



## STRATEGY 6

### Increase Awareness of and Protections from Fraud for Older Adults

The State Attorney General's Office should continue collaboration with the North Carolina Division of Aging and Adult Services and the North Carolina Consumer Fraud Task Force to:

- a. Work with the North Carolina Bankers Association, Carolinas Credit Union League, and North Carolina Retail Merchants Association to promote education and training of bank and retail employees on identification of possible victims of fraud and how to intervene in potential instances of fraud.
- b. Evaluate what groups of older adults may be most vulnerable to fraud and identify opportunities for additional outreach.

**Desired Result** – Reduce the occurrence of older adults becoming victims of fraud.

**Why does the task force recommend this strategy?** – Fraudulent activity perpetrated against older adults can be committed by strangers or by someone close to the older adult, such as a caregiver or family member. It is estimated that each year, 1 in 20 older adults is financially exploited by a family member or caregiver.<sup>83</sup>

According to the Federal Bureau of Investigation, in 2021, 90,000 victims of fraud were over age 60, accounting for \$1.7 billion in losses – a 74% increase in losses from 2020.<sup>84</sup> This includes more than 7,600 cases of romance fraud, 3,100 cases of credit card fraud and 2,100 cases of investment fraud.<sup>84</sup> North Carolina ranked 15th in the country for fraud victims over age 60.<sup>84</sup> This only accounts for reported cases, with the majority of older adult fraud cases going unreported.<sup>85</sup> This may be due to a lack of understanding of the reporting process, or embarrassment and fear of losing financial independence.<sup>86</sup> While adults aged 18-59 tend to be frequent targets of fraud, those over age 65 report losing the most money in the case of a scam.<sup>87,88</sup>

**Context** – The Fraud and Scam Prevention Act, a part of the federal 2022 omnibus appropriations bill, aims to raise awareness of and combat attempts to defraud consumers, particularly older adults.<sup>89</sup> The legislation also created the Senior Scam Prevention Advisory Group, a task force that seeks to study and upgrade existing educational materials, including how to recognize scams and prevent fraud from occurring.<sup>90</sup>

The Financial Exploitation Act of 2023, which passed in the US House and was awaiting Senate approval as of August 2023, seeks to allow open-ended investment companies, such as mutual funds, to postpone a requested payout for up to 25 days if the agent believes that exploitation is the likely scenario.<sup>91</sup> This bill would apply to those who are aged 65 or older, as well as adults who may be unable to protect their own interests.

#### Financial Exploitation Through Banking

According to a 2021 report by the American Bankers Association, US residents born before 1965 hold 65% of the bank deposits in the country.<sup>92</sup> And although many banks train employees to spot financial exploitation of older adults, there are reports of confusion about reporting due to privacy concerns.<sup>92</sup> A study by AARP showed that bank tellers who underwent AARP's BankSafe training

“We've found that bankers are often the first line of defense against elder financial fraud from educating and advising customers to spotting the signs of abuse.”

-Peter Gwaltney, president & CEO, NCBA  
<https://ncbankers.org/north-carolina-bankers-association-joins-the-american-bankers-association-foundations-safe-banking-for-seniors-campaign/>

reported on average five times the number of suspected instances of fraud or exploitation.<sup>92,93</sup> In 2022, The North Carolina Bankers Association joined the American Bankers Association Foundation's Safe Banking for Seniors campaign. Education for registered bankers focused on four topics: identifying and avoiding scams; protecting assets by preventing identity theft; choosing a financial caregiver; and acting as a responsible financial caregiver.<sup>94</sup>

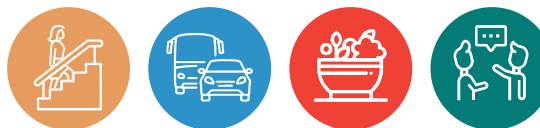
#### Groups At Higher Risk

Some older adults may be more vulnerable to fraud.<sup>95</sup> Older adults who rely on assistance due to physical or cognitive decline are more likely to become victims of exploitation. Financial oversight as a shared responsibility among family members can create a checks-and-balances system to limit fraud. Older adults may be more vulnerable to fraud due to physical changes in the brain; these changes have been linked to increased susceptibility to believing a story someone shares.<sup>96,97</sup> This applies to adults without dementia-related diseases like Alzheimer's; however those affected by Alzheimer's and other dementias are at more risk due to decreased capacity for decision-making.<sup>97,98</sup>

Immigrants may be targeted due to language barriers and less awareness of culture norms. For some communities, there may also be a lack of trust in law enforcement, making the individual less likely to report the crime.<sup>99</sup>

Older adults who report loneliness or social isolation are more likely to be vulnerable to financial exploitation.<sup>100</sup> This is due in part to the reduced likelihood of having anyone with whom to discuss the proposed investment.<sup>101</sup> Those who report themselves as socially isolated or lonely are also more likely to fall for certain types of fraud, such as romance and technical support fraud.<sup>101</sup>

#### How would this impact the health of older adults?



Protection of financial resources helps older adults to maintain a safe home environment and access to food and transportation resources – thus reducing falls risk, maintaining mobility and social connections, and ensuring adequate nutrition.