

CONSUMER FINANCIAL PROTECTION BUREAU | SEPTEMBER 2022

# Recovering from Elder Financial Exploitation

A framework for policy and research



Consumer Financial  
Protection Bureau

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# Executive Summary

Elder financial exploitation (EFE) robs millions of older adults of their money and property. Despite the frequency and magnitude of the monetary losses in elder financial exploitation, little is known about how, and when older adults recover the money they have lost. This report provides the first comprehensive description of the experience of how older adults recover from elder financial exploitation.

This report presents a framework for financial recovery derived from insights from CFPB's one-on-one interviews with older adults, caregivers, and professionals as well as existing literature across a range of disciplines that the CFPB examined to better understand recovery from EFE.

The EFE financial recovery framework consists of a series of hypotheses about the key factors that can make recovery more or less likely at four stages: (1) identification that EFE has occurred, (2) reporting of suspected EFE to authorities, (3) investigation of suspected EFE, and (4) return of funds to the victim. These stages represent a logical sequence of steps that are often necessary, if not individually sufficient, for achieving financial recovery.

## Key Findings

The study identifies eight cross-cutting factors that can be influential throughout the four stages of the recovery process, and thus may play an important role in more cases. These factors are:

- **Prior relationship between perpetrator and victim.** The dynamics of exploitation are very different for incidents in which victims know their perpetrators compared to cases when perpetrators approach the victims as strangers. It often can be more difficult for victims or caregivers to identify exploitation by family members or friends because the lines between legitimate and exploitative transactions can be blurred. Victims also are less likely to report EFE to authorities for fear of damaging personal relationships or causing additional hardships for the people they care about. Finally, in many cases, law enforcement may be less likely to investigate EFE by family members or friends because they view these conflicts as domestic disputes rather than crimes.
- **Cognitive decline.** The presence of cognitive decline in victims can impede financial recovery at all stages of the process. Victims with cognitive decline have more difficulty monitoring their finances, making it more difficult for them to notice unexpected transactions. They also might find it more challenging to differentiate between legitimate and exploitative requests. They may be less likely to report EFE to authorities, not only because they lack confidence in their ability to recall details, but also because they are

concerned they may lose independence because of the incident. Victims with cognitive decline may have more difficulty providing information to investigators, making it less likely that police and other authorities can bring perpetrators to justice successfully. And even when perpetrators are identified successfully and restitution is ordered, cognitive decline can make it difficult for victims to navigate the administrative processes necessary to receive their funds.

- **Physical health factors.** As with cognitive decline, physical health issues may be a barrier to financial recovery from EFE at all stages of the process. Hospitalization and other health crises can distract older adults and make it more difficult for them to monitor their finances, which in turn can make it easier for perpetrators to take money without being detected. Health issues can dissuade victims from reporting EFE to authorities because they may decide the small possibility of recovery is not worth the additional effort and emotional stress. It also can be challenging for older adults in poor physical health to carry out the tasks necessary to support investigations, and even to collect restitution if it is awarded. Finally, victims in poor health are more likely to die before investigations are concluded.
- **Social support networks.** Across all four stages, social support networks appear to be a strong facilitator of financial recovery. Friends and family can help victims identify when EFE is occurring by helping them review financial statements and by noticing and asking about suspicious behavior. They can encourage victims to report EFE to authorities, or even report on their own if victims are unwilling or incapable of doing so. Finally, they can provide emotional or tangible support for victims during an investigation and, in the case of a positive outcome, help them navigate the administrative processes for the return of their funds.
- **Method and amount of transactions.** EFE incidents in which money is stolen through misuse of a credit or debit card may be more likely to be recovered. First, these accounts are easier to monitor by victims and caregivers so money that is stolen is more likely to be noticed. These transactions also leave more digital traces than cash or gift cards, which can help investigators track what happened and determine whether recovery is possible. When incidents are identified quickly, unauthorized credit card transactions are more easily reversed than other types of transactions, which could make recovery more likely. The amount of money stolen also can influence recovery, with greater amounts more likely to be identified, reported, and investigated than smaller amounts.
- **Responder training/resources.** While many of the hypotheses discussed in this report relate to victims and caregivers, the research suggests that law enforcement, APS professionals, financial institution staff, and investigators can serve as important

barriers or facilitators to recovery. For example, staff at financial institutions or APS who are better trained can identify more effectively evidence of EFE and report suspected cases to law enforcement. Training also could make police officers and other authorities more confident in their ability to pursue cases effectively, and thus more likely to undertake investigations. Finally, investigators are more likely to bring cases to successful conclusions if they have sufficient resources and access to expertise through structures such as multidisciplinary teams or elder abuse forensic centers.

- **Victims' personal financial situation.** A victim's financial security can affect recovery outcomes, depending on the circumstances. EFE victims who are financially comfortable appear to be less likely to identify EFE, especially when the amount stolen was small. However, in cases when they do identify and report EFE, victims who are financially secure may be more likely to recover funds because they can hire outside support, such as attorneys, to assist in the investigation and recovery phases.
- **The location of the perpetrator.** Financial recovery can be more difficult to achieve when the perpetrator lives in a different state or country from the victim, especially if they are part of an international criminal organization. These cases are more difficult to investigate because local police or APS typically are not equipped to identify or pursue leads across borders, while individual cases may not rise to the attention of federal authorities. Moreover, international criminal organizations have the capacity to hide funds better and avoid collections.

## Implications for policy and research

The study findings and hypotheses have important implications for policy, research, and practice. Key implications of this work include:

- More public awareness of successful prosecutions and enforcement actions resulting in financial recovery.
- Avenues for counseling and alternatives to criminal prosecution in certain situations of family exploitation.
- Training and resources for financial institution, adult protective services (APS), and law enforcement staff to ensure that they understand the prevalence of EFE and the importance of their own roles in identifying, reporting, and investigating cases.
- Establishing administrative structures such as multidisciplinary teams and elder abuse forensic centers.
- Streamlining administrative processes for getting recovered funds to victims once restitution has been ordered.

- More research focused on administrative data from agencies such as APS, and federal and state regulators that allow for quantitative examination of the importance of different factors at each stage of the recovery process.
- More research focused on transactional data from financial institutions that provide insights into losses to consumers and companies, refunds, and outstanding disputes.
- More research examining the connections among different factors, including non-financial factors such as health and social supports.
- More studies examining how victims' race, gender, or other attributes intersect with factors related to financial recovery.
- Greater consumer protections in gift-cards and money transfers, as well as emerging payment methods like peer-to-peer (P2P) payments and cryptocurrency.
- More targeted consumer education for older adults and caregivers about how to identify and report EFE.

# Introduction

Elder financial exploitation robs millions of older adults of their money and property.<sup>1</sup> Despite the frequency and magnitude of the monetary losses, little is known about how and when older adults recover the money they have lost. This report provides the first comprehensive description of the experience of how older adults recover from elder financial exploitation. It shows that older adults trying to recover their losses face a complicated multi-step process, with limited options. As a result, recovery, an important outcome to consumers, is often seen as unattainable and unexpected. This report identifies areas of work in the policy, research, and practices arenas that can help the understanding of what works and can improve the likelihood of recovery.

## Background

Elder financial exploitation (EFE) refers to the illegal, improper, or inappropriate use of an older adult's financial assets, and is one of the most common forms of elder abuse in the United States.<sup>2</sup> It can include both exploitation by a known person, such as a family member, as well as fraud committed by a stranger.<sup>3</sup> Studies estimate total financial losses from EFE in the billions of dollars each year.<sup>4</sup> Despite variation in individual estimates, most studies indicate that a large number of older adults lose money due to EFE, with many sustaining significant losses,

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<sup>1</sup> Most conservative estimates of the incidence of financial exploitation translate into at least 4 million cases a year for older adults ages 60 and older. See, Ron Acierno, et al., "Prevalence and Correlates of Emotional, Physical, Sexual and Financial Abuse and Potential Neglect in the United States" (Feb. 2010), at <http://doi.org/10.2105/AJPH.2009.163089> (showing a prevalence rate of elder financial exploitation by a caregiver or family member of 5.2 percent); U.S. Census Bureau, 2021 Population Estimates, (showing 77.1 million adults ages 60 and older in the US), at [https://www.census.gov/data/tables/time-series/demo/popest/2020s-national-detail.html#par\\_textimage\\_1537638156](https://www.census.gov/data/tables/time-series/demo/popest/2020s-national-detail.html#par_textimage_1537638156)

<sup>2</sup> Ron Acierno et al., "Prevalence and Correlates of Emotional, Physical, Sexual, and Financial Abuse and Potential Neglect in the United States: The National Elder Mistreatment Study," *American Journal of Public Health* 100 no. 2 (2010): 292–97, <http://doi.org/10.2105/AJPH.2009.163089>

<sup>3</sup> There is no commonly accepted or comprehensive typology of EFE methods; however, most researchers distinguish between fraud conducted by strangers and exploitation by family members or friends. See, for example, Jackson, Shelly L., "The Vexing Problem of Defining Financial Exploitation," *Journal of Financial Crime* 22 no. 1: (2015).

<sup>4</sup> Estimates of financial losses from EFE vary depending on how researchers operationalize the definition of EFE, including different inclusion criteria based on age and vulnerability, the methods of EFE included in estimates, and the way losses per victim are calculated. The range of estimated total annual losses varies from \$2.9 billion to \$36.5 billion. Roberto, Karen, and Pamela Teaster, "The MetLife Study of Elder Financial Abuse: Crimes of Occasion, Desperation, and Predation Against America's Elders," *Psychology* (2011). True Link, "The True Link Report on Elder Financial Abuse 2015," PowerPoint presentation to the Consumer Financial Protection Bureau, March 17, 2015.

generally in the tens or hundreds of thousands of dollars (Table 1).<sup>5</sup> In addition to the direct monetary costs of EFE, there are downstream effects on victims' quality of life, including access to health care,<sup>6</sup> eligibility for public benefits,<sup>7</sup> housing,<sup>8</sup> food,<sup>9</sup> credit,<sup>10</sup> and ability to retire.<sup>11</sup> However, the literature on financial *recovery*,<sup>12</sup> meaning the money stolen through EFE that is returned to victims, is very limited.<sup>13</sup> Experts generally agree that only a small proportion of EFE victims recover some or all of the money they lose, but there have not been any comprehensive studies

## Older adults who experience EFE very rarely recover any of the money they lost.

<sup>5</sup> In addition to the national studies summarized in Table 1, there are studies that have documented specific losses at the state-level. These studies have relied on in-depth reviews of all EFE cases referred to APS and substantiated by investigators. Estimated average losses per incident to individuals by state:

\$85,253 in Utah (2011); \$52,015 in Wyoming (2013); \$43,454 in Maine (2017); \$27,782 in Virginia (2015); \$26,842 in New York (2013); \$24,915 in Oregon (2013).

<sup>6</sup> Goldberg, Jennifer, "Elder Financial Abuse and Medicaid Denials," National Center on Law and Elder Rights (2017): <https://ncler.acl.gov/pdf/Elder-Financial-Abuse-and-Medicaid-Denials.pdf>

<sup>7</sup> Vanarelli, Donald D., "Financial Exploitation of the Elderly: Impact on Medicaid Eligibility." *Journal of the National Academy of Elder Law Attorneys* 6, no. 1 (2010): 39; Goldberg, Jennifer, "Elder Financial Abuse," 2017.

<sup>8</sup> Miles, Leonora, 2008, "The Hidden Toll," *Adults Learning* 19, no. 9 (2008): 28–29.

<sup>9</sup> Hafemeister, Thomas L., "Financial Abuse of the Elderly in Domestic Settings," in *Elder Mistreatment: Abuse, Neglect, and Exploitation in an Aging America*, eds. Richard J. Bonnie and Robert B. Wallace (Washington, DC: The National Academies Press, 2003), 382–445; DeLiema, Marguerite, "Using Mixed Methods to Identify the Characteristics of Older Fraud Victims" (PhD thesis, University of Southern California, 2015).

<sup>10</sup> U.S. Securities and Exchange Commission, Office of the Investor Advocate, "Elder Financial Exploitation: Why It is a Concern, What Regulators are Doing About it, and Looking Ahead," white paper available from SEC (2018): <https://www.sec.gov/files/elder-financial-exploitation.pdf>

<sup>11</sup> Stanford Center on Longevity, "The State of Financial Fraud in America," post conference report, Stanford University, Stanford, California, November 30, 2016: <https://longevity.stanford.edu/financial-fraud-research-center/wp-content/uploads/2017/02/Fraud-Post-Conference-Report-2-15-17-2.pdf>

<sup>12</sup> This report focuses on the return of money lost to EFE. This report does not address instances in which victims make up for their losses by earning the money back in some other way. It also does not address whether they recover from non-financial effects of EFE such as mental and emotional well-being.

<sup>13</sup> Some federal agencies, including the Federal Trade Commission and the U.S. Department of Justice, publish data on money returned to victims of elder fraud schemes. However, this data is limited to cases investigated by the reporting agency and do not include incidents involving exploitation within a family, cases investigated by local or state agencies, or unreported cases. Federal Trade Commission, *Protecting Older Consumers 2020–2021: A Report of the Federal Trade Commission* (2021): <https://www.ftc.gov/system/files/documents/reports/protecting-older-consumers-2020-2021-report-federal-trade-commission/protecting-older-consumers-report-508.pdf>; U.S. Department of Justice, *Annual Report to Congress on Department of Justice Activities to Combat Elder Fraud and Abuse* (2021): <https://www.justice.gov/file/1443096/>.

**TABLE 1: SUMMARY OF RESEARCH ON FINANCIAL COST OF EFE**

Study and Methods	Findings
<b>MetLife Study of Elder Financial Abuse (2011):</b> Reviewed 314 documented cases of “financial abuse” affecting older adults reported in news articles April–June 2010. Included family exploitation and fraud by strangers.	<ul style="list-style-type: none"> <li>\$2.9 billion in total annual losses in U.S.</li> <li>\$95,156 average individual loss for EFE by strangers</li> <li>\$145,768 average individual loss for EFE by family, friend, or neighbors</li> </ul>
<b>True Link Report on Elder Financial Abuse (2015):</b> Estimate was based on a survey of 467 caregivers aged 50-70, recruited from the SurveyMonkey Audience panel. The survey asked respondents to indicate if those in their care had experienced specific types of EFE.	<ul style="list-style-type: none"> <li>\$36.5 billion in total annual losses in U.S.</li> <li>\$11,583 mean individual loss across all EFE</li> <li>\$2,617 average individual loss from exploitation</li> <li>\$13,225 mean individual loss from scams</li> <li>\$7,633 mean individual loss from identify theft</li> <li>\$26,879 mean individual loss from caregiver abuse</li> </ul>
<b>CFPB Suspicious Activity Reports on Elder Financial Exploitation:</b> Issues & Trends (2019): Reviewed a random sample of Suspicious Activity Reports (SARs) filed by financial institutions from 2013–2017 and designated as suspected EFE. SARs data are limited to EFE involving and flagged by financial institutions. SARs do not provide data on EFE that does not involve financial institutions, or that does not meet minimum thresholds for report (unless incidents were voluntarily reported).	<ul style="list-style-type: none"> <li>Identified \$1.7 billion in suspected EFE reported by financial institutions in 2017.</li> <li>\$17,000 mean individual loss from EFE by stranger (median = \$8,500)</li> <li>\$50,200 mean individual loss from EFE by a family member (median = \$23,200)</li> <li>\$83,600 mean individual loss from EFE by a fiduciary (median = \$24,900)</li> <li>\$57,800 mean individual loss from EFE by a non-family caregiver (median = \$21,800)</li> </ul>
<b>Protecting Older Consumers 2019-2020, A Report of the Federal Trade Commission to Congress (2020):</b> This estimate does not include the 50% of fraud reports in which the victim's age was unknown. Calculation was based on fraud reports filed by consumers and law enforcement officials in the FTC Sentinel Network. Only included losses due to fraud, not exploitation.	<ul style="list-style-type: none"> <li>Identified \$440 million in total annual losses to fraud among victims over 60</li> <li>\$600 average individual loss for adults aged 60-69</li> <li>\$800 average individual loss for adults aged 70-79</li> <li>\$1,600 average individual loss for adults aged 80 and older</li> </ul>

to estimate how often recovery does take place,<sup>14</sup> or what proportion of lost money is returned to victims.<sup>15</sup>

This report seeks to address the gap in the literature by articulating a holistic framework for how recovery occurs and offering a roadmap for further research by proposing hypotheses about barriers or facilitators to recovery throughout that process. The hypotheses that emerged from these efforts are intended to stimulate further research on EFE recovery, which may include quantitative methods to measure financial recovery from EFE and the factors that influence recovery.

## Methodology

To provide insights into the experience of financial recovery, the CFPB conducted a study to explore how financial recovery can occur and to develop hypotheses about which factors influence the likelihood of recovery.<sup>16</sup> This study was conducted from August 2020 to December 2021 and consisted of two components:

- **A literature review.** The research team examined existing literature across a range of disciplines, including economics, law, and gerontology, to better understand the ways previous researchers have explored costs, effects, and recovery from EFE. The literature review was also used to inform the interviews with older adults, caregivers, and professionals. Where relevant, the report leverages existing research examined in the literature review to contextualize CFPB's findings.
- **Qualitative research.** This component consisted of one-on-one interviews with 43 participants. Participants included 31 older adults and caregivers who had direct experience with EFE and 12 professionals who encounter EFE cases in their daily work. The insights from these interviews are the source for specific findings and hypotheses

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<sup>14</sup> Some state Adult Protective Services (APS) systems document aspects of financial recovery in the cases they investigate, but researchers have found these data to be incomplete. Kamala Mallik-Kane et al., *Assessment of Administrative Data on Elder Abuse, Mistreatment, and Neglect* (Washington, DC: The Urban Institute, 2021).

<sup>15</sup> For example, New York APS examined EFE case files and found that only 5 percent of reported cases resulted in either a full or partial recovery of funds, but the data did not address unreported cases nor did it include the amount of money recovered. Huang, Yufan, and Alan Lawitz, *The New York State Cost of Financial Exploitation Study* (New York State Office of Children and Family Services, 2016).

<sup>16</sup> For more details, see Appendix A.

presented in the report. While the in-depth interviews that occurred in connection with this project provide a rich and diverse description of the process of recovery, they are not statistically representative of the population or the issues.

The team responsible for conducting the research and analysis described in this report included Consumer Financial Protection Bureau (CFPB) staff and research contractors from ICF, a research and consulting firm engaged by the CFPB for this project. In addition, an independent panel of seven experts contributed to the research design, recruitment of professionals, and hypothesis development. Appendix A offers a more detailed description of the methodology and interviewees.

# Financial recovery framework

This report presents a framework for financial recovery derived from CFPB's interviews with older adults, caregivers, and professionals. This framework seeks to provide an orientation for researchers, policymakers, and practitioners to understand factors that influence recovery.<sup>17</sup> The EFE financial recovery framework consists of a series of hypotheses about the key factors that can make recovery more or less likely at four stages:

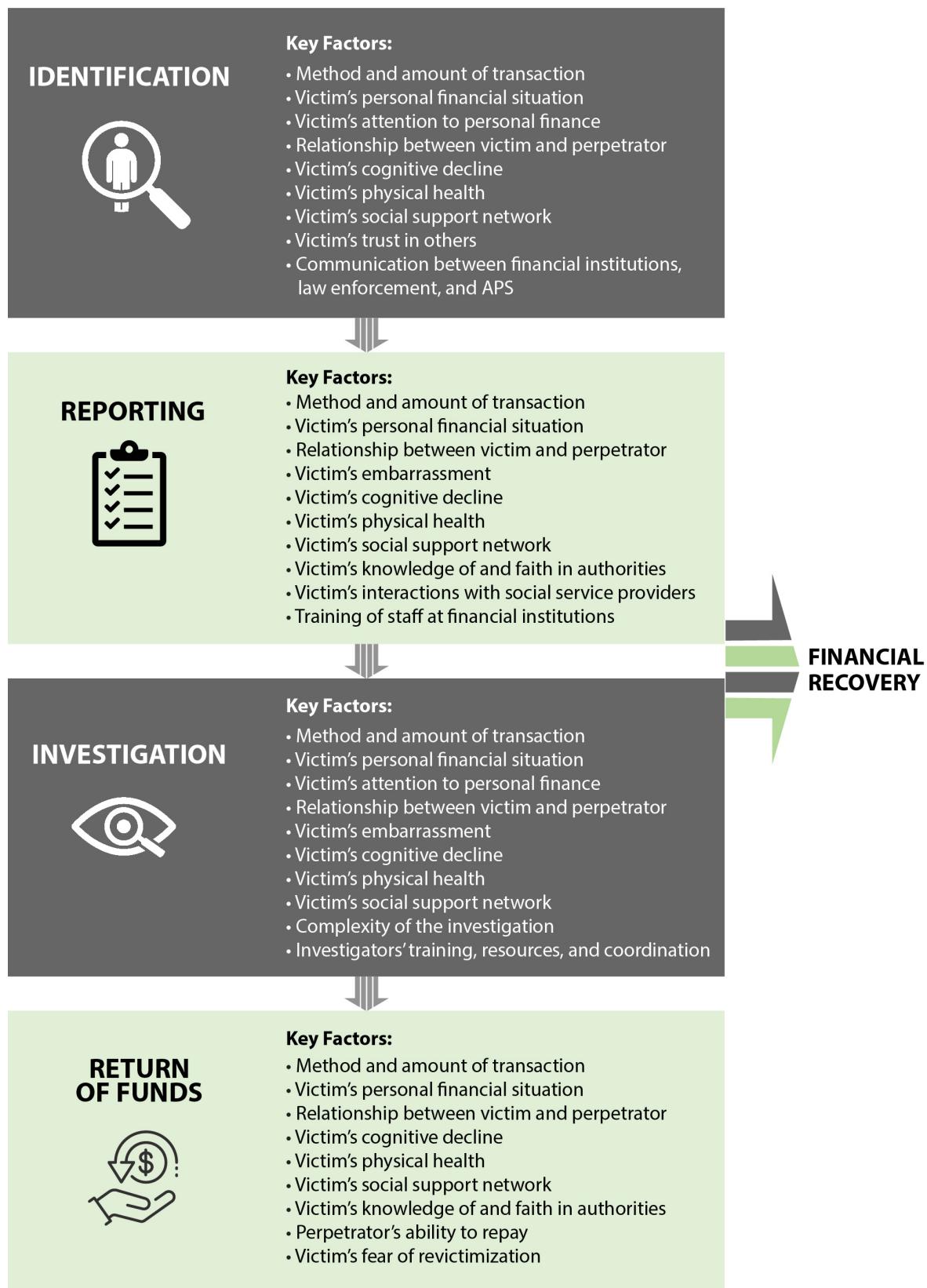
- 1. Identification** that EFE has occurred;
- 2. Reporting** of suspected EFE to authorities;
- 3. Investigation** of suspected EFE; and
- 4. Return of funds** to the victim.

These stages represent a logical sequence of steps that are often necessary, if not individually sufficient, for achieving financial recovery, either in whole or in part.

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<sup>17</sup> We refer to these as stages because they represent a logical sequence of steps that are often necessary, if not individually sufficient, for achieving financial recovery. For example, an older adult or caregiver might first realize that EFE has occurred, then report the case to an investigatory authority that gathers facts and determines who was responsible, which in turn then orders that the perpetrator return the funds they took. In practice, however, financial recovery often does not follow a linear process encompassing all four stages in order. In some cases, not all stages will take place. For example, in some cases, an older adult could recover funds stolen from them by a family member without ever reporting the issue to authorities. In other cases, an older adult could move backwards in the process. For example, if a particular authority chooses not to pursue an investigation, an older adult may have to report again to a different authority and start that process over.

**FIGURE 1: STAGES OF FINANCIAL RECOVERY FROM EFE**



# Factors influencing identification of EFE

The process of identifying EFE involves recognizing that an older adult lost money due to an unauthorized or exploitative transaction. The realization that EFE occurred can take place immediately after a transaction or could take place months or even years after the money is stolen.

Based on CFPB interviews with older adults, caregivers, and professionals,<sup>18</sup> individuals and entities typically involved in identifying EFE include:

- **The older adult who is experiencing it.** Older adults who were interviewed realized that EFE had occurred when they noticed unusual charges on a bank or credit card statement, when something they purchased did not arrive or was not what they expected, when a supposed friend disappeared after “borrowing” their money, or when a family member accessed their bank account without permission.
- **A caregiver, family member, or friend.** Sometimes the first person to identify EFE is someone close to the victim. For example, caregivers interviewed for the project described identifying EFE after they became more involved in their parents’ finances or when they noticed a parent acting strangely and asked probing questions.
- **A service provider, such as a health care worker, accountant, or attorney.** In some cases, a service provider may identify EFE through the course of interacting with an older adult. For example, professionals described instances where a home health aide noticed unusual behavior or had conversations in which their patient revealed an exploitative relationship or likely scam. In other cases, an attorney or accountant uncovered unusual spending patterns or arrangements between their client and the perpetrator.
- **A financial institution.** Financial institutions can identify EFE based on changes in customers’ banking patterns, such as frequent large withdrawals or uncharacteristic attempts to wire large sums of money, or when staff at a branch observe unusual behavior when interacting with an older adult or caregiver, such as an unusual degree of fear or deference shown by an older adult toward a caregiver.<sup>19</sup>
- **Federal, state, or local law enforcement agency.** Law enforcement agencies may identify EFE victims who have not themselves reported their case if the victims’ names

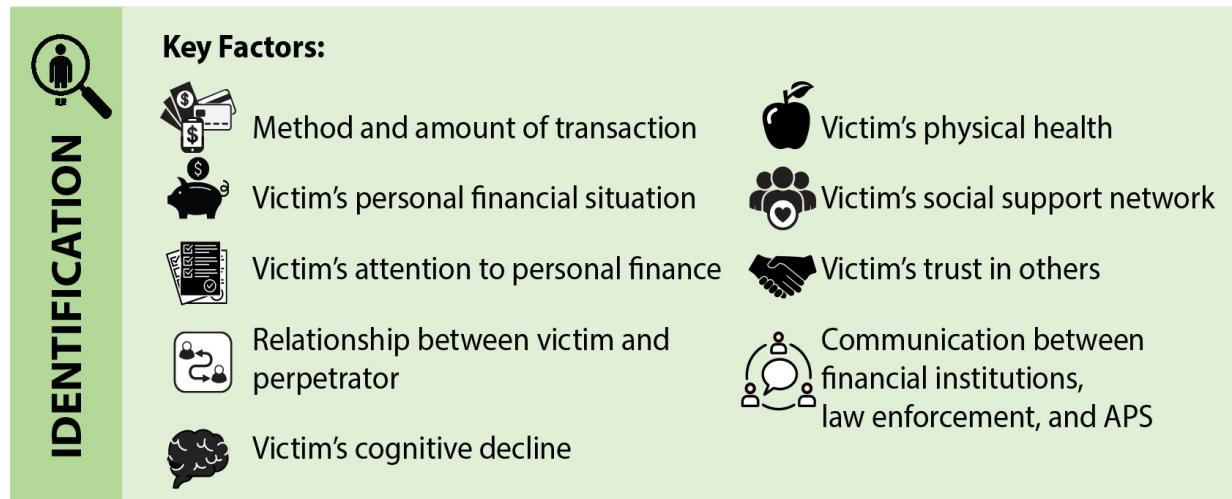
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<sup>18</sup> For details on methodology, see Appendix A.

emerge through the course of an investigation, such as in the records of a criminal organization.

The interviews, enhanced by the existing literature, also informed a series of specific findings and hypotheses that relate to the likelihood a victim or caregiver will identify and recognize EFE, thus starting the process toward financial recovery. This section of the report outlines these findings and hypotheses.

FIGURE 2: KEY FACTORS INFLUENCING THE IDENTIFICATION OF EFE



## Recognizing that an unauthorized transaction has occurred

**EFE carried out through credit or debit card transactions is easier to identify, because these transactions are regularly reviewed by consumers and financial institutions.** Several older adults who were interviewed described situations where they noticed unusual activity on their accounts or were notified of unusual activity by their financial institution. This was particularly true of older adults who were subscribed to fraud alerts from their financial institution and were notified about a fraudulent transaction. These experiences support the hypothesis that EFE involving credit cards is more likely to be identified than when perpetrators use other payment methods, especially cash.

**Transactions involving a small amount of money are more difficult to identify because victims or caregivers are less likely to notice that funds are missing.** Some older adults and caregivers explained they did not initially notice that someone was taking their money because the amount lost was small and did not affect their day-to-day lives. For example, one older adult reported that his nephew, who was living with him, began using his debit card without his permission but he initially did not notice the charges

because they were relatively small. It was only after the nephew began making larger purchases that the victim noticed the transactions on his statement and discovered the extent of his losses.



**Victims with substantial financial resources are less likely to identify EFE because the missing money has a smaller impact on their daily life.** Victims who are financially comfortable may be less likely to identify that EFE occurred because they are less likely to realize money is missing. During one interview, a caregiver explained that her mother did not realize her adult son was making unauthorized withdrawals from her savings account because “she was set up nicely” and the withdrawals did not affect her day-to-day life—even though the amount lost was in the tens of thousands of dollars over the course of about a year. Conversely, victims with limited financial resources may be more likely to notice when they are missing money, and pursue recovery, even when the amount lost is relatively small. Several older adults interviewed for the project explained that they live on a fixed income and thus have little margin in their financial lives, which made them quick to realize money was missing. For example, one victim called his bank when he did not receive a check for about \$200 that he had been expecting. This phone call led him to discover that someone had forged his signature and cashed the check, which caused the victim to report his experience to the police.



**Victims who pay close attention to their personal finances or have a caregiver who does so on their behalf are more likely to notice missing funds and take action to recover them.** For example, one interview participant described how her brother had been withdrawing money from their mother’s bank account for months after she was widowed and began experiencing cognitive decline, but this EFE was only discovered after the participant took a more active caregiving role for her mother.



**Older adults who have cognitive decline may find it more difficult to monitor their finances, which makes it less likely that they will notice unexpected transactions in their accounts.** Although there is mixed evidence on the effects of cognitive impairment on vulnerability to EFE,<sup>20</sup> interviews with caregivers suggest that cognitive decline can make it harder for victims to identify that EFE has taken place, especially if they are no longer able to effectively manage their personal finances. As noted earlier, there were cases where caregivers realized that their older relative had been an EFE victim for some time before they became involved. But if these older adults had not had family members and caregivers take a more active role in their personal finances, then the EFE may have been discovered later, or not at all.

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<sup>20</sup> DeLiema, “Using Mixed Methods to,” 2015.



### **Poor physical health, especially hospitalization, can make it more difficult for older adults to monitor their finances.**

Professionals working in legal and social services stated that older adults in poor physical health, especially when they are hospitalized, are less likely to monitor their personal finances and this makes it less likely that they will notice unauthorized transactions from their accounts. During interviews, two older adults described experiences where a person they knew took valuable items from them while they were hospitalized. In both cases, they did not become aware of this theft until after they left the hospital. Even though these individuals eventually realized EFE had occurred, the delay while they were hospitalized was a barrier to recovery because the perpetrators were able to take valuable items without the victim noticing until they were out of the hospital.



### **The absence of cooperation or information exchanges between financial institutions, APS, and law enforcement leads some EFE cases to go unrecognized.**

The literature on elder financial abuse describes a “fragmented” system of individuals and institutions who could identify and address EFE but miss cases because successful identification often requires knowledge of elder issues, financial matters, social work, and criminal justice.<sup>21</sup> By the same token, interviewed professionals<sup>22</sup> explained that staff at financial institutions and law enforcement agencies lack experience in elder issues and so miss potential signs of EFE. For example, one professional explained that “the more undertrained the officers are, the longer the time” it takes for a case to reach the district attorney’s office—and noted that these delays inhibit financial recovery because they give the perpetrator more time to spend the money.

## **Recognizing that a transaction agreed to by an older adult is exploitative**



### **The relationship between a victim and a perpetrator can obscure the line between consensual giving and EFE.**

Exploitation cases within a family often involve complex interpersonal dynamics, which can pose challenges for recognizing that EFE has occurred.<sup>23</sup> In one interview, an adult daughter, her fiancé, and their child moved into the daughter’s mother’s house and agreed to pay rent and contribute to household expenses. However, a few months after moving in, she stopped paying rent or contributing to

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<sup>21</sup> U.S. Securities and Exchange Commission, “Elder Financial Exploitation,” 2018.

<sup>22</sup> See Appendix A for detailed methodology, including list of professionals interviewed.

<sup>23</sup> Fetters, Rebecca, *Financial Exploitation Data Book: A Retrospective Look at Community Based Financial Exploitation in Oregon in 2013* (Oregon Department of Human Services, Office of Adult Abuse Prevention and Investigations: 2013).

household expenses, and instead used her mother's resources without permission. The mother did not initially recognize this dynamic as exploitative and characterized this situation as helping her daughter "get back on her feet" until the victim began struggling to pay for rent, groceries, and other household expenses for the entire family and eventually had to apply for public assistance. The victim considered initiating an eviction process but struggled with the decision because she did not want to hurt her daughter or grandchild.



**Romance scams, sweepstakes scams, and money mule<sup>24</sup> scams are more difficult for victims to identify as EFE, because victims believe the payoff may be imminent if they persist in their behavior.**

One professional explained that perpetrators of sweepstakes or money mule scams "promise of a pot of gold at the end of the rainbow," which makes it hard for victims to recognize that they have experienced EFE. By contrast, other types of scams involving one-off payments are easier to recognize than those where the perpetrator builds a relationship with a victim over time because victims quickly realize what has occurred and can begin the recovery process.



**Victims experiencing cognitive decline have a harder time recognizing when a relationship is exploitative.**

Several professionals described cases where an older adult experiencing cognitive decline did not recognize that a perpetrator was being deceptive, despite warnings from family and friends. One caregiver described a similar situation, explaining how her mother-in-law's belief in a romance scam grew as her cognitive capacity declined, which made it increasingly difficult to stop her from sending money to the perpetrator or take steps to recover losses.



**Victims with a high degree of credulity or trust in other people are less likely to identify perpetrators' behavior as suspicious.**

During interviews, caregivers sometimes observed that their older relatives did not realize they had been taken advantage of because they were generally trusting of those they interacted with, especially over the phone. For example, one caregiver described how her grandmother fell victim to multiple phone scams, including a sweepstakes scam and a phony cable discount scam. The caregiver commented that her grandmother has had a hard time realizing that "you just can't trust everyone that you hear over the phone," which made it hard for her to identify as an EFE victim. By contrast, older adults who have lower levels of trust or credulity and are naturally more skeptical of others' motives may be more likely to become suspicious over time, and therefore more likely to identify exploitation, and ultimately take steps to get their money back. While older adults are not necessarily more trusting than the general population in general,

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<sup>24</sup> A money mule is someone who receives and moves money that came from victims of fraud. Some money mules know they are assisting with criminal activity, but others are unaware that their actions are helping fraudsters.

there is some evidence that age-related degeneration can make certain older adults more credulous and therefore more vulnerable to scams and frauds.<sup>25</sup>



**Victims with a strong social support network are more likely to identify EFE because friends and family can help them recognize the warning signs of suspicious behavior.**

Based on interviews with caregivers and professionals, a strong social support network is a facilitator to identifying that EFE occurred because victims who have close relationships with friends and family may be more likely to talk about their experiences and to accept others' warnings about potentially fraudulent or exploitative circumstances. For example, one caregiver recalled how her mother was initially hesitant to admit she had wired money to a person claiming to be her grandchild but was convinced it was an imposter after family spoke with her about the situation. By contrast, victims who lack a strong social network may be less likely to recognize when they are in an exploitative relationship, especially if the perpetrator is their primary source for conversation and social engagement. Professionals explained that it was common to encounter older adults, especially those who recently lost a spouse, who did not believe they were being victimized by a scam because they perceived the perpetrator as a friend or romantic partner in need. One professional, a prosecutor, stated that their most typical case would be "someone who is widowed or single and living alone, and they meet somebody who they think is going to be a love interest or a friend, and that person ends up just developing this relationship with them and scamming them, and just taking everything" before the victim or their family realizes what has occurred.

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<sup>25</sup> Erik Asp et al., "A Neuropsychological Test of Belief and Doubt: Damage to Ventromedial Prefrontal Cortex Increases Credulity for Misleading Advertising," *Frontiers in Neuroscience* 6, no. 100 (2012).

# Factors influencing the reporting of suspected EFE

The literature is clear that a majority of EFE cases are not reported to any authority—for example, one study estimated that 98 percent of cases go unreported.<sup>26</sup> Professionals interviewed for this project agreed that under-reporting was a primary reason why most victims do not recover money lost to EFE. Among those who do recover funds from EFE, reporting to an authority is often an important step. Doing so can initiate an investigation about who was responsible, which can ultimately lead to the return of their money.

Based on CFPB interviews with older adults, caregivers, and professionals,<sup>27</sup> there are numerous institutions that receive reports of EFE, including:

- **Adult Protective Services (APS) agencies.** APS agencies receive reports from older adults and their families, health care personnel, financial institutions, state helpline operators, law enforcement agencies, and many other sources.
- **Financial institutions.** Older adults or caregivers who suspect EFE may approach their bank or credit card company before, or instead of, contacting APS or law enforcement. In many cases, older adults contact their financial institution after noticing unusual charges on their credit or debit card, or if they purchase a fraudulent product and wish to contest the charges. Professionals also described cases where an older adult contacted their financial institution because a family member was using their account without authorization, or to request they reverse a payment after they realize the recipient has not been honest with them.
- **State or local law enforcement.** Older adults, caregivers, or other agencies and organizations sometimes report suspected EFE to state or local law enforcement. For example, one older adult who was interviewed said he called the police when he suspected his neighbor of stealing a check from his mailbox. In another case, an older adult contacted local police after realizing she sent money to a person who impersonated her grandson on the phone. Some older adults also may report to their state Attorney General.
- **Federal law enforcement.** There are multiple avenues for older adults or caregivers to file reports of EFE with the federal government, including the Federal Trade

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<sup>26</sup> Lachs, Mark, and Jacqueline Berman, Under the Radar: New York State Elder Abuse Prevalence Study, Self-reported Relevance and Documented Case Surveys (New York State Office of Children and Family Services, 2011).

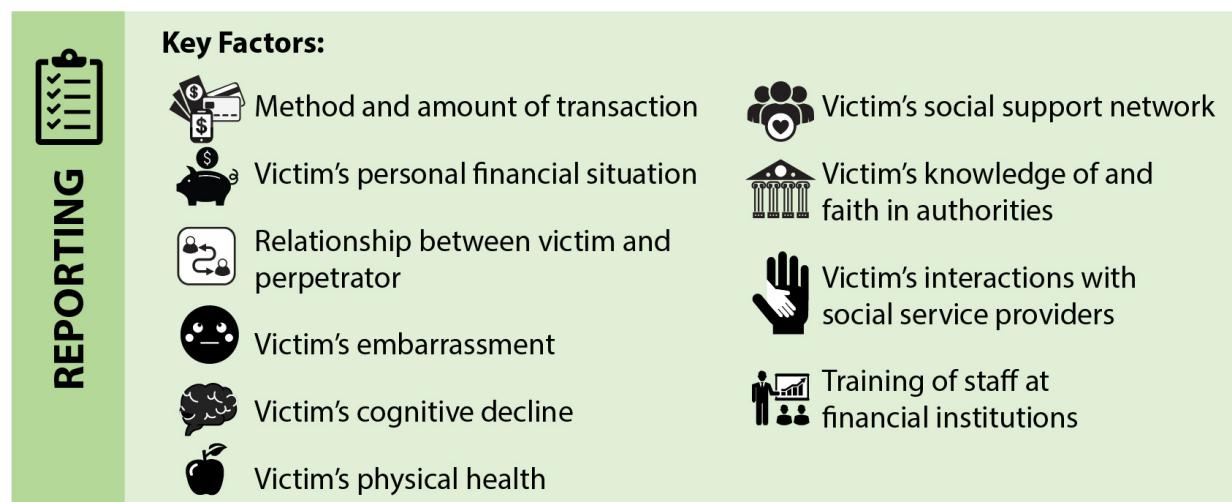
<sup>27</sup> For details on methodology, see Appendix A.

Commission's Consumer Sentinel Network and the Federal Bureau of Investigation's (FBI) Internet Crime Complaint Center (IC3). For example, the FBI received more than 100,000 reports of suspected EFE in 2020, with approximately \$1 billion in reported losses.<sup>28</sup>

- **Helplines for older adults or fraud.** There are numerous call centers where older adults or caregivers can report EFE. In many cases, these helplines work with older adults or caregivers to determine how to respond to EFE (e.g., by identifying the appropriate law enforcement agency and assisting them in filing a report).

The interviews, enhanced by the existing literature, also informed a series of specific findings and hypotheses that relate to the likelihood a victim or caregiver will report EFE incidents to authorities. This section of the report outlines these findings and hypotheses.

**FIGURE 3: KEY FACTORS INFLUENCING THE REPORTING OF EFE**



## Perceived benefits of reporting



**Victims who lose an amount of money they consider to be relatively unimportant to their financial situation are less likely to report because they do not think recovery will make a meaningful difference in their lives.**

Several interview participants explained that they did not report their experience to any law enforcement authorities because the lost money did not have any substantial effects on their quality of life. This response was most common among victims who lost less than \$100, often

<sup>28</sup> U.S. Department of Justice, *Annual Report to Congress on*, 2021.

through unauthorized use of credit cards.<sup>29</sup> However, even some victims who lost thousands of dollars nonetheless decided not to report their experience to law enforcement because the loss did not affect their day-to-day living. For example, a victim who lost about \$5,000 after a family member used his debit card without permission explained that “if it had been a greater amount” he might have filed a police report, but he felt like it was not worth his time for the amount lost. By contrast, some victims who lost relatively small amounts still pursued cases because they needed the stolen money to pay their bills. For example, one caregiver whose father had \$237 cash stolen by a handyman stated this cash was earmarked for the monthly electric bill, which motivated him to report the case to the police.



**Victims of stranger-perpetrated scams are more likely to report to law enforcement because they have more desire to bring the perpetrator to justice.**

In contrast to EFE cases involving family, people who were victimized by a stranger described a desire to find and punish the perpetrator. For example, one victim said he “felt a sense of outrage” after someone stole a check from his mailbox, which motivated him to call the police. When he felt the police did not take him seriously enough, the victim then reached out to the district attorney’s office directly because of his strong belief that the perpetrator should be held responsible. Professionals agreed that victims in stranger-perpetrated scams often want the perpetrator brought to justice. For example, one professional commented that “some people very much want their [perpetrator] to get in trouble,” which motivates them to report their experience to law enforcement and stay engaged during an investigation. This desire for justice could be a powerful motivation, even for victims who believe it is unlikely they will recover any money through an investigation.



**Victims of stranger-perpetrated scams are more likely to report to law enforcement because they wish to help others avoid their experience.**

Researchers have found that victims are more likely to desire investigation and prosecution of elder abuse cases when the perpetrator is a repeat offender, which suggests that another reason some victims or caregivers choose to report EFE is to help protect other potential victims.<sup>30</sup> Interviews provided further support for this hypothesis. For example, one caregiver said that she reported fraud that her mother experienced because she wanted the incident to be “documented, recorded, and become part of the official statistics so it can be dealt with [and] resources can be devoted to dealing with scams like that . . . hopefully to help prevent a future fraud.” Victims or caregivers with this sense of social responsibility may even go

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<sup>29</sup> Many of the victims of unauthorized credit card charges *did* report their experience to their credit card company or were alerted to the incident by the credit card company but did not report to any legal or law enforcement authority.

<sup>30</sup> Jackson, Shelly L., and Thomas L. Hafemeister, “How Do Abused Elderly Persons and Their Adult Protective Services Caseworkers View Law Enforcement Involvement and Criminal Prosecution, and What Impact Do These Views Have on Case Processing?” *Journal of Elder Abuse & Neglect* 25, no. 3 (2013): 254–280.

“above and beyond” in their response to EFE. For example, an interviewee not only reported an incident to the money transmitter she used, to her local sheriff, but also conducted additional research online and as a result reported it to the FBI through an online fraud reporting portal. Some professionals stated that they usually encourage victims to report their experiences to their state attorney general and the FBI’s Internet Crime Complaint Center because their experiences may contribute to broader investigations of EFE.

## Perceived drawbacks of reporting



### **Victims who are ashamed of their experience are less likely to report because they do not wish to draw further attention to what happened to them.**

Interviews supported findings from the literature review that embarrassment and self-blame pose barriers to reporting EFE to authorities.<sup>31</sup> Some professionals posited that embarrassment was a particular barrier for reporting romance scams, although interviews suggested that shame can be a barrier to reporting in other types of EFE cases as well. For example, one caregiver explained that her mother “knew she’d been scammed, but I think she was embarrassed . . . [and] she hesitated even telling me about it,” which contributed to her initial reluctance to report the incident to authorities and pursue recovery. Another victim who had invested money in a fake business commented that he did not involve law enforcement because “I’m just taking responsibility for my own decision . . . to put money into something that I shouldn’t have.” In this case, the victim blamed himself, and implied that asking an outside authority to help would indicate a failure on his part to be responsible for his financial decisions, even when they were based a perpetrator’s deceptions.<sup>32</sup> Some researchers have hypothesized that this attitude is a particular barrier to reporting for men because “historically socialized gender expectations to provide and manage household finances” inhibit their willingness to share their experience with outsiders.<sup>33</sup>

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<sup>31</sup> Deem, Debbie, and Erik S. Lande, “Transnational Scam Predators and Older Adult Victims: Contributing Characteristics of Chronic Victims and Developing an Effective Response,” *U.S. Attorneys Bulletin* 66 (2018): 177; Applied Research & Consulting, *Financial Fraud and Fraud Susceptibility in the United States* (FINRA Investor Education Foundation, 2013): <https://www.finrafoundation.org/sites/finrafoundation/files/financial-fraud-and-fraud-susceptibility.pdf>; Cross, Cassandra, “No Laughing Matter: Blaming the Victim of Online Fraud,” *International Review of Victimology* 21, no. 2 (2015): 187–204; Virginia Department for Aging and Rehabilitative Services, *Adult Financial Exploitation in Virginia*, 2016.

<sup>32</sup> The role of blame and shame in reporting of elder fraud is extensively discussed in a study by the AARP Fraud Watch Network and FINRA Investor Education Foundation. See, *Blame and Shame in the Context of Financial Fraud A Movement to Change Our Societal Response to a Rampant and Growing Crime* (June 2022): [https://www.aarp.org/content/dam/aarp/money/scams\\_fraud/2022/07/aarp-fraud-victim-blaming-report-06-07-22.pdf](https://www.aarp.org/content/dam/aarp/money/scams_fraud/2022/07/aarp-fraud-victim-blaming-report-06-07-22.pdf)

<sup>33</sup> David Burnes et al., “Understanding Service Utilization in Cases of Elder Abuse to Inform Best Practices.” *Journal of Applied Gerontology* 35, no. 10 (2016): 1050.



**Victims who depend on the perpetrator for emotional, physical, or financial support are less likely to report because they are concerned about the loss of support.**

Professionals who were interviewed agreed with findings from the literature that many victims do not report EFE because the perpetrator is also their primary source for support, such as driving them to the grocery store or medical appointments.<sup>34</sup> Some professionals stated that this barrier to reporting was particularly common among victims who had recently lost a spouse and were involved in romance scams. For example, one professional recounted a case where an older adult continued to engage with the perpetrator of a romance scam despite advice from a social worker because “she missed his voice on the phone” after she tried to cut off contact. Interviews with older adults and caregivers illustrated this phenomenon. For example, one older adult who recently lost a spouse began exchanging Facebook messages with a person purporting to be a romantic interest, who eventually solicited tens of thousands of dollars in gifts from her. According to this person’s caregiver, her desire for personal connection after the loss of her husband made it hard for her to accept that her new “relationship” was exploitative despite warnings from her extended family.



**Victims who perceive that the perpetrator is struggling are less likely to report because they do not want to add to the perpetrator’s difficulties, especially when the older adult knows the perpetrator.**

Several professionals observed that EFE within a family often occurs when an older adult tries to help a struggling family member who is experiencing personal setbacks, often involving job loss, gambling, or substance abuse, and that this context can be a barrier to reporting to law enforcement because the victim is afraid of adding to the perpetrator’s struggles. For example, one detective commented that “there’s no love like a mom’s love” when explaining why parents often decline to report or pursue EFE cases despite substantial losses. An interview with one older adult illustrated the phenomena. In this case, the victim allowed her grown daughter, daughter’s fiancé, and their child to move in with her “to help them get back on their feet.” Then her daughter and her family stayed for years and refused to move out or pay rent, despite previously agreeing to do so. Despite the ongoing exploitation, the victim waited multiple years before she pursued an eviction because she did not want to “throw them on the street.” Concern for the perpetrator’s well-being is not limited to intrafamily cases. For example, one victim, who lost \$2,500 when an acquaintance who had borrowed money disappeared, decided not to report the perpetrator to the police “because she had children . . . [and] I knew if anything happened to her it would affect the kids.”

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<sup>34</sup> Hafemeister, “Financial Abuse of the Elderly,” 2003.



**Poor physical health is a barrier to reporting EFE because victims in poor health or their caregivers may not consider it worth the time or effort to pursue a case.**

Like any crime victims, older adults who have experienced EFE must decide whether filing a report is worth their time and energy, given the potential benefits of recovery and likelihood of realizing them. Professionals observed that victims in poor health may be less likely to report an experience with EFE if they anticipate that the process will take a substantial amount of time or energy.

## Perceived likelihood of recovery after reporting



**Victims are less likely to report EFE if they think that authorities will not take their case seriously.** Previous research has found that a major obstacle to reporting is the belief that doing so will not lead to recovery.<sup>35</sup> Reasons for this pessimism include lack of confidence in authorities<sup>36</sup> and the perception among victims and social services providers that police are too busy to investigate their case.<sup>37</sup> Interviews strongly supported this research. Among victims who did not report their experience to the police, one of the most common reasons for not reporting was their belief that law enforcement would not consider their experience to be worth investigating. In particular, victims who lost a relatively small amount of money felt that law enforcement would not consider their losses significant enough to pursue. For example, one older adult whose credit card was used without her permission did not report her experience to the police because she thought “they’re too busy” for cases like hers. Some victims also expected law enforcement to consider their case too difficult to solve, and as a result felt that reporting to police would be a waste of time. For example, one victim who purchased a fraudulent product through Facebook Marketplace said that he did not think the situation would “warrant their attention,” and predicted they would “just have me fill out a report [and] that probably would be the end of it.” A third victim stated that he did not report to law enforcement because “I didn’t think they would actively pursue it.” Victims who are members of historically marginalized groups may be particularly reluctant to report their experience to authorities, especially if they have negative experiences or perceptions of law enforcement. For example, one victim, who was a member of the LGBTQ+ community, commented that he expected police to be “not very kind. . . when it comes to gay men.”

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<sup>35</sup> Applied Research & Consulting, *Financial Fraud*, 2013.

<sup>36</sup> Reisig, Michael D., and Kristy, “Fraud Victimization and Confidence in Florida’s Legal Authorities,” *Journal of Financial Crime* 14, no. 2 (2007): 113–126.

<sup>37</sup> Virginia Department for Aging and Rehabilitative Services, *Adult Financial Exploitation in Virginia*, 2016.



**Victims experiencing cognitive decline are less likely to report because they may not feel confident in their ability to fully describe their experience or are concerned about loss of independence.**

Victims with cognitive decline may choose not to report their experience to authorities if they are unsure about what happened to them and may be hesitant about inviting questions about their decision-making. In particular, professionals noted that older adults often fear loss of independence following EFE, which may be heightened if they are in the early stages of cognitive decline. For example, one professional commented that “I think a lot of victims are really reluctant to come to terms with what's happened [because] they worry about their own future and their own ability to remain independent.”

## Knowledge about how to report EFE



**Victims confused about which authority has jurisdiction may not report EFE.**

Previous research has found that confusion about where to report was one of the primary reasons why victims of fraud, including, but not limited to, EFE, do not report their experience to law enforcement.<sup>38</sup> Interviews confirmed that some victims were not sure to what authorities they should report their incidents, or how to do so. For example, one older victim described feeling like he was being “sent in circles” because every place he tried to file a report, including his credit union, the local police, and district attorney’s office, was not helpful. A few professionals also observed that by the time a case comes to their attention, the victim or a caregiver may have spoken to others about their case but have been told there was nothing that could be done about it because the person receiving the report was not familiar with EFE. However, some victims commented that they feel more confident knowing how to respond to EFE if it happens to them again, which aligns with research suggesting that older adults who have previously sought help for EFE are more likely to report future experiences and utilize protective services.<sup>39</sup>



**Victims with a strong social support network are more likely to report because their friends or family often encourage them to file a report, or even file a report on their behalf.**

Strong social support can be a facilitator not only to helping victims identify that EFE is taking place, but also to taking steps to report it. Previous research found that older adults who felt lonely or isolated, especially after the death of a spouse, were less likely to desire law enforcement involvement in EFE cases, which implies

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<sup>38</sup> Applied Research & Consulting, *Financial Fraud*, 2013.

<sup>39</sup> Burnes, “Understanding Service Utilization,” 2016.

that a strong social network could be a facilitator to reporting.<sup>40</sup> Interviews provided further support for this hypothesis; older adults and professionals described circumstances where a victim was initially hesitant to report EFE to authorities, but was convinced to do so based on encouragement and assurances from their support network. For example, one victim was initially reluctant to file a police report about a phone scam but changed her mind after her family developed a “game plan” to respond to the situation that included reporting to the police. A prosecutor also commented that family support can be what some victims “need to come forward and work with us.” There also were instances where family or friends reported suspected EFE incidents on behalf of an older adult, especially when the older adult was experiencing cognitive decline. For example, one caregiver called his in-laws’ financial institution on their behalf to report a stolen check because they were experiencing cognitive decline. However, a complicating factor is that an older adult who does not recognize that EFE has occurred may become more isolated from their social network if their family or friends push them too hard.<sup>41</sup> For example, one caregiver reported that her mother-in-law, who was involved in a romance scam she did not recognize as EFE, stopped communicating with her adult children after they encouraged her to report her experience because she felt they were impeding her independence.



**Victims who engage with social services providers are more likely to have their cases reported because they interact with people who can make a report on their behalf.**

Like family members or friends, social services providers can be instrumental in encouraging the victim to file a report or reporting on their behalf, especially if they are mandated reporters.<sup>42</sup> Professionals who work with legal or social services organizations said that sometimes older adults approach their organization for help with a different matter, such as trouble paying rent, but through the course of their investigation they discover exploitation. For example, one professional explained that her organization typically helps older adults with general financial issues, but while reviewing clients’ documents they occasionally uncover signs of EFE. In many cases, the professional noted, these incidents arise when children abuse powers of attorney they have been given by their parents. Another professional agreed that his organization sometimes finds evidence of EFE while they are providing legal services to their clients and has thus developed a screener for this specific purpose.

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<sup>40</sup>Mason, Karen A., and Michael L. Benson, "The effect of social support on fraud victims' reporting behavior: A research note," *Justice Quarterly* 13, no. 3 (1996): 511–524; Jackson, "How Do Abused Elderly," 2013.

<sup>41</sup> Deem, "Transnational Scam Predators," 2018.

<sup>42</sup> Burnes, "Understanding Service Utilization," 2016.



**Staff at financial institutions who have been trained on EFE issues are more likely to report suspected cases to law enforcement because they understand their responsibilities and how to exercise them.**

In many cases, financial institutions respond to victims' reports of EFE. However, they also are often in a position to alert the victim or report EFE themselves. For example, the Financial Industry Regulatory Authority (FINRA) has a rule that permits members to place a temporary hold on a disbursement of funds or securities from the account of a specified adult if the FINRA member reasonably believes financial exploitation of the specified adult has occurred, is occurring, has been attempted, or will be attempted.<sup>43</sup> In interviews, several older adults and caregivers described situations when their bank or credit card company reached out to inform them of suspicious activity in their accounts. For example, one caregiver stated that she first found out her mother-in-law was experiencing EFE when her mother-in-law's bank called the caregiver's husband (i.e., the victim's son) to report a suspicious transaction. According to this caregiver, the bank called "because they were very concerned that she had come in and asked for an \$18,000 money order [and] she wouldn't say who it was to." Another older adult described a situation in which her credit card company contacted her to ask if several transactions made in a different state were legitimate. They were not, and the victim was reimbursed for the transactions in full within a few days. Investigators who were interviewed also described instances in which they started working on a case because a financial institution filed a report after noticing suspicious transactions.

Financial institutions are required to submit a Suspicious Activity Report (SAR) to the Financial Crimes Enforcement Network (FinCEN) when they suspect EFE in transactions that involve at least \$5,000 in funds or assets (\$2,000 for money services businesses).<sup>44</sup> Financial institutions can also voluntarily file a SAR when they suspect EFE, even when the situation does not meet these thresholds. Some state agencies also require financial institutions to report suspected EFE. For example, since 2014 Colorado has required credit unions to report suspected elder exploitation within 24 hours after making a discovery. And several states require employees at financial institutions to be mandated reporters.<sup>45</sup> However, several

**Bank and credit union employees sometimes are not aware of their responsibilities.**

<sup>43</sup> Financial Industry Regulatory Authority, *FINRA Regulatory Notice 17-11*, March 30, 2017: <https://www.finra.org/rules-guidance/notices/17-11>

<sup>44</sup> "Money and Finance: Financial Crimes Enforcement Network, Department of the Treasury," *Code of Federal Regulations*, title 31 (2020), §§ 1020.320, 1021.320, 1022.320, 1023.320, 1024.320, 1025.320, 1026.320, 1029.320, 1030.320: <https://www.ecfr.gov/current/title-31>

<sup>45</sup> See <https://financialservices.org/elder-abuse/reporting-abuse/> for a detailed description of states' requirements for reporting.

professionals who were interviewed observed that some bank and credit union employees sometimes are not aware of their responsibilities regarding EFE reporting and investigation. They also noted that financial institution staff often err on the side of protecting customers' privacy because they are fearful of litigation—especially when the older adult willingly transferred funds, even if they were doing so based on deception. As a result, financial institution staff therefore sometimes do not report EFE incidents or share information with investigators. In fact, the CFPB found that less than one-third of EFE SARs indicated the filer reported the suspicious activity to a local, state, or federal authority, and less than one percent of cases involving money services businesses were reported to local authorities.<sup>46</sup> For these reasons, more thorough training of staff at financial institutions could lead to more consistent reporting of EFE, as well as increased sharing of information that could improve the efficiency and success of EFE investigations.

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<sup>46</sup> Consumer Financial Protection Bureau, *Suspicious Activity Reports on Elder Financial Exploitation: Issues and Trends* (Office of Financial Protection for Older Americans: February, 2019): [https://files.consumerfinance.gov/f/documents/cfpb\\_suspicious-activity-reports-elder-financial-exploitation\\_report.pdf](https://files.consumerfinance.gov/f/documents/cfpb_suspicious-activity-reports-elder-financial-exploitation_report.pdf)

# Factors influencing investigation of EFE

Reporting an EFE incident to law enforcement or a financial institution generally is not sufficient for victims' recovery. After the incident is reported, an authority with jurisdiction needs to investigate to determine the nature and circumstances of EFE, how much money was stolen from the victim, who was responsible for the EFE, and whether there is any possibility of financial recovery. The investigatory stage can end in legal proceedings, which could be civil or criminal. These proceedings often assign responsibility for the EFE and determine what money, if any, should be returned to the victim.

Based on CFPB interviews with older adults, caregivers, and professionals,<sup>47</sup> entities that are typically involved in the investigation of EFE incidents include:

- **Financial Institutions.** Financial institutions sometimes conduct their own investigations into claims of EFE, often through a dedicated fraud department or Banking Secrecy Act/Anti-Money Laundering (BSA/AML) team.
- **Local law enforcement.** Local law enforcement agencies investigate suspected EFE cases, usually in response to a report filed by a citizen. A few police departments employ specialized detectives who focus exclusively on elder abuse cases, often in collaboration with other social services providers such as APS. However, professionals agreed that most local police departments do not have specialized staff or resources that are devoted exclusively to EFE.
- **State law enforcement.** State bureaus of investigation, state regulatory agencies, and state attorneys general investigate some EFE cases.
- **Federal law enforcement.** Federal law enforcement agencies investigate some cases of EFE, including the FBI, the Federal Trade Commission, the United States Postal Inspection Service, and the United States Secret Service, among others.
- **Adult Protective Services (APS).** Nearly all states have an APS agency that is responsible for investigating reports of elder abuse, including EFE.
- **Multidisciplinary teams, task forces, and elder abuse forensics centers.** Many jurisdictions have established multidisciplinary teams, task forces, coalitions, or elder abuse forensic centers to investigate elder abuse cases. The composition of these institutions varies by jurisdiction, but typically includes professionals from law

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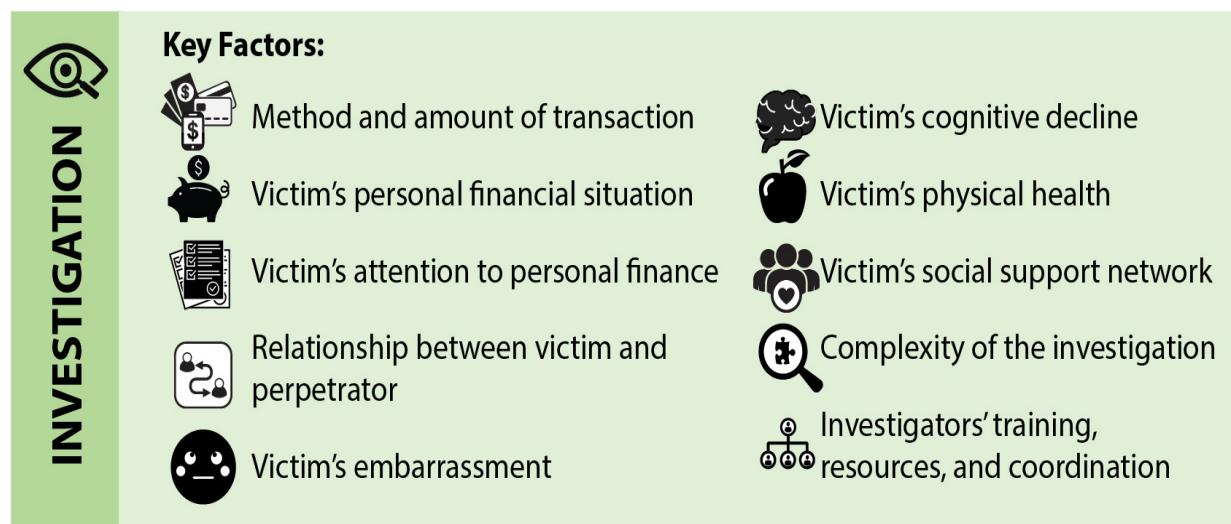
<sup>47</sup> For details on methodology, see Appendix A.

enforcement, legal, social services, finance, and medical backgrounds to investigate suspected EFE cases.

- **Prosecutors.** Prosecutors often continue to investigate suspected EFE cases after law enforcement makes a referral. For example, a prosecutor interviewed for this project stated that they often obtain information from suspected perpetrators during plea negotiations or while preparing for trial.
- **Civil attorneys.** Many instances of EFE are explored by civil attorneys outside the criminal justice system. Civil attorneys interview witnesses, obtain documents, and sometimes engage forensic accountants or private investigators to support their inquiry.

The interviews, enhanced by the existing literature, also informed a series of specific findings and hypotheses that relate to the likelihood authorities will be able to recover the losses. This section of the report outlines these findings and hypotheses.

FIGURE 4: KEY FACTORS INFLUENCING THE INVESTIGATION OF EFE



## Victims' willingness to cooperate with an investigation

**Victims' embarrassment is a barrier to investigating EFE because victims may not want to divulge details that could help the investigation.** As noted previously, shame or embarrassment are barriers to reporting EFE in the first place because some victims do not want to draw attention to their situation, especially when they have experienced a romance scam. Professionals stated that embarrassment is often a barrier to investigating EFE after being reported because victims may not want to disclose all the relevant information that could assist an investigation. For example, one professional commented that

“there’s a level of embarrassment [and] shame . . . and [the victim] just wants everything that they say to remain confidential,” which can cause them to withhold information that could lead to recovery. One professional reported that victims of romance or money mule scams sometimes even undermine their recovery prospects by providing the perpetrator with inside information about an investigation, such as information the victim or a family member told detectives.

## **Victims’ ability to participate in an investigation**



### **Victims who keep organized and complete personal financial records are more likely to be able to provide investigators with the information they need.**

**need.** In interviews, several older adults indicated that detailed financial records, such as promissory notes, carbon copies of checks, old bank/credit card statements, and receipts, were key to their financial recovery. These records can be particularly useful in cases involving unauthorized credit card transactions or purchases of fraudulent products, as well as cases of exploitation where someone abuses a power of attorney. A forensic accountant interviewed for the project explained that “we need those supporting documents [like] cancelled checks, copies of withdrawal slips, [and] copies of deposit items” to build a case against a perpetrator, often in concert with evidence collected from interviews with victims or witnesses. Such records help expedite reimbursement from financial institutions (e.g., credit card companies) or can be leveraged as key evidence during criminal or civil proceedings. Conversely, one professional stated that investigations are more challenging in cases where the victim did not maintain detailed or organized financial records.



**Victims in poor physical health may not have the time or energy to participate in an investigation.** When a victim in poor health reports a case to law enforcement, their health sometimes inhibits further investigation. Professionals observed that even when older adults report suspected cases to authorities, they sometimes stop engaging in the investigation when they realize how much time they need to spend supporting the investigation, such as sitting for an interview or searching through old files. For example, one professional commented that “most of our clients don’t have . . . the energy of going through the entire motion” of pursuing a case, even when they are encouraged to do so by first responders such as APS. One older adult who was interviewed explained that, for him, his ongoing health issues took priority over efforts to recover money he lost to a scam, stating, “I don’t have any fight in me anymore, I’d rather lose the money than deal with the physical and mental issues [involved in pursuing an investigation].” Other older adults explained that their age and health concerns gave them a different perspective about the value of their time and energy, which they did not want to spend pursuing lost money. Professionals also noted that victims in poor health sometimes die before their case can be resolved. One professional observed, “In a lot of cases, we don’t have a victim to work with” because they have passed away before their case has been resolved.



### **Victims experiencing cognitive decline may be less able to provide information to investigators, such as descriptions of past events or financial decisions.**

As noted above, interviewed professionals indicated that cognitive decline may be a barrier to identifying and reporting EFE, especially if the victim does not feel confident in their ability to fully describe their experience. Similarly, cognitive decline also can be a barrier to investigation if the victim cannot recall important details or give investigators a clear description of events. In particular, this can be a challenge for cases involving complex steps or transactions, such as money mule schemes. For example, one professional commented that “many of the victims . . . are too demented to participate” in the investigation and prosecution. Another professional explained that investigations can be challenging when “you’re dealing with cognitive difficulties and . . . they cannot connect the dots” about what happened to them, and sometimes “they don’t know what you’re talking about” when an investigator asks them follow-up questions.



### **Victims with a strong social support network have family and friends who can help provide evidence during an investigation.**

As noted above, a strong social support network can be a facilitator to identifying and reporting EFE because friends and family can identify warning signs and encourage victims to report. A strong social network also can provide additional information to investigators, making it more likely that the investigation will lead to financial recovery. For example, one caregiver said the police took statements from her and her siblings to help reconstruct the events around her mother’s exploitation. Professionals agreed that friends and family often help during investigations, especially when the victim is cognitively impaired. For example, one professional explained that family members can be helpful in finding and organizing financial records, such as bank statements. Another commented that sometimes investigators rely on family members to recount events or provide information in cases where the victim is experiencing cognitive decline.



### **Victims with substantial financial resources have greater capacity to hire outside support, such as private investigators or attorneys.**

Even though victims with substantial financial resources may be less likely to identify and report EFE than those with fewer resources, their cases may be more likely to be investigated after they are reported. Several professionals observed that EFE victims often hire their own attorneys and investigators, which is only possible for those with the means to afford these services. For example, one older adult interviewed for the project hired an attorney to pursue a civil case against a former romantic partner who “borrowed” several thousand dollars before attempting to cut off contact with the victim. In contrast, another older adult said he considered pursuing a civil case against an acquaintance who stole about \$2,500 from him but decided not to pursue the case after learning the cost of hiring an attorney.

## Authorities' willingness to pursue an investigation



### **EFE incidents involving larger amounts of money and/or multiple victims command greater attention and resources from authorities.**

Professionals indicated that the amount of money lost can influence whether authorities decide to pursue a case and how many resources to devote to the investigation. For example, one professional explained that “we are looking at the impact that these takings have on these victims as far as how aggressively we pursue the case,” although she noted that this impact depends on both the amount lost and the victims’ financial circumstances. By contrast, smaller losses are less likely to be pursued by investigators and prosecutors because they are not considered to be worth the time and effort to pursue them, especially if the amount stolen would not be considered a felony in the jurisdiction. Another professional suggested that cases with multiple victims are more likely to garner law enforcement attention, for example by a state attorney general or federal investigators. One older adult who lost money on fraudulent coins stated that she heard the state attorney general was investigating the coin dealer who defrauded her, although she was not sure about the details of the investigation or how it could affect her recovery.



### **Law enforcement is less likely to investigate incidents of EFE within a family because they often perceive it to be a civil matter or domestic dispute.**

Interviews, including those with law enforcement professionals indicated that in addition to being a barrier to reporting and identifying EFE, a relationship between the victim and the perpetrator also can impede investigations even when they are reported if responders erroneously think that it falls outside of their purview because it involves family members. Professionals commented that when police encounter cases of EFE between family members, they often tell victims that they should resolve the matter privately. For example, one prosecutor noted that “a lot of these cases are misperceived as being civil in nature versus criminal” because police investigators do not realize that financial exploitation within a family can implicate criminal statutes. One victim who was interviewed filed a police report about exploitation by a romantic partner but was told by the police that because the perpetrator was his domestic partner, “there wasn’t much they could do.” One professional also commented that in addition to misperceiving the nature of family exploitation cases, some law enforcement officers also decline to investigate cases involving scams because they do not consider it their purview when the victim voluntarily spent the money, even if the transaction was under deceptive circumstances.



### **In some instances, law enforcement may decline to investigate EFE cases because they perceive there to be a small probability of recovery.**

One APS case manager commented that even when they refer an EFE case to law enforcement, police “are not as attracted to these types of cases [because they think] we’re never going to

catch the suspect.” As a result, according to this case manager, police often decline to conduct a full investigation. Another professional commented that “some police departments will say ‘of course you’re never going to get [your money] back again’” and decline to investigate. Several older adults and caregivers described similar experiences with law enforcement who declined to investigate cases that were reported to them. In one case, a caregiver filed a police report after her mother sent gift cards to a person impersonating her grandson but was told by the responding officer that an arrest or recovering her money was very unlikely. One professional also described an experience where she felt that police investigators did not pursue an investigation because they did not consider the case worth their time.

## Complexity of the investigation



**EFE cases that span multiple geographic jurisdictions are harder to investigate because they require coordination and resources from multiple agencies, especially if the perpetrator is located outside the United States.** Professionals, including law enforcement and prosecutors, agreed that one reason phone and internet scams were difficult to investigate was that perpetrators often lived across state or international borders from their victims, which posed challenges for investigators. During interviews, some older adults explained that they decided not to pursue their case because they knew the perpetrator was across state lines, which they felt made recovery unlikely. For example, one caregiver whose mother wired money to a person impersonating her grandson in a different state commented that she “didn’t have expectations [of recovery], especially with it being across state lines.” In another case, the victim was told by local law enforcement that the perpetrator had most likely fled to another state. This gave the victim the impression that, as a result, local law enforcement would not be able to track down the perpetrator to prosecute him. Professionals stated that many scams involve perpetrators living outside the United States, which poses extra challenges for investigators because foreign law enforcement agencies often have fewer resources and less interest in pursuing a case when the victim lives in the United States. One detective who specializes in elder abuse commented, “I know that I’m not going to chase money into a foreign country” because the chances for successful recovery are so low.



**EFE cases that are carried out using methods of payment that leave digital traces, such as credit cards, are easier to investigate than transactions involving cash, gift cards, or cryptocurrency.** Several older adults described successfully recovering money from their credit card company. This included cases where victims’ credit card information was stolen by a stranger as well as cases where the older adult purchased a fraudulent product using their credit card. Professionals agreed that older adults who lose money through misuse of their credit cards have a higher chance of recovery than those who lose money by other payment methods. For example, one professional said, “Some credit

card companies can be very helpful because they want to keep people as customers.” By contrast, several professionals emphasized that gift cards and wire transfers are increasingly common methods of EFE, and that funds stolen through these methods are virtually impossible to recover because these services can be used anonymously.

## Investigators’ resources



### **Investigations are more likely to be successful when investigators have structures in place to enhance coordination and collaboration.**

Professional interviews indicated that many of the agencies that receive and investigate EFE reports are not, on their own, equipped with the range of tools needed to identify and investigate suspected cases of EFE, including knowledge of how to track financial transactions, legal guidelines defining what constitutes EFE, and how to manage the complex interfamily relationships often involved. As a result, investigations are often more successful when structures have been developed to enhance collaboration among staff with these various areas of expertise. Two examples are elder abuse multidisciplinary teams (MDTs) and elder abuse forensics centers, which are administrative structures that bring together professionals from diverse backgrounds to investigate elder abuse cases including EFE. The expertise gathered in these teams include social services, health care, law enforcement, accounting, and legal professionals. There is some evidence that EFE cases investigated by MDTs result in more criminal prosecutions of EFE cases compared with cases investigated only by APS.<sup>48</sup>

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<sup>48</sup> Navarro, Adria E., Zachary D. Gassoumis, and Kathleen H. Wilber, “Holding Abusers Accountable: An Elder Abuse Forensic Center Increases Criminal Prosecution of Financial Exploitation,” *The Gerontologist* 53 no. 2 (2013): 303–312.

# Factors influencing the return of funds to EFE victims

The financial recovery process concludes when a victim receives some or all the money that was stolen from them in the incident.

Based on CFPB interviews with older adults, caregivers, and professionals,<sup>49</sup> there are multiple ways that money can be returned to a victim, including:

- **Charge reversal.** In some cases, a financial institution will reverse charges or issue a credit to a customer's account after they have determined that EFE has occurred.<sup>50</sup>
- **Direct repayment.** In some cases, a perpetrator returns money directly to the victim without any intermediary. For example, one older adult who was interviewed had invested in a fraudulent business but confronted the perpetrator and convinced him to return a portion of his money directly. Professionals also described instances when a perpetrator will return money directly to the victim after being contacted by APS, law enforcement, or a civil attorney. For example, one prosecutor interviewed for the project explained that their office leverages plea negotiations to encourage perpetrators to repay victims directly.
- **Civil collection.** In cases where the investigation ended in a civil judgment against a perpetrator, the victim often needs to take additional action to enforce the judgment and receive the money they are owed. These actions can include liens on property, writs of execution, or garnishment of wages or property, such as a bank account. For example, one older adult who was interviewed was able to collect on a civil judgment after hiring a collection agency, which helped her secure a garnishment on an inheritance the perpetrator received.
- **Court-ordered restitution.** Perpetrators who have been convicted of a crime often have a sentence that includes restitution. The restitution process varies depending on the jurisdiction, but typically means the perpetrator must make payments to the clerk of the court, who then disburses the money to the victim. Repayment often occurs according to a payment schedule determined by the perpetrator's parole officer. In federal cases, the

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<sup>49</sup> For details on methodology, see Appendix A.

<sup>50</sup> Federal regulations limit consumers' liability for unauthorized purchases made with a credit card, regardless of the consumer's age. See <https://consumer.ftc.gov/articles/lost-or-stolen-credit-atm-debit-cards>

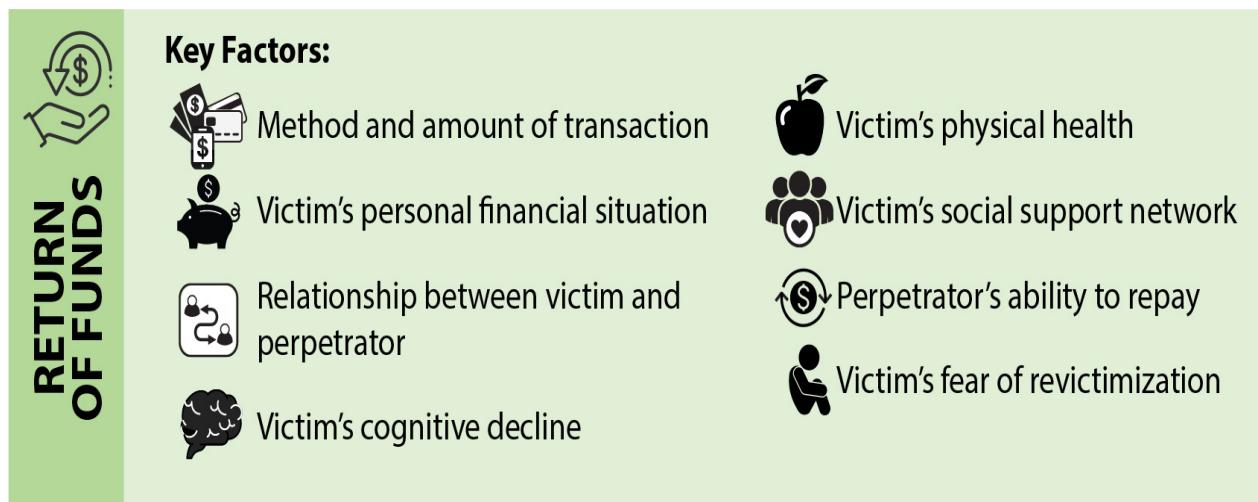
Financial Litigation Unit at the relevant U.S. Attorney's Office monitors defendants' assets and enforces payment.

- **Payouts from class action lawsuits or federal enforcement actions.**

Enforcement actions by the Federal government, state attorneys general, or class action lawsuits sometimes result in payments to victims. For example, in 2017, the Federal Trade Commission, the U.S. Department of Justice, and the U.S. Postal Inspection Service reached a settlement with Western Union to pay consumers \$586 million in restitution for abetting frauds.<sup>51</sup>

The interviews, enhanced by the existing literature, also informed a series of specific findings and hypotheses that relate to the likelihood that funds will be returned to victims after the perpetrator is identified and deemed by authorities to have committed EFE. This section of the report outlines these findings and hypotheses.

**FIGURE 5: KEY FACTORS INFLUENCING THE RETURN OF FUNDS LOST TO EFE**



## Perpetrators' ability to repay and consumer protections



**Perpetrators often spend the money before it can be recovered, especially if they are suffering from a gambling or substance abuse addiction.**

Interviewed professionals agreed that one of the primary reasons that financial recovery from EFE is rare is that perpetrators usually spend the money quickly, often because they have gambling problems or substance abuse issues. For example, one professional

<sup>51</sup> As of December 15, 2021, the U.S. Department of Justice hosted a page on the Western Union Remission: <http://westernunionremission.com/>

commented that “it’s amazing how often these perpetrators have gambling addictions . . . shopping addictions . . . [or] drug addiction . . . [so] the money is usually gone . . . by the time we get involved and so there’s nothing left to recover” even if the perpetrator is convicted of a crime and ordered to pay restitution. This challenge may be more common in cases of exploitation within a family, when the perpetrator is often acting on impulse or desperation, than in scams operated by professional criminals. For example, one older adult explained why he chose not to pursue a case against his nephew, who had run up thousands of dollars in unauthorized credit card expenses. He explained that he knew the money had already been spent on drugs, and therefore his nephew “had no money [so] what would be the point” of pursuing recovery.



**Perpetrators’ earnings and assets are usually insufficient to repay victims, especially when they are incarcerated and/or the amount stolen was substantial.**

Professionals agreed that even when a perpetrator is ordered to pay restitution after a conviction, victims often receive very little or none of the money they were awarded because perpetrators stop making payments before they fully repay the debt. In criminal cases, perpetrators often make small payments while they are incarcerated or on probation, usually based on their ability to repay. One professional said he has “never seen more than a \$100 per month restitution order,” which meant that, in most cases, it would take years to repay the full amount owed to the victim. Professionals also commented that because the recovery of large losses frequently takes years, victims often pass away before fully recovering their money.



**EFE cases that are quickly identified, reported, and investigated are more likely to lead to recovery because law enforcement can freeze accounts**

**before perpetrators spend or hide the money.** A few professionals noted that it is possible to stop perpetrators from spending the money, especially if they are located in the United States, but “time is of the essence” for reporting and investigating cases. For example, one professional explained, “If we feel like the money might still be there and the person is not in another country, we can seize that money through a search warrant.” This professional also noted that there are statutes in most states that allow banks to freeze assets while investigations are ongoing, which can prevent the perpetrator from spending or hiding the money before a restitution order is in place. By contrast, EFE that takes place over a longer period is a barrier to recovery because perpetrators often spend the money as it comes in.



**Certain types of assets, such as real estate, are easier to return to victims because they cannot be easily hidden or liquidated, whereas cash, gift cards, cryptocurrency, or assets held abroad are difficult to recover.**

Several professionals stated that financial recovery is more likely in cases involving real estate transactions compared to other EFE methods. Professionals pointed out that real estate is more difficult to hide or liquidate than other assets, especially cash, and therefore less likely to be

gone by the time a case has been investigated. For example, one professional described a case where “a client signed a quitclaim deed and then suddenly they’re getting evicted from the house they’ve lived in for 50 years by their adult child.” According to this professional, in these cases it is relatively straightforward to return assets to the victim because a court can set aside the new deed and restore the original deed to the client. By contrast, other types of assets are virtually impossible to recover, especially when they are held in a foreign country, as is often the case when the perpetrator is part of an international criminal organization. To prosecute foreign-based scams targeting older adults, the Department of Justice has established a Transnational Elder Fraud Strike Force.<sup>52</sup>



**Funds that are stolen through credit or debit card transactions are more likely to be returned to victims, especially if they are reported in a timely manner.**

Several older adults and caregivers described cases where a credit card company reversed charges that stemmed from EFE, often with relatively little effort required by the victim. In some cases, victims who were interviewed were able to quickly get reimbursed for funds that had been stolen from them through unauthorized use of their bank accounts. For example, one older adult called her bank after realizing that approximately \$8,000 had been stolen from her checking account. After speaking with the fraud department and visiting a bank branch, she was reimbursed for the full amount just a few days later.

## Victims’ ability to navigate processes necessary to access returned funds



**Complex forms and processes can be a barrier to recovery, especially for victims with cognitive decline or physical health problems.**

A few professionals observed that financial institutions and courts sometimes require victims to fill out lengthy forms and follow specific procedures to receive payments owed to them. For example, one professional explained that, in criminal cases, victims are typically required to fill out forms to request restitution. She characterized this process as “a barrier” to recovery because of the effort it requires from victims. Professionals stated that financial institutions often require victims to follow specific processes to get their money returned, and sometimes deny claims based on technicalities. One example is whether the victim properly distinguishes between *fraudulent charges*, where a person accesses someone’s account without their consent or knowledge, and *services not rendered*, where the card holder makes a purchase but does not receive what they thought they were purchasing. One professional noted that even when a consumer is entitled to recovery, banks sometimes impose additional barriers for consumers to

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<sup>52</sup> As of December 7, 2021, the U.S. Department of Justice organization chart included a Transnational Elder Fraud Strike Force: <https://www.justice.gov/civil/consumer-protection-branch/transnational-elder-fraud-strike-force>

get their money back (e.g., requiring that consumers file police reports). This point is well illustrated by an interview with an older adult whose social security number was compromised and used to open multiple credit cards. This victim stated, “I had to write a different letter for all the credit cards . . . it was a lot of work to fill out. Some places required a police report to get reimbursed. . . . It took about three months. I kept having to send back different forms and talk to several representatives.” Several professionals also commented that these processes are often particularly challenging for adults with physical or cognitive impairment.



### **Fear of revictimization can cause some victims to decline to provide the personal information needed to receive the money they are owed.**

One professional explained that some EFE victims who are eligible for settlement payouts do not fill out the necessary paperwork to claim their money because “they’re so worried about being victimized again . . . [that] they throw away” forms they need to complete to receive their payout because they think it is another scam. One victim, who did not recover any of her lost money, said she received an email from her state attorney general’s office stating that she may be eligible for a restitution payment, but noted, “I did not respond to that email because then you’re worried about everything being somebody who they’re not, [and I thought] ‘Well, maybe this is one of the guys that’s being prosecuted and wants to learn something about me.’”



**Victims who can afford to hire outside support such as attorneys are more likely to have funds returned to them.** Several professionals explained that even after a case has been adjudicated in favor of the victim, collecting funds often requires time and commitment from victims to find the perpetrator, notify the court of missed payments, or pursue liens or other collection methods. Professionals also stated that if perpetrators stop making payments on their restitution orders before paying off their debts, courts rarely intervene unless the victim follows up, especially if the perpetrator has completed the rest of their sentence. For example, one professional stated that in most EFE cases resulting in a conviction, “there is no probation officer following up to make sure that they comply . . . [and] if months go by and the clerk’s office doesn’t get a payment from [a perpetrator], they will maybe notify the judge and . . . require they come in [but] it’s like trying to get blood from a stone. It’s very difficult.” Older adults who have more financial resources are more likely to spend the time and money to take these steps (e.g., by hiring an attorney to help them). For example, one older adult interviewed for this project hired a collections agency to pursue a perpetrator who had lost a civil case but had not made the ordered payments. In this case, the collections agency recovered the money after the perpetrator received an inheritance; had this victim not had the resources to hire a collections agency, this loss would likely not have been recovered. Another professional also recommended that prosecutors depose defendants after sentencing to make them disclose all their assets under oath. According to one professional, forcing defendants to reveal this would facilitate victims recovering funds later, especially if there are civil proceedings or criminal trials.



**A strong social support network increases the likelihood of recovery because friends and family can provide victims with emotional and material support, such as driving them to appointments.**

Professionals commented that the demanding process for obtaining restitution funds can place emotional and material burdens on victims, which can be alleviated by a strong social network. Emotional support can include encouragement during delays and setbacks, which professionals explained are common even in cases with successful recovery. Material support can include driving an older adult to court or helping them complete the forms necessary to access their money.



**Private arrangements between the victim and the perpetrator are easier to collect than civil judgments or restitution because they occur more quickly and involve fewer administrative processes.**

A few professionals noted it is sometimes possible to arrange a direct payment from perpetrator to victim, and thereby avoid some of the barriers described above. For example, prosecutors sometimes use plea negotiations as leverage to convince perpetrators to pay back a victim immediately. One prosecutor said, “Our best hope for getting that money repaid . . . is during plea negotiations where we can say we’ll give you a shorter prison sentence if you repay that money now. Because if we don’t do that, then post-conviction they are ordered to pay some amount per month, and usually the victim never gets it.” Direct payments can also occur in civil cases, especially when the victim is related to the perpetrator. For example, one professional explained that perpetrators who are family members sometimes will return money in response to counseling from a social worker or a demand letter from an attorney, especially if they offer the perpetrator a way to save face and avoid further action by quickly repaying the money.

# Discussion

The EFE financial recovery framework is intended to present a holistic view of how financial recovery can occur based on a literature review and qualitative research with EFE victims, their family members, caregivers, and professionals who work in the field. Although this framework cannot address every possible pathway to recovery for victims, it does seek to identify the key factors that influence recovery outcomes along the way. The presentation of this overall roadmap to recovery is intended to help researchers, policymakers, and practitioners contextualize certain responses to EFE—such as the decision about whether to report to authorities—within a broader view of recovery. The framework presents hypotheses about factors that can make recovery more or less likely at each stage. Some of the factors discussed in this report are very specific to a single stage. However, there also are several factors that can be influential throughout the recovery process, and thus may play an important role in more cases. The cross-cutting factors are:

- **Prior relationship between perpetrator and victim.** The dynamics of exploitation are very different for incidents in which victims know their perpetrators compared to cases when perpetrators approach the victims as strangers. It often can be more difficult for victims or caregivers to identify exploitation by family members or friends because the lines between legitimate and exploitative transactions can be blurred. Victims also are less likely to report EFE to authorities for fear of damaging personal relationships or causing additional hardships for the people they care about. Finally, in many cases, law enforcement may be less likely to investigate EFE by family members or friends because they view these conflicts as domestic disputes rather than crimes.
- **Cognitive decline.** The presence of cognitive decline in victims can impede financial recovery at all stages of the process. Victims with cognitive decline have more difficulty monitoring their finances, making it more difficult for them to notice unexpected transactions. They also might find it more challenging to differentiate between legitimate and exploitative requests. They may be less likely to report EFE to authorities, not only because they lack confidence in their ability to recall details, but also because they are concerned they may lose independence because of the incident. Victims with cognitive decline may have more difficulty providing information to investigators, making it less likely that police and other authorities can bring perpetrators to justice successfully. And even when perpetrators are identified successfully and restitution is ordered, cognitive decline can make it difficult for victims to navigate the administrative processes necessary to receive their funds.

- **Physical health factors.** As with cognitive decline, physical health issues may be a barrier to financial recovery from EFE at all stages of the process. Hospitalization and other health crises can distract older adults and make it more difficult for them to monitor their finances, which in turn can make it easier for perpetrators to take money without being detected. Health issues can dissuade victims from reporting EFE to authorities because they may decide the small possibility of recovery is not worth the additional effort and emotional stress. It also can be challenging for older adults in poor physical health to carry out the tasks necessary to support investigations, and even to collect restitution if it is awarded. Finally, victims in poor health are more likely to die before investigations are concluded.
- **Social support networks.** Across all four stages, social support networks appear to be a strong facilitator of financial recovery. Friends and family can help victims identify when EFE is occurring by helping them review financial statements and by noticing and asking about suspicious behavior. They can encourage victims to report EFE to authorities, or even report it on the victim's behalf if they are unwilling or incapable of doing so. Finally, they can provide emotional or tangible support for victims during an investigation and, in the case of a positive outcome, help them navigate the administrative processes for the return of their funds.
- **Method and amount of transactions.** EFE incidents in which money is stolen through misuse of a credit or debit card may be more likely to be recovered. First, these accounts are easier to monitor by victims and caregivers so money that is stolen is more likely to be noticed. These transactions also leave more digital traces than cash or gift cards, which can help investigators track what happened and determine whether recovery is possible. When incidents are identified quickly, unauthorized credit card transactions are more easily reversed than other types of transactions, which could make recovery more likely. The amount of money stolen also can influence recovery, with greater amounts more likely to be identified, reported, and investigated than smaller amounts.
- **Responder training/resources.** While many of the hypotheses discussed in this report relate to victims and caregivers, the research suggests that law enforcement, APS professionals, financial institution staff, and investigators can serve as important barriers or facilitators to recovery. For example, staff at financial institutions or APS who are better trained can identify evidence of EFE more effectively and report suspected cases to law enforcement. Training also could make police officers and other authorities more confident in their ability to pursue cases effectively, and thus more likely to undertake investigations. Finally, investigators are more likely to bring cases to successful conclusions if they have sufficient resources and access to expertise through structures such as multidisciplinary teams or elder abuse forensic centers.

- **Victims' personal financial situation.** A victim's financial security can affect recovery outcomes, depending on the circumstances. EFE victims who are financially comfortable appear to be less likely to identify EFE, especially when the amount stolen was small. However, in cases when they do identify and report EFE, victims who are financially secure may be more likely to recover funds because they can hire outside support, such as attorneys, to assist in the investigation and recovery phases.
- **The location of the perpetrator.** Financial recovery can be more difficult to achieve when the perpetrator lives in a different state or country from the victim, especially if they are part of an international criminal organization. These cases are more difficult to investigate because local police or APS typically are not equipped to identify or pursue leads across borders, while individual cases may not rise to the attention of federal authorities. Moreover, international criminal organizations have the capacity to hide funds better and avoid collections.

## Implications for policy and research

The study findings and hypotheses have important implications for policy, research, and practice. Key implications of this work include:

- **More public awareness of successful prosecutions and enforcement actions resulting in financial recovery.** The perception that EFE cases rarely result in financial recovery can be self-fulfilling when this pessimism discourages victims from reporting or law enforcement from investing resources in investigations. One way to overcome this barrier would be to publicize successful prosecutions and enforcement actions that result in restitution. Publicity should not be limited to legal actions against perpetrators but also against companies and professionals that facilitate and benefit from EFE, either by failing to report EFE when required by law or by knowingly processing fraudulent transactions.<sup>53</sup> This publicity should emphasize how victims contributed to these outcomes by coming forward and supporting the investigation.
- **Avenues for counseling and alternatives to criminal prosecution in certain situations of family exploitation.** Interviews suggested that complex interpersonal dynamics within a family, especially when perpetrators are experiencing personal instability, can pose barriers across all stages of the financial recovery process. For example, several victims reported hesitation about reporting EFE by a family member

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<sup>53</sup> For example, the CFPB brought a case against BrightSpeed Solutions, Inc. for knowingly processing payments for tech support scammers, many of whom targeted older adults. More information about the case is available at [https://files.consumerfinance.gov/f/documents/cfpb\\_brightspeed\\_proposed-stip-jdmt-and-order\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_brightspeed_proposed-stip-jdmt-and-order_2022-01.pdf)

because they perceived the perpetrator to be struggling and felt that reporting them to law enforcement would only add to their difficulties. Moreover, perpetrators' instability was also a reason why they were unable to repay. Support for family counseling and private restitution arrangements could potentially ease victims' concerns about adding to perpetrators' struggles while also increasing their chances of having their funds repaid.

- **Training and resources for financial institution, APS, and law enforcement staff to ensure that they understand the prevalence of EFE and the importance of their own roles in identifying, reporting, and investigating cases.** Front-line staff at financial institutions, APS, and law enforcement often interact with EFE victims in ways that are critical to their prospects for financial recovery. Confusion on the part of these staff about what constitutes EFE, or their roles in responding to it, can stop the financial recovery process. Conversely, front line staff who are well-trained about EFE can take vital steps to move cases toward financial recovery, for example by stopping questionable transactions, documenting facts, and locating suspected perpetrators before they spend or hide funds acquired through EFE. Improved training and resources for front-line staff could also address burdens that keep some victims from reporting or assisting in an investigation.
- **Establishing administrative structures such as multidisciplinary teams and elder abuse forensic centers.** Interviews and the literature suggest that these structures facilitate cooperation among the different stakeholders and bring the maximum amount of specialized expertise to bear in investigations and prosecutions. As more jurisdictions create and gain experience with these and similar approaches, it will also be important that they share best practices so the field benefits from that knowledge.
- **Streamlining administrative processes for getting recovered funds to victims once restitution has been ordered.** This research found that even in rare cases where EFE is reported and investigated, a perpetrator is identified, restitution is ordered, and money is available for recovery, victims sometimes still cannot access that money because they are unable to navigate the bureaucratic processes involved. In many cases, they rely on social support networks that are not available to everyone and even pay for legal assistance. Policymakers should investigate ways to simplify processes and systems, to make them easier for EFE victims to understand and use.
- **More research focused on administrative data from agencies such as APS, and federal and state regulators that allow for quantitative examination of the importance of different factors at each stage of the recovery process.** Some state APS agencies have estimated EFE costs by conducting in-depth reviews of all EFE cases that were referred to them and substantiated by investigators. For example,

the case review protocol used in a New York APS study found that five percent of victims received either a full or partial refund but did not include the amount of money returned.<sup>54</sup> Future researchers could attempt to develop more systematic methods and processes to extract case outcome information from APS files. Depending on the other information contained in the files, the data could be used to further study connections between EFE recovery and the context in which the EFE occurred. Other sources of administrative data include SARs or data on enforcement actions, both of which may include information about money returned to victims. Although none of these administrative data sources contain the full breadth of EFE incidents, researchers could potentially use them to estimate aspects of EFE recovery, such as the proportion of lost funds victims recover from certain types of EFE incidents or circumstances.

- **More research focused on transactional data from financial institutions that provide insights into losses to consumers and companies, refunds, and outstanding disputes.** Financial institution's transactional data can allow researchers to observe and study patterns on how funds move from the older person to the perpetrator. They also can help researchers observe and study patterns on how perpetrators use the funds. Transactional data can shed light on the differences in losses and refunds by financial product, and to consumers and companies.
- **More research examining the connections among different factors, including non-financial factors such as health and social supports.** The factors discussed in this report are not independent and are interrelated. For example, we note that two of the factors that are important throughout all stages of financial recovery are cognitive decline among victims and the strength of their social support networks. The first can be a barrier to recovery, while the second is frequently a facilitator. However, cognitive decline likely has impacts on victims' social support networks. For example, as older adults' cognitive health decreases it may become more difficult for them to maintain close relationships with family or friends. While documenting these connections among hypotheses was outside the scope of the current study, it will be important for future researchers to investigate them in more detail so the field can have the most comprehensive picture possible of victims' experiences with EFE and financial recovery.
- **More studies examining how victims' race, gender, or other attributes intersect with factors related to financial recovery.** Many of the hypotheses that emerged from this research may be mediated by broader social conditions affecting historically marginalized groups. For example, gender roles within families could

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<sup>54</sup> Huang, The New York State Cost, 2016.

influence factors such as the relationship between the victim and perpetrator, social support networks, and attention to personal finance. Similarly, racial and gender identity, among other attributes, could influence a victim’s knowledge of—and faith in—authorities, and thus their pathway through the stages of the financial recovery framework. Future research could explore ways that race, gender, and other attributes affect the factors and hypotheses presented in this report.

- **Greater consumer protections in gift-cards and money transfers, as well as emerging payment methods like peer-to-peer (P2P) payments and cryptocurrency.** The study highlighted that EFE incidents in which money is stolen through credit or debit card transactions are more likely to result in recovery compared to cases involving a gift card or money transfer. One potential approach to reducing gift card or money transfer losses would be public education aimed at retail store cashiers about how to identify red flags, such as customers who appear nervous, are on the phone, or who ask to purchase multiple cards for high value. Retail store cashiers could also be trained about how to intervene in these cases by asking customers why they are purchasing gift cards or money transfers and who the cards are for. Warning signs in retail environments, such as on the card reader or cash register at checkout, could also reduce EFE carried out with gift cards and money transfers. In addition to educational materials and warning signs, regulatory policy could also address payment processors of gift cards. For example, payment processors could be required to monitor gift card purchases for suspicious patterns and place temporary holds on the card value when these patterns appear, during which time consumers could return the card to the retailer for its full value. The need for greater consumer protections extends to emerging payment methods like peer-to-peer (P2P) payments and cryptocurrency, which are increasingly being used by scammers.
- **More targeted consumer education for older adults and caregivers about how to identify and report EFE.** Public education campaigns could encourage older adults to monitor their financial accounts closely, especially during vulnerable times such as hospitalizations. Consumer education could also include guidance about recognizing scam warning signs, such as romantic overtures or investment pitches made over social media. This research also demonstrated a need for more clarity about where and how older adults and caregivers should report suspected EFE to law enforcement, APS, financial institutions, or other authorities.

# Appendix A:

This study was conducted from August 2020 to December 2021 and consisted of a review of the existing literature on financial recovery and one-on-one interviews with older adults, caregivers, and professionals.

## Literature-based research

The Consumer Financial Protection Bureau's (CFPB) first step in developing a framework for financial recovery was to review existing research literature to better understand the ways in which researchers have explored costs, effects, and recovery from EFE. The literature review used a multipronged search strategy to identify relevant articles, reports, and books across a range of disciplines, including economics, law, and gerontology. The research team used keyword and Boolean-based searches of academic and legal databases as well as reviews of the websites of organizations conducting research on this topic to identify studies that have not been published, such as technical reports from government agencies or working papers, and studies not available through the database search. A team of reviewers coded article abstracts and flagged relevant articles for full review.

## Qualitative research

Qualitative research consisted of one-on-one interviews with two categories of respondents: (1) older adults and caregivers with direct experience with EFE, and (2) professionals who encounter EFE cases in their daily work. All interviews were conducted using semi-structured protocols that ensured a consistent set of topics were addressed while allowing interviewers flexibility based on which questions were most relevant to interview participants.

### Interviews with older adults and caregivers

The CFPB conducted interviews with 23 older adults (age 60 and older) who had experienced EFE personally, and 8 caregivers<sup>55</sup> of older adults who had experienced EFE. The purpose of these interviews was to explore how EFE victims responded to their experience, especially

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<sup>55</sup> For purposes of this project, “caregiver” means a person who provides or provided regular care for an older adult during the past 5 years. There was no requirement for a minimum number of hours per week spent on care or the specific nature of the care.

whether, why, and how they pursued financial recovery, including any barriers or facilitators they encountered.

Older adult and caregiver interview participants were regionally and socio-demographically diverse and included people in 13 states from across the country. The purpose of the interviews was not to draw inferences about the frequency of EFE or recovery, so recruitment did not prioritize demographic representation of the older adult population; rather, participants were recruited based on three primary criteria:

- **The relationship between victim and perpetrator.** The literature on EFE<sup>56</sup> often distinguishes between cases when the victim and perpetrator know one another and when the perpetrator first approaches the victim as a stranger. The research team hypothesized that the relationship (or lack thereof) between victim and perpetrator would affect older adults' expectations for financial recovery, the processes they use to pursue financial recovery, and barriers or facilitators to financial recovery. As a result, the CFPB established recruitment quotas to ensure the participation of both people who knew their perpetrator and those who did not.
- **Recovery of money lost to EFE.** The limited research on financial recovery from EFE indicates that only a small proportion of victims ever recover any of the money they lose through EFE. However, due to the focus of this research, we set specific criteria to include victims who were able to recover some or all their money as well as some who did not recover any money.
- **The amount of money lost.** We hypothesized that victims of higher dollar losses would be more likely to seek financial recovery than those who lost smaller amounts, and therefore used recruitment quotas to ensure the inclusion of victims who lost both relatively large and relatively small amounts of money.

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<sup>56</sup> Jackson, "The Vexing Problem," 2015; Gunther, Jilene, *The Thief Who Knows You: The Cost of Elder Exploitation Examined* (Washington, DC: AARP Public Policy Institute, 2020): <https://doi.org/10.26419/ppi.00095.001>

**TABLE 2:** CHARACTERISTICS OF INTERVIEW PARTICIPANTS

Relationship between victim and perpetrator	Older Adults (n=23)	Caregivers (n=8)	Total (n=31)
The victim did not know the perpetrator	13	5	18
The victim knew the perpetrator	10	3	13
<b>Financial recovery</b>			
The victim did not recover any money	10	6	16
The victim recovered at least some of the money	13	2	15
<b>The amount of money lost</b>			
Less than \$100	2	0	2
Between \$100 and \$1,000	6	3	9
More than \$1,000	15	5	20
<b>Gender</b>			
Female	15	7	22
Male	8	1	9
<b>Race/Ethnicity</b>			
Asian	1	0	1
Black/African American	4	3	7
Hispanic/Latino	1	1	2
White, non-Hispanic	17	4	21
<b>Educational attainment</b>			
At least a bachelor's degree	12	5	17
Less than a bachelor's degree	11	2	13
Unknown	0	1	1

## Interviews with professionals

While the primary focus of this research was older victims and caregivers themselves, the CFPB also wanted to learn from professionals who work with EFE victims. For this reason, interviews were conducted with 12 professionals for whom investigating and responding to EFE are primary components of their job responsibilities. Professionals were recruited based on recommendations from subject matter experts advising this study. Whereas the interviews with

older adults and caregivers explored specific cases, the purpose of interviewing professionals was to gather broader contextual information based on their experience in the field. Professionals interviewed for this project included:

- The director of a national elder fraud hotline;
- The director of litigation for a state legal services program;
- A retired victim specialist for the Federal Bureau of Investigation (FBI);
- The managing attorney for a state elder justice task force;
- The director, assistant director, and a financial counselor for an elder financial safety center;
- A forensic accountant and certified fraud examiner;
- A detective in the elder abuse unit of a county sheriff's office;
- A program manager in a county Adult Protective Services (APS) agency;
- A former chief of an elder abuse unit in a district attorney's office; and
- A senior prosecuting attorney in a district attorney's office.

## Research team

The project was conducted by ICF under competitive contract issued by the CFPB and led by Hector Ortiz and Lisa Schifferle of the CFPB's Office for Older Americans.

An independent panel of seven experts contributed to the research design, recruitment of professionals, and hypothesis development. This panel consisted of Marguerite DeLiema, University of Minnesota; Paul Greenwood, Greenwood Law Corporation; Shelly Jackson, U.S. Department of Justice; Naomi Karp, Stanford Center on Longevity; Peter Lichtenberg, Wayne State University; Gary Mottola, FINRA Foundation; and Kathy Stokes, AARP FraudWatch Network.