

U.S. NEWS

More Seniors Victimized by Financial Scams

By YUKA HAYASHI

The number of suspected cases of elder financial abuse reached a record last year, an increase that comes as new federal and state laws prompt banks to take a more active role in curbing frauds and scams that target older customers.

Banks for their part have been beefing up training programs for employees on how to detect, stop and report issues without violating a customer's privacy. Employees are even learning to recognize early signs of cognitive decline.

Last year, banks reported 24,454 suspected cases of elder financial abuse to the Treasury Department, more than double the amount five years earlier, according to government data.

The issue of elder financial abuse is likely to grow even more pronounced. An average of 10,000 Americans turn 65 a day, a pace expected to continue through 2030.

Meanwhile, people over 50 represent one-third of the population but account for 61% of bank accounts and 70% of bank deposits, according to 2017 research by the American Bankers Association.

The 24,454 suspected cases reported in 2018 is up 12% from 21,839 cases in 2017, the previous record, and more than double the number in 2013, according to Treasury Department data.

Last February, a customer in her late 70s walked into a New

Canaan, Conn., branch of People's United Bank, asking to wire \$30,000 to her grandson. The customer said he had been in a car accident while vacationing in Mexico.

Suspecting what is known as a "grandchild scam," Rebecca Reed, an assistant manager, instead suggested the customer call her grandson. It turned out he had been at school all day—not in Mexico. "We can see it when something is not right," said Ms. Reed, who has received a Fraud Fighter award from the bank.

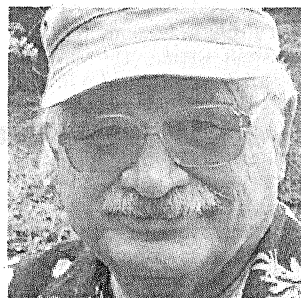
Yet elder financial abuse isn't always so obvious and can raise privacy issues, or risk alienating customers. The delaying or canceling of transactions also could result in customers missing out on legitimate opportunities.

Legislators have tried to address some of these issues. A federal law enacted in May called the Senior Safe Act allows bank employees to report suspected cases of elder financial abuse to police and adult protective services. Some states have gone further: Tennessee and Texas, for instance, allow bank employees to refuse or delay transactions, or notify family members when elderly customers request suspicious money transfers.

Thomas Flavin, a 76-year-old retiree in Watertown, N.Y., was a victim of a grandchild scam last year, when a man posing as a lawyer said Mr. Flavin's grandson needed money to



Rebecca Reed, an assistant manager at a New Canaan, Conn., branch of People's United Bank, thwarted a 'grandchild scam' last year that targeted a woman in her late 70s. Below, Thomas Flavin, 76 years old, of Watertown, N.Y., was a victim of such a fraud.



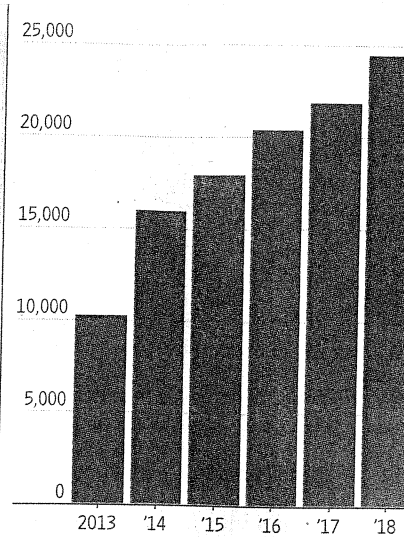
cover bail, legal fees and vehicle repairs after causing a DUI accident in Tennessee, according to his daughter Erika Flavin. He got cash from his bank and sent it by FedEx to New York and Pennsylvania addresses, losing more than \$80,000 of his life savings.

Only later did he find out that there was no DUI or accident. "In a way, it feels like a

sad death in the family," he said in a statement, adding that his banker later said he thought something was fishy but wasn't allowed to intervene. "If that banker had offered him information about these scams that were going on, things would have turned out very differently," Ms. Flavin said.

Bankers and senior-citizen advocates say many cases of elder abuse involve family members or caregivers. Other scams use phone calls and emails to trick vulnerable seniors into making irreversible money transfers. Besides the grandchild scam, there are online romance schemes in which victims are deceived into online relationships before being swindled out of their savings.

Bankers attribute an increase in social-media use by older



Source: Treasury Department

Financial Abuse of Seniors Increases

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SARAH BELESNER FOR THE WALL STREET JOURNAL (TOP), ENIKA FLAVIN (BELOW)

Americans for the surge in fraud cases targeting seniors. Others say seniors still have landline numbers listed in phone books, making them an easier target for telephone scammers.

Coastal Credit Union in North Carolina now reports an average of one case of elder abuse to the Treasury Department every month, compared with one or two cases a year earlier this decade, said Arlene Babwah, vice president in charge of risk management. The credit union has conducted annual training on senior banking in recent years.

"You might want to train an underwriter or a loan officer to ask, 'If you are 90 years old, why are you buying a Corvette?'" said Ms. Babwah. "If you notice that an ATM card was used after midnight and

you have an 85-year-old customer, that's a red flag."

Bankers in some states have more powerful tools than others. A branch employee at First Farmers & Merchants Bank in Tennessee successfully intervened in a theft targeting a customer in her 90s, whose granddaughter was siphoning cash from the woman's account to cover her drug habit, according to Sam Wantland, the bank's corporate counsel.

The employee did so by refusing—as permitted by a Tennessee law—to honor a power of attorney the granddaughter produced, freezing the account and notifying another relative. "A lot of times, we know their sons and their daughters. We know who to reach out to and that's been very helpful," Mr. Wantland said.