

**Testimony of Stacy Canan  
Deputy Assistant Director, Office for Older Americans  
Division of Consumer Education and Engagement  
Consumer Financial Protection Bureau**

**Before the House Committee on Energy and Commerce,  
Subcommittee on Commerce, Manufacturing, and Trade**

**October 23, 2015**

Thank you Chairman Burgess, Ranking Member Schakowsky, and distinguished members of the Subcommittee for the opportunity to speak with you today about the Consumer Financial Protection Bureau and its work to address the devastating problem of elder financial exploitation.

My name is Stacy Canan, and I am the Deputy Assistant Director of the Office of Financial Protection for Older Americans at the Consumer Financial Protection Bureau. I am honored to represent the CFPB today. The Office of Older Americans is one of the offices within the Bureau's Division of Consumer Education and Engagement with a Congressional mandate to focus on a particular part of the U.S. population. The Associate Director of the Bureau's Division of Consumer Education and Engagement previously testified before this Subcommittee on the topic of elder financial exploitation on May 16, 2013. Today, I will update the Subcommittee on the Bureau's initiatives in this arena.

**CFPB Office for Older Americans**

The CFPB's Office for Older Americans is specifically dedicated to the financial health of Americans aged 62 and older. The Office's statutory mandate is to help provide consumers aged 62 and over with the tools they need to protect themselves from financial abuse and to make sound financial decisions.

The evidence is clear: older Americans have assets that make them attractive targets of fraudsters. In 2011, the net worth of households headed by a consumer age 65 and older was approximately \$17.2 trillion, and the median net worth was \$170,500.<sup>1</sup> Older adults may be victimized by a broad range of perpetrators, including scam artists, family members, caregivers, financial advisers, home repair contractors, and fiduciaries such as agents under power of attorney and court-appointed guardians. For example, a national prevalence study found that an estimated 5.2 percent of Americans 60+ experience financial mistreatment by a family member.<sup>2</sup>

---

<sup>1</sup> See Census Bureau, Table 5. Mean Value of Assets for Households by Type of Asset Owned and Selected Characteristics: 2011 (2011), [http://www.census.gov/people/wealth/files/Wealth\\_Tables\\_2011.xlsx](http://www.census.gov/people/wealth/files/Wealth_Tables_2011.xlsx) (last visited Oct. 4, 2015).

<sup>2</sup> Acierno, R., et al., "Prevalence and Correlates of Emotional, Physical, Sexual and Financial Abuse and Potential Neglect in the United States: The National Elder Mistreatment Study," *American Journal of Public Health* 100(2): 292-97.

Other studies document that most incidents of elder financial abuse go unreported and “under the radar.”<sup>3</sup> Once the fraud occurs, older Americans have little time and few resources to enable them to recoup lost savings.<sup>4</sup>

To address these serious challenges and carry out Congress’ directives, the Office for Older Americans has placed a priority on preventing, detecting and redressing elder financial exploitation. In doing so, we have recognized that collaboration is critical. The Bureau participates, along with eleven other federal agencies, in the Congressionally-established Elder Justice Coordinating Council. The Council provides a forum to spotlight the disastrous impact of financial exploitation. The Council has heard from national experts and has developed a set of eight recommendations for increased federal involvement in addressing elder abuse, neglect, and exploitation.<sup>5</sup> Several of the Office for Older Americans’ projects support the Council’s recommendations, including the *Managing Someone Else’s Money* guides and the *Money Smart for Older Adults* (MSOA) program, which I describe in my testimony today. In addition, the Council provides an opportunity for member agencies to develop joint projects addressing elder abuse. For example, the CFPB and the Securities and Exchange Commission (SEC) jointly developed and issued a Consumer Advisory and Investor Bulletin on planning for diminished capacity and illness.<sup>6</sup>

In addition to working with our partners in government, the Bureau engages with non-profits, community organizations and industry groups. For example, in January, 2015, we launched a joint initiative with the Financial Services Roundtable to promote effective financial education across the country, with a key focus on protecting older Americans from financial exploitation.<sup>7</sup> One outcome of that collaboration is a new Financial Services Roundtable website featuring CFPB publications aimed at preventing, recognizing and reporting financial abuse of older adults.<sup>8</sup> In the non-profit sector, we are working collaboratively with the national organization Meals on Wheels America to provide consumer education content for their publications. In addition, we conducted a webinar about elder financial exploitation for their staff and for the community-based senior nutrition programs across the country with which they work.

---

<sup>3</sup> Lifespan of Greater Rochester, Inc., et al., *Under the Radar: New York State Elder Abuse Prevention Study* (Rochester, NY: Lifespan of Greater Rochester, Inc., May 2011).

<sup>4</sup> Robert E. Roush, et al., Why Clinicians Need to Know about the Elder Investment Fraud and Financial Exploitation Program, 36 *Generations* (Issue No. 2, Summer 2012), at 94-97.

<sup>5</sup> [http://www.aoa.acl.gov/AoA\\_Programs/Elder\\_Rights/EJCC/docs/Eight\\_Recommendations\\_for\\_Increased\\_Federal\\_Involvement.pdf](http://www.aoa.acl.gov/AoA_Programs/Elder_Rights/EJCC/docs/Eight_Recommendations_for_Increased_Federal_Involvement.pdf).

<sup>6</sup> [http://files.consumerfinance.gov/f/201505\\_cfpb\\_consumer-advisory-and-investor-bulletin-planning-for-diminished-capacity-and-illness.pdf](http://files.consumerfinance.gov/f/201505_cfpb_consumer-advisory-and-investor-bulletin-planning-for-diminished-capacity-and-illness.pdf) and [http://www.sec.gov/oiea/investor-alerts-bulletins/ib\\_illness.html](http://www.sec.gov/oiea/investor-alerts-bulletins/ib_illness.html)

<sup>7</sup> Prepared Remarks of CFPB Director Richard Cordray at the Financial Services Roundtable Event on Financial Education, <http://www.consumerfinance.gov/newsroom/prepared-remarks-of-cfpb-director-richard-cordray-at-the-financial-services-roundtable-event-on-financial-education/>

<sup>8</sup> <http://fsroundtable.org/finlitresources/>

## Office for Older Americans' Initiatives

In addition to work with our partners, the CFPB's Office for Older Americans is also combatting elder financial exploitation by identifying specific challenges and developing initiatives to respond to those challenges.

- PROBLEM: Older Americans, their caregivers, and others in the community don't know how to spot and avoid frauds and scams.
  - CFPB INITIATIVE: The Office for Older Americans developed an awareness program called *Money Smart for Older Adults*, in collaboration with the Federal Deposit Insurance Corporation (FDIC). Released in June 2013, this community education program uses the FDIC's well established Money Smart training approach. The Office for Older Americans and the FDIC have developed train-the-trainer materials and offer in-person and webinar training sessions. MSOA is being delivered to consumers through a broad range of intermediaries, including state and local governments as well as nonprofit and financial service organizations in 49 states. The materials include a *Participant/Resource Guide* that can be used by people who do not attend a local training. The *Participant/Resource Guide* presents information about different types of fraud, scams, and exploitation that target older people and provides warning signs and tips on how to prevent losses and report cases.<sup>9</sup> To increase the reach of this program, the Bureau and FDIC have made the module available in Spanish and are updating the MSOA content.
  
- PROBLEM: Many older Americans experience declining capacity to handle finances, which can make them vulnerable. Even mild cognitive impairment greatly reduces an older adult's ability to detect fraud or a scam; 22 percent of Americans over 70 have mild cognitive impairment.<sup>10</sup> One in nine Americans aged 65+ has Alzheimer's disease.<sup>11</sup> While many older Americans retain full financial capacity, those with diminished capacity often need a surrogate to handle their money. Those "lay fiduciaries" are a critical source of help and support, but often have no training. Some even engage in fraud.
  - CFPB INITIATIVE: In October, 2013, we released four *Managing Someone Else's Money* guides to assist people who are managing money or property for a

---

<sup>9</sup> The *Participant/Resource Guide* is available for download at [consumerfinance.gov/f/201306\\_cfpb\\_msoa-participant-guide.pdf](http://consumerfinance.gov/f/201306_cfpb_msoa-participant-guide.pdf) or for order at [promotions.usa.gov/cfpbpubs.html](http://promotions.usa.gov/cfpbpubs.html). Instructor materials are available from the FDIC at [fdic.gov/consumers/consumer/moneysmart/olderadult.html](http://fdic.gov/consumers/consumer/moneysmart/olderadult.html).

<sup>10</sup> B.L. Plassman et al., "Prevalence of Cognitive Impairment without Dementia in the United States," *Archives of Internal Medicine* 148, no. 6: 427-34.

<sup>11</sup> Alzheimer's Association, *2015 Alzheimer's Disease Facts and Figures*, [https://www.alz.org/facts/downloads/facts\\_figures\\_2015.pdf](https://www.alz.org/facts/downloads/facts_figures_2015.pdf).

family member or friend who is unable to pay bills or make financial decisions. These user-friendly “how-to” guides are for agents under a power of attorney, court-appointed guardians and conservators, trustees, and government benefit fiduciaries. The guides explain the duties and responsibilities of people acting in each of these fiduciary roles and teach them how to watch out for scams and financial exploitation. The guides also explain what to do if a family member or friend becomes a victim, and where to go for help. The guides are available in English and Spanish on the Bureau’s website, [consumerfinance.gov](http://consumerfinance.gov), and can be ordered individually or in bulk at no charge.<sup>12</sup> We have already distributed over 650,000 hard copies of these guides nationally.

Because people’s powers and duties overseeing another person’s finances vary from state to state, the Bureau has learned that people need more than a one-size-fits-all guide. In the second phase of the *Managing Someone Else’s Money* initiative, we are releasing state-specific guides for six states: Arizona, Florida, Georgia, Illinois, Oregon, and Virginia. The Bureau released the Virginia guides in August 2015 and the Florida guides in September 2015. We expect to release the additional guides in 2016. The Bureau also developed a replication manual to enable experts in the remaining 44 states and territories to create similar sets of state-specific guides. The Bureau released tips and templates for replication on October 19, 2015.

- PROBLEM: Residents of assisted living and nursing facilities can become victims of fraud and financial abuse. The operators of those facilities may see that bills are going unpaid and residents are threatened with eviction, but they don’t know how to intervene in cases of financial exploitation. Spotting the exploitation before it drains the senior’s funds is in everyone’s interest.
  - CFPB INITIATIVE: In June 2014, the Bureau released a national guide for operators of residential care facilities. This guide, entitled, ***Protecting Residents from Financial Exploitation: A Manual for Assisted Living and Nursing Facilities***,<sup>13</sup> provides facility personnel with information to help them identify warning signs of financial exploitation and a model protocol for intervening to prevent significant losses to victims. Bureau staff have made numerous presentations and conducted webinars about the manual for national organizations, including industry trade groups and organizations of long-term care ombudsmen.
- PROBLEM: Financial institution personnel observe signs that an older account holder may be the victim of financial abuse, but they may be unsure whether federal privacy

---

<sup>12</sup> See [www.consumerfinance.gov/managing-someone-elses-money](http://www.consumerfinance.gov/managing-someone-elses-money) .

<sup>13</sup> [http://files.consumerfinance.gov/f/201406\\_cfpb\\_guide\\_protecting-residents-from-financial-exploitation.pdf](http://files.consumerfinance.gov/f/201406_cfpb_guide_protecting-residents-from-financial-exploitation.pdf)

laws permit them to share their suspicions with social service and law enforcement agencies.

- The Office for Older Americans, working with the Bureau's Office for Supervision Policy and with other federal regulators, developed **interagency guidance** for financial institutions to clarify the applicability of the privacy provisions of the Gramm-Leach-Bliley Act (GLBA) to their reporting of suspected financial exploitation of older adults. Eight federal regulatory agencies with authority to enforce the privacy provisions of GLBA jointly released the guidance on September 24, 2013.<sup>14</sup> The goal of the guidance is to provide financial institutions more certainty about the legality of reporting suspected abuse, thereby facilitating financial institutions' timely reporting of suspected abuse to law enforcement, Adult Protective Services and other federal, state and local agencies. Reporting by financial institutions enables officials in a variety of capacities to take appropriate protective action. (Following the issuance of the Interagency Guidance, several state regulators have taken similar action on the state level.)<sup>15</sup>

Financial institutions are especially well-positioned to spot signs of elder financial abuse; for that reason, CFPB will release **an advisory** to encourage financial institutions to prevent, recognize, and report elder financial abuse. The advisory will recommend an array of practices to assist financial institutions in protecting their elder account holders. The Bureau plans to release the advisory in 2016.

### **Other CFPB Resources for Older Americans**

The Bureau also has additional resources that can help protect older Americans against fraud.

First, *Ask CFPB*<sup>16</sup> is an interactive online tool on our website, [consumerfinance.gov](http://consumerfinance.gov), that helps consumers find clear, unbiased answers to their financial questions. As soon as a consumer begins typing in a question, the database's autocomplete feature begins to provide various search suggestions. Users can also browse product categories and tags. From any search page, they can narrow their choices by specific topics, such as "fees" or "closing," or by populations, like servicemembers, students, and older Americans. Under the "older Americans" tag, a consumer easily can find answers to questions about financial products and services, powers of attorney,

---

<sup>14</sup> See *Interagency Guidance on Privacy Laws and Reporting Financial Abuse of Older Adults* (Sept. 24, 2013), available at [http://files.consumerfinance.gov/f/201309\\_cfpb\\_elder-abuse-guidance.pdf](http://files.consumerfinance.gov/f/201309_cfpb_elder-abuse-guidance.pdf). The eight agencies are the Board of Governors of the Federal Reserve System, the Commodity Futures Trading Commission, the CFPB, the FDIC, the Federal Trade Commission, the National Credit Union Administration, the Office of the Comptroller of the Currency, and the Securities and Exchange Commission.

<sup>15</sup> See, e.g., New York State Department of Financial Services, *Guidance for Financial Institutions on Preventing Elder Financial Exploitation* (2015) <http://www.dfs.ny.gov/about/press2015/pr150226-ltr.pdf>

<sup>16</sup> <http://www.consumerfinance.gov/askcfpb/>

accepting assistance with bill-paying and banking, as well as tips to avoid financial harm. *Ask CFPB* has served more than eight million visitors since its launch in March 2012.

We also have an **Office of Consumer Response**, which accepts consumer complaints by phone, mail, and fax and through our website. Currently, Consumer Response handles complaints about credit cards, prepaid cards, credit reports, money transfers, mortgages, bank accounts and services, vehicle loans and leases, payday loans, other consumer loans, debt collection and student loans. If older consumers encounter unfair, deceptive or abusive, or discriminatory activities by providers of these products and services and they wish to submit a complaint, the Bureau will forward their complaint to the company and work to get a response from them. If we determine that another government agency would be better able to assist, we will forward the complaint to them and let the consumer know. As of September 30, 2015, the Bureau handled over 726,000 complaints, of which approximately 63,415 were filed by or on behalf of consumers age 62 and over.

### **Conclusion**

Congressional leadership and support is critical to implementing a multi-faceted solution to the serious problem of elder financial exploitation. We commend the Chairman, the Ranking Member and other members of this Subcommittee for holding this hearing to spotlight the serious issue of elder financial exploitation. I look forward to continued information sharing with interested parties and stakeholders on this important topic.

Thank you for the opportunity to present this testimony.