



TYOLOGY

Suspected Elder Financial Abuse

November 2021

Typology Report

Suspected Elder Financial Abuse
Financial Intelligence Agency (FIA) - Bermuda

CONFIDENTIAL

November 2021

Statistical Disclaimer:

The report's statistics are based on SARs and STRs submitted to the FIA between January 1st, 2019 and September 30th, 2021. These reports reflect suspicions from reporting entities and do not confirm the existence of criminal activity. The data is intended for analysis and may change as new information or investigations arise. While reasonable steps are taken to ensure accuracy, the FIA relies in part on information provided by reporting entities and other third parties and cannot independently verify all underlying data.

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Introduction

In January 2020, Bermuda received a glowing report from the Caribbean Action Task Force (CFATF) and the Financial Action Task Force (FATF) due to the robustness and effectiveness of its AML/CFT regime and legal framework in accordance with the international standards promoted by the FATF's 40 Recommendations and associated Methodology.

As a result, Bermuda endeavours to continue promoting AML/CFT awareness and training, as well as conducting ongoing reviews and revisions of Bermuda's AML/CFT framework in order to more effectively detect and deter opportunities that criminals seek to launder the proceeds of crime.

Likewise, it is paramount that local reporting entities, reporting persons and stakeholders remain aware of emerging and persistent patterns and trends to best address incidents of money laundering and terrorist financing within the Bermuda economy.

To meet these objectives, the FIA has produced a typology to discuss indicators highlighted in Suspicious Activity Reports (SAR), Suspicious Transaction Reports, Incoming Requests for Information (IRIs) and other intelligence reports (UTRs) filed by local reporting entities, local competent authorities and Egmont Financial Intelligence Units (FIUs). This typology covers reports filed between January 1, 2019 and September 30, 2021.

This typology focuses on suspected elder financial abuse, suspicious indicators, statistics, and the actions taken by the filers in response to the red flags presented. These elements have been included in this report to provide clarity, insight and suggestions when dealing with cases of this nature.

Indicators and Red Flags

Report indicators can provide insight into various patterns and trends that are taking place locally and internationally when chosen within SAR/STR/UTR filings. When reporting entities select relevant indicators, this enables FIA analysts to conduct analysis more effectively, widening the scope during the information/intelligence gathering, collation and synthesis processes of the intelligence cycle. Ultimately, this information enables the FIA to readily produce more case studies and typologies to share locally and internationally.

Typology Objectives

The following objectives are intended to be achieved through the dissemination of FIA Typologies:

- To identify potential and actual illegal activity associated with money laundering, terrorist financing and other predicate offences.
- To educate reporting entities, reporting persons, local and overseas competent authorities, financial intelligence units (FIUs) and the public about the various methods and techniques that criminals may use to launder the proceeds of crime.
- To identify areas that need added attention and that assist in the detection, prevention, investigation and prosecution of higher-risk opportunities that require regular or ongoing monitoring; and
- To establish emerging and persistent threats through analysis of patterns and trends.

Suspected Elder Financial Abuse

During this reporting period, one subcategory of fraud, namely elder financial abuse fraud, was identified that is worthy of mention. This suspicious and criminal activity has involved—and in some cases been perpetrated by—Bermudians and Bermuda residents alike. Elder financial abuse fraud has become a more prevalent crime in Bermuda that has been reported to both the FIA and the Bermuda Police Service (BPS) by reporting entities and local competent authorities. According to Bermuda law, a person is considered to be a senior citizen once he or she turns 65 years of age. It is also at this age that a person may be considered a vulnerable person and unfortunately, perpetrators often take advantage of the diminished capacity or trust shown by persons in this group.

What is Suspected Elder Financial Abuse?

According to a statement released in June 2021 by the Ministry of Social Development and Seniors, "...Elder abuse can be of many types, financial abuse, sexual abuse, physical abuse, psychological abuse, and neglect...The global pandemic of 2020 caused all our lives to come to a crashing halt. The effects of the stay-at-home orders, public health regulations, social distancing and mask-wearing made our daily lives challenging, tasks and chores cumbersome, and the lack of social interaction brought loneliness and anxiety to many. What we cannot overlook is how the pandemic has affected our seniors. Before the vaccine was available, our seniors were cut off from their connections to their community, families and friends. In some cases, the effects of the last year have caused damaging cognitive and emotional scars..."

During COVID-19, our Ageing and Disability Services (ADS) were extremely busy responding to the needs of our seniors. Seniors who were usually independent were forced to stay put, and seniors who did not have support were forced to seek assistance.

We need to protect the social and human rights of older people in society as such, and there needs to be an understanding of the term elder abuse..."¹

Statistical Overview

Between January 1st, 2019 and September 30th, 2021, the FIA received forty-one (41) SARs and STRs involving elder financial abuse fraud. A breakdown of the filings per year and per reporting entity/local law enforcement agency can be found in Tables 1 and 2.

Table 1: Number of Filings Involving Suspected Elder Financial Abuse Fraud

| Year | No. of Local SARs Filed | No. of Local STRs Filed | No. of International IRIs Filed | No. of UTRs Filed | TOTAL |
|------------------|-------------------------|-------------------------|---------------------------------|-------------------|-----------|
| 2019 | 3 | 10 | 1 | 0 | 14 |
| 2020 | 3 | 10 | 1 | 1 | 15 |
| 2021 (Jan - Sep) | 2 | 10 | 0 | 0 | 12 |
| TOTAL | 8 | 30 | 2 | 1 | 41 |

Source: FIA (2021)

Table 2: - Suspected Elder Financial Abuse Fraud Filings by Reporting Sector

| Reporting Sector | # of Filings |
|-----------------------------------|--------------|
| 1. Banks | 37 |
| 2. Money Service Business | 1 |
| 3. Local Law Enforcement Agencies | 3 |

Source: FIA (2021)

¹ World Elder Abuse Day 2021. Ministry of Youth, Social Development and Seniors. <https://www.gov.bm/articles/world-elder-abuse-day-2021>

Report Indicators

Indicators of suspicious activity selected by reporting entities when filing SARs/STRs, IRIs and UTRs by year, that involved suspected elder financial abuse fraud, are shown below.

Table 3: Reporting indicators selected by entities

| 2019 | 2020 | 2021 |
|--|--|--|
| Adverse Media | ATM | ATM |
| ATM | Cancelled Transaction | Bank Tellers |
| Cash Deposit - multiple/large single transaction | Cash Deposit - multiple/large single transaction | Beneficial Ownership |
| Cash Exchanges | Cash Exchanges | Cash Deposit - multiple/large single transaction |
| BMD/USD | BMD/USD | Cash Deposit - unable to identify third party |
| Cash: In/Out | Cheque Related | Cash Exchanges |
| International Computer Hacking | Consent Request | BMD/CAN |
| Credit Cards | Credit Cards | Cash Exchanges |
| Dormant/Inactive | Elder Abuse | BMD/USD |
| Account reactivated | Electronic Transfers | Cash: In/Out Local |
| Elder Abuse | For Information Only | Computer Hacking |
| Electronic Transfers | Fraud | Credit Cards |
| Embezzlement | High Risk Country | Criminal History |
| Foreigner(s) (90) | High Risk Recipient | Elder Abuse |
| Fraud | Identification Fraud | Electronic Transfers |
| Gambling: Internet/On-Line | Inadequate/Evasive Explanation | Exact Funds (including Fees) |
| High Risk Country | Inconsistent Account Activity | Fraud |
| Inadequate/Evasive Explanation | Legal Arrangements | High Risk Country |
| Inconsistent Account Activity | No Evidence of Travel | Inconsistent |
| Investment Related | No Source of Funds | Account Activity |
| Legal Arrangements | No Source of Wealth | Money Laundering |
| Lending/Loan Related | Ongoing monitoring | Money Transfer |
| Misrepresentation | On-Line/Internet | No Evidence of Travel |
| Morality Related | Banking | No Source of Funds |
| No Source of Funds | Power of Attorney | No travel after cash exchange |
| On-Line/Internet | Previous filings on Subject/Entity | On-Line/Internet |
| Banking | Previous Rejected Transactions | Banking |
| Paradise Papers | Retired | Power of Attorney |
| Power of Attorney | Send to Family / Friend | Previous filings on Subject/Entity |
| Previous filings on Subject/Entity | Suspect | Retired |
| Scams - Advanced Fee Fraud/ Lottery | Compartment | Safe Deposit Box |
| Scams - Imposter (126), Scams - Investment related | Wires | Send to Family / Friend |
| Suspect Compartment | | Smurfing |
| Third Party (sending on behalf of another) | | Theft |
| | | Third Party (sending on behalf of another) |
| | | Unemployed |
| | | Wire Fraud |
| | | Wires |

Source: FIA (2021)

SAR/STR Reviews

In order to illustrate the content and context of reports filed with the FIA that involved suspected elder financial abuse fraud, the following are reviews of three (3) reports filed by the money service business and banks. Through these

reviews, suspicious activity and red flags were identified to help with the prevention, detection and investigation of this suspected money laundering within the Bermuda economy.

STR Review 1- Elder Financial Abuse Fraud

Reporting Sector: Money Service Business

Reason for Suspicion: A report was submitted from a reporting entity when they noticed the attempted remittal of a subject conducting one too many transactions. The subject was remitting funds to nine different recipients in Trinidad and Tobago, and Jamaica without a clear basis for sending to these diverse persons. Additionally, a telephone call was received from an anonymous person filing a complaint that the individual was carrying out fraud on an elderly person. The entity also sought permission from the FIA to refuse or continue transacting.

SAR Review 2- Elder Financial Abuse Fraud

Reporting Sector: Banks

Following initial concerns raised by a local bank, a review was conducted of all accounts aligned to client 1 and client 2. Client 2 was the daughter of client 1. The main activity took place on client 1's sole account. This account received regular payments from the Government of Bermuda and rental credits as its main source of income. These funds were immediately utilised towards cash withdrawals, bill payments and transfers to a joint account. Concerns surrounded client 1's relationship with client 2, as reports were received that client 2 had been stealing funds from client 1 and pressuring client 1 into withdrawing cash from his accounts, which appeared to be potential signs of elder financial abuse.

The reporting entity also believed that client 1 was hospitalised due to ill health and there was speculation that client 2 was not administering client 1's medication properly which caused a

decline in client 1's health. Due to concerns in regard to the allegations against client 2 and the rapid withdrawal activity from client 1's sole account, a report was filed with the FIA.

STR Review 3- Elder Financial Abuse Fraud

Reporting Sector: Banks

Reason for Suspicion: Concerns arose about a customer through an internal trigger following a BMD cash deposit for the immediate purchase of USD currency. It appeared that the customer appeared to be obtaining foreign currency exchange on behalf of a third party who was waiting outside the branch. The third party appeared to be coaching another customer who was also being served at another teller and advising them that the USD was for travelling to the USA.

Account reviews for the initial customer also showed a large credit followed by large cash withdrawals and local card purchases that were concerning as the activity appeared unusual. The customer originally declined to answer questions but eventually explained the activity. They advised that the cash was sourced from self-employed activity undertaken occasionally, the USD was for his family members, and the large credit was part of his retirement pension funds. Furthermore, the card purchases represented bill payments, and the cash withdrawals were for gambling.

The USD exchange was concerning given the change in story and third-party accomplice. The reporting entity felt it was unable to mitigate concerns that the cash may have been sourced from illicit financial crime activity. The cash withdrawals/card purchases were also concerning as the individual's pension funds were depleted in a short period of time and given his age this was atypical. Additionally, a news article sourced from 2020 suggested that the customer was a vulnerable person and could have been coerced.

The reporting entity considered adding a potentially vulnerable customer marker to the customer's account and to contact the customer to discuss further, offering help and guidance if needed.

Red flags

Red flags noted in some of the filings involving suspected elder financial abuse fraud were as follows:

- An elderly customer declined to provide the names of the couple that he wanted to loan a substantial amount of money as he trusted the couple. Additionally, the customer wished to withdraw cash and place it in a safety deposit box as he believed that it gave him more control over his funds than if he were to withdraw the funds as needed from his account. This activity did not make economic sense.
- An elderly customer said to be of diminished mental capacity, was at the centre of a family dispute, a situation which is often vulnerable to financial elder exploitation.
- It was suspected that an elderly customer was making (non-profitable) financial decisions while guided by another party. There was also the suspicion that others are trying to gain access to his finances.
- Bank staff observed a young woman began accompanying an elderly customer to the bank. The young woman submitted a Standing Order form signed by the customer's husband authorizing a weekly transfer to the young woman's bank account. When bank staff contacted the customer to verify the instructions, she was reportedly incoherent.
- An elderly customer's bank account suddenly showed very little activity outside of the cash exchanges and there was also no evidence of travel or regular income. It was additionally noted that for each cash

exchange made, the customer deposited just enough to cover the FCPT and CCY Shipment fees associated with the cash exchanges. After each transaction, the customer left a balance in his account of no more than \$4.00.

- Concerns were raised as the majority of credits received within a 2-month period from a customer's elderly employer were unusually high and there was a rapid movement of funds that was then transferred by the customer to individuals in the USA, Africa and the Caribbean.
- An elderly customer deposited BMD cash for exchange for USD on the same day. The customer appeared to be agitated and unsure, changing explanations about the source of funds and had to ask another individual, who was being served at the same time, to which country she was travelling.
- Based on conversations held with an elderly customer, account activity identified that the customer's son has been moving funds from her sole accounts to a joint account held by the pair without her knowledge. Once the funds were received in the joint account, they were then removed in cash.
- It appears that an elderly customer's son sent a fax to the bank claiming that the instructions that the bank received were not sent by the customer. This raised suspicion that the son may have been manipulating his elderly father to gain financial benefit from funds and investments that were held with the bank. It was also suspected that the son tampered with the bank transfer instructions that were referred to in the fax. Likewise, the supposed email chain with the bank could not be verified. As there were incorrect contact numbers and email addresses for the custody team.
- A temporary block was placed on the elderly customer's bank account due to suspicion of the customer not being in possession of her bank card. This was confirmed once the

customer's daughter called the bank to inquire about the card being blocked. She informed the bank that she held a Power of Attorney (POA) for the elderly customer naming herself as the POA. However, the bank could not accept the POA at the time as it was not a Bermuda POA and it was not registered with Bermuda Government. Also, the POA did not contain a Bermuda Revenue Stamp.

- A review of an elderly customer's bank accounts was conducted after the customer visited the branch accompanied by an unknown gentleman who insisted on speaking on her behalf. The accompanying gentleman also requested a new debit card on the customer's behalf. It was also noted that the majority of the customer's pension income was withdrawn in cash on the same day or within the subsequent week.
- After the bank received a phone call reporting that an elderly customer's credit card was stolen and the customer was requesting a replacement, concerns were raised as to the true identity of the caller, who sounded very young. Although the caller fully passed verification, the call handler noted a previous call from the customer requesting a temporary block on the card, as the customer believed that her daughter was using the card without her permission.
- Concerns were raised when multiple high-value wire transfers were sent from an elderly customer's account to individuals in Asia and Europe. As the customer had advised that the beneficiaries were individuals she met online, there were concerns that the customer was the subject of an online scam, which posed further potential financial crime risks.
- Concerns were raised after a customer entered the branch to conduct a cash exchange of BMD for USD. When questioned as to the source of the funds and the purpose of the exchange, the elderly

customer's explanation was inconsistent. Furthermore, branch colleagues observed two men waiting for the customer who then followed him out of the branch. The customer also advised branch colleagues that due to a recent stroke, he was no longer working and suffered memory lapses.

Actions taken by Reporting Entities

- The account in question was blocked and the reporting entity sought consent or refusal guidance from the FIA to continue transacting.
- The entity investigated the matter and submitted a report with the Ageing and Disability Services in Bermuda.
- A decreased transfer limit remained on the customer's accounts to slow transfer amounts and the reporting entity stated that it would report and file with the Senior Abuse Registrar in Bermuda.
- Internal discussions would need to consider whether the customer was a vulnerable person and if the activity was conducted

under the coercion of someone else. If the business decides to retain the customer, consideration would be given to adding a potentially vulnerable customer marker to the customer's account and contact the customer to discuss further (but should take care regarding tipping off).

- The reporting entity would investigate the wires and block and reissue credit cards. All other accounts were blocked.
- Although the client was a victim and was advised to contact the police, the reporting entity was of the view that the FIA should be advised in case there were any trends related to the wire activity that pointed to a broader pattern of concern noting additional victims.
- The report was sent to the FIA and the BPS for consideration
- Previous similar concerns were raised with the FIA in relation to Elder Abuse and after a review of the customer's accounts, this activity continued and has raised further concerns within the bank.

END