



## **Protecting Your Loved Ones from Elder Financial Abuse — With Jeff Haber**

As people age, they become increasingly vulnerable to different kinds of abuse — one of them being financial abuse.

To help you get a better idea of what to look out for with this type of abuse, and how to protect your loved ones against it, I welcomed elder financial abuse expert, [Jeff Haber](#), onto episode 61 of the Retire Right Podcast.

According to Jeff, financial exploitation of elders involves the illegal or improper use of a person's assets, property, funds, and valuables. As seniors get older, they become more trusting and easier targets for this kind of abuse. In addition, many seniors are subject to the cognitive loss that can happen with age, along with diseases like Alzheimer's and dementia. Seniors are also typically people who are retiring with more wealth, making them a bigger target for financial exploitation.

Here are some things you need to know about protecting your loved ones against this type of abuse.

### **Signs of Elder Financial Abuse**

According to Jeff, one sign of this type of abuse is when seniors have the assets to pay, but they don't. For example, you might see things like utility bills that go unpaid, or the sudden termination of services with no explanation.

You might also see new people enter the life of the senior, whether it be a new friend, a casual acquaintance, a caregiver, or even a family member. This person might come in and start providing care and comfort to the elderly person, doing things like grocery shopping, driving them around, helping them with whatever their needs are, and generally working to get close to them. That's when seniors start to get taken advantage of.

One of the cases that made Jeff interested in representing the victims of elder exploitation and financial abuse involved a wealthy woman who got sick, and right around that time, a newcomer entered the picture. This newcomer befriended her, took care of her, and the two got close. When the woman went into hospice, her wills were changed, which is another sign that you should be looking for, and other estate planning documents were also changed to cut out the woman's family members. This is a sad story, but cases like this probably happen more than we realize.

## **Scams**

Unfortunately, in Jeff's line of business, he also does a lot of litigation involving fraud.

On the investment level, one of the more common scams that seniors fall victim to are Ponzi schemes. Ponzi schemes are great scams for people who are vulnerable and who no longer have mental acuity, as they promise them guaranteed returns that they can't miss. And unfortunately, Ponzi schemes often collapse on themselves.

Another scam that seniors fall victim to are annuity and living trust scams. This is not to say that these are not legitimate financial products when they are in the hands of a reputable person. Annuities and living trusts are perfectly legitimate and if appropriate, can be the right type of investment vehicle.

But with annuity scams, much like investing scams, you get an unscrupulous insurance broker who will try to move that elder out of their current annuity, which is probably a good one, into a lesser quality one — and you get high fees for that. And then, of course, the broker gets high commissions.

Scams are also very common in investing in general when you have an unscrupulous broker or investment advisor. They will continually turn the account, buying and selling docs or other types of securities where there's no purpose other than to get a commission, and that's improper. Unfortunately, elders often don't look at all their account statements, and because of this, these brokers get away with these types of scams.

Another type of scam involves reverse mortgages, which are really nothing more than a loan for seniors. You have to be 62 years old to get one, and you have to sit through an approved counseling program before you can actually get the loan. Generally speaking, reverse mortgages are good for people who either have their net worth tied up in their home or who have no other means of funds for their retirement. Unlike the forward mortgage where you go to the bank, get a mortgage, and then make the monthly payments, with a reverse mortgage, the bank or the lender is actually paying the borrower, which is based upon the market value of the home.

Again, in a legitimate situation and for the right circumstance, reverse mortgages can be a great way for seniors to have money for their retirement. Unfortunately, it's also susceptible to scamming and what you will find are people who will entice elders, barely talk about the counseling that's required, and get people to sign up for reverse loans on the spot — and then usually what they do is make themselves the beneficiaries among other ways to siphon off the money and to steal financial information.

## **Laws to Protect Seniors**

There are, however, some laws in place to help protect seniors.

On the state level, there is something called Adult Protective Services as a resource for people to use. There's also a statute that 25 states have enacted called The NASAA Model Act to Protect Vulnerable Adults from Financial Exploitation. This is an act that is designed to prevent the disbursement of monies from the accounts of seniors who are the victims of financial exploitation. This act enables a mandatory hold if in good faith and with due care the investment advisor, broker, or similar type of professional, believes that the person is or may be subject to exploitation.

On the federal level, there's also an act called The Senior Safe Act, through which professionals receive training in detecting and trying to prevent exploitation so they can also delay disbursement. FINRA has

also enacted two rules that are designed to protect people who are either the victims of financial exploitation or are thought to be the victim of financial exploitation.

### **How To Protect Your Loved Ones**

When it comes to protecting your loved ones from elder financial abuse, the best thing you can do is be vigilant. According to Jeff, the hardest thing to do is to inject yourself into a situation with your parents where you're monitoring their financial life or outright taking control, because the more you inject yourself, the more you're taking away their independence.

But it's important that if you detect some of these signs of exploitation, like the sudden disappearance of assets or a sudden termination of utilities like gas, it's important to step in. As a loved one, if you detect someone like a third party is doing it, you should report it to Adult Protective Services, or go to the local district attorney's office, or your local state-level attorney general.

If it's a broker dealer or a financial advisor that you suspect is involved in this type of exploitation, go to the supervisor or the manager to report it.

If you'd like more information on this area of finances, feel free to visit Jeff at [Freiberger Haber LLP](https://www.freibergerhaber.com). You can also contact him at [jeff@fhnylaw.com](mailto:jeff@fhnylaw.com) or call at (631) 282-8985.