



Financial Trend Analysis

Financial Crimes Enforcement Network / FinCEN

Elders Face Increased Financial Threat from Domestic and Foreign Actors

The Financial Crimes Enforcement Network (FinCEN) is releasing this strategic analysis of Bank Secrecy Act (BSA) reporting to share information pertaining to elder financial exploitation. This information is relevant to the public, including consumers, media, and a wide range of businesses and industries. The report highlights the value of BSA information collected by regulated financial institutions. This document does not introduce a new regulatory interpretation, nor impose any new requirements on regulated entities. The research detailed in this report is one of many examples of how FinCEN and its law enforcement, regulatory, and national security partners may analyze and use BSA reporting, but it is not intended as guidance for financial institutions. For formal guidance to financial institutions on reporting elder financial exploitation incidents, please refer to FinCEN's resource page on advisories, at <https://www.fincen.gov/resources/advisoriesbulletinsfact-sheets>.

Executive Summary: FinCEN analysis of elder financial exploitation Suspicious Activity Reports (SARs) filed between October 2013 and August 2019 indicates elders face an increased threat to their financial security by both domestic and foreign actors.

- Total numbers of filings and total suspicious activity amounts increased 20 percent and 30 percent, respectively, each year during the time period.^a
- Money Services Business (MSB) reporting indicated elders fell victim to scams in which they sent money overseas, most often to receivers in African and Asian countries.
- Depository institution and securities and futures reporting identified family members and caregivers as most often responsible for theft from elders.

Scope and Methodology: FinCEN examined elder financial exploitation SARs filed between October 2013 and August 2019 to determine trends. The full data set consisted of 298,601 SARs. For portions of this report, FinCEN also analyzed a randomly selected, statistically representative sample of SAR narratives from elder financial exploitation filings between October 2013 and September 2017.

a. Calculations based on partial data through August 2019.

Elder Financial Exploitation Received Increased Filer Attention

Elder financial exploitation SAR filings increased dramatically over the six-year study period, reaching a peak of nearly 7,500 filings per month in August 2019. This potentially reflects an increase in elder financial exploitation activity, perhaps driven by an increase in the elder population and attention drawn to the issue by state legislatures and federal agencies. For example, the National Conference of State Legislatures reported that 36 states, the District of Columbia, and Puerto Rico addressed elder financial exploitation in their 2018 legislative sessions, up from 33 states in 2016.^b At the federal level, the Consumer Financial Protection Bureau (CFPB) published an updated advisory for financial institutions in July 2019, and, prior to that, a joint memorandum with FinCEN in August 2017, on how to detect and respond to this issue.^{c,d} In cooperation with FinCEN, the CFPB also published a report on elder financial exploitation SAR trends in February 2019.^e The Department of Justice orchestrated several law enforcement “sweeps” of elder financial fraud cases in 2018 and 2019.^f All of these events may have influenced financial institutions’ awareness of elder financial exploitation issues, and their reporting of it in SARs.

MSBs and depository institutions accounted for the majority of the filings and of the increase, while casino, insurance company, securities and futures, and “other” filers’ reporting trended upward, but accounted for substantially fewer filings per month. Depository institution and securities and futures SARs saw a steady upward filing trend, while MSB SAR filings trended down in 2018 and early 2019.

- MSB SAR filings fluctuated over the time period, with the highest number reported in 2016 and 2017, averaging over 2,000 per month. This compared with fewer than 1,000 per month in 2013 and 2014, and fewer than 2,000 per month in late 2018 to early 2019. This was not attributable to a single large filer.
- Depository institutions’ filings saw a steady upward trend between 2013 and 2019, with 3,000 to 4,000 filed per month in 2019, compared with 1,000 to 2,000 filed per month in 2013 and 2014.
- Securities and futures filings also saw a steady upward trend between 2013 and 2019, with 50 to 100 filed per month in 2013, compared with 200 to 250 filed per month in late 2019.

b. “Financial Crimes Against the Elderly 2018 Legislation,” The National Conference of State Legislatures Press Release, 3 January 2019, <http://www.ncsl.org/research/financial-services-and-commerce/financial-crimes-against-the-elderly-2018-legislation.aspx>, accessed 26 November 2019.

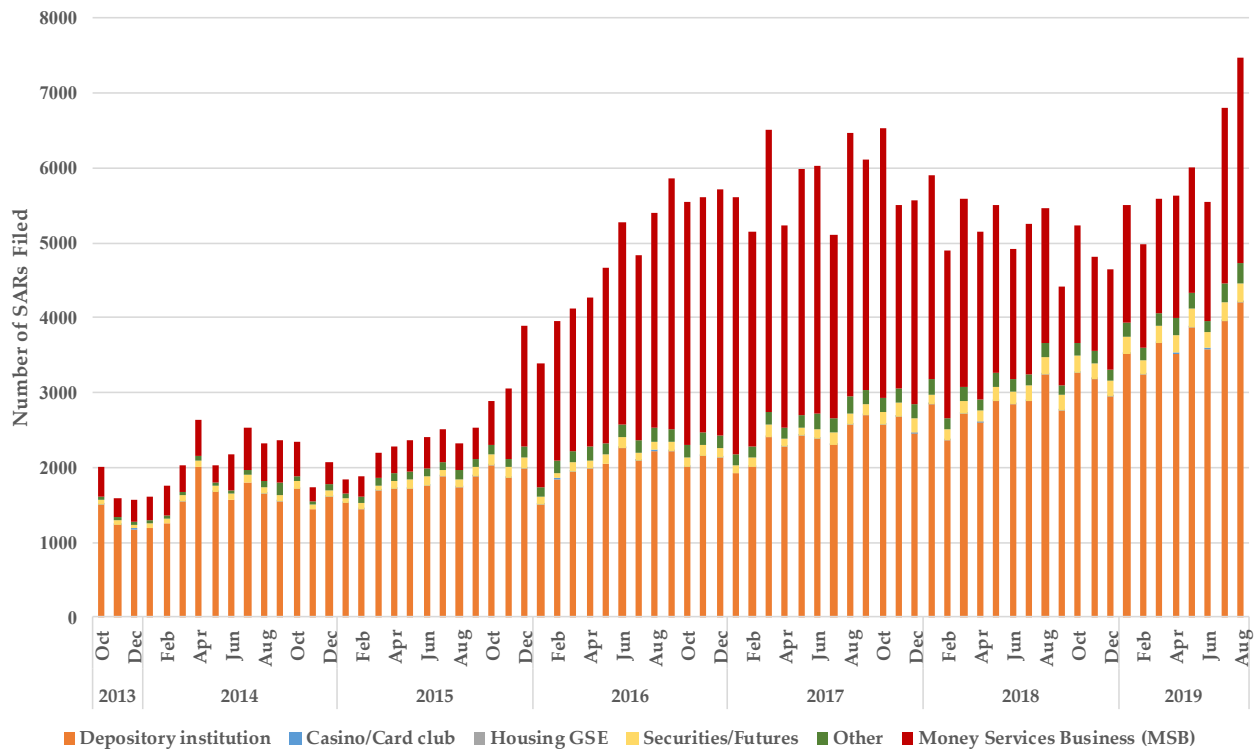
c. “Reporting of Suspected Elder Financial Exploitation by Financial Institutions,” Consumer Financial Protection Bureau (CFPB), July 2019, https://files.consumerfinance.gov/f/documents/cfpb_suspected-elder-financial-exploitation-financial-institutions_report.pdf, accessed 26 November 2019.

d. “Memorandum on Financial Institution and Law Enforcement Efforts to Combat Elder Financial Exploitation,” Consumer Financial Protection Bureau (CFPB) and Financial Crimes Enforcement Network (FinCEN), August 2017, https://www.fincen.gov/sites/default/files/2017-08/8-25-2017_FINAL_CFPB%2BTreasury%2BFinCEN%20Joint%20Memo.pdf, accessed 26 November 2019.

e. “Suspicious Activity Reports on Elder Financial Exploitation: Issues and Trends,” Consumer Financial Protection Bureau (CFPB), February 2019, https://files.consumerfinance.gov/f/documents/cfpb_suspicious-activity-reports-elder-financial-exploitation_report.pdf, accessed 26 November 2019.

f. “Justice Department Coordinates Largest-Ever Nationwide Elder Fraud Sweep,” U.S. Department of Justice Press Release, 7 March 2019, <https://www.justice.gov/opa/pr/justice-department-coordinates-largest-ever-nationwide-elder-fraud-sweep-0>, accessed 26 November 2019.

Figure 1. Monthly Elder Financial Exploitation Filings Approach 7,500 in August 2019



Yearly Suspicious Activity Amounts Potentially Indicate Rising Elder Threat

The yearly dollar amount of suspicious activity reported for elder financial exploitation also trended upward during the study period, potentially indicating increased financial threat to elders. In 2014, the total suspicious activity amount reported was \$2.2 billion. In 2019, with only a partial year of data, the total amount rose to \$5 billion through August. Suspicious activity reported in elder financial exploitation SARs amounted to \$21.8 billion for the period between October 2013 and August 2019. The suspicious activity amount reported may reflect the amount at risk of being lost, or an actual loss to an individual or financial institution, depending on how the filer reports.

Figure 2. Elder Financial Exploitation Suspicious Activity Amounts by Year

Time-period	Suspicious Activity Amount Total
October 2013-December 2013	\$821,928,748
2014	\$2,205,167,799
2015	\$2,243,662,333
2016	\$2,983,001,672
2017	\$4,802,762,284
2018	\$3,738,805,523
January 2019-August 2019	\$5,048,710,020
	Total: \$21,844,038,379

The yearly average total suspicious activity amount reported per SAR fluctuated over time, with the highest average amount of \$70,809 reported for 2015, and the lowest average amount of \$40,790 reported in 2017. The fluctuation in amounts likely also reflects the fluctuation in SARs filed by MSBs, which have a lower filing threshold than other industries.^g

Figure 3. Elder Financial Exploitation Average Total Suspicious Activity Amount per SAR by Year^h

Year	2013	2014	2015	2016	2017	2018	2019
Average Total Suspicious Activity Amount per SAR	\$63,119	\$66,806	\$70,809	\$47,657	\$40,790	\$54,756	\$62,232

Scams and Theft are Main Threats to Elders

SAR narratives indicate that elder financial exploitation most often involves money transfer scams conducted through MSBs and theft perpetrated through depository and securities and futures institutions.ⁱ Filers also categorized 17 percent of SARs in the sample as elder financial exploitation, but left details of the activity unspecified or vaguely explained. The text and figures in this and subsequent report sections reflect FinCEN’s categorization of SARs based on filer language in sample narratives.

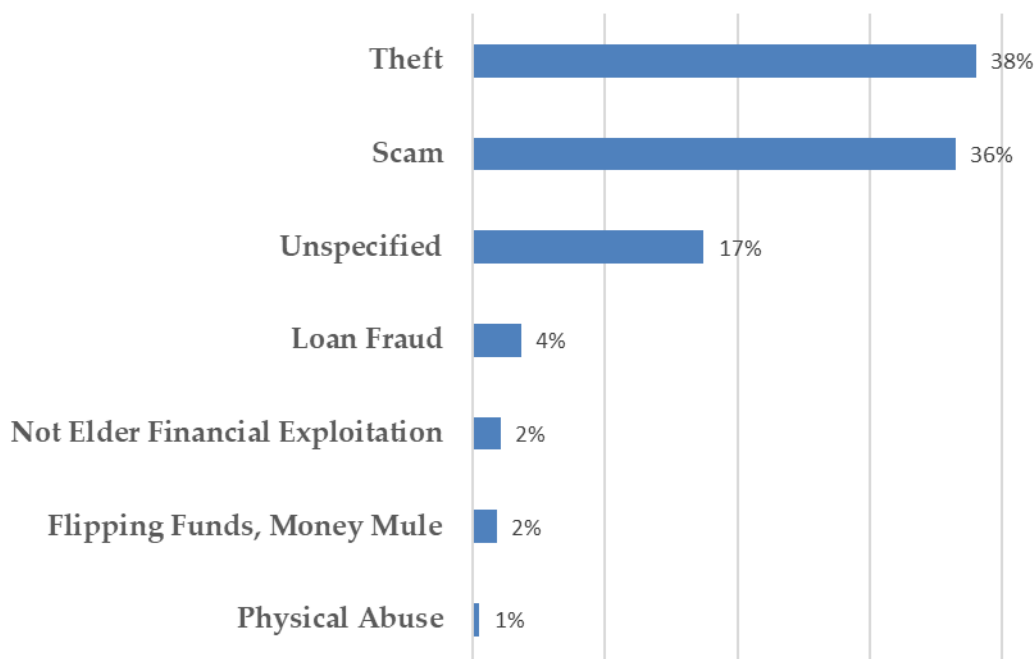
- MSBs most often are used to transfer the proceeds of elder fraud, and banking institutions most often are used in theft activity. Of the SARs that FinCEN noted as describing scams, MSBs filed 77 percent and depository institutions filed 21 percent. Of the SARs that FinCEN categorized as describing theft, depository institutions filed 86 percent, securities and futures filed 5 percent, MSBs filed 5 percent, and “Other” filed 3 percent.
- Of the securities and futures SARs in the sample, 73 percent reported theft, 9 percent reported scam activity, 9 percent reported physical abuse, and the remaining 9 percent did not specify the activity.

g. Depending on the type of MSB and transaction, the threshold for filing is either \$2,000 or \$5,000, versus \$5,000 to \$25,000, depending on the circumstances, for depository institutions.

h. The average total suspicious activity amounts per SAR in the table come from partial data in years 2013 and 2019.

i. The SAR narratives forming the basis for this analysis are a statistically representative sample from elder financial exploitation filings between October 2013 and September 2017.

Figure 4. Suspicious Activity Breakdown in Sample SAR Narratives



Elder Fraud Victims Often Transfer Funds Overseas through MSBs

SAR narratives indicated that elders most often fell victim to lottery, person-in-need, and romance scams, and sent their money abroad to receivers with whom the elders had no in-person relationship, or whom the filer did not identify. Elders most often used MSBs to send money transfers to scammers.

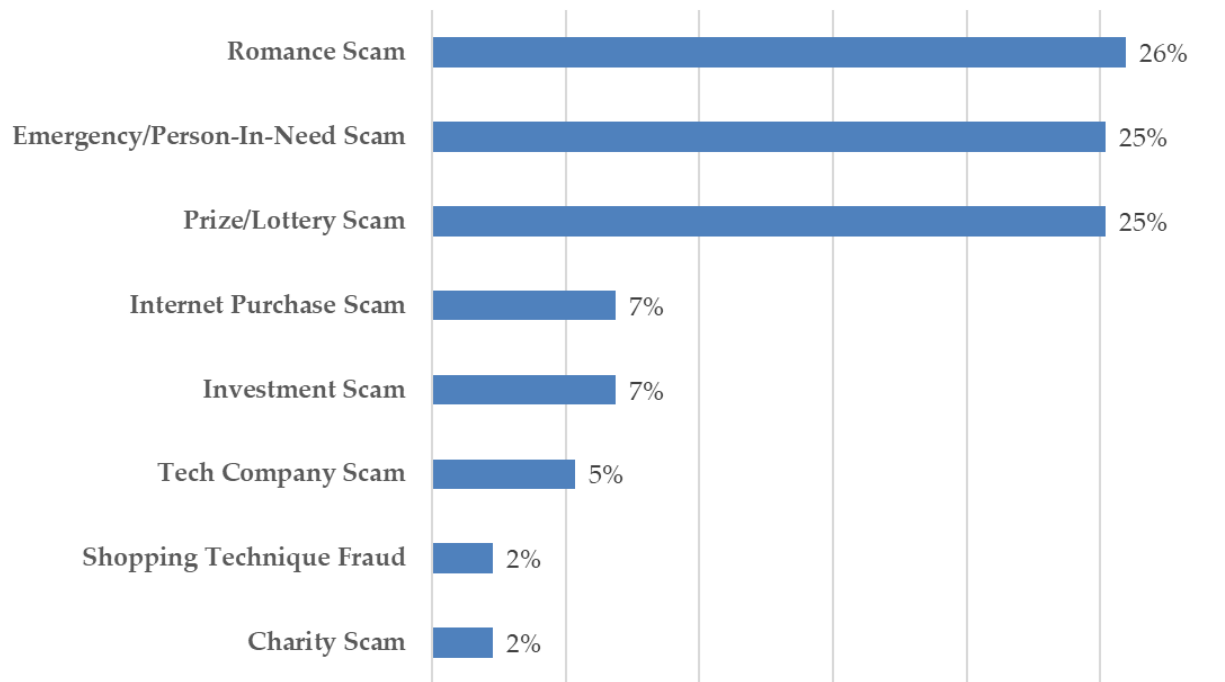
- Of the scam-related SARs, 66 percent reported elders transferring money to a receiver in a foreign location; 44 percent lacked relationship details between the elder and money transfer receiver; and 31 percent reported no in-person relationship with the scammer.
- Filers recorded elder victims sending money transfers in amounts as small as \$500 to as large as \$513,855 (aggregated over time and location).
- The average activity amount in the scam-related SARs was \$25,432, while the median was \$6,105.

Some especially useful SARs described not only how scammers reached victims, but also provided details that offered insight into how the perpetrators manipulated their victims. Filers reported both their suspicions of a client being scammed and when law enforcement, a family member, or victim contacted the filing institution to report a scam. Examples of useful descriptions from filers follow.

- An MSB reported it suspected a money transfer scam and interviewed the victim at the time of the transaction, who stated she was sending the money to a family member to meet financial needs. The MSB then received a call days later from the victim, who admitted she received a call indicating she won a prize, was sending funds to pay taxes on it, and was coached to lie about her relationship with the receiver and the purpose of the transaction.

- A teller working at an MSB observed that a customer was attempting to hurriedly send money to an African country and, after asking him relevant questions, advised against sending the money. The customer expressed concern that he was a fraud victim, but sent the money anyway. He returned later that day to disclose that he was a scam victim, had believed a family member was in Africa because of an email he had received, but had confirmed this was untrue since sending the money. His money could not be recalled.

Figure 5. Types of Elder Scams Described in SARs



Most Prevalent Elder Scams in SAR Narratives

Romance: Scammers establish a romantic relationship with their victims and then request money for “hardships” they experience, or to “visit” the victim (but never do).

Emergency/Person-in-need: Scammers prey on victims’ emotional vulnerability by claiming to be a loved one who needs money quickly to help with an emergency.

Prize/Lottery: Scammers coerce their victims into sending an “import tax” or “fee” in order to receive the money they have supposedly won in a lottery.

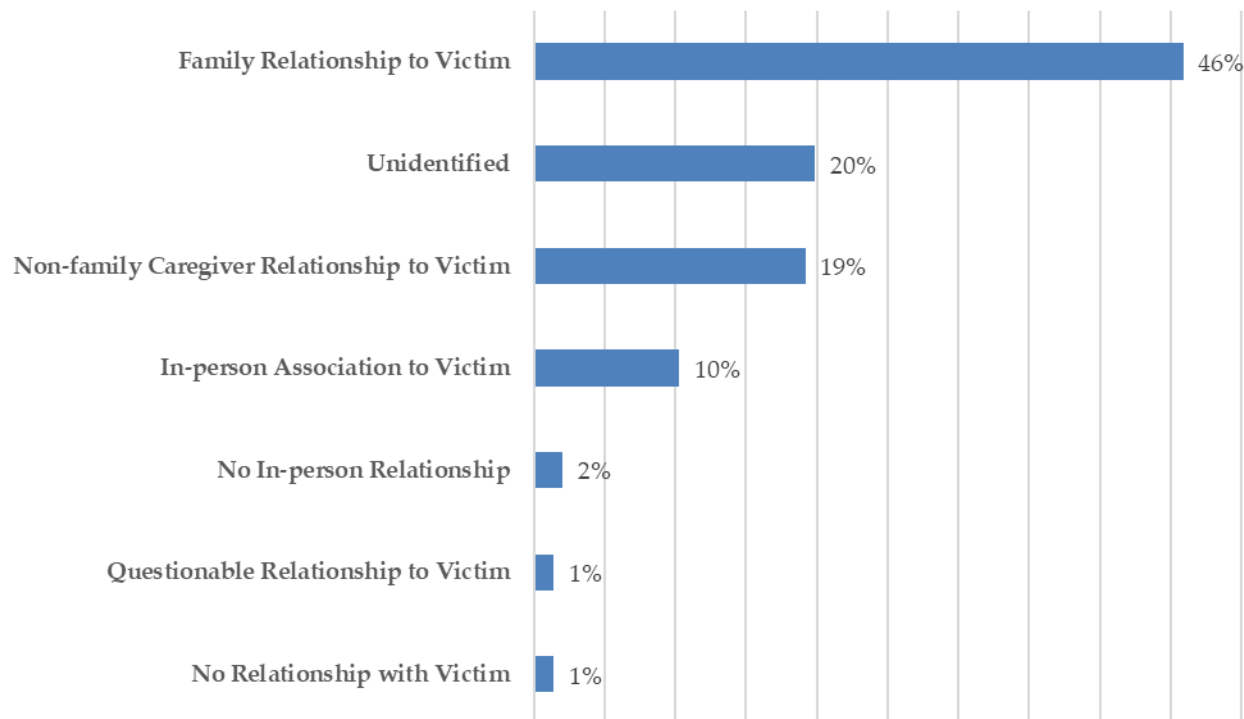
The Department of Justice Transnational Elder Fraud Strike Force [provided descriptions](#) of additional common scam typologies to which seniors fall victim.

Elder Fraud Involving Theft Often Committed by Trusted Persons

Sample narratives indicated family members and non-family member caregivers most often stole from elders, indicating elders' finances are most vulnerable to theft from individuals they know or rely on for their well-being. Reporting also frequently identified banking clients as suffering from some type of incapacitation, such as dementia or paralysis. SARs indicate the average amounts reported for theft were more than double that for scams.

- Amounts stolen or at risk of being stolen ranged from \$52 to \$1,186,437 (aggregated), with \$50,084 as the average activity amount and \$15,964 as the median amount.
- SARs indicated that theft by family members and caregivers often occurred over time in relatively small amounts, but totaled amounts that likely represented a major portion of an elder person's wealth.

Figure 6. Family Members Are Most Often Involved in Reported Elder Theft



Losses are Potentially Devastating to Elders

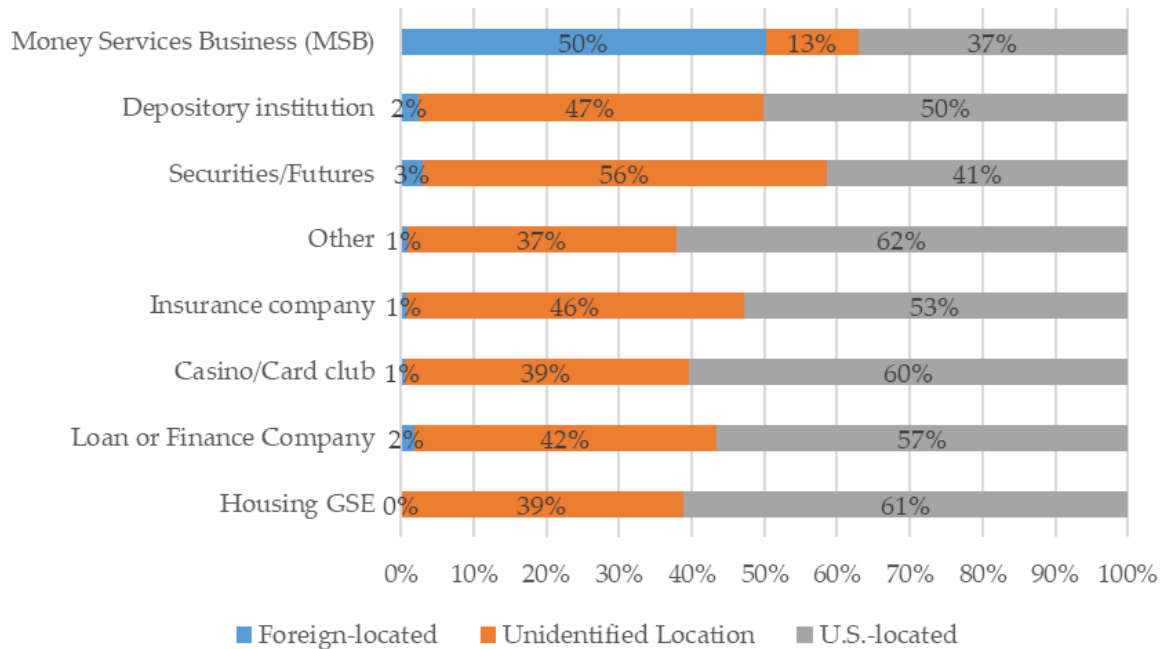
When suspicious activity amounts represent actual loss to an individual, FinCEN assesses they reflect substantial financial hardship for elders. As reported above, the median suspicious activity amount from the sample scam-related SARs was \$6,105, and for theft-related SARs it was \$15,964.

- These amounts represent 16 and 41 percent, respectively, of the \$38,515 that the U.S. Census Bureau reported as the median income of households maintained by individuals 65 and over in 2015.
- Excluding equity in a home, these amounts represent 11 percent and 28 percent, respectively, of the median net worth of households maintained by individuals aged 65 years and over, according to median figures the U.S. Census Bureau calculated for 2013.

Foreign Scammers, Domestic Thieves

For the total SAR population studied, the majority of MSB SAR subjects were foreign-located, while a majority of subjects filed on by all other industries were U.S.-located. This corroborated the narrative findings that scam victims sent money abroad through MSBs. MSB filings identified 50 percent of subjects with foreign address locations. Depository institution filings identified 50 percent of subjects with U.S. addresses, and other industries' subjects ranged from roughly 40 to 60 percent U.S. addresses.

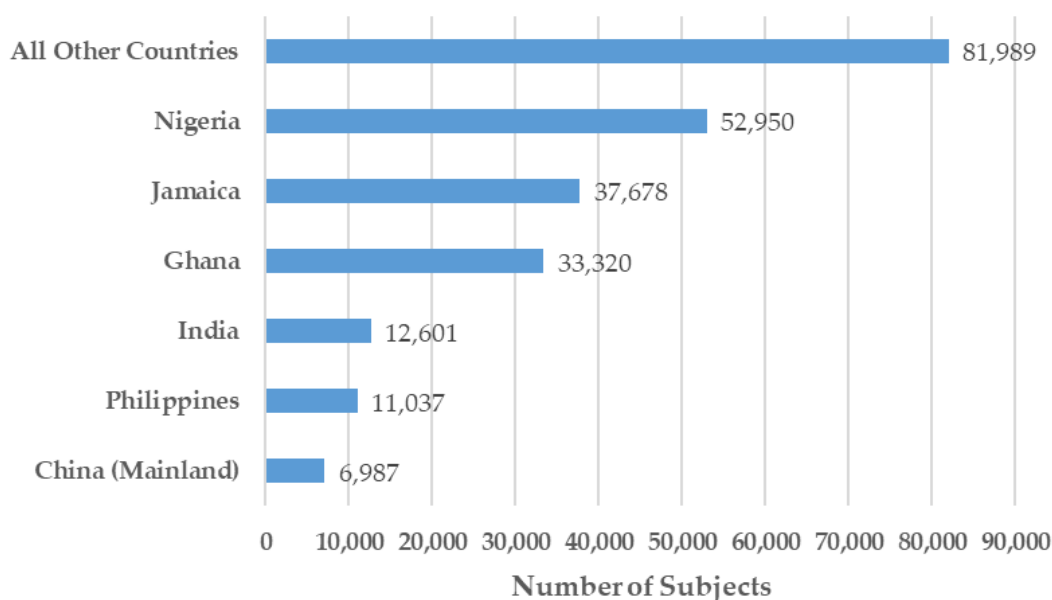
Figure 7. Subject Location by Filing Institution Type (measured as a percentage)



MSB SAR Subjects Located in Africa and Asia

The largest numbers of MSB SAR subjects were located in African and Asian countries, likely indicating most scammers operate, or at least conduct the money-receiving part of their schemes, in these locations. Scammers operating in foreign countries benefit from money transfers that are immediately available and received in cash, which prevents recall of the money when fraud is reported. Furthermore, U.S. law enforcement cannot easily pursue scammers who live and operate abroad.

Figure 8. Top Foreign-located Subject Countries in MSB Filings (full dataset)^j



FinCEN Collaborates to Protect Elders from Financial Exploitation

FinCEN has collaborated, and will continue to do so, with other governmental bodies, financial institutions, and the public to identify, prevent, and combat elder financial exploitation. Financial institutions are a front line of defense against elders being exploited financially and most routinely issue information about fraud to their clients. Additionally, employees of financial institutions may be well-situated to caution seniors against potentially exploitative transactions, which could help prevent financial losses to elders.^k Financial institutions also are often positioned to report concerns to local adult protective services and law enforcement offices, in addition to filing SARs, without necessarily disclosing the existence of SARs. FinCEN cannot overstate the usefulness of SAR information from financial institutions to generate leads for governmental enforcement agencies, such as the Department of Justice and state and local law enforcement agencies. Elder related SARs also are invaluable for regulatory customers, such as the CFPB and the bank and broker-dealer regulators, who often are able to provide research insights and industry-specific guidance to financial institutions.

What the Public Can do to Combat Elder Financial Exploitation

FinCEN strongly encourages elders, if they suspect that they have been victims of financial exploitation, to report the incident to their financial institution, local law enforcement, and local adult protective services officials. Victims also can report the incident to federal authorities, as it could become important evidence in a larger federal law enforcement case. Financial

j. In the graph, “all other countries” consists of 211 countries. Graph also excludes subjects located in the U.S. and where a location was unidentified.

k. “Exposed to scams: What separates victims from non-victims,” Financial Industry Regulatory Authority, September 2019, https://www.finrafoundation.org/sites/finrafoundation/files/exposed-to-scams-what-separates-victims-from-non-victims_0_0.pdf, accessed 26 November 2019.

exploitation is a crime and no victim should feel too embarrassed about the circumstances under which they lose money to report it to those who can assist them or catch the perpetrators. The following are government resources where victims can report crime:

- The Department of Justice has an [interactive tool](#) for elders who have been financially exploited to help determine to which agency they should report their incident.
- The Federal Bureau of Investigation's Internet Crime Complaint Center receives complaints at this [website](#) or by calling 1-800-225-5324.
- The Federal Trade Commission has a [website](#) and a phone number (1-877-382-4357) where victims can file complaints that then are made available to law enforcement.

FinCEN also encourages those who care for or work with elderly or vulnerable persons to be mindful of the risks to such persons' finances and to avail themselves of resources supplied by governmental bodies. Below are government resources available for elders who have been financially exploited and for those who work with elders.

- The Administration for Community Living, part of the Department of Health and Human Services, has an [excellent resource](#) for finding services specifically for elders and their families.
- The Consumer Financial Protection Bureau website has [information](#) on how to protect older adults from fraud and financial exploitation.
- FINRA published [a report](#) created in collaboration with the BBB Institute for Marketplace Trust, the Stanford Center on Longevity, and the Federal Trade Commission that explored how cognitive and behavioral variables are often the difference between scam victims and non-victims.