

Banking Committee JOINT FAVORABLE REPORT

Bill No.: SB-1088

Title: AN ACT CONCERNING FINANCIAL EXPLOITATION OF SENIOR CITIZENS.

Vote Date: 3/7/2023

Vote Action: Joint Favorable

PH Date: 3/2/2023

File No.:

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

SPONSORS OF BILL:

Banking Committee

REASONS FOR BILL:

More often than we would care to admit, our Senior Citizens are being taken advantage of when it comes to their finances.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Jorge Perez, Commissioner, Department of Banking](#) submitted written testimony in support of this bill stating that "according to the Consumer financial Protection Bureau, the number of suspicious activity reports filed by banks concerning elder financial exploitation between 2013 and 2017, quadrupled."

"More than 1 in 10 elderly people in the US fell victim to elder fraud in the last year.

- Over 8.68 million incidents of elder fraud occur every year in total.
- Average loss per case is \$20,015, calculated by averaging the mean reported loss from these organizations:
 - ❖ \$34,200 – Financial Crimes Enforcement Network (FinCEN)
 - ❖ \$9,175 – Federal Bureau of Investigation, Internet Crime Complaint Center (IC3)
 - ❖ \$16,670 – State Adult Protective Services or Law Enforcement
- In all 50 states, losses due to elder fraud total \$113.7 billion each year.
- According to FinCEN reports, deposit accounts were the most common product involved with elder fraud cases (60%), followed by debit cards (24%) and credit cards (7%)"

The [Connecticut Department of Social Services](#) submitted written testimony in support of this bill stating that it "supports the legislature's goal of ensuring the most vulnerable residents of our state are protected."

NATURE AND SOURCES OF SUPPORT:

[Tom Mongellow, Art Corey and Fritz Conway, Connecticut Bankers Association](#) submitted written testimony in support of this bill. They shared "Research has shown that seniors lose \$36.48 billion nationally each year to elder financial exploitation. Recent data shows over \$6.7 billion of such abuse involves trusting relationships (family members, professional advisors, etc.). In Connecticut, over 500 thousand residents are 65 and older. Banks on a nationwide basis are reporting a steadily increasing level of financial exploitation of their elderly customers, that without this bill, they can do little to stop."

"In almost all cases of elder financial exploitation, time is of the essence and banks need to react quickly in contacting authorities or trusted persons. This bill attempts to address the issues of timing by allowing banks to delay suspected transactions while they try to resolve these situations."

[John Erlingheuser, Senior Assoc. State Director for Advocacy & Outreach, AARP](#) submitted written testimony in support of this bill. Mr. Erlingheuser stated "AARP has worked with the Connecticut Department of Banking and other stakeholders to come up with a compromise piece of legislation that addresses many of the concerns the AARP and others had in a similar proposed legislation in 2022. AARP would make one additional minor suggestion to the current legislation. Rather than using the term "senior citizens", we would suggest using the term "vulnerable adults", which is the term used by many other states."

[Attorney Edward G. Lang, Lang and Corona, P.C.](#) submitted written testimony in support of this bill. Attorney Lang shared that he is "familiar with instances of older individuals who were victimized by family, by caregivers, and online scams."

"Granting financial institutions the power to place a hold on suspicious transactions is an important step in limiting the impact of fraud and abuse on Connecticut's elder residents. However, granting this power to financial institutions is not enough. We strongly urge the committee to require that financial institutions

- Report all cases of suspected elder financial exploitation to the office of Protective Services for the Elderly as well as to state and local law enforcement agencies.
- Report all cases of suspected elder financial exploitation when a financial institution places a hold on an account or a transaction to the Connecticut Banking Department.
- Inform elder individuals that they may designate a Trusted Contract.
- Preserve records for use in attempts to recover stolen assets.
- Adopt formal policies that define what constitutes reasonable belief that financial exploitation has occurred, is occurring, has been attempted or will be attempted."

[Attorney Joan Reed Wilson, Connecticut Chapter of the National Academy of Elder Law Attorneys](#) submitted written testimony in support of this bill.

"CTNAELA specifically requests that the following language be added to this Bill:

"Where an elderly person or co-owner of an account of an elderly person is an applicant for, or recipient of, means-tested benefits under Chapters 319s through 319oo of the general statutes, inclusive, the Commissioner of Social Services shall consider an account subject to any hold under this section to be an inaccessible asset for all owners or co-owners of the account, during all periods during which a hold is in effect."

[Attorney Scott D. Rosenberg, Connecticut Bar Association, Elder Law Section](#) submitted written testimony in support of this bill. Attorney Rosenberg stated that "Exploitation of seniors is a severe and underappreciated problem. The last comprehensive study on the matter is now approaching its 25th anniversary. Select studies¹ and state reporting² over the past decade indicate that incidents of elder exploitation cost between 20 and 40 billion dollars annually to victims. It is thus likely that Connecticut seniors are victimized to the tune of hundreds of millions of dollars each year."

"The language we encourage this Committee to adopt adds several critical layers of protection to the existing text, notably:

1. Comity with the Connecticut Uniform Power of Attorney Act;
2. Requiring banks to allow seniors to designate a non-signatory trusted contact on any account, rather than merely permitting this;
3. Requiring banks to inquire of known interested parties promptly upon a hold as to the justification of their concern;
4. Allowing an extended hold of 30+ days if initial investigation does not allay the reasonable suspicion; and
5. Adding a requirement of written notice and police reporting if the hold is extended."

[Attorney Steven L. Rubin, Connecticut Chapter of the National Academy of Elder Law Attorneys](#) submitted written testimony in support of this bill stating that "While we support the idea of a legislative proposal to the solution, we feel there should be some changes made to this statute to make it more effective, solving problems and accomplish the goal, to wit:

1. All cases of suspected elder abuse and financial fraud/exploitation should be reported to the office of Elderly Protective services as well as local and state law enforcement agencies .
2. There should be objective standards for determining when and how banks accounts are locked and should be locked ;
3. The Department of Banking should be tracking the number of accounts at each branch that are locked, the number of cases of actual abuse found by locking those accounts to determine the adequacy of training, views, and effectiveness of this statute.
4. Financial institutions, including broker dealers and investment advisors should notify the Department of Banking and the Department of Social Services of any account or transaction that has been delayed;
5. Preservation of records for use in attempts to recover stolen assets.
6. Adopt formal policies that define what constitutes reasonable belief that financial exploitation has occurred, is occurring, has been attempted or will be attempted.
7. Training programs should include training on the Connecticut Power of Attorney Act
8. Assets should be treated as inaccessible for applications for Medicaid or State funded programs."

NATURE AND SOURCES OF OPPOSITION:

None expressed.

Reported by: Jeanie Phillips, Clerk

Date: March 9, 2023