

# The Utah Cost of Financial Exploitation

Jilene Gunther, MSW, JD  
Legal Services Developer  
Utah Division of Aging and Adult Services

# The Utah Cost of Financial Exploitation

Jilene Gunther, MSW, JD  
Legal Services Developer  
Utah Division of Aging and Adult Services

## 1.0 Introduction

“On my desk sits a photo of my grandfather standing next to Margaret Thatcher. It reminds me of the good works my grandfather did within Utah and throughout the world helping others. Despite the great world collections my grandfather acquired from his charity works and from living abroad, the photo is one of the few items I have to remember him. My grandfather was financially exploited within his own home by someone who was a close friend, almost like family, and whom he was trying to help. She stole cash from his wallet and carried item by item many, but not all of his treasures he and my grandmother had collected throughout their lives out of their house. I am not alone.”<sup>1</sup> Every day in this nation seniors are exploited. These seniors who are heralded as our greatest generation are now under attack across our nation in one of the grimmest battles – the fight against financial exploitation. But unlike other battles they’ve faced, the enemies are often those closest to them, and ones

---

<sup>1</sup> The identity of author and victim of financial exploitation withheld to protect privacy.

Stealing seniors’ assets could cost Utah \$52 million annually.

they least expect – family members and close friends. The crime goes silent as many seniors who are financially exploited like the gentleman above its too painful to report, its embarrassing to admit, and often goes unidentified and thus unreported.<sup>2</sup> Exploitation is not prejudice of race, social position, or financial status. Yet, while this crime is silent, it does not go unnoticed. The affects of financial exploitation are recognized by all of us – families, businesses, taxpayers, government programs such as Medicaid, not to say alone seniors. Yet there is little national data on financial exploitation; the exact costs of financial exploitation are largely unknown.<sup>3</sup>

And Adult Protective Services (APS) workers, the frontline fighting this battle, have taken and continue to take significant deep budgets cuts to their programs around the nation while still maintaining the requirements to address elder abuse under the Older Americans Act. Compounding this issue is that little research has been done to show the extent of financial exploitation and exactly how exploiters are accessing these funds. Thus, workers are left to advocate for seniors using stories with little supporting data. While the costs of domestic violence have been calculated for decades, a cost analysis of financial exploitation using Adult Protective Services records has never been undertaken.

Seeing this issue, as a full-time Legal Services Developer charged with coordinating the legal service delivery system that includes Adult Protective Services, I began to try to examine the costs of financial exploitation, the methods exploiters are using to access seniors' assets, and many other variables using data from Adult Protective Services cases. This exploratory research attempts to paint a picture for policy makers of the importance of financial exploitation, the potential costs of exploitation, as well as to help understand how financial exploitation is occurring in order to better target prevention efforts. The exploratory research estimates that Utah seniors, businesses, and the government could have lost \$51,506,100 in 2009 due to financial exploitation.

---

<sup>2</sup> See Gunther, J & Van Langeveld, A (2011, in press). Utah Legal Needs Study. Utah Division of Aging and Adult Services: Funded by the Administration on Aging Model Approaches Grant.

<sup>3</sup> MetLife Mature Market Institute et. al. (2009). Broken Trust: Elders, Family, and Finances. A Study on Elder Financial Abuse Prevention.



## 2.0 Study Design

This exploratory study from the Utah Division of Aging and Adult Services' Legal Services Developer provides an introductory examination of the cost of financial exploitation to Utah seniors. The purpose was to attempt to calculate the financial loss to Utah seniors, financial institutions, and government entities; and to also determine the variables and methods perpetrators employ to exploit. This report serves as a tool to help our local Adult Protective Services program to have more effective and targeted prevention.

The Utah Cost of Financial Exploitation Study was conducted by examining all the substantiated financial exploitation cases of Utah Adult Protective Services. Fifty-seven cases were reviewed in-depth to determine financial loss. Cases were reviewed for documentation regarding dollar amount taken and property stolen. In cases involving property we gathered as much information as provided in the case notes to determine the value of that lost property. In less than ten percent of the cases we did not have all the facts to make an exact valuation. In these circumstances we always aired on the fiscally conservative side as well as used the average cost of a like property. For example, if a 2003 Ford Taurus was listed as stolen with no additional details describing the vehicle, we estimated the value using the average value of a 2003 Ford Taurus listed in the Kelly Blue Book, assumed it was in fair condition, and estimated the number of miles on it by the average amount of miles a person drives in a given year. Cases that did not have enough evidence to be substantiated were not examined; other agencies more so than Adult Protective Services receive reports regarding scam artists, insurance fraud, telemarketing fraud and other like fraud; thus, it could be possible that the costs of financial exploitation to Utah seniors are higher than reflected in this study.

To conduct valuations we used the Kelly Blue Book and Utah sold real estate numbers, consulted with local pharmacists, insurance life expectancy tables and other valuation tools. We looked for as much information as possible to make these valuations including where the real property was located and the average price of homes selling in the area over the last six months; model, make, usage and condition of the car; and average out-of-pocket prices for medications. We also used the average yearly Utah Medicaid cost for a Utah senior in conjunction with consulting the life expectancy table to determine how many years the senior might be on Medicaid.

Examining financial exploitation without attempting to account for unreported cases would not be telling the entire story. It is well established that there are a substantial amount of unreported financial exploitation cases.<sup>4</sup> Studies differ on the number of cases unreported. In a recent study by Cornell University they calculate that for every one reported financial exploitation case, forty-four go unreported.<sup>5</sup> Another study stated that only one in twenty five are reported.<sup>6</sup> To calculate a dollar amount we made our conservative hypothesis of how many cases go unreported based on statistics from government officials and reports<sup>7</sup> which state that only one out of every ten seniors report abuse. This exploratory study is only just that it explores the potential costs of financial exploitation, variables involved in exploitation, relationships to victims, and provides dollar amounts based on estimations, statistics and hypotheses. It is an exploratory study to highlight the importance of examining the costs of financial exploitation and need for further research in this area. It is the first step of many needed to capture the true cost of financial exploitation to our society. This study did not assess financial losses associated with physical, sexual, or emotional abuse.

## 2.1 Variables Examined

All 57 substantiated Adult Protective Services financial exploitation cases were included in the study. There were two phases to this study. The first was a valuation of financial loss. The second was a more in-depth examination on several variables including –

- Who made the referral
- The perpetrators' relationship to the victim
- Type of financial exploitation
- Method used by the perpetrator
- Non-monetary deprivation
- Subsequent Medicaid eligibility
- Police and prosecution involvement

---

<sup>4</sup> Humphrey, T. (2003). Nichols Seeks Stiffer Laws Against Elder Abuse; Knox Attorney General Says State Needs to Get Tough on Scam Artists, KNOXVILLE NEWS-SENTINEL; Camron, V. Abuse of Elders Goes Unreported, Committee Says; Group's Goal Is Prevention, CHI. TRIB., Mar. 24, 2004, Morrison, J. Fraud and the Elderly, MONT. LAW., Mar. 2003,

<sup>5</sup> (2011). New York State Elder Abuse Prevalence Study. Preliminary report. Cornell University.

<sup>6</sup> Wasik, J.F. (2000). The fleecing of America's elderly. Consumer's Digest, March/April.

<sup>7</sup> Id.

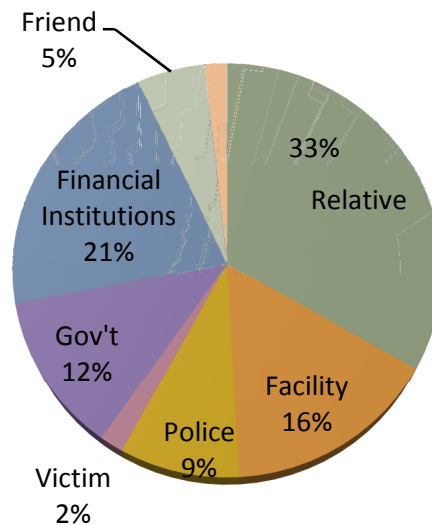
## 3.0 Findings

### 3.1 Overall Financial Loss Due to Financial Exploitation

The study estimates that \$ 1 million dollars per week could have been stolen from Utah seniors; and it is further estimated that Utah seniors, businesses and the government lost upto \$51,506,100 in 2009 due to financial exploitation. The range stolen was from \$35 to \$745,640.

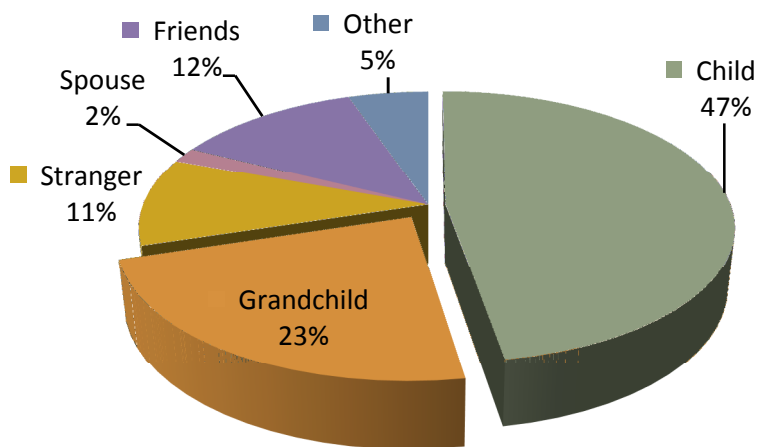
### 3.2 Referrals made to Adult Protective Services

Thirty-three percent of the case referrals come from relatives of the victim and twenty-one percent from financial institution employees. Only 2% of referrals were from the victim themselves. This perhaps indicates that victims are often embarrassed about reporting financial exploitation or are unaware of the exploitation that is occurring.



### 3.3 Perpetrators Relationship to the Victim

The majority of perpetrators (72%) were family members. Only a few (11%) were strangers. This reflects national data and also indicates that those who perpetrate are taking advantage of their close relationship with seniors.



### 3.4 Methods Used to Exploit

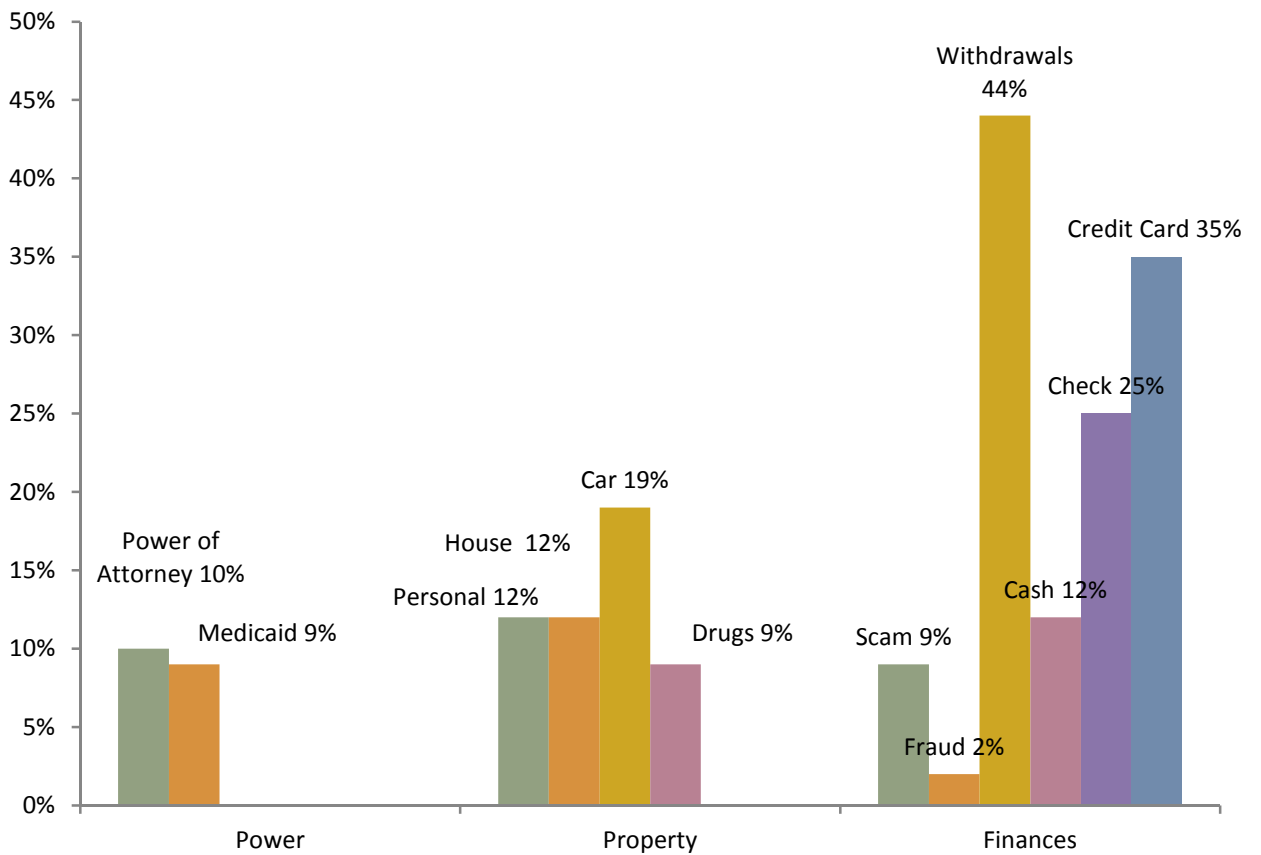
To learn more about prevention, we examined the methods perpetrators were using to exploit seniors. We found they were doing so in the following ways:

- *Personal Property*
- *House (stole either through deeding property or through deception)*
- *Car Theft or “Borrowing”*
- *Rent (living off senior despite agreement to move out or pay)*
  
- *Investment Fraud*
- *Withdrawals from Bank Account*
- *Cash*
- *Check (forgery)*
- *Credit Card (open debit card without knowledge, identity theft, or “borrow card”)*
  
- *Misuse of Power of Attorney (person uses a power of attorney to steal money)*
- *Medicaid (exploited senior now forced to be dependent on Medicaid)*

72% of  
Perp-  
etrators  
are  
Family  
Members

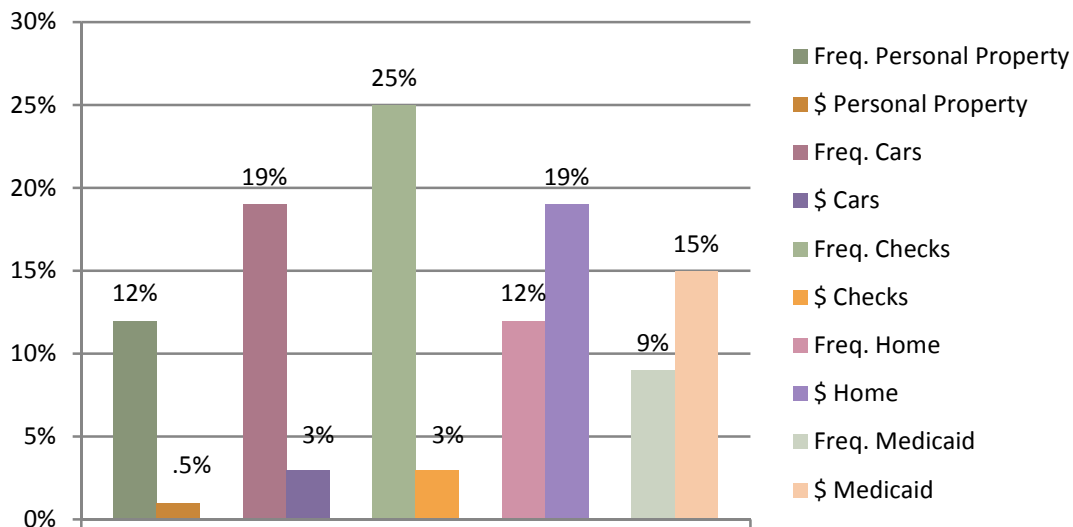


We found that the top methods used to exploit seniors were bank withdrawals (44%), credit cards (either misuse or identity theft) (35%), stealing and forging checks (25%), and car theft (19%). We also found that many perpetrators were using more than one method to exploit; thus increasing the frequency of the categories of methods used.



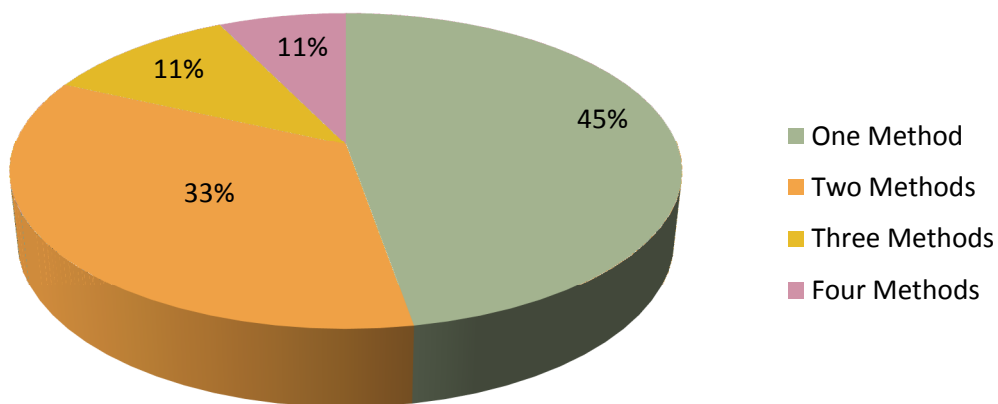
### 3.5 Comparing Frequency of Methods Used & Percentage of Total Dollar Amount Stolen

We also compared frequency of the method used and the percentage of the total amount stolen for that same category. This illuminated where seniors are taking the biggest monetary hit. While 12% of cases involved stealing personal property, that category only represents 0.5% of the total amount of money exploited. In 19% of the cases seniors are exploited for their cars, yet the cash amount only represents 3% of the total dollar amount. Stealing or forging checks occurred in 25% of the cases, yet that method only represents 3% of the total amount stolen. Only 12% of the cases involved stealing a home, yet this category represented 19% of the total amount stolen. This comparison, illustrated in Chart D, demonstrates that the methods involving Medicaid, stealing a home, and bank withdrawals are big ticket items.



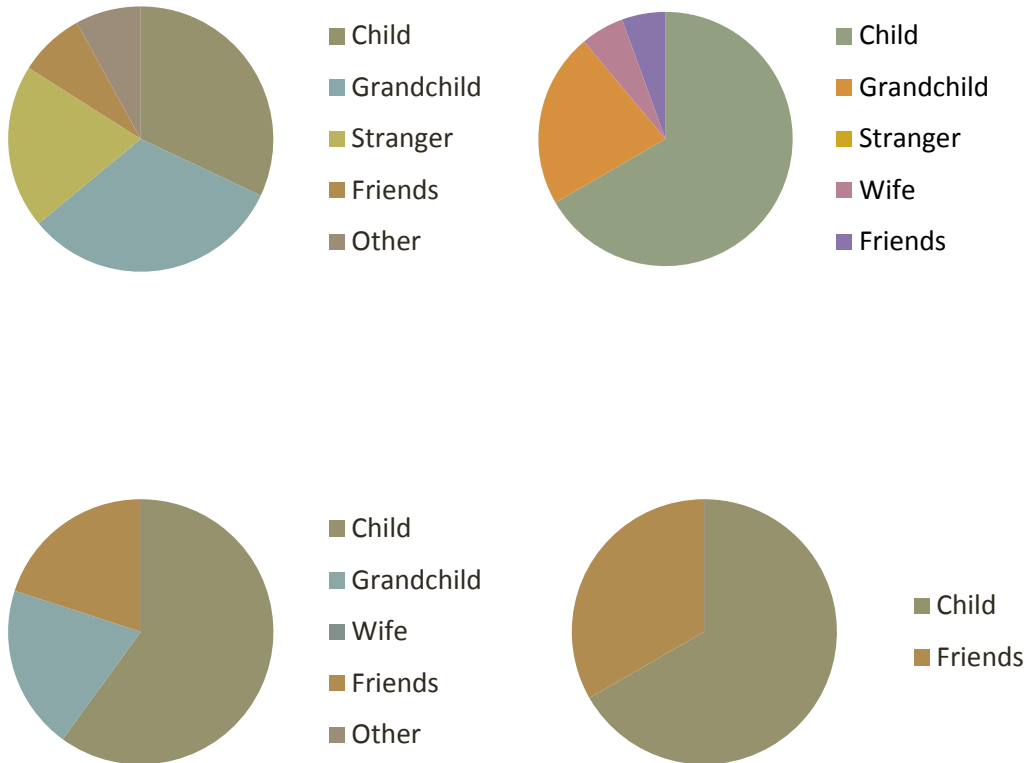
### 3.6 Number of Methods Used per Case

In most cases, perpetrators used multiple methods to exploit (55%). Forty-five percent used one method to exploit.



### 3.7 Comparing Frequency of Methods Used & Relationship with Perpetrator-Victim

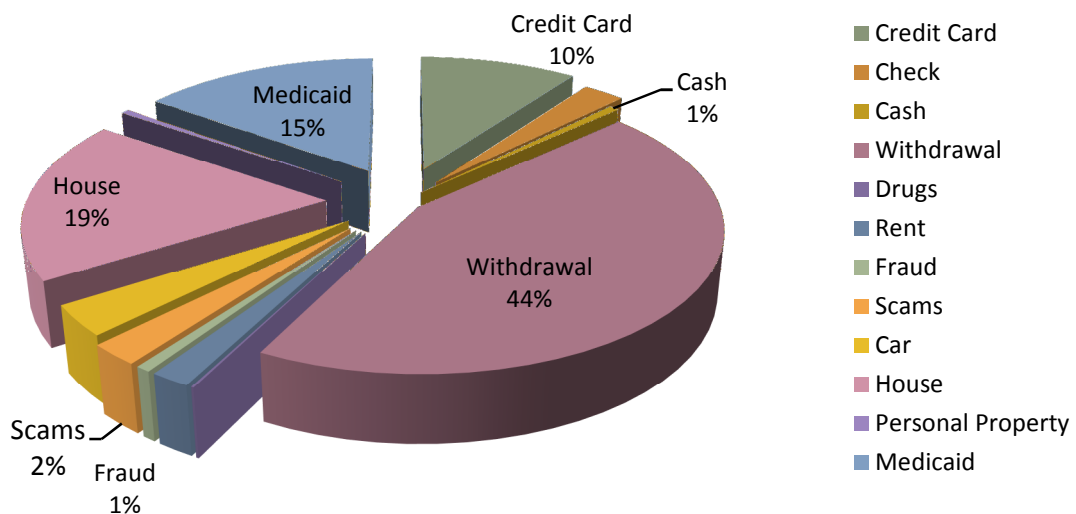
Analysis of the perpetrators' relationship with the victim and the number of methods used by the perpetrator showed a definitive trend. Strangers and grandchildren were more likely to use one method to exploit. Those closer to victims--children and friends--were more likely to employ two, three, and four types of exploitation methods.



### 3.8 Financial Institution Related Transactions and Withdrawals

Examination of the data indicated that 57% of the total amount stolen involved financial institution related transactions including withdrawals, credit cards, and checks. Yet only 21% of Adult Protective Services referrals (from the fifty-seven substantiated cases examined) came from financial institutions. This discrepancy demonstrates that Adult Protective Services needs to work more closely with financial institutions in identifying and reporting suspected financial exploitation.

Bank withdrawals represent 44% of the total amount lost. Half of the cases involving bank withdrawals specified how the money was withdrawn. Out of those specified cases many had several types of withdrawals; a third of the cases either involved a withdrawal within the financial institution, a joint bank account; or a transfer online. Half of the specified bank withdrawal cases involved a debit card affiliated with the bank account. This illustrates the need for seniors to be educated on the dangers of joint accounts and lending out credit cards as well as the concept of online banking and debit cards.





### 3.9 Potential Utah Medicaid Cost

We found that some of these cases involved a senior being exploited to such an extent that the senior was either now on Medicaid or was in the application process.<sup>8</sup> All of the seniors in this situation had a significant amount of their life savings stolen. Attempting to estimate a loss to Medicaid is challenging and assumes that the significant amounts stolen propelled the seniors to qualify for Medicaid, but for the exploitation would not have occurred, and that the senior would not gain assets and thus would be on Medicaid for the duration of their life. Using the senior's current age and national life expectancy demographic tables, we estimated the number of years a senior would be on Medicaid. These costs based on the above assumptions are estimated to amount to \$771,408 for reported substantiated cases. Considering that only one in ten cases, are ever reported, this cost could potentially reach \$7.8 million dollars. Again calculating these costs are challenging and forced us to rely partially on assumptions; and thus act only as potential costs that need to be further examined. These estimations however paint a picture of the potential Medicaid costs and demonstrate the need for further specific research beyond this exploratory study.

### 4.0 Non-Monetary Losses

We also made note of losses that we could not put a value on. Examples included eviction from public housing, drug users or dealers in the home, changes to a will or to a deed, threat of loss of home, credit damage, loss of power when senior had an oxygen tank, financial institution defrauded by an exploiter using an invalid power of attorney, loss of trust with family, embarrassment and anxiety.

### 5.0 Police and Prosecution Involvement

Not including cases referred to law enforcement following substantiation, eleven cases specifically mentioned the police. One police agency turned down the case stating it was a civil matter. Another case was rejected because it was "too big." One case was turned down due to a lack of victim cooperation and another because

---

<sup>8</sup> It is not uncommon for an exploited senior to have difficulty qualifying for Medicaid because the exploitation is often considered a transfer under the Medicaid rules.

But unlike other battles they've faced, the enemies are often those closest to them, and ones they least expect – family members.

it involved a power of attorney. One case did involve an arrest. In six cases Adult Protective Services and the police worked together to investigate the case further.

## 6.0 Conclusion

Stealing senior's assets are estimated to cost Utah up to \$52 million dollars in 2009. This amount, any amount is too much. Everyone in Utah is losing - seniors, government, banking institutions, and taxpayers. Perpetrators are those that are closest to seniors – relatives and friends. The majority of perpetrators are using bank related transactions to steal from seniors. Those with the closest relationships with seniors – children – are using multiple ways to access and exploit seniors. The estimations in this study paint a picture of the potential costs of exploitation and demonstrate the need for further specific research beyond this exploratory study. This exploratory study demonstrates that multidisciplinary collaborations among Adult Protective Services, banks, and law enforcement agencies could help prevent financial exploitation of seniors and thus be highly cost-effective. Specific recommendations include:

### 6.1 Bank Training

Adult Protective Services should train and work more closely with banks to enhance the identification and referral of suspected financial exploitation cases to Adult Protective Services. Training should include how seniors are being exploited as shown in this study; thus financial institutions can help prevent exploitation before it occurs. Help banks develop seminars for their customers on how to prevent financial exploitation, alternatives to joint accounts, debit cards, online banking, and other banking basics.

### 6.2 Encourage Police and Prosecutor Involvement

Adult Protective Services should train and work more closely with law enforcement agencies so police can better understand the criminal nature and importance of investigating abuse of seniors. Adult Protective Services should become knowledgeable on what law enforcement and attorneys need for a successful prosecution.

#### 6.4 Create an Interdisciplinary Legal and Banking Team

The Legal Services Developer should create a team with Adult Protective Services and the Banking Industry to determine how to tighten up Power of Attorney laws, and help develop ideas for banking products that will give seniors more control over their accounts.

#### 6.5 Create Guardian Type of Bank Account

Perpetrators under the guise of assisting a senior with their finances allows the perpetrator unnecessary access that results in exploitation. The elder abuse field in conjunction to the banking industry needs to develop a special guardian account that allows for more control, greater security options, and monitoring by a third party.

#### 6.6 Develop Training to Target Prevention

Help target prevention by focusing on training seniors, aging professionals, and banks on the methods perpetrators are using to exploit. Train seniors on the dangers of deeding over their homes, signing a loan as a co-signer; as well as how to legally evict unwanted “guests,” how to appropriately handle finances when one is unable to, the basics of banking in the twenty-first century, and limiting others access to their finances.

### 7.0 Acknowledgments

The researcher wishes to thank the seniors of Utah who have had the courage to report their exploitation, Adult Protective Services workers - our first responders who tirelessly work to help prevent and stop exploitation - without their grisham reports this project would not have been possible; Lori Stiegel, Angela Linford, Paul Gunther, Kathryn Draper, and Sharon Bertelsen for editing this report on short notice. Thanks also to Nan Mendenhall, Utah Director of Adult Protective Services

and Diane Stewart, former Utah Director of Adult Protective Services, for their cooperation, support and seeing the potential for the role that Legal Services Developers should have within the elder rights field. For additional information please contact Jilene Gunther, [jgunther@utah.gov](mailto:jgunther@utah.gov).