

## **SURVEY: FAMILY MEMBERS, CAREGIVERS AND SWINDLERS ARE TOP FINANCIAL EXPLOITERS OF OLDER AMERICANS**

***Over Half of Experts Say Seniors Do Not Have Right Resources to Pick Financial Advisors; Most Effective Ways to Stop Victimization Seen as Face-to-Face Education and Help.***

**WASHINGTON, D.C.///August 15, 2012///**Investment fraud and financial exploitation targeting older Americans is a major problem today and most seniors do not have the information they need to pick a financial advisor to help them protect their savings, according to a major new survey of 756 experts conducted by the Investor Protection Trust (IPT) and Investor Protection Institute (IPI) in response to questions posed by the Consumer Financial Protection Bureau (CFPB).

The online poll of a diverse group of state securities regulators, financial planners, health care professionals, social workers, adult protective services, law enforcement officials, elder law attorneys, academics and others found that about two thirds (65 percent) of those surveyed deal with elderly victims of investment fraud/financial exploitation. Three out of four experts said that such swindles are a “very serious” problem in America today and an even greater number – 78 percent – said older Americans are “very vulnerable” to investment fraud/financial exploitation.

Other key IPT/IPI survey findings:

- ***Most common abuses?*** The top three financial exploitation problems identified by the experts are: (1) “theft or diversion of funds or property by family members” (79 percent); (2) “theft or diversion of funds or property by caregivers” (49 percent); and (3) “financial scams perpetrated by strangers” (47 percent).
- ***What works?*** As for the “financial education, counseling, or personal finance management programs ... best tailored to the unique financial needs of older Americans and their families or caregivers,” the experts identified the following: (1) “programs delivered by local professionals, such as caregivers, adult protective services workers, law enforcement agencies, and health care professionals” (71 percent); (2) “programs delivered through senior centers and other facilities catering to older Americans” (65 percent); and (3) “programs delivered by senior oriented national and local organizations” (55 percent).
- ***Do seniors have the right information?*** Over half (53 percent) said that “the available resources for seniors when selecting a financial advisor with appropriate knowledge to address their specific financial needs” are either not very effective or not effective at all. Under a third (30 percent) said the resources are somewhat effective or very effective.

Don Blandin, president and CEO, Investor Protection Trust, said: **“Our new survey shows that financial swindles targeting older Americans are a bigger problem today than ever before and that seniors need more help. That’s why the Investor Protection Trust’s Elder Investment Fraud and Financial Exploitation (EIFFE) Prevention Program has already trained more than 3,000 U.S. medical professionals who deal everyday with older Americans to spot the impaired mental capacity that can leave seniors vulnerable to financial abuse. It is encouraging that we are seeing more securities regulators collaborating with health care practitioners, adult protective services professionals, and others to help curb this national crisis. Seven out of 10 survey respondents agree that this type of collaborative, community-based program is an effective means to combat financial abuse before the damage is done. Of course, there is no ‘silver bullet’ that will end the financial abuse of America’s seniors. Putting a major dent in the problem will require new and innovative collaborative efforts by many different experts and organizations, both public and private. Our survey makes it clear that those efforts need to take root all across America and then link up with other groups and their programs in order to reduce the attack on the investment and life savings of older Americans.”**

Irving Faught, Oklahoma Department of Securities Administrator, said: **“There are some good signs in these findings that we are on the right track in tackling financial swindles that go after older Americans. These survey results show that our training and outreach programs, like the EIFFE Prevention Program, are a good way to identify and reach victims and potential victims of elder financial abuse. Social workers, caregivers, adult protective services professionals and others are key to protecting these vulnerable individuals. Those working with the elderly need to come together to combat this serious problem.”**

Mark Lachs, M.D., M.P.H., Psaty Distinguished Professor of Medicine, Weill Cornell Medical College, and director of geriatrics, New York-Presbyterian Healthcare System, said: **“Elder financial abuse is not only about financial exploitation: It is a major public health problem. When older Americans are financially exploited and there are no resources left for their care, these individuals effectively become wards of the state. In these cases, all Americans end up paying. This is a major problem and we know there is significant underreporting. I am an epidemiologist and what we are looking at here qualifies as an epidemic. And it’s not only minor financial exploitation but includes major problems like people getting deeds to houses, taking out credits cards, getting control of bank accounts, etc. That’s why I tell the residents who I train around these issues that an annual physical may be the only opportunity to intervene.”**

### **OTHER KEY FINDINGS**

- Half (51 percent) said that “veterans/military retirees face basically the same [fraud and deception] risks as other older Americans.”
- According to the experts, the best practices “in providing seniors financial literacy and robust, practical information on personal finance management” are: (1) availability primarily in person (71 percent); (2) measurement of results in terms of improved awareness/understanding (52 percent); and (3) availability in person and via the internet (35 percent).
- Nearly three in five (58 percent) said seniors are “not very able” or “not able at all” to determine “the legitimacy, value, and authenticity of credentials held by their financial advisors and planners.”
- By a margin of 36 percent to 26 percent, the experts said that “current efforts for maintaining the legitimacy, value, and authenticity of credentials held by financial advisors and planners” are “not very effective” or “not effective at all”.
- About six in 10 (59 percent) think existing accountability controls are not effective “when it comes to deterring the misuse of ‘senior advisor credentials’.”

For full survey findings go to <http://www.investorprotection.org> on the Web.

### **BACKGROUND**

Senior citizens have long been the target of unscrupulous investment scam artists. According to the 2010 Investor Protection Trust (IPT) Elder Fraud Survey, more than seven million older Americans – one out of every five citizens over the age of 65 – already have been victimized by a financial swindle. (See <http://www.investorprotection.org/learn/research/?fa=eiffeSurvey>.)

More recently, the Investor Protection Trust released the June 2012 findings of an online survey showing that the vast majority (84 percent) of more than 700 experts dealing with investment fraud/financial exploitation of American senior citizens agree that the problem of swindles targeting the elderly is getting worse today, according to the findings of a major new online survey released today by the nonprofit Investor Protection Trust (IPT). Another key finding: Nearly all of the respondents (99 percent) say that older Americans are “very vulnerable” (75 percent) or “somewhat vulnerable” (24 percent) to financial swindles. (See

[http://www.investorprotection.org/downloads/pdf/learn/press/IPT\\_Elder\\_Fraud\\_Survey\\_News\\_Release\\_06-13-12.pdf](http://www.investorprotection.org/downloads/pdf/learn/press/IPT_Elder_Fraud_Survey_News_Release_06-13-12.pdf).)

The Investor Protection Trust launched the Elder Investment Fraud and Financial Exploitation Prevention Program in 2010. Starting with a grant from the Investor Protection Trust in 2008, the Huffington Center on Aging at Baylor College of Medicine and the Texas Consortium Geriatric Education Center developed a program called the Elder Investment Fraud and Financial Exploitation Prevention Program. In 2009, the TCGEC and its affiliates in nine locations in Texas conducted a series of 10 pilot continuing medical education programs throughout the state.

Based on the results of the Texas pilot project, the IPT secured the participation of state securities offices in a total of now 28 states and jurisdictions to form a coalition to prevent elder investment fraud/financial exploitation. The 28 participating states and other jurisdictions are: Alabama; California; Colorado; Connecticut; Delaware; District of Columbia; Georgia; Idaho; Illinois; Indiana; Iowa; Kentucky; Maine; Michigan; Minnesota; Nebraska; North Carolina; New Jersey; New Mexico; Oklahoma; Oregon; Pennsylvania; Puerto Rico; Tennessee; Utah; Vermont; Washington and West Virginia.

To date, a total of 45 CME events have been held in 24 states and the District of Columbia. The total number of medical professionals that have been educated to date is 3,010.

To learn more about EIFFE, go to <http://www.investorprotection.org/learn/?fa=eiffe> on the Web.

#### **ABOUT IPT AND IPI**

The Investor Protection Trust (<http://www.investorprotection.org>) is a nonprofit organization devoted to investor education. The primary mission of IPT is to provide independent, objective information needed by consumers to make informed investment decisions. Founded in 1993 as part of a multi-state settlement to resolve charges of misconduct, IPT serves as an independent source of unbiased and non-commercial investor education materials. IPT operates programs under its own auspices and uses grants to underwrite important investor education and protection initiatives carried out by other organizations. The IPT provides investor education at both the state and national levels.

The Investor Protection Institute (<http://www.protectinvestors.org>) is an independent nonprofit organization that advances investor protection by conducting and supporting unbiased research and groundbreaking education programs. IPI carries out its mission through investor education, protection and research programs delivered at both the national and grassroots level in collaboration with state securities regulators and other strategic partners. IPI is dedicated to providing innovative investor protection programs that will make a meaningful difference in the financial lives of Americans in all walks of life and at all levels of sophistication about financial matters.

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**EDITOR'S NOTE:** A streaming audio replay of this news event will be available as of 4 p.m. EDT on August 15, 2012 at <http://www.investorprotection.org>.