits (e.g., Medicaid, Medicare, public assistance, etc.) provided to vulnerable adults
- Victim Losses: Value of items and assets taken from victims in verified cases

# Findings

# Referral Sources

	#	%
Family member	212	23%
Bank/Fiduciary	193	21%
Social service agency	72	8%
Home care agency	57	6%
Other health care provider	50	5%
Friend/non-relative	46	5%
Hospital	40	4%
Law enforcement	40	4%
Anonymous	33	4%
Aging network	32	3%
Mental health agency	29	3%
Self-referral	23	2%
LDSS	19	2%
Neighbor	16	2%
Caregiver, non-agency	4	0.4%
Other	103	11%
Unknown	4	0.4%



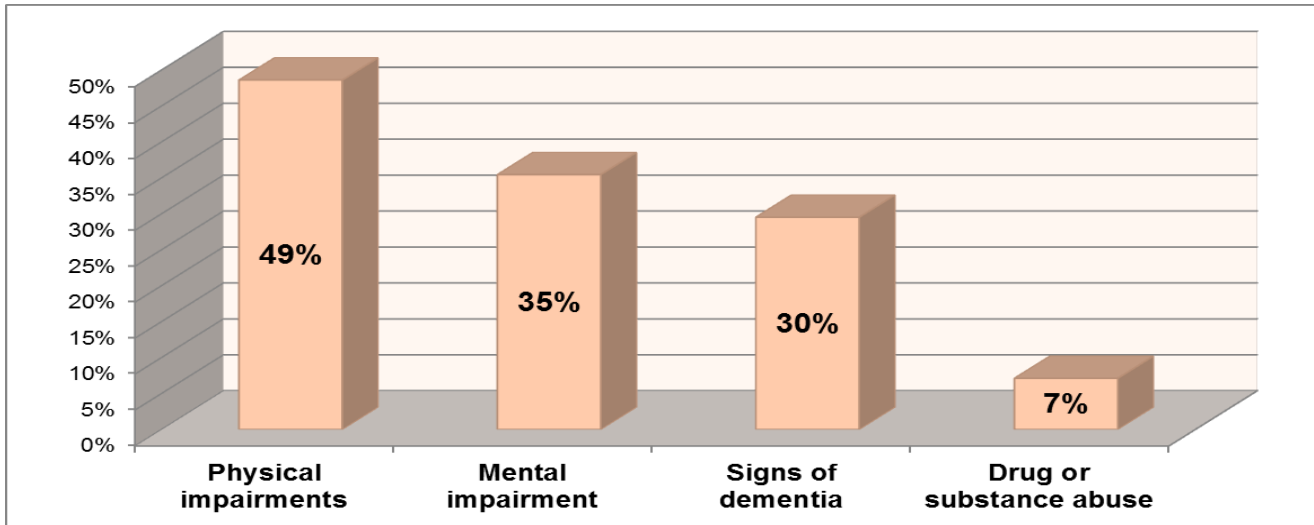
# Client Age, Sex, and Race/Ethnicity

Age at referral	#	%
18-59	180	19%
60 to 69	125	14%
70 to 79	198	21%
80 to 89	270	29%
90 or above	101	11%
Unknown	54	6%
Mean / median		72 / 76
<b>Gender</b>		
Female	568	61%
Male	360	39%
<b>Race/Ethnicity</b>		
White	609	66%
Black	139	15%
Hispanic	44	5%
Other	12	1%
Unknown	124	13%



# Client Health and Functioning

- Vulnerable adults in 32% of the referrals were reported good or excellent health at time of study, only 18% reported with poor health condition
- However, vulnerable adults in 76% of the referrals had one or more health concerns; most frequent health concern is physical impairments (49%)
- Vulnerable adults in 54% referrals had mental impairment and/or dementia



# Client Health and Functioning (Cont.)

- Clients also experienced a range of co-occurring problems. An inability to manage personal finances (32 %) was most common, followed by neglect by others (14 %) or self (11 %)

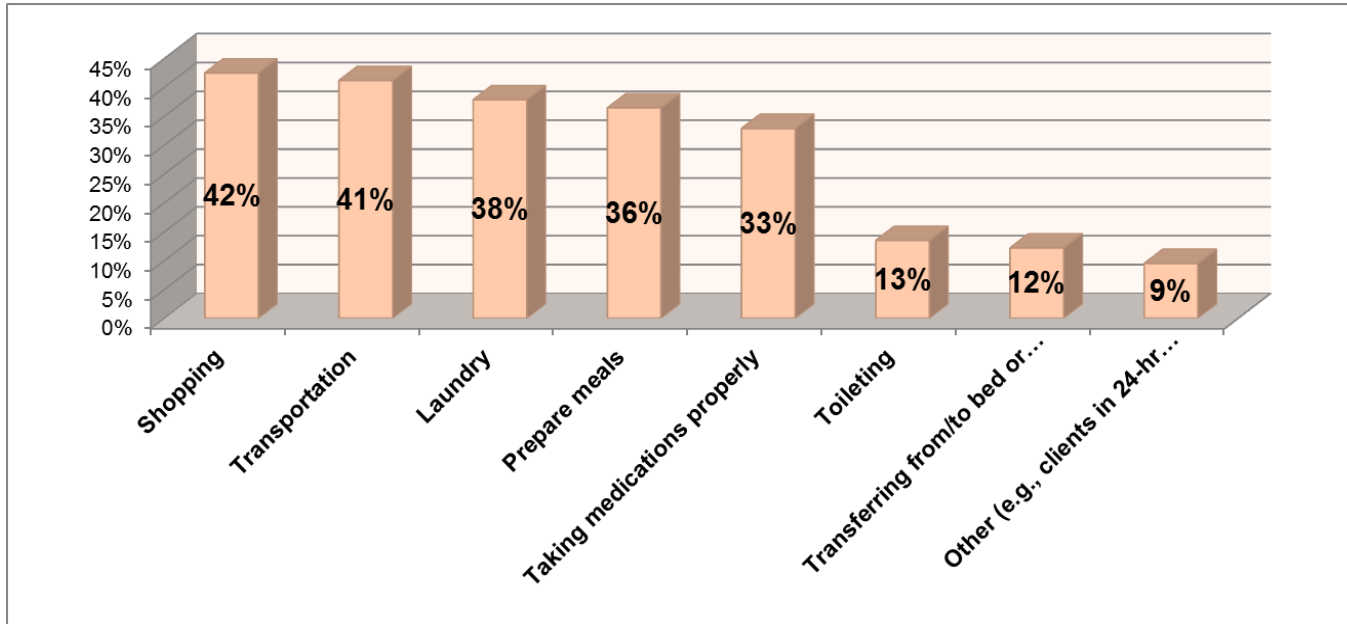
Co-occurring problems*		
Unable to manage finances	301	32%
Neglect by others	128	14%
Neglect own basic needs	100	11%
Environmental hazards	77	8%
Self-endangering behaviors	74	8%
Psychological abuse	65	7%
Untreated medical conditions	58	6%
Physical abuse	37	4%
Sexual abuse	1	0.1%
Other	34	4%





# Client Health and Functioning (Cont.)

- Vulnerable adults in 58% referrals required assistance in their daily activities
- 39% required assistance in 3 or more daily activities; shopping (42%) and transportation (41%) were most frequently needed



# Verified Cases

- Workers verified the occurrence of the exploitation in 479, or 52%, of referrals
- Verified cases differed significantly from unverified cases:
  - Client age (73 year vs. 70 years)
  - Client race (19% Black vs. 11% Black)
  - Physical impairments (54% vs. 43%)
  - Dementia (34% vs. 24%)
  - Inability to manage finances (36% vs. 29%)
  - Neglect by others (17% vs. 10%)
- Verified referrals were more likely than unverified referrals to include clients with daily living assistance needs:
  - Shopping (47% vs. 38%)
  - Transportation (44% vs. 38%)
  - Laundry (43% vs. 33%), and
  - Meal preparation (41% vs. 31%)

# Perpetrators

- Family members or spouse/partner were perpetrator in 67% of cases
- 16% of cases had two or more perpetrators involved
- Relatively few cases had perpetrators who were known to have a drug abuse problem (15 %), alcohol abuse problem (10 %), or mental illness (10 %)

	#	%
Family member	321	67%
Adult child	172	36%
Other family member	89	19%
Adult grandchild	34	7%
Spouse/partner	21	4%
Child under age 18	5	1%
Friend/non-relative	95	20%
Home health or personal care aide	18	4%
Other	85	18%
Unknown	25	5%

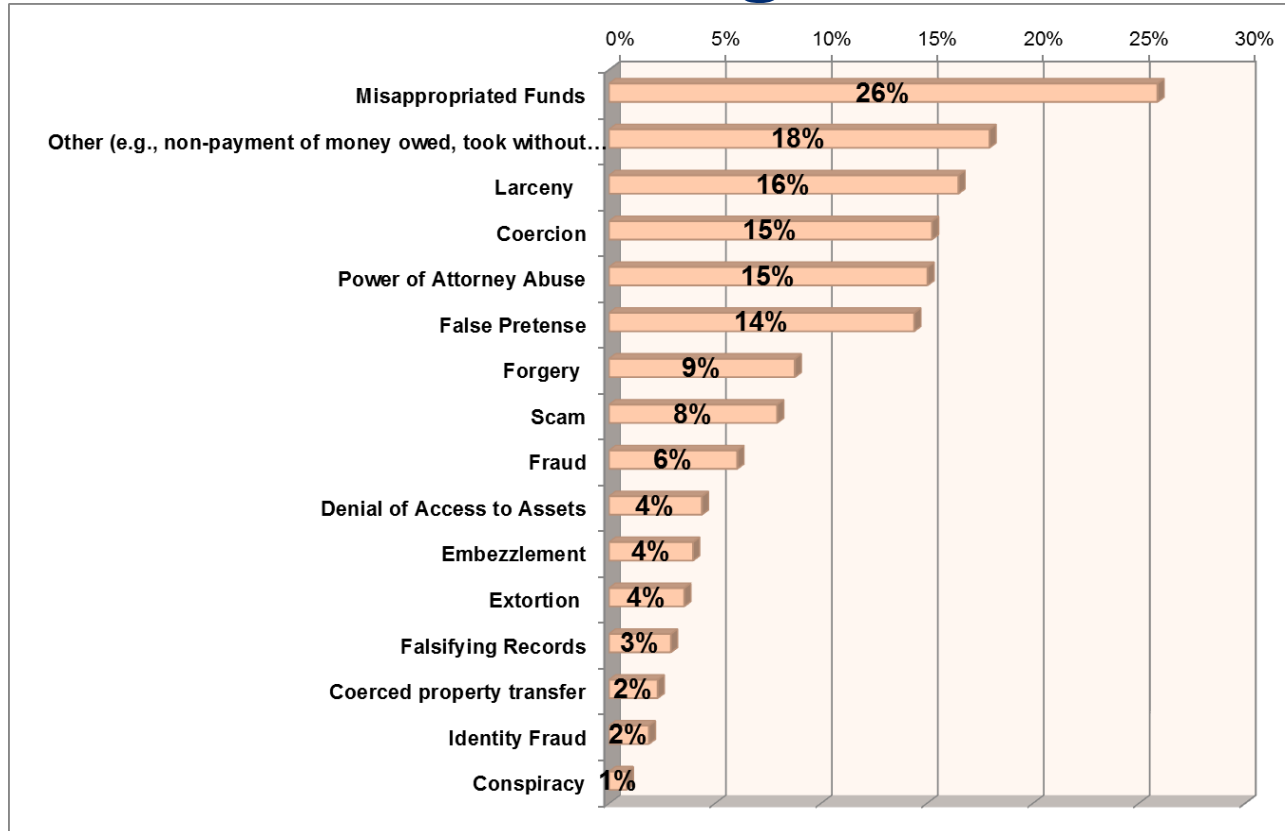


# FE Methods\*

- Most common method: misappropriation of funds (26%)
- Larceny, coercion, power of attorney abuse, false pretense had similar percentage (14% - 16%)
- In 33% of cases, the perpetrators used multiple methods to financially exploit vulnerable adults

\* Definition of FE methods was provided to participating districts for data consistency purpose

# FE Method Percentage



# Impact of FE on Vulnerable Adults in Verified Cases

- Victims were rated by the caseworkers as having no understanding in 21% of referrals and partial understanding in 29%
- Financial exploitation was associated with a wide range of negative outcomes: emotional pain (29%), financial impoverishment (19%), guardianship (9%), and health concerns (6%) and eviction (4%).
- Only 5% of victims had stolen items or funds partially or fully returned to them.

# Impact of FE—Law Enforcement and Legal Involvement

- 26% (238) of 928 cases were referred to law enforcement
- 24% (218) of cases involved criminal action
  - 8% (76) referred to District Attorney
  - 2% (16) perpetrator prosecuted
  - 1% (7) perpetrator convicted
  - 11% (97) case pending / unknown
  - 8% (71) case dismissed
- 7% (62) of cases involved civil action
  - 2% (19) civil action initiated
  - 1% (7) favorable civil action resulting by court, including settlement
  - 4% (36) case pending / unknown
  - 1% (13) case dismissed



## Status of Case

Districts were asked to briefly describe the status of the case at the time of submittal. Some clear categories of response were:

- Financial exploitation verified, but victim refused to press charges
- Case remains open for investigation/services;
- Financial exploitation not verified, no other abuse/neglect found; APS case closed;
- Guardian appointed or in process;
- Order of protection issued against perpetrator;
- Representative payee appointed or in process;
- Perpetrator arrested and/or convicted;
- Restitution/reimbursement made to victim or in process;
- Financial exploitation verified by APS and referral made to law enforcement but no arrest/prosecution





# Fiscal Costs

# Level of Analysis

1. Documented Costs/Losses: service agency costs, public benefits, and victim losses calculated using the information recorded in the case review
2. Adjusted Costs/Losses: adjusting a district's documented costs to capture the proportion of cases omitted during the random sampling process
3. Statewide Estimates: Estimates of the potential costs incurred as a result of financial exploitation referrals in 28 non-participating districts

# Service Agency Costs

	Case Review Sample n=928			Adjusted Sample Costs	Statewide Estimate
	# Referrals Served	%	Documented Sample Costs		
<b>Local agencies</b>					
Adults Protective Services	841	91%	\$541,854	\$2,767,698	\$2,966,272
Law Enforcement	199	21%	\$50,371	\$94,477	\$115,727
Legal Intervention (incl. DSS/County Legal staff)	65	7%	\$47,407	\$144,687	\$154,895
District Attorney	59	6%	\$37,843	\$183,543	\$187,259
Mental Health Services	35	4%	\$42,487	\$360,390	\$384,522
Medical Services (hospital, physician, etc.)	32	3%	\$159,631	\$387,465	\$661,560
Financial Management (non APS)	24	3%	\$18,012	\$52,829	\$62,183
Home Health or Personal Care Aide	16	2%	\$70,718	\$280,088	\$304,675
Shelter/Housing for perpetrator	10	1%	\$16,672	\$52,520	\$65,465
Local Office for the Aging	9	1%	\$1,610	\$2,730	\$4,054
Other Title XX Services	8	1%	\$3,920	\$3,920	\$3,920
Department of Correction – Cost of Incarcerating Perpetrator	7	1%	\$36,587	\$36,857	\$36,857
Homemaker	4	0.4%	\$15,918	\$15,918	\$16,539
Shelter/Housing for client	2	0.2%	\$4,000	\$22,000	\$22,000
Other (e.g., aid in accessing IRA money, bank, etc.)	92	10%	\$136,635	\$673,032	\$1,294,301
<b>All Agency Services</b>			<b>\$1,183,664</b>	<b>\$5,078,154</b>	<b>\$6,280,229</b>

# Public Benefit Costs

Benefits / Services	Case Review Sample n=928			Adjusted Sample Costs	Statewide Estimate
	# Referrals Served	%	Documented Sample Costs		
Medicare (Parts A, B, C, & D)	35	3.7%	\$12,252	\$122,520	\$122,520
SNAP (food stamps)	31	3.3%	\$35,318	\$60,896	\$118,009
Medicaid	27	2.9%	\$270,495	\$350,695	\$688,922
HEAP	16	1.7%	\$13,600	\$32,125	\$41,896
Rent Subsidy	16	1.7%	\$43,508	\$365,672	\$375,332
Public assistance	15	1.6%	\$575,652	\$5,353,390	\$5,359,405
Placement in Residential Facility/Shelter	15	1.6%	\$133,160	\$339,080	\$531,253
Home Delivered Meals (e.g., meals on wheels)	8	0.9%	\$12,138	\$48,714	\$97,191
Other (e.g., adult service fund, fuel fund, etc.)	28	3.1%	\$102,143	\$876,884	\$938,025
All Benefit Programs			\$1,198,266	\$7,549,976	\$8,272,554

# Victim Loss

Asset Type	Case Review Sample n=479			Adjusted Sample Losses	Statewide Estimate
	# Referrals Involved	%	Documented Sample Losses		
Cash	202	42%	\$7,784,823	\$25,306,249	\$27,855,204
Misuse of personal checks	113	24%	\$3,327,816	\$13,874,939	\$15,498,790
Bank ATM Transaction	98	20%	\$2,445,950	\$10,245,549	\$11,237,150
Benefit check	84	18%	\$504,025	\$3,873,925	\$4,024,035
Credit card	44	9%	\$765,715	\$2,990,849	\$3,094,354
Real estate	32	7%	\$5,660,112	\$15,914,612	\$23,987,977
Automobile / boat	28	6%	\$370,611	\$997,977	\$1,102,609
Personal property (i.e., jewelry, etc.)	13	3%	\$252,300	\$1,157,800	\$1,163,313
Stocks, bonds	12	3%	\$1,291,782	\$6,885,782	\$7,865,175
Document (i.e., deed, last will/testament)	8	2%	\$483,135	\$3,621,170	\$4,337,299
Other (i.e., not making payment, utility, household item, etc.)	66	14%	\$2,023,018	\$6,060,965	\$8,882,307
<b>Total</b>			<b>\$24,909,287</b>	<b>\$90,929,817</b>	<b>\$109,048,214</b>

# Adjusting Victim Losses to Account for Unreported Cases

- A total of 1,628 financial exploitation cases involving clients 60+ were referred to APS in the 31 participating counties
- This baseline number was then multiplied by either 10 or 44 to estimate the “full universe” of both reported and unreported financial exploitation incidents (mirroring the work done in Utah)
- Low- and high-end estimates suggests that somewhere between 16,280 and 71,632 financial exploitation cases involving seniors occurred within our 31 participating districts during the case review period.
- Assumed 54% of “full universe” cases would also result in verified victim losses (the verification rate found in the case review)
- Applied this formula to calculate victim losses: Estimated Incidents \* Verification Rate \* Average Loss
- The total monetary value of assets taken from seniors within a single 12-month period may have ranged from a low of **\$352 million** to a high of **\$1.5 billion** in 31 participating districts



# Summary

	Documented Costs	Adjusted Costs	Statewide Estimate
<b>Financial exploitation referrals received by APS</b>			
Service agency costs	\$1,183,664	\$5,078,154	\$6,280,230
Public benefit costs	\$1,198,266	\$7,549,976	\$8,272,554
Victim losses	\$24,909,287	\$90,929,817	\$109,048,214
<b>Total Costs/Losses</b>	<b>\$27,291,217</b>	<b>\$103,557,947</b>	<b>\$123,600,998</b>
<b>Victim losses in financial exploitation events involving seniors (including reported &amp; unreported cases)</b>			
Low-end estimate		\$351,621,626	
High-end estimate		\$1,547,135,156	



## Recommendations for Next Steps

1. Additional research studies on the fiscal impacts of financial exploitation in NYS and nationwide are needed.
2. Existing state data collection systems should be expanded to include standardized fields for reporting financial exploitation elements and costs.
3. Training opportunities for APS workers should be expanded.
4. Expand the use of Multidisciplinary teams.
5. Encourage victims to seek help.
6. Encourage additional training resources for law enforcement
7. Encourage additional training resources for financial institutions and fiduciaries.



Link to study: <http://ow.ly/98b1301ifDz>

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