

Elder Financial Exploitation Suspicious Activity Reports: Issues and Trends

Office of Financial Protection for Older Americans



Your presenters



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About the Bureau

The Consumer Financial Protection Bureau regulates the offering and provision of consumer financial products and services under the Federal consumer financial laws, and educates and empowers consumers to make better informed financial decisions.

consumerfinance.gov

Office of Financial Protection for Older Americans

The Office of Financial Protection for Older Americans engages in research, policy, and educational initiatives, designed to:

- help protect older consumers from financial harm
- help older consumers make sound financial decisions as they age

Learn more about us at

consumerfinance.gov/olderamericans

Background

Elder financial exploitation

- Illegal or improper use of older person's funds, property or assets
- Perpetrators range from close family members to offshore scammers
- Only a small fraction of incidents reported to authorities, i.e., law enforcement and/or Adult Protective Services
- Estimates of annual losses to older adults = \$2.9B to \$36B

Suspicious Activity Reports (SARs)

- Bank Secrecy Act mandates that FIs report suspicious activity that might indicate criminal activities to FinCEN
- SAR filers include banks, credit unions, money services businesses (MSBs), broker/dealers, others
- Access to SARs and knowledge of existence generally limited to law enforcement (LE) and financial regulators
- LE can use SAR information to trigger investigations, support ongoing investigations, identify subjects

Elder financial exploitation (EFE) SARs

- 2011: FinCEN Advisory noted that SARs are valuable avenue for FIs to report elder financial exploitation (EFE)
 - Includes *transactional* red flags signaling EFE, e.g. frequent large withdrawals, uncharacteristic attempts to wire large sums
 - Includes *behavioral* red flags, e.g. elder shows fear or submissiveness toward caregiver, FI is unable to speak directly with elder
- 2013: FinCEN introduced electronic SAR filing, including designated category for EFE
 - “Clear, complete and concise” description of activity to be included in narrative field

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Suspicious Activity Reports on Elder Financial Exploitation: Issues and Trends

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consumerfinance.gov/data-research/research-reports/suspicious-activity-reports-elder-financial-exploitation-issues-and-trends/

Methodology

SAR data analysis summary

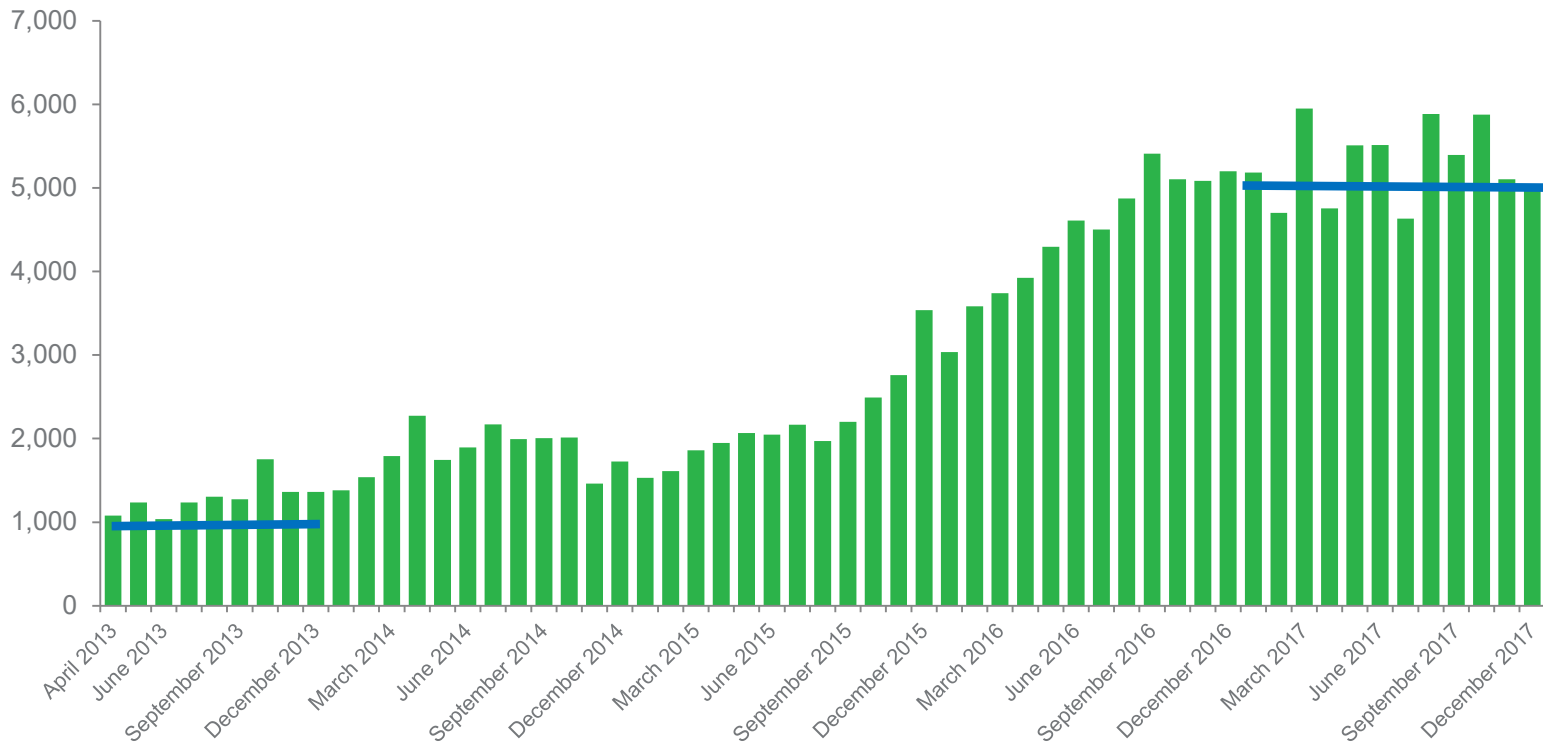
	Limited Structured Data from All EFE SARs	Full Data from a Random Sample of EFE SARs
Number of observations	185,214 (BSAID)	1,051 (MasterID)
Focus	Number by year and filer type Total amounts	Patterns and issues, average amounts
Time frame of data	April 2013-December 2017	April 2013 - September 2017
Methods involved	Descriptive statistics	Reading and coding Descriptive statistics

Report findings

Trends in submissions

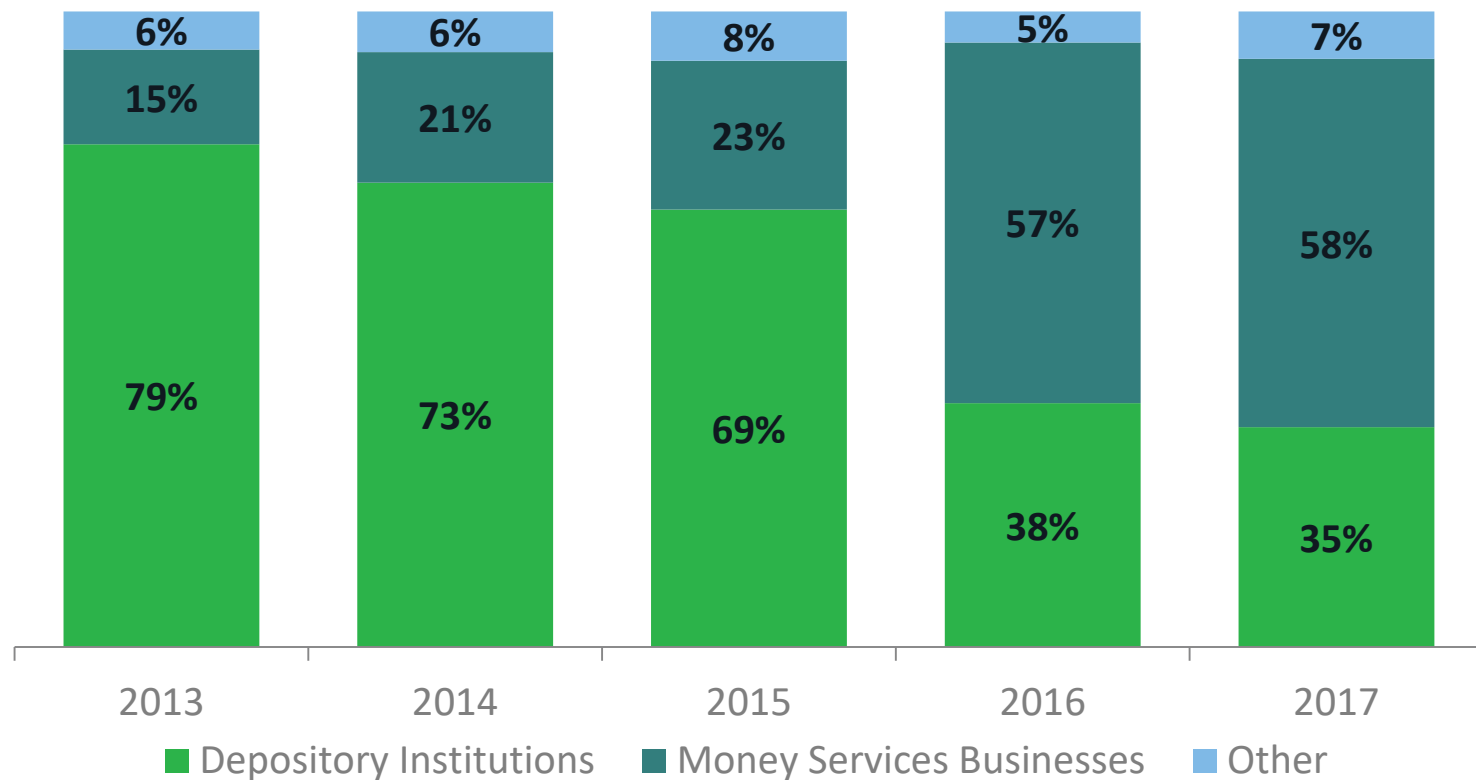
SAR filings on elder financial exploitation quadrupled from 2013 to 2017

NUMBER OF EFE SARS BY MONTH (APRIL 2013-DECEMBER 2017)



MSBs have filed an increasing share of EFE SARs

PERCENT OF EFE SARs FILED BY FILER TYPE (APRIL 2013 – DECEMBER 2017)

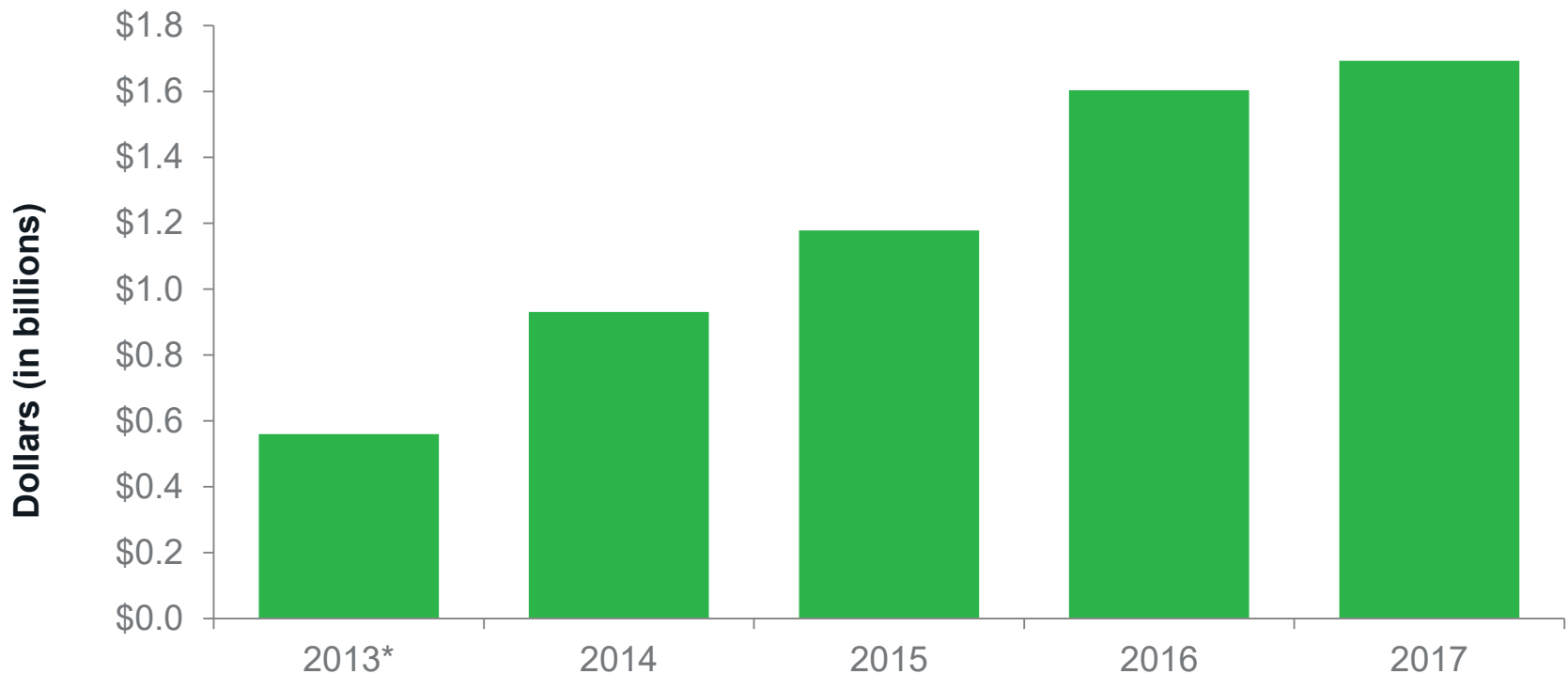


Report findings

Monetary losses involved

Financial institutions reported a total of \$1.7 billion in suspicious activities in 2017

TOTAL AMOUNT OF MONETARY LOSSES AND ATTEMPTS REPORTED IN EFE SARs BY YEAR (IN BILLIONS)



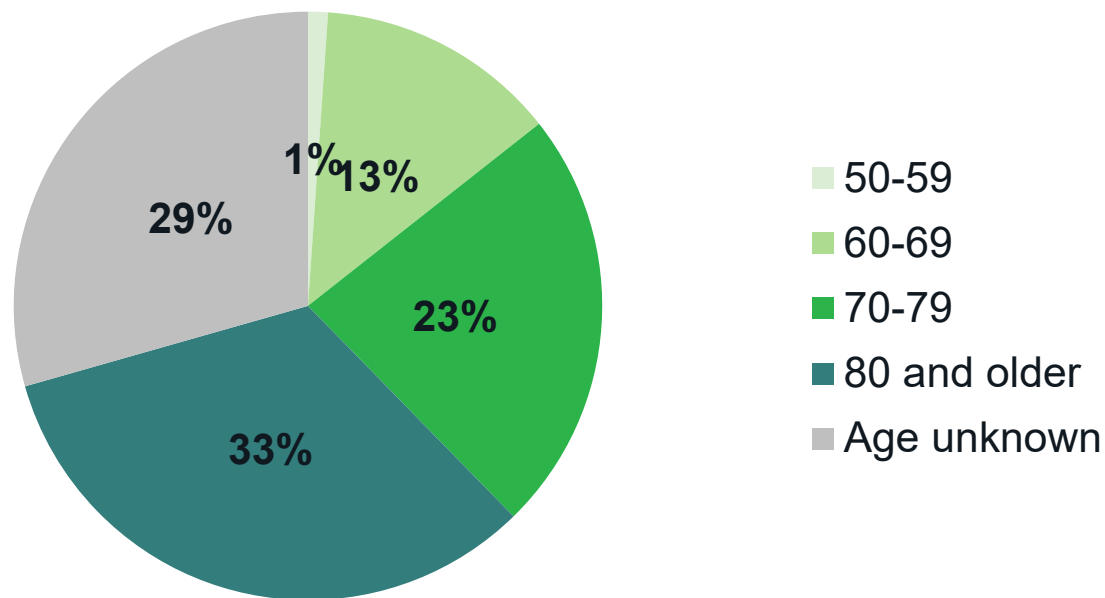
Monetary losses are common and substantial

- Nearly 80 percent of EFE SARs involved a monetary loss to older adults and/or filers
- Older adults' monetary losses (\$34,200*) were greater than filers' losses (\$16,700*)

*average

One third of the individuals who lost money were ages 80 and older

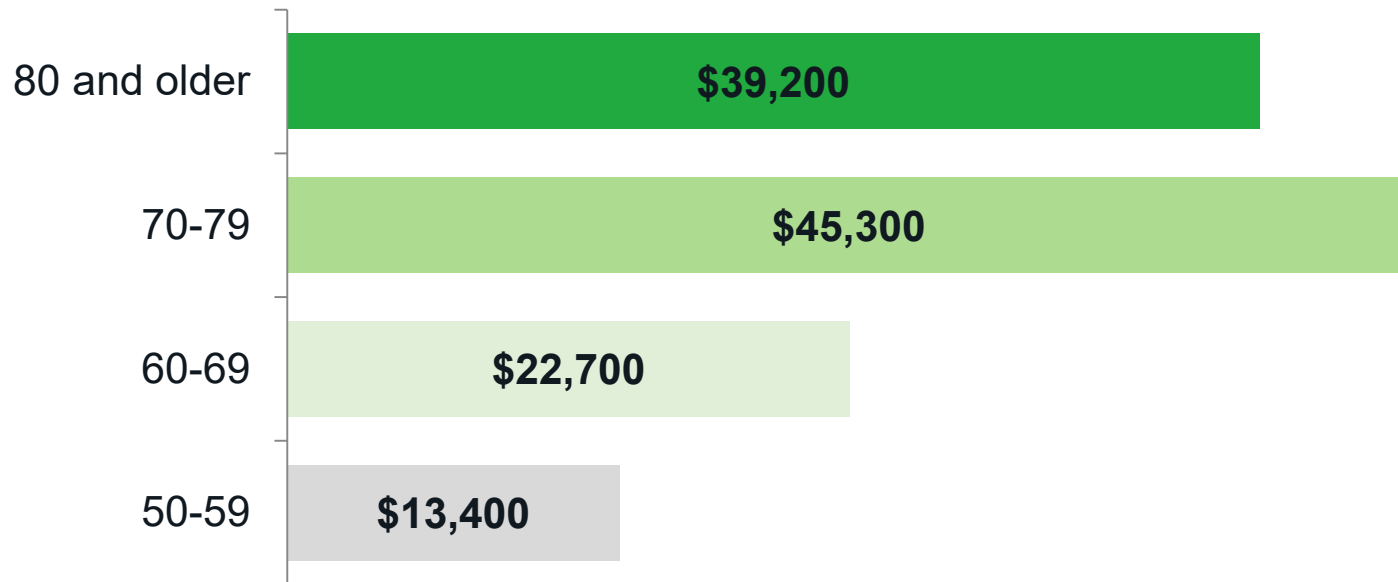
PERCENT OF EFE SARs WITH A LOSS TO OLDER ADULTS BY AGE GROUP
(APRIL 2013 – SEPTEMBER 2017)



Source: Bureau's analysis of a random sample of EFE SARs (459 SARs)

Adults ages 70 to 79 had the highest average monetary loss

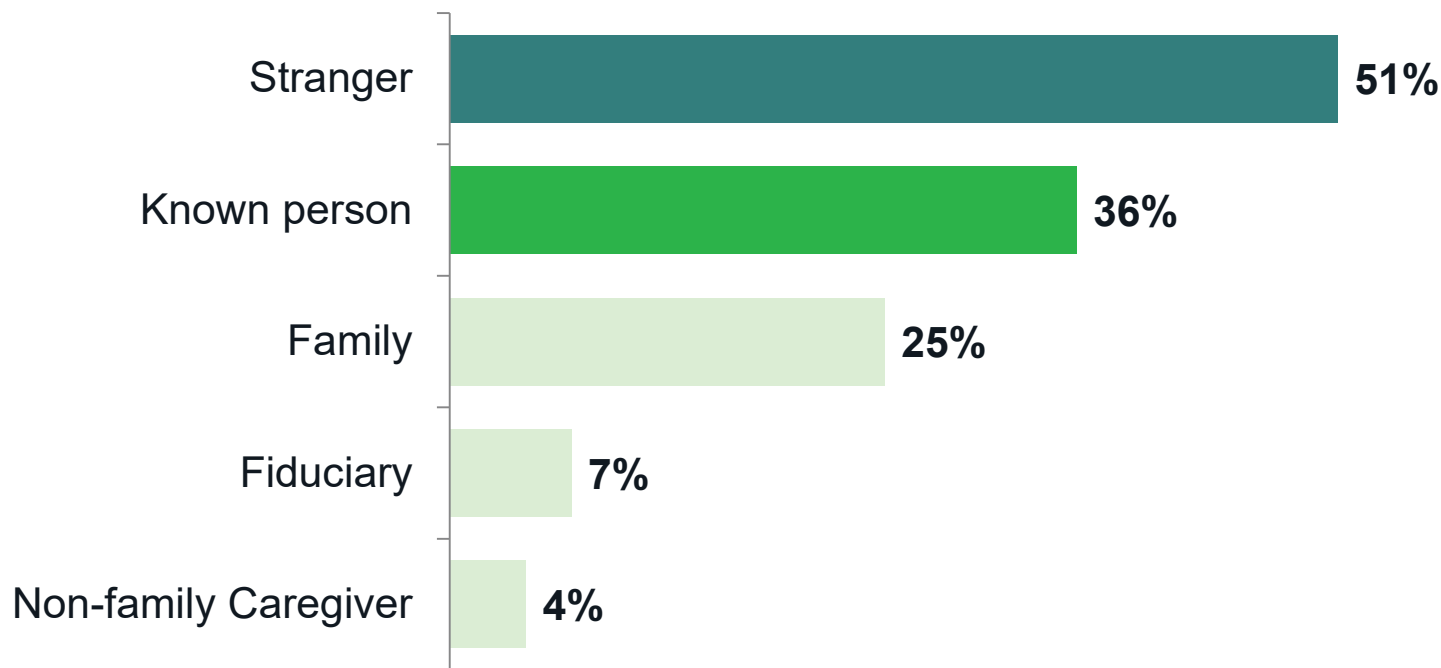
AVERAGE MONETARY LOSS BY AGE OF THE TARGETED OLDER ADULT (APRIL 2013 – SEPTEMBER 2017)



Source: Bureau's analysis of a random sample of EFE SARs (324 SARs)

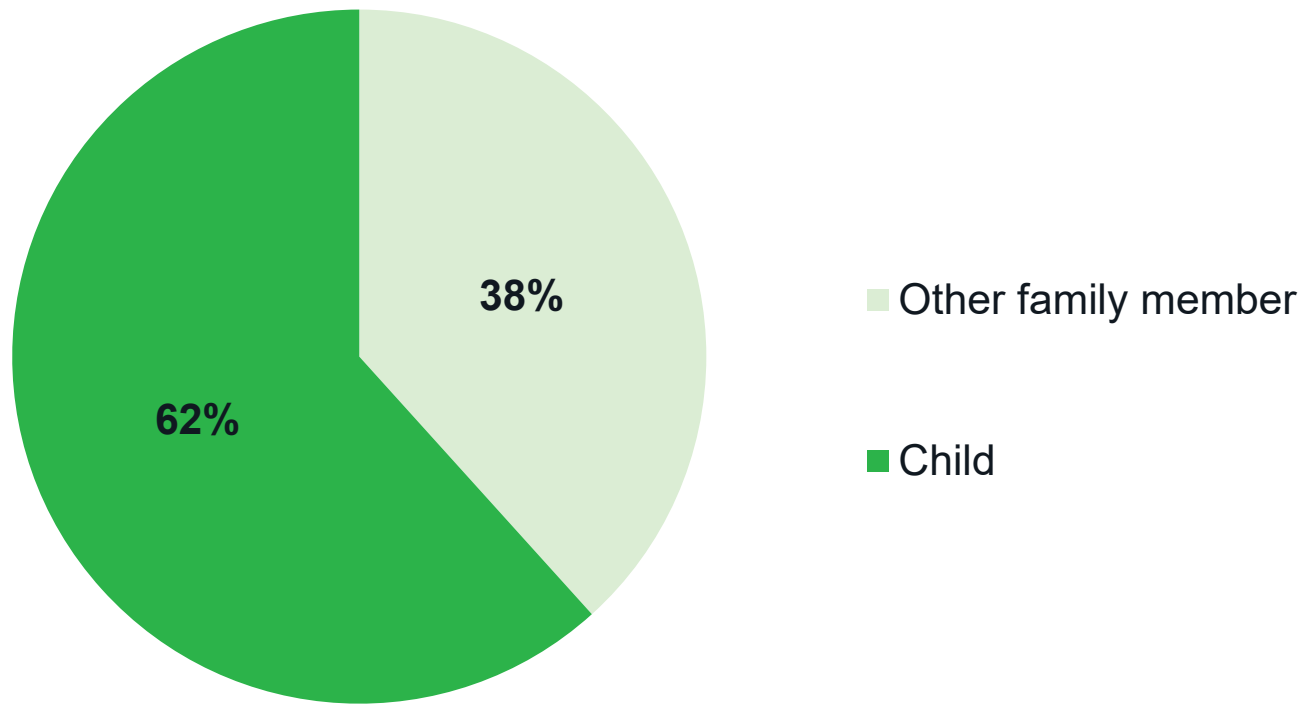
EFE SARs identify a variety of suspects*

PERCENT OF EFE SARs BY SUSPECT CATEGORY



Source: Bureau's analysis of a random sample of EFE SARs (1,051 SARs)

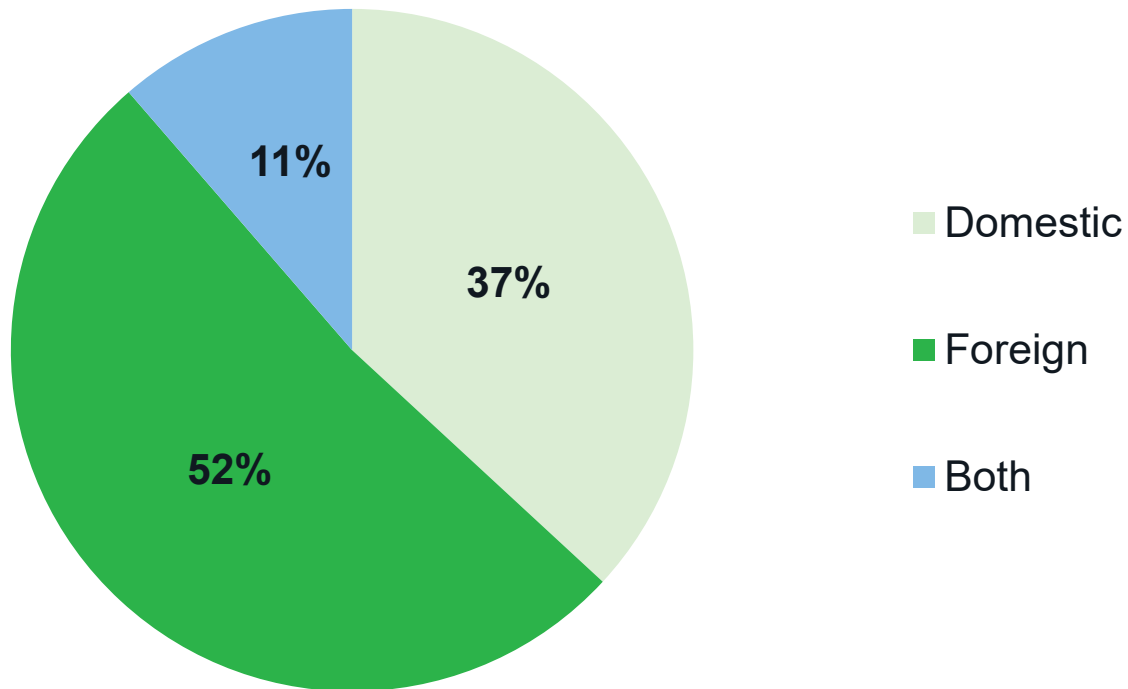
Most common suspected family member is an adult child



Source: Bureau's analysis of a random sample of EFE SARs (261 SARs)

Most suspects who were unknown to the targeted older adult were located internationally

LOCATION OF SUSPECTS IN EFE SARs



Source: Bureau's analysis of a random sample of EFE SARs (537 SARs)

Monetary losses were greater when the older adult knew the suspect

PERCENT OF EFE SARs WITH A LOSS TO THE OLDER ADULT AND AVERAGE MONETARY LOSS BY SUSPECT CATEGORY (APRIL 2013 – SEPTEMBER 2017)

Suspect Category	Percent of EFE SARs within a suspect category involving a loss to the older adult ^a	Average (median) loss per older adult ^b
Stranger	75%	\$17,000 (\$8,500)
Known person ^c	79%	\$50,200 (\$23,200)
Family ^d	82%	\$42,700 (\$24,900)
Fiduciary ^e	88%	\$83,600 (\$33,800)
Non-family caregiver ^e	76%	\$57,800 (\$21,800)

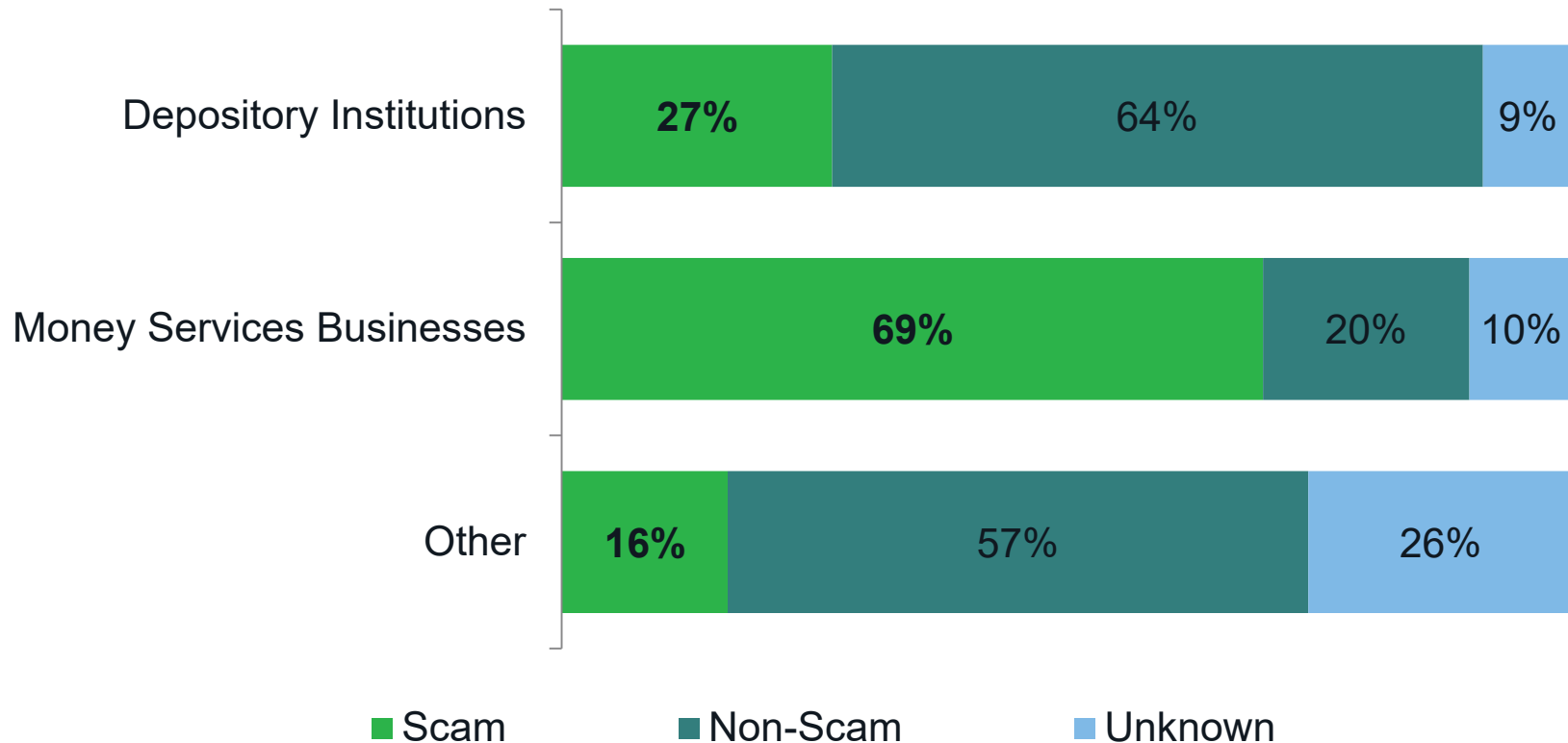
Source: Bureau's analysis of a random sample of EFE SARs (1,051 SARs)

Report findings

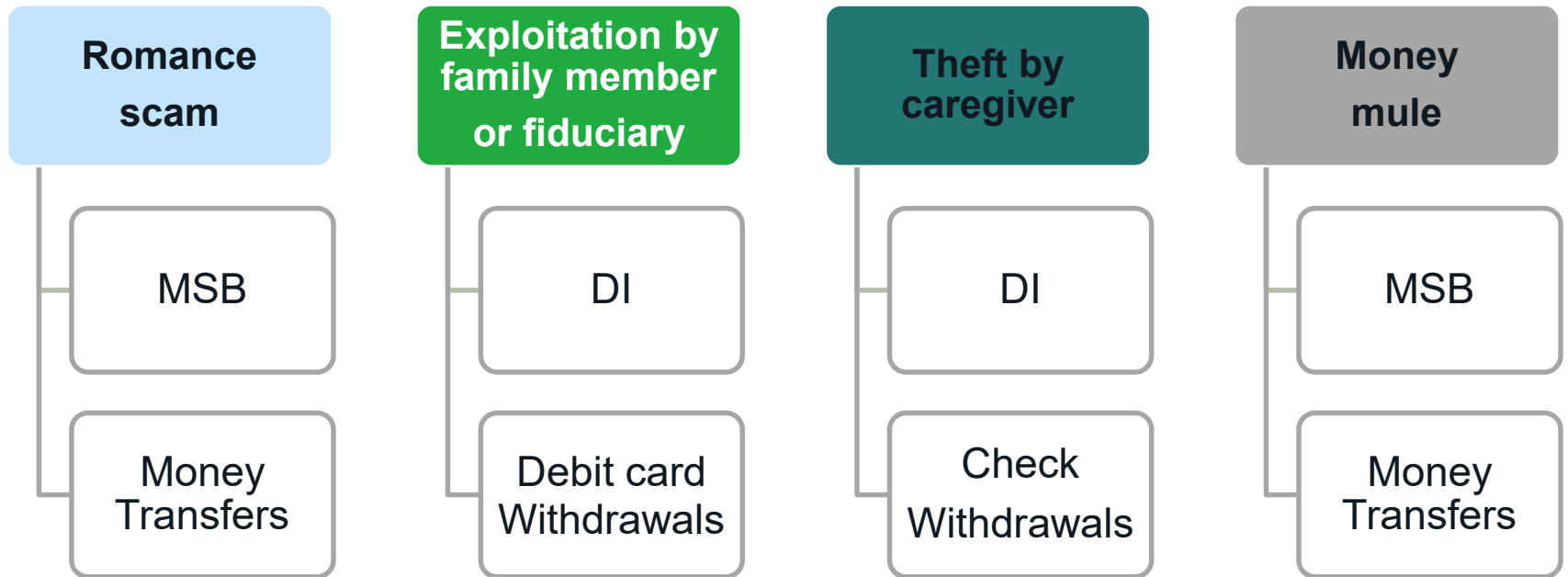
Patterns and issues

Types of suspicious activity varied significantly by filer

TYPES OF ELDER FINANCIAL EXPLOITATION ACTIVITY DESCRIBED IN SARs BY FILER TYPE
(APRIL 2013 – SEPTEMBER 2017)

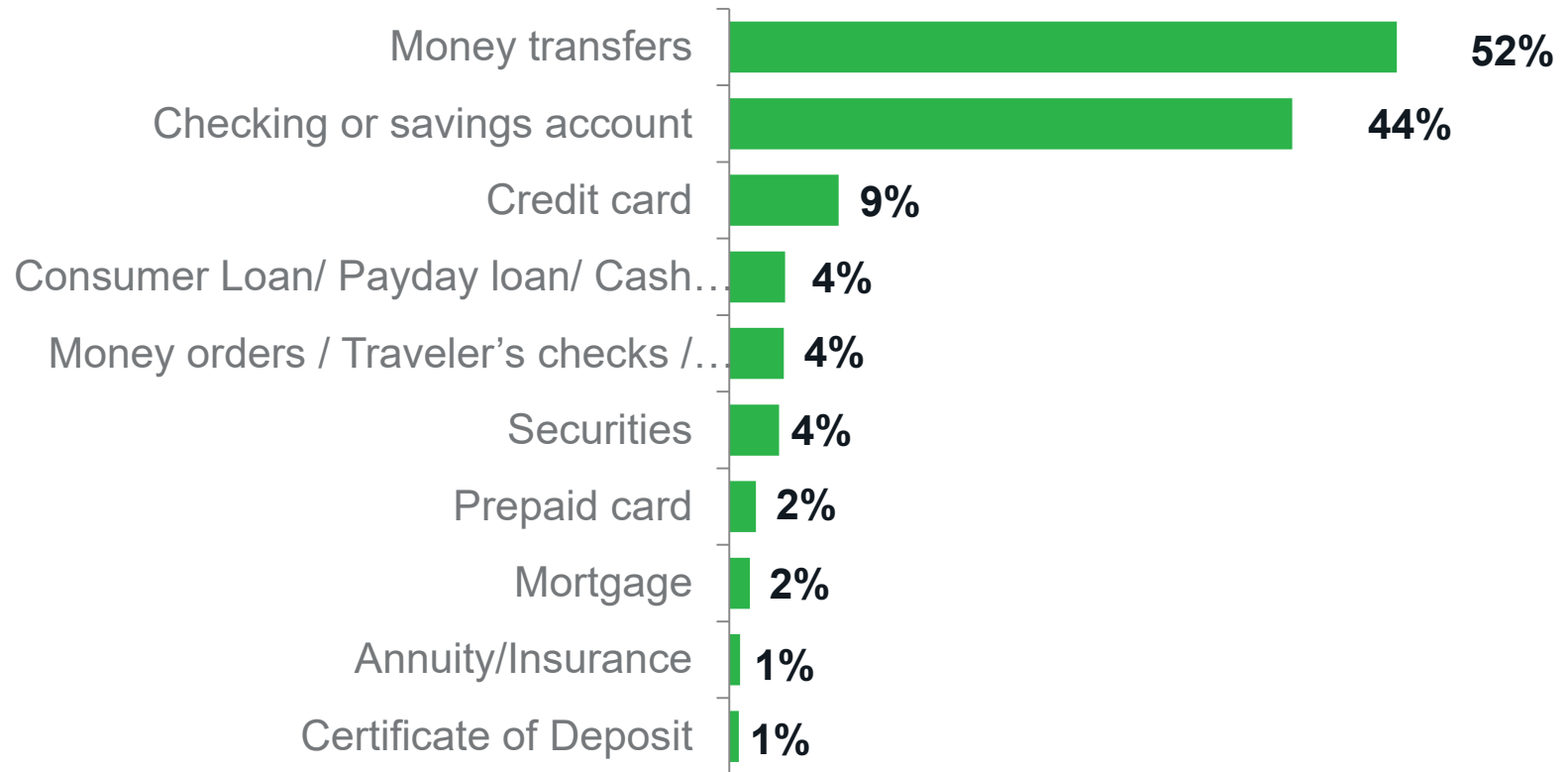


Common patterns found in EFE SARs



More than half of EFE SARs involved a money transfer

TOP 10 FINANCIAL PRODUCTS USED IN EFE SARs (APRIL 2013 – SEPTEMBER 2017)



Source: Bureau's analysis of a random sample of EFE SARs (1,051 SARs)

Checking or savings accounts had the highest monetary losses

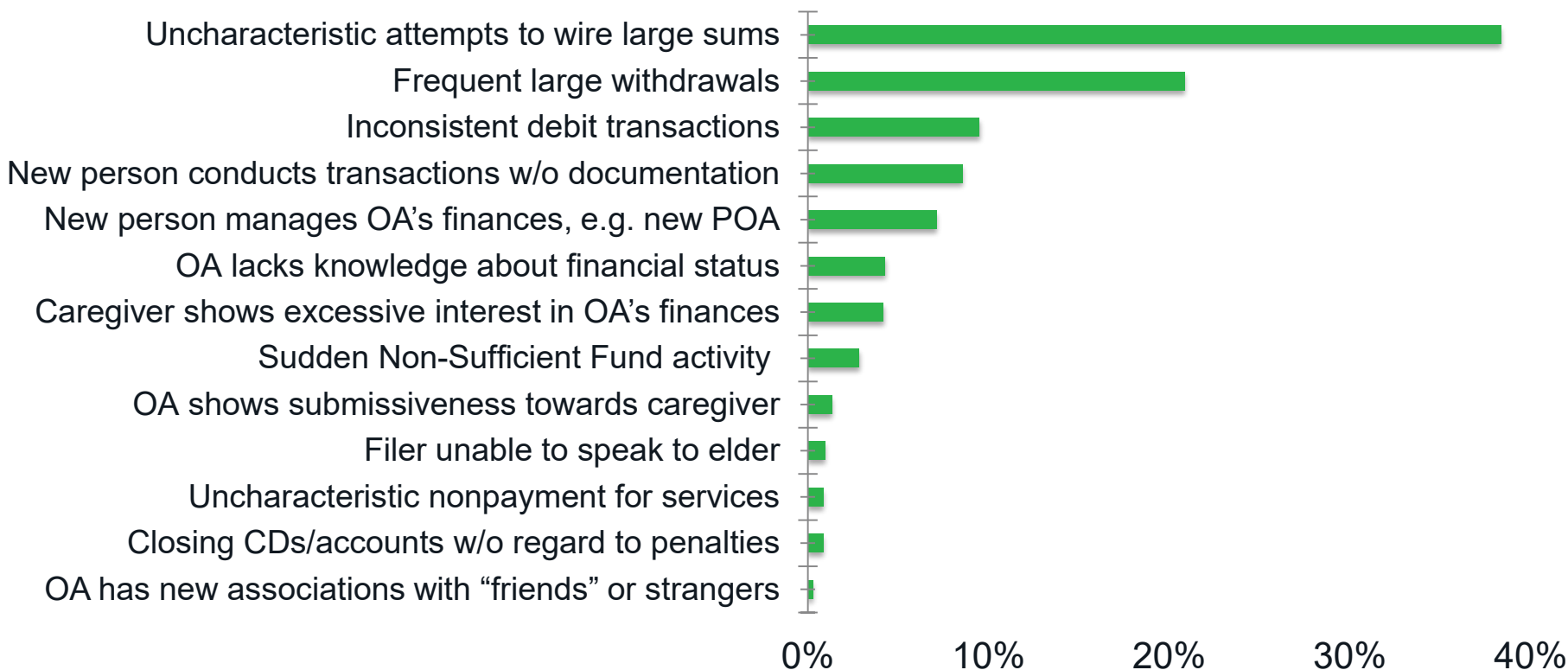
PERCENT OF EFE SARs WITH A LOSS TO THE OLDER ADULT AND AVERAGE MONETARY LOSS BY PRODUCT (APRIL 2013 – SEPTEMBER 2017)

Product	Percent with a loss to the older adult ^a	Average (median) loss per older adult ^b
Checking or savings account	79%	\$48,300 (\$22,100)
Money transfer	78%	\$32,800 (\$9,900)
Credit card	63%	\$32,600 (\$17,000)

Source: Bureau's analysis of a random sample of EFE SARs (960 SARs)

Large and frequent wires were the most common activities that match FinCEN's 2011 Advisory red flags

PERCENT OF EFE SARs WHERE SUSPICIOUS ACTIVITY MATCHES A SPECIFIC RED FLAG FROM FINCEN'S 2011 ADVISORY (APRIL 2013 – SEPTEMBER 2017)



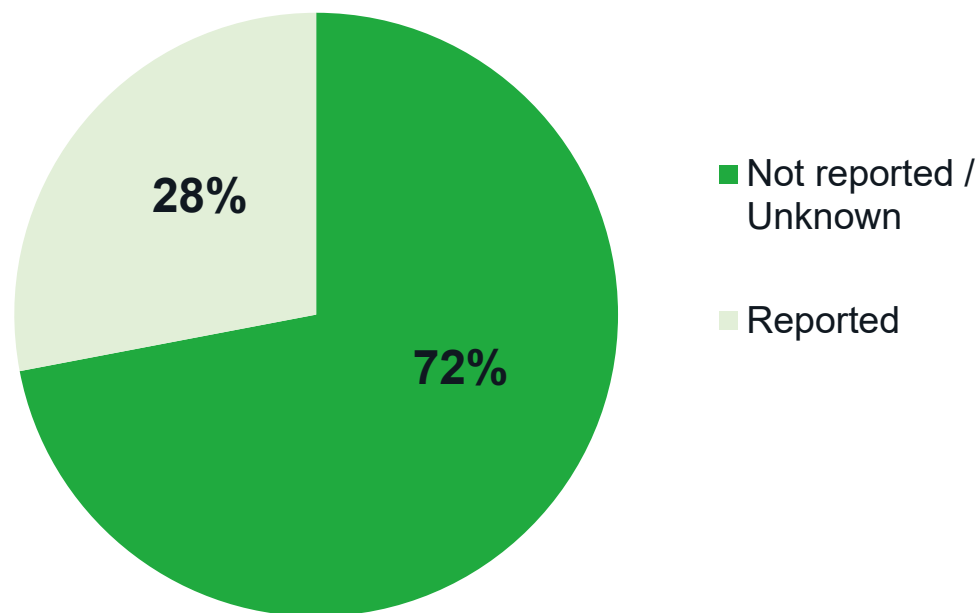
The suspicious activity reported in a SAR took place, on average, over a four-month period

- The average length of the suspicious activities in EFE SARs is approximately four months (120 days).
- The suspicious activity in EFE SARs lasts longer than the average length of time when:
 - a joint account is involved (230 days)
 - a family member is the suspect (197 days)
 - the targeted person has diminished capacity (158 days)
 - the targeted person is 80 years old and older (134 days)

Source: Bureau's analysis of a random sample of EFE SARs (1,051 SARs)

Fewer than one-third of EFE SARs indicated that the filer reported the suspicious activity to a local, state, or federal authority

PERCENT OF EFE SARs NOTING A REPORT TO A LOCAL, STATE OR FEDERAL AUTHORITY (APRIL 2013 – SEPTEMBER 2017)



Source: Bureau's analysis of a random sample of EFE SARs (1,051 SARs)

Implications and next steps

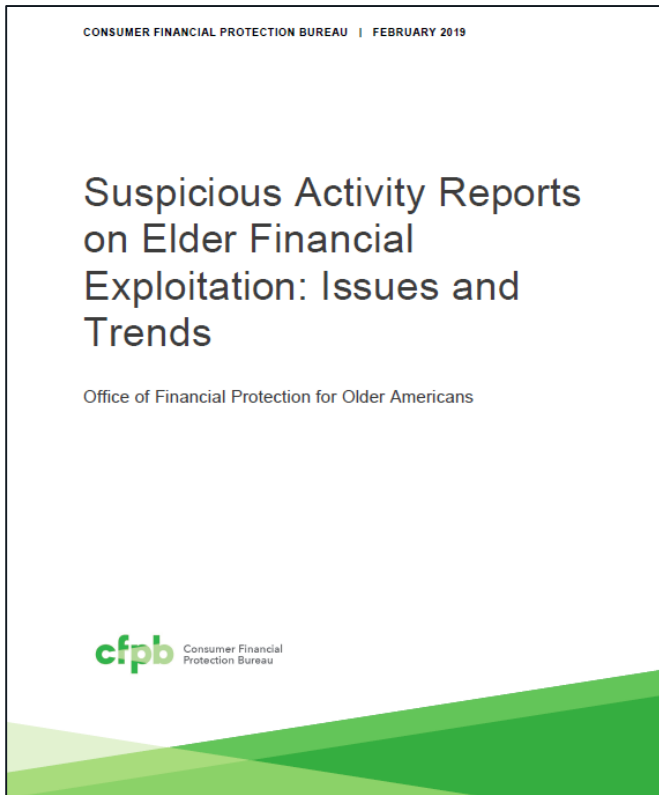
Implications and next steps

- **SARs indicate that EFE is widespread and damaging** – this highlights need for strong interventions by FIs, law enforcement, social services, and involvement of policymakers
- **FIs are filing more EFE SARs, but in most cases SARs don't indicate that they are reporting EFE to law enforcement or adult protective services** – if not reporting, missed opportunity to strengthen prevention and response
- **EFE SARs are useful/untapped resource for monitoring/measuring EFE**

Implications, continued

- **The types of suspects/activities reported by MSBs and DIs differ significantly** – interventions can be tailored accordingly
- **Law enforcement can mine database of EFE SARs to be more proactive in investigating cases and bringing more prosecutions**

More information



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consumerfinance.gov/data-research/research-reports/suspicious-activity-reports-elder-financial-exploitation-issues-and-trends/

Bureau initiatives

- **Memorandum on financial institution and law enforcement efforts to combat elder financial exploitation (August 2017)**

consumerfinance.gov/policy-compliance/guidance/implementation-guidance/memorandum-financial-institution-and-law-enforcement-efforts-combat-elder-financial-exploitation/

- **Recommendations and report for financial institutions on preventing and responding to elder financial exploitation (March 2016)**

consumerfinance.gov/data-research/research-reports/recommendations-and-report-financial-institutions-preventing-and-responding-elder-financial-exploitation/

- **Interagency Guidance on Privacy Laws and Reporting Financial Abuse of Older Adults (September 2013)**

consumerfinance.gov/policy-compliance/guidance/implementation-guidance/interagency-guidance-reporting-financial-abuse-older-adults/

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Questions