



Wells Fargo Leading the Fight Against Elder Financial Abuse

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Lauree Peterson Sakai and Anne Wilson Larkin

Wells Fargo's Elder Center of Excellence



The Vision, Values & Goals of Wells Fargo

Our Vision We want to satisfy our customers' financial needs and help them succeed financially.

- Our Values**
- What's right for customers
 - People as a competitive advantage
 - Ethics
 - Diversity and inclusion
 - Leadership
-

Our Goals We want to become the financial services leader in these areas:

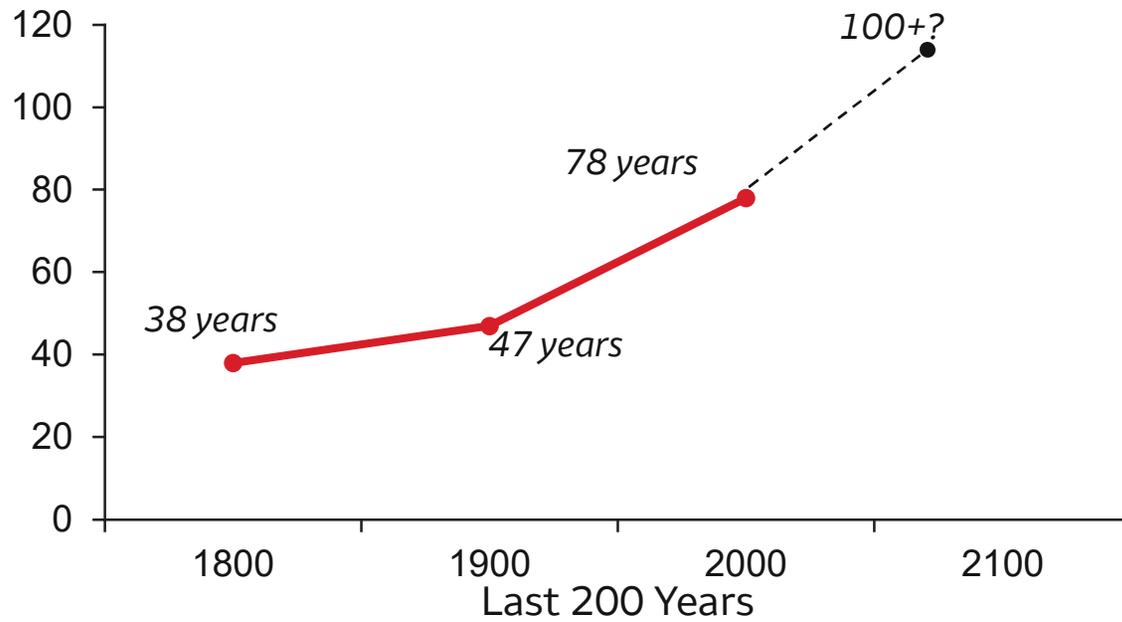
Customer service and advice	Team member engagement	Innovation
Risk management	Corporate citizenship	Shareholder value



Why Wells Fargo is committed to raising awareness and addressing the issue federally and through states?

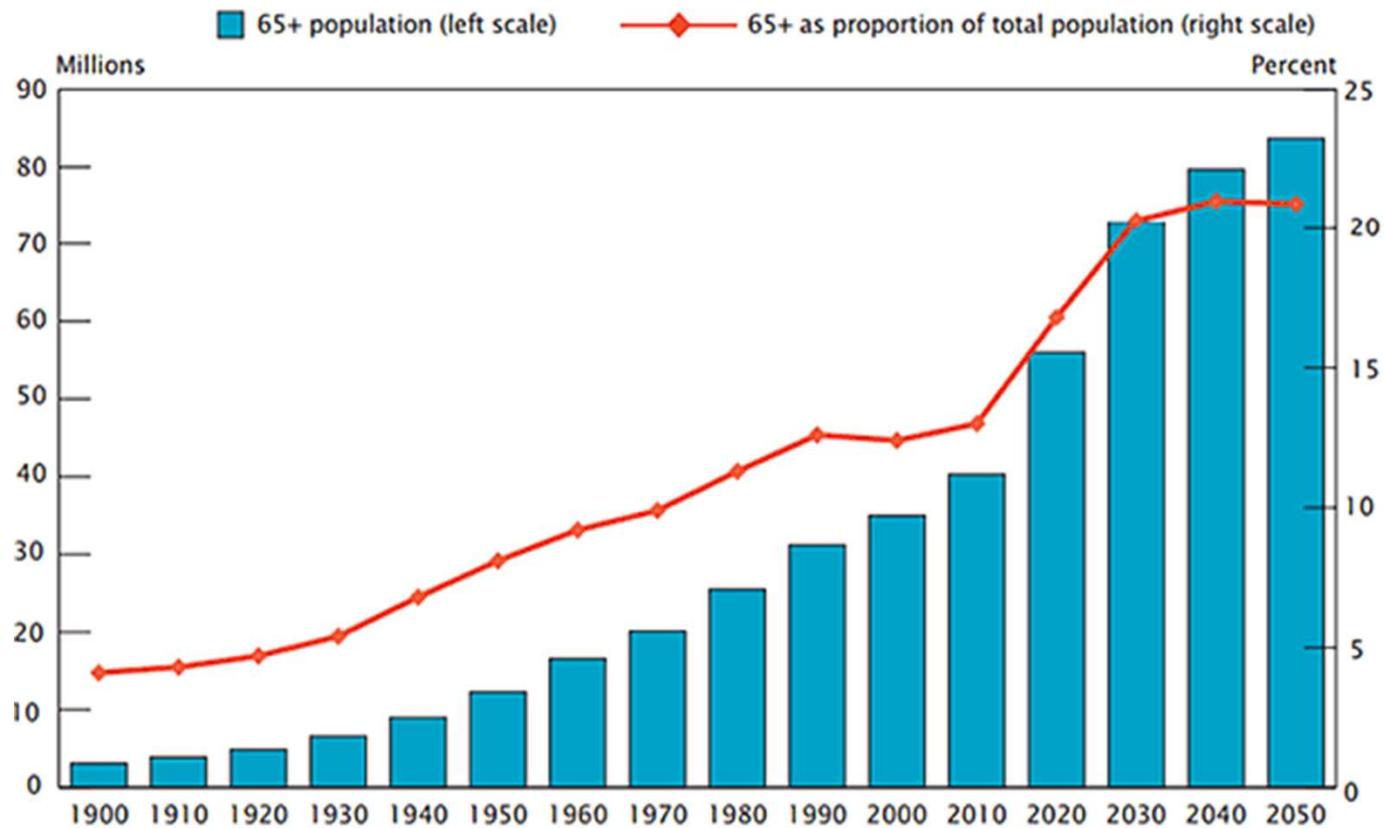
Our Ever-Increasing Lifespan

The last two centuries have seen a doubling of the average lifespan...



Source: U.S. Census Bureau, 2010

America's Population - 65 and over (1900 to 2050)



Sources : 1900 to 1940, and 1960 to 1980, U.S. Bureau of the Census, 1983; 1950, U.S. Bureau of the Census, 1953; 1990, U.S. Bureau of the Census, 1992; 2000, U.S. Census Bureau, 2001; 2010, U.S. Census Bureau, 2011; 2020 to 2050, U.S. Census Bureau, 2012a; 1900 to 2010, decennial census; 2020 to 2050, 2012 National Population Projections, Middle series.

Significant Highlights of 2016 US Census

Those aged 65 to 74 were the largest among three age groups, numbering 28.7 million or

58%

of the older population.

Other significant highlights include:

- 19.4% - Florida's population age 65 and older in 2015. Alaska had the lowest percent at 9.9%
- 98.2 million – Projected population in 2060 of people age 65 and older with 19.7 million will be age 85+
- 27% Grandparents aged 65 to 74 and 11% of those 85 and older provided care for their co-resident grandchildren

Increasing Headlines of Elder Issues including Financial Abuse



Older Americans are Perfect Targets

- They have money/assets
- They are trusting of others
- They have time on their hands
- They live alone
- They live away from family members
- They have limited mobility
- They tend to be technologically challenged
- They are mentally and/or physically vulnerable.

What We Know



Someone turns **50** every 8 seconds



The US population >65 will double within 25 years, due to the aging of baby boomers



Almost **TWO-THIRDS** of Americans living with Alzheimer's are women



1 out of every 5 citizens over 65 have been victimized



Half of US women 75+ live alone (8.1 million)



ONE-THIRD of older Americans haven't talked with family members about later life and end of life plans.

Sources: 1 M. Thornhill, The Boomer Project, 2006; <https://www.alz.org/alzheimers-dementia/facts-figures>; <https://ltcombudsman.org/uploads/files/issues/mmi-elder-financial-abuse.pdf>; <https://acl.gov/sites/default/files/Aging%20and%20Disability%20in%20America/2011profile.pdf>; <https://www.sec.gov/news/press/extra/seniors/agingboomers.htm>; <https://www.wellsfargoadvisors.com/planning/life-events/elder-protection/elder-protection-guide.htm>

What is Elder Financial Abuse?

- Early years focus of **elder abuse** was on physical abuse
 - Caregiving settings at home or nursing homes
 - Congressional hearings in 70's mentioned “granny battering”
 - Now multiple subsets, including growing **elder financial abuse/exploitation**
- Broad spectrum of predatory behavior and predators can be family members, friends, caregivers, fiduciaries, clergy and strangers
 - May feel justified in taking what believe to be “almost” or “rightfully” theirs
 - Third-party and stranger scams involve dishonesty using many methods: in person, over the internet, through the mail and by telephone
- Wells Fargo defines an elder as age 60 and up

Financial Abuse also involves Vulnerable Adults

- Adults over age 18 with physical, mental or emotional impairment

Devastating impacts of Elder Financial Abuse

- Only 1 in 44 Elder Financial Abuse cases (2%) are reported to authorities
- FBI 2017 Report calculated older adults lost \$342 million through internet scams
- NY State 2017 study calculated annual direct losses of \$352 million (social impacts \$1.5 B) for NY residents
- Estimated that more than half of Elder Financial Abuse is committed by family members of the victim
- In 2018, DOJ announced largest coordinated sweep of criminal charges against 250 perpetrators victimizing over 1 million Americans
 - most were elderly
 - over \$500 million lost in fraudulent schemes
 - additional uncalculated economic impact to businesses, government and society

Sources: FBI 2017 Internet Crime Report, released May 8, 2018 by FBI's Internet Crime Compliant Center; "Under the Radar; NY State Elder Abuse Prevalence Study Final Report," published by NY State Office of Children and Family Services, retrieved from www.lifespan-roch.org/documents/UndertheRadar051211.pdf; NAPSA ; National Center on Elder Abuse, "What We Do," available at <https://ncea.acl.gov/whatwedo/research/statistics.html#perpetrators>; DOJ press release February 22, 2018; Elder Justice Roadmap (2014)

Signs of Elder Financial Abuse

- Atypical withdrawals, wire requests, on-line transfers, credit card purchases or large balances
- Checking issues such as insufficient funds, duplicate payments or failure to pay utility and other bills
- Reluctance to discuss finances when previously a matter of course or provides secretive responses when asked about details of transaction or distribution
- Confused about changes to finances, “missing funds” or denied access to funds or statements/information
- Change in appearance – fearful, withdrawn, distressed or physically disheveled
- Caregiver, family member or new best friend accompanies, speaks over, coaches or speaks exclusively on behalf of the individual
- Signatures seem forged or suspicious
- Has a new “best friend” or “sweetheart”
- Abrupt or unexplained changes in POA’s, beneficiary designations or presentation of other legal documents
- Missing possessions from home or residence

Signs of Diminished Capacity

- Forgetfulness, especially short-term
- Confusion or disorientation
- Difficulty performing simple tasks
- Poor judgment, poor comprehension
- Difficulty with abstract concepts
- Depression, anger, and drastic mood swings
- Change in appearance or decline in hygiene



But May Need Professional Help as Could Be

- Medicine Reaction
- Health Issue
- Poor Nutrition
- Infection
- Depression
- Lack of Sleep

The Law of Elder Financial Abuse

Legislative Focus Turns to “Financial” of Elder Abuse

- Starting around 2006, financial regulators began discussing elder financial abuse as well as diminished capacity
 - Securities Industry Notice to Members reminded firms of obligations to senior investors in 2007
- Uniform Power of Attorney Act in 2006
 - Variety of provisions and lack of uniformity that model act offered
- Social Service agencies become more receptive to investigating the “financial” of elder abuse



- In 2010, Washington allowed a financial institution to pause a transaction when financial abuse was suspected

Early Challenges to Elder Financial Abuse Legislation

- Financial Institutions caught in middle
 - Owe clients two essential duties: maintain customer's **privacy** and promptly **execute** a client's order
 - Yet instances when okay to say “no”
 - Delay sending money to a known or suspected scam
 - Reach out to trusted family member, friend or loved one
- Other concerns
 - “It is the clients' money and they can do what they want”
 - Lack of skills to determine financial abuse until after the fact
- Some regulators similarly balked at being involved
 - “We are not Social Workers”
 - Refuse to give permission to hold up a transaction while investigate

North American Securities Administrators Association Model Act Against Financial Exploitation (January 2016)

Model language for states to help securities firms and investment advisors address financial abuse (“Report and Hold”)

- Applies to adults 65 and older and those who qualify under state adult protective services statute
- **Required** reporting to APS and Securities Regulators
- Provides the ability to hold disbursements for **up to 15 days**
 - Can be extended 10 more days by state securities or APS agencies
- Provides administrative and civil immunity to firms
- Authorizes contact of someone **previously designated** by the client



24 States Enacted “Report & Hold”

States		
Alabama Act 2016-141 (2016)	Louisiana Act 580 (2016)	North Dakota SB 2322 (2017)
Alaska HB 170 (2018)	Maine LD 566 (2019)	Oregon SB0095 (2017)
Arizona SB 1483 (2019)	Maryland HB 1149 & SB 951 (2017)	Tennessee SB1192 (2017) & HB 0304 (2017)
Arkansas Act 668 (2017)	Minnesota HF3833 (2018)	Texas HB 3291 (2017)
Colorado HB 17-1253 (2017)	Mississippi SB 2911 (2017)	Utah SB 88 (2018)
Delaware HB 332 (2018)	Montana SB 0024 (2017)	Vermont V.S.R. § 8-5 (2016)
Indiana Act 221 (broker-dealers, 2016; Act 1526 (inv advisers, 2017))	New Hampshire B. 252 (2019)	Virginia SB 1490 & HB 1987 (2019)
Kentucky HB 93 (2018)	New Mexico HB 0326 (2017)	Washington RCW Chapter 74.34 (2010)

Source: NASAA Policymakers Section – Legislative Update Center; <http://serveourseniors.org/about/policy-makers/nasaa-model-act/update/>

Texas Act - adopted September, 2017
Have over 3.1 million people over 65



Enhanced coverage over NASAA model

- Transactions, not just disbursements
- Can extend 10-day hold up to 30-business days
- Ability to contact individuals not on account or not previously designate by account owner
- Immunity if act in good faith and with reasonable care

Source: <https://www.texasattorneygeneral.gov/consumer-protection/seniors-and-elderly>, Ken Paxton, Attorney General of Texas

Financial Industry Regulatory Authority Broker/Dealer Rule Changes (February 2018)

- Amended Rule 4512 (Customer Account Information)
 - Requires firms to ask for a “trusted contact” for client accounts
- New Rule 2165 (Financial Exploitation of Specified Adults)
 - Provides safe harbor of immunity for not releasing funds if reasonable belief of exploitation
 - Temporary hold on disbursement for 15 business days that can be extend 10 more days by firm and further by state regulator or court
 - Firms must notify trusted contact and those authorized on account of the hold



Potential Extensions by FINRA After One Year

Comments due October 8, 2019 on:

- Extension to transactions – not just disbursements
- Extension of time frames
- Extension to diminished capacity as currently only if suspect fraud (unauthorized taking or deception, intimidation or undue influence)
 - Some concern that might impose medical analysis on firms
- Extension of safe harbor by creating complaint code when client issue arises

FINRA's solution preferred but still need coverage of states' Registered Investment Advisors and other financial institutions

Federal Senior Safe Act (May, 2018)

- Covers credit unions, depository institutions, Investment advisors, broker-dealers, insurance companies and agencies, and transfer agents and employees
- Immunity when reporting potential exploitation of senior
 - Senior defined **65 years and older**
- Reports must be in **good faith** and with **reasonable care**
 - Allow temporary holds on disbursements for 15 business days and extension for additional 10 days
 - Must notify trusted contact and those authorized on account of the hold
- Must be trained in how to identify and report exploitative activity

Other Legislative Initiatives

Adult Children Responsible for Parents' Care (Filial Support)

States		
Alaska	Maryland	Oregon
Arkansas	Massachusetts	Pennsylvania
California	Mississippi	Rhode Island
Connecticut	Montana	South Dakota
Delaware	Nevada	Tennessee
Georgia	New Hampshire	Utah
Indiana	New Jersey	Vermont
Iowa	North Carolina	Virginia
Kentucky	North Dakota	West Virginia
Louisiana	Ohio	

Recent Pennsylvania judgement against son for mother's unpaid nursing home bills

Other Legislative Initiatives (cont'd)

Forfeiture of Inheritance

- **Disincentive** to commit elder abuse plus **incentive** for others to report

Arizona § 46-456	California Probate Code §259
Connecticut (proposed)	Illinois 755 ILL. 5/2-6.2
Kentucky § 381.280	Maryland CRIM. LAW § 8-801
Michigan § 700.2803	Oregon § 112.465
Washington § 11.84.020	West Virginia §36-1-20

- Often physical and mental abuse by family members escapes reporting laws unlike abuse in facilities
- Six states require conviction, meaning elevated burden of proof and potential appeal process before estate can settle
- Three states trigger disinheritance only if financial abuse – not other forms of elder abuse

Where do we go from here?

Increasing Importance of Legislation

- Increasing preferences across all age groups to transact financial business electronically by computer or mobile app
 - Increasing speed and ease of access and movement
- Increasing population who are targets
 - Longer lifespan and potential dependency vs. independence
- Increasing inability to recover/replace Funds
 - Rising daily living and health care costs
 - Impact on ability to leave legacy
- Increasing sophistication of fraud and undue influence
 - Plus cognitive decline
- Increasing litigation between family members/loved ones while financial institutions hold the assets

Enact or Amend Legislation

- Use FINRA rule for uniformity for securities broker/dealers and RIAs with ability to have APS forward to state securities regulator
- Consult National Adult Protective Services Association (NAPSA) for best practices, including uniform submission form and template for document requests
- Extend “report and hold” ability to all state banking, insurance, mortgage, lending and other financial institutions
 - Additional guidance from NASAA and the Securities Industry and Financial Markets Association (SIFMA)
- Extend trusted contacts to all state financial institutions
- Uniformity in handing Powers of Attorney and other fiduciaries
- Disinherit abusers so do not profit from acts

Steps That Saved Money when Suspected Elder Financial Abuse AARP/Virginia Tech BankSafe Report (October, 2019)

Refused Transaction 84%	Hold/Delayed Transaction 75%
Added Notes to Account 61%	Withdrawal Limits on Account 60%
Asked Questions 58%	Contacted Authorized Party 58%
Flagged Account 57%	Explained Concerns to Client 54%
Escalated to Management 51%	Reimbursed Lost Funds 50%
Refused Power of Attorney 50%	Separated Perpetrator & Client 45%
New ATM/Debit/Credit Card 44%	Contacted Law Enforcement 42%
Contacted APS 34%	Other Action 89%

- Average victim was 70-79 year old female with less than \$20,000 in account.
- More often saved money when perpetrator was a family member

Source: AARP BankSafe partnership with Virginia Tech Center for Gerontology: The Impact of Training Financial Professionals to Prevent Financial Exploitation Summary; Jilene Gunther and Pamela Teaster; full report: at aarp.org/banksafe.

Specific Needs

- Consistency across state and federal legislation
 - Uniform definitions for ease of compliance
 - Sharing and protecting financial information that is shared
 - Voluntary reporting is more effective/efficient reporting than those with mandatory reporting
- Grant ability to delay or decline transactions as well as disbursements
 - Increase time and extent of safe harbors for investigation and resolution
- Create a National Oversight Agency to coordinate with state APS groups
 - Increase APS communications to financial institutions on opening, closing or current status of cases
 - Nationwide entry point and database of Elder Financial Abuse cases
 - Uniform standards to accept cases and use of online form to report automatically at state and national levels
 - Avoid chilling effects of reporting by protecting name of reporter

Specific Needs (con't.)

- SAR reporting clarification, dedicated reviews and additional considerations
- Increase awareness and partner with public, private and non-profit groups to educate and help
 - Increase Public Service Announcements
 - Better trained and coordinated efforts with police, APS, prosecutors, regulators, financial industry & investors
- More resources and programs that keep elder abusers from profiting

Partner with Wells Fargo to Fight Elder Financial Abuse

Education

- Educate about frauds and scams, including electronic financial safety.
- Keep the lines of communication open, even if they are a victim of a scam. Listen, empathize and understand their situation.

Collaborate (*Teamwork*)

- Financial Institutions
- Multidisciplinary Teams (MDTs)
- Adult Protective Services
- Academics
- Regulators
- Law Enforcement



Resources

- Wells Fargo materials
 - Protecting Those You Love Elder Abuse Brochure
 - 2018 Elder Needs Survey
 - Trusted Contacts Authorization form
 - Elder Financial Abuse Red Flags
 - FINRA Securities Helpline for Seniors
- NAPSA survey of APS challenges (<https://www.napsa-now.org/policy-advocacy/national-policy/>)
- SIFMA resources and advocacy, including Senior Investor Protection Toolkit (https://www.sifma.org/resources/archive/general/?aq=Senior%20Investor&hPP=10&dx=prod_wp_searchable_posts&ap=0&fR%5Bpost_type_label%5D%5B0%5D=General%20Resources&is_v=1)
- Others
 - Eldercare Locator for elder services using zip code on-line or call 800-677-1116
 - Administration on Aging (AOA)
 - National Center for Abuse in Later Life (NCALL) for trainings
 - National Center of Elder Abuse (NCEA) for diverse populations materials
 - AARP BankSafe (training to prevent financial exploitation)
 - National Crime Victim Center (NCVC)

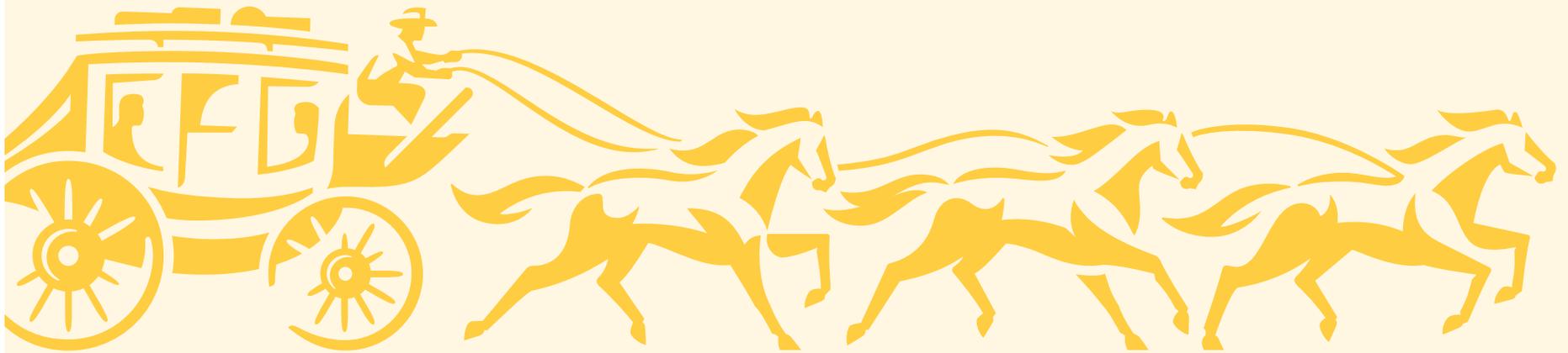
Wells Fargo Recognizes Its Clients' and their Families' Needs

Supreme Court Justice Sandra Day O'Connor said:

***We don't accomplish anything in this world alone...
whatever happens is the result of the whole tapestry
of one's life, and all the weavings of individual
threads form one to another that creates something.***

Please Join Us in the Fight to End Elder Financial Abuse

WELLS
FARGO



Thank you.
