Elder Financial Exploitation:

Background and Key Facts

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Federal Reserve Bank of Chicago

Preventing Elder Financial Exploitation: Research, Policies, And Strategies, April 3, 2024

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Medicare fraud scams target seniors and expose personal information

Melissa D. Berry. Lead Compliance Attorney Editor / Regulatory Intelligence / Thomson Reuters

When cybercrime leaves the web: FBI warns that scammers could come right to your door

Betty Lin-Fisher. USA TODAY

A Mexican Drug Cartel’s New Target? Seniors and Their Timeshares

One of Mexico’s most violent criminal groups, Jalisco New Generation, runs call centers that offer to buy retirees’ vacation properties. Then, it empties its victims’ bank accounts.

How Fraudsters Break Into Social Security Accounts and Steal Benefits

Thousands of people receiving Social Security benefits have had their money diverted into criminal accounts. Here's what to know.

Oklahoma attorney general warns of rising Bitcoin ATM scams

by KOKH STAFF. | Tue, March 19th 2024 at 10:37 AM

Updated Tue, March 19th 2024 at 10:37 AM

Seniors shelling out thousands of dollars in crypto scam, police warn

By Derek Walker. | Published December 28, 2023 8:51 pm EST | Fairfax County | FOX 5 DC
What is Elder Financial Exploitation?

• Elder financial exploitation (EFE) is the illegal or improper use of an older person’s funds, property or assets

• Perpetrators can be strangers or close trusted contacts

• Our research discussion will mainly focus on fraud by strangers as this much more widely reported

• Risk factors and policies will also differ
Why Focus on Older Individuals?

1. Older individuals have several risk factors for experiencing financial exploitation
   - Declines in executive functioning with aging
   - Greater loneliness, social isolation
   - Lack of sophistication with technology

2. They are a rising share of the population
Older People are a Rising Share of the Population

Source: US Census Bureau
How Pervasive is Financial Exploitation?

• There are 3 main sources of data to study EFE. Fraud is reported to several agencies including:
  
  • Consumer Financial Protection Bureau (CFPB)
  • FBI’s Internet Crime Complaint Center (IC3)
  • Federal Trade Commission (FTC)

• However, most fraud goes unreported ... this is a huge caveat to all statistics
Reports of Fraud Have Risen Sharply

- Less than half of fraud reports include the age of the victim
- Most reports are only about fraud from strangers
- One study finds that 8.7 percent of those 50+ experienced some type of fraud over the past 5 years

Deliema et al (2020)

Source: Consumer Sentinel Network, Federal Trade Commission
Fraud Rates in Fed’s 7th District States

Source: Consumer Sentinel Network, Federal Trade Commission
Financial Losses from Fraud

• Total losses from *reported* fraud in the US amounted to over $10 billion in 2023

• Older individuals (60+) are actually *less* likely to report a loss from fraud than other adults

• But, when older people do experience losses, they tend to be much higher

• In total the FTC thinks that the total cost of EFE in 2022 was between $5.9 and $48.4 billion
Reported Fraud Losses are Especially Large for Those Over 70

Source: Consumer Sentinel Network, Federal Trade Commission
Loss Report *Rates* by Types of Fraud

Source: Consumer Sentinel Network, Federal Trade Commission, Data for 2022
Total Losses by Types of Fraud (60+)

- Investment Scams: $404M (+175%)
- Business Imposters: $271M (+78%)
- Romance Scams: $240M (+13%)
- Government Imposters: $186M (+52%)
- Tech Support Scams: $159M (+117%)
- Prizes, Sweepstakes & Lotteries: $134M (+24%)
- Online Shopping: $54M (-5%)
- Fake Check Scams: $48M (+116%)
- Family & Friend Imposters: $32M (+36%)
- Timeshare Resales: $16M (+15%)

TOTAL LOSS (% CHANGE FROM 2021)

Source: Consumer Sentinel Network, Federal Trade Commission, Data for 2022
Total Losses and Loss Reports by Types of Payment (60+)

<table>
<thead>
<tr>
<th>Type of Payment</th>
<th>Total Loss</th>
<th>% of Loss Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Transfer or Payment</td>
<td>$570M</td>
<td>10%</td>
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<tr>
<td>Cryptocurrency</td>
<td>$288M</td>
<td>7%</td>
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<td>Gift Card or Reload Card</td>
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<td>Wire Transfer</td>
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<td>Check</td>
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<td>Cash</td>
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<td>9%</td>
</tr>
<tr>
<td>Money Order</td>
<td>$15M</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: Consumer Sentinel Network, Federal Trade Commission, Data for 2022