

# Network Compliance Teacher

Compliance News and Tips from Credit Union Compliance Officers  
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# Editor's Corner



This edition of the Network Compliance Teacher is near and dear to my heart and I am pleased with the response that we received from our clients on this editions topic.

Elder abuse. A topic that we hear about more and more every day.

I guarantee that almost everyone that reads this edition will have had a personal experience or knows someone that has been affected by elderly abuse. My family experienced a heartbreaking event when my grandparents became victims of this horrible crime. What made it more devastating was that it was by a family member.

This newsletter is just the beginning of AuditLink's fight against elder abuse. Our goal is to garner enough material to provide financial institutions with the tools to train their staff on how to detect and prevent elder abuse as well as educate their older community on the threats that are out there.

Marsha Sapino, AAP  
AuditLink Associate  
CU\*Answers

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# Pathways Credit Union Shares Their Elder Protection Program

Linda Williams  
Director of Compliance & Training  
Pathways Credit Union

## General Information

When asked to write an article on the topic of elder exploitation, at first I was not sure that I had enough experience or material on the subject.

But then I realized that, hey, I am considered an “elder” by definition in many circles - even here at the credit union, I’m over 55 and a proud owner of a Prime Checking account along with other fellow members who are now considered to be in the “prime” of our lives. And if 58 is not senior enough, I have an 89 year old dad, who most certainly fits the definition. So maybe I am just a little qualified.



For elder members in 2014, the world is often an unfamiliar place. Raised in a time where “being cheated” happened in card games, and phishing was spelled “fishing,” seniors now in their 80’s and 90’s are often naïve to the scams and exploiting that are unfortunately a modern day reality. Gone are the days of being able to open your front door when the doorbell rings without checking the peephole first. Gone are the days of being able to believe most everything you read, especially what comes in the mail. And gone are the days of being able to trust everyone who calls you on the phone. While many seniors are still fiercely independent, they live alone and are sometimes easy targets for those who make it their occupation to prey on their good nature, naivety and sometimes frailty.

I have some personal perspective on this as my own father, an educated man, a retired chemical engineer, who traveled the world during his working years, decided a few years ago that he needed to enter a well-known, large national sweepstakes so that he could win \$5,000 per week forever - even though the published odds were one in \$1,700,000,000. When asked later why in the world he felt the need to enter, his reply was that he thought it was worth taking a shot at because it would have been nice to have been able to pass that \$5,000 per week on to me and my sister. OK, heart strings tugged.

Shortly after entering, he began receiving all kinds of “too

good to be true” offers in the mail from all corners of the globe. His name and contact information had been “shared” with organizations and individuals who were keenly interested in “helping” him in one way or another for a small contribution of \$\$\$ [fill in the amount]. There were international lotteries that he had “won.” Sound familiar? And there were many letters containing heartbreaking stories of single unemployed mothers with sick children who desperately needed his help. Being the soft hearted soul that he is...well you know where this is going. Information unknowingly compromised. Fortunately my sister and I caught on to this before too much damage had been done. But we see and hear similar stories from our members regularly, and sadly the problem doesn’t seem to be slowing down.

Bottom line, elder exploitation is a reality and it happens in many different ways and comes from many different directions. Trying to deal with it operationally can be a daunting task. What we have found is that our front line employees were anxious to help in identifying potential abuse, but they really weren’t sure what to look for. There are a number of helpful resources that can assist in defining the various forms of elder abuse and I will reference some of those throughout this paper. One of the most helpful things that we have done for staff was to put together a list of “red flag” indicators that could point to elder exploitation, and trigger a closer review of the account by the compliance department. If staff identifies any of the indicators, they pass along the information to our compliance department, where it is investigated more fully to determine what additional action(s) should be taken, if any. The list we use is a compilation of indicators published by FinCEN in their Feb 2011 Advisory ([http://www.fincen.gov/statutes\\_regs/guidance/html/fin-2011-a003.html](http://www.fincen.gov/statutes_regs/guidance/html/fin-2011-a003.html)) and other state and local agency publications. Here is the list that we provide to staff:

### Elder Abuse “Red Flag” Indicators:

By monitoring account activity which is not consistent with expected behavior, or by observing unusual member interaction with other individuals or caregivers, we may become aware of potential elder scams or exploitation. The following examples may be “red flags” for elder abuse.

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### Interactions with Customer or Caregivers:

- Elder shows an unusual amount of fear or submissiveness toward a caregiver or expresses a fear of eviction or nursing home placement if money is not given to a caretaker.
- The elder member lacks knowledge about his or her financial status, or shows a sudden reluctance to discuss financial matters.
- A caregiver or other individual shows excessive interest in the elder's finances or assets, does not allow the elder to speak for himself, or is reluctant to leave the elder's side during conversations.
- The financial institution is not able to speak directly to the elder, despite attempts to contact him or her.
- A new caretaker, relative or friend suddenly begins conducting financial transactions on behalf of the elder without proper documentation.
- The member moves away from existing relationships and toward new associations with other "friends" or strangers.
- The elderly member's financial management changes suddenly, such as through a change in the owner's Power of Attorney to a different family member or a new individual.

### Erratic or Unusual Banking Transactions or Changes in Banking Patterns:

- Sudden NSF Activity on a senior member's account who never overdrew their account previously.
- Debit transactions inconsistent for the elder.
- Uncharacteristic attempts to wire large sums of money.
- Closing of CD's or accounts without regard to penalties.
- Uncharacteristic nonpayment for services, which may indicate a loss of funds or access to funds.
- Frequent large withdrawals, including daily maximum currency withdrawals from an ATM.

We have also found that most of the financial elder abuse that we see is initiated where the member lives, either by a relative that they live with or by an employee at an assisted living or nursing home where the member resides. Checks can be removed from the member's checkbook; new checks can be ordered and then intercepted by

someone other than the member; debit cards can be easily removed from an unsuspecting member's wallet and used often without detection.

Powers of Attorney are another potential means by which an individual can exploit an elderly member financially. Just because an agent has authority to transact on the account does not mean that the transaction activity should noticeably change - the member still has the same expenses, and their agent should merely be acting on their behalf to pay the bills. Significant changes in transaction activity after an agent is added could be a red flag to possible account abuse.

Monitoring our daily large cash reports, abnormal activity reports and daily shared branching reports can often give us cause to take a closer look at an account, and subsequently find that the activity is inconsistent with the member's prior activity pattern. And we also depend on frontline staff to report any abnormalities that they see while taking care of members in the branch or working with them over the phone.

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# Protect Your Elder Members

Debra Mathews, CCUFC  
Vice President, Operations  
Fraud/Security Officer  
United Educational Credit Union

## General Information

The best way to advocate is to get involved in the community, not just within your four walls.



Two of our staff members sit on committees against elder abuse, namely The Region 3B - Area on Aging in Battle Creek and the Branch County Commission on Aging in Coldwater. The partnerships and discussions will open your eyes that there is a need to give input and get involved. Committee members are comprised of law enforcement agents, attorneys, and financial institution staff members. In order to have a voice with legislation and safe harbor, we must participate and advocate against the horrific treatment of our most vulnerable members, seniors. We have a voice on what matters, and we make our voice heard at events and presentations we give to community centers and in day-to-day interactions with the public.

The financials have safe harbor and can anonymously report suspected abuse, whether physical or financial. So there is no reason not to act on your investigations internally and report your concerns so the matter can be looked into before more harm is done.

We were a part of and wrote a piece for the "Are You a Sitting Duck" brochure we hand out in our community to our seniors. We wrote on having joint owners on an account or being asked to cosign on a loan. Other topics discussed were online security, financial self-defense, why seniors are targets, guardianships and conservatorships, online shopping, and pin and password safety, just to name a few. The bottom line we promote is to protect yourself; don't be a target or "sitting duck."

Now for catching a thief - we have indeed. A man who came into our credit union one day wanting to cash a very large check written to him. His first mistake was letting us know it was for driveway work he did for someone. The red flag was in the fact that the check was made out to a person and not a business. So we contacted our elderly member whose name was listed on the check and asked if she indeed requested this work to be done and willingly

wrote the check to the man. She seemed concerned and distant in the conversation. I asked if she had approached this man for work to be done or if he had approached her. She seemed frightened, and I asked if there was anyone else in the home. We discovered that her spouse had recently passed. We also later found out that the perpetrator had found her name by checking through the obituaries, something he regularly does in an attempt to take advantage of elderly people at their most vulnerable time, when they are alone after the recent passing of a spouse.

After learning this, we immediately called the woman's daughter and conferenced her into the phone conversation with our elderly member. After speaking more with her daughter, we learned that the woman did not want to have any work done on her driveway, but when the man came to her front door, he strong-armed her into it and she reluctantly agreed out of fear. Knowing our member had been a victim of fraud and concerned for her safety, we asked her family to go to her home because we were contacting law enforcement to apprehend the perpetrator.

We then told the gentleman we would be holding his check and that he would have to leave. He became belligerent and tried to grab the check from the teller behind the counter. As he was doing this, he was unaware that the police had entered our lobby to apprehend him. After checking his ID, the police learned that it was a fake ID. They also discovered in his wallet several pieces of identification from different states. They escorted the man out of our credit union and told him to stay away from our elderly member and her property as well as our credit union and not to harass or intimidate any of our staff or our elderly member.

This was indeed a victory.

Another form of elderly abuse to which our credit union has been witness involves an investment scam. One of our elderly members in her 80s came into our credit union one day with her son and asked to cash out all of her accounts. When we asked her why she wanted to empty her accounts, she said that a group of people asked her to invest all of her money with them in order to earn a great deal more and avoid government income tax. I asked her how she knew these people and she said she did not know

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## Elder Involved in a Wire Transfer Scam

Terri Maloney  
President  
Catholic United Financial CU

### General Information

On April 29, 2014, an 81-year-old member came into our credit union to withdraw \$1,400. The teller asked if she could give him a check, telling him that it would be safer than carrying around that amount in cash. But the member insisted on cash, stating that he was headed to the local Kmart to wire it to his niece in Africa who was “in trouble.” He seemed disturbed about it. The teller gave him the cash.



**Catholic United Financial  
CREDIT UNION**

The next day, the same member came into the credit union wanting to make another withdrawal. This time he wanted \$1,500 in cash. After questioning him and learning that the money was for a second wire transfer to his niece in Africa, the teller asked him if he was sure he wanted to make the transfer in light of all the wire-transfer scams that have recently been occurring. The member became defensive and angry, and told the teller, “Don’t worry. I will get this money back.” So the teller reluctantly proceeded with the transaction, and the member took his cash and left.

Our branch manager immediately called the police, who went to Kmart to further investigate the matter. Kmart management told the police that they had questioned the man when he came in to make the transfer and after

learning that it was for his “niece in Africa,” they told him that they would not be able to proceed with the transfer as the man could be a victim of a scam. The police then went to the member’s home to inform him of the fact that he had been a victim of wire-transfer fraud.

We have not seen this member since the day he left our credit union after making the \$1500 withdrawal for the second wire transfer, but we hope that the message delivered by both us and the police hit home and that he has not attempted to wire any more funds to Africa since that day.

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## An Ohio Credit Union's Fight Against Elder Abuse

Bettina Buscemi, CCUFC  
Business Development Manager  
Day Air Credit Union

### General Information

Day Air Credit Union has been in the forefront in the fight against Elder Abuse, Neglect and Exploitation in our community. In 2010, Bettina Buscemi, Business Development Manager was named to a 35-member multi-disciplinary team focused on elder abuse issues formed in Montgomery County. The Collaboration Against Abuse, Neglect and Exploitation (C.A.A.N.E.) develops community partnerships to prevent and eliminate elder abuse, neglect and the exploitation of older and vulnerable adults through education, advocacy, intervention and services. She is also serving on an education sub-committee particularly working with financial exploitation.



Early in the formation of this group the education sub-committee saw a need for involvement by front line staff at financial institutions to recognize and report suspected exploitation and/or abuse. Day Air was instrumental in helping to create and present training to not only Day Air Credit Union associates, but to other credit unions in the Montgomery County Area.

C.A.A.N.E. has held open Elder Abuse Symposiums, Elder Abuse Awareness Day Events and most recently a Senior Resource Expo. The expo was held at Courthouse Plaza in downtown Dayton where many business professionals congregate during their lunch hours. Over 30 non-profit and for profit companies and organizations were on hand to educate the general public about the resources available to the senior community. State of Ohio Representative Fred Strahorn and Montgomery County Commissioner Judy Dodge gave remarks about the importance of our community support against abuse and the legislative steps being pursued to improve the situation. Visit <http://caanemcoho.org> for more information.

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## Pathways Credit Union

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A Suspicious Activity Report (SAR) is filed with FinCEN when an indicator is reported and after investigation we cannot justify the unusual behavior or activity. Also, most states have toll free hotlines where abuse can be reported, and most will take the report anonymously so that the credit union does not have to be identified. Additionally, State laws protect the confidentiality of the person making a report. Visit [http://ncea.aoa.gov/Stop\\_Abuse/Get\\_Help/State/index.aspx](http://ncea.aoa.gov/Stop_Abuse/Get_Help/State/index.aspx) for more information.

Keeping this topic in front of staff by including it in periodic training helps them to maintain focus on the indicators. There are a number of helpful resources available to supplement staff training on this topic. The National Center for Elder Abuse has a collection of PowerPoint and Video training presentations already prepared and free to use. There is an excellent presentation geared to Financial Exploitation located here on the NCEA's site: <http://ncea.aoa.gov/Training/Curricula/index.aspx>.

As with all forms of suspicious activity, detection is in the hands of our staff. Continuing to educate ourselves, use the resources available, and report concerns will make a difference in helping to protect our more vulnerable members.

**NCT**

## Protect Your Elder Members

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them and had never heard of them. They just came to her door one day asking her to invest all of her money with them. This sounded very suspicious to us, so before proceeding with the transaction, we attempted to contact this "investment firm." We were, not surprisingly, unable to get a hold of them. So we told our elderly member that in order to protect her from potential fraud, we were unable to proceed with the transaction and would not authorize any withdrawals that day. We advised her to investigate this further with law enforcement and suggested she contact a legitimate investment firm to learn more about this group and if they were a legitimate outfit. A huge red flag in this case was that these people

just showed up on this woman's doorstep and were very smooth talkers. Sure enough, our suspicions were correct. A few days later our elderly member came back into our credit union and told us that after looking into it more, she learned that this was a scam and told the perpetrators to stay away from her and informed them that she had reported the incident to the local authorities. She and her son thanked us profusely for protecting her and her assets.

A final case of elder abuse that I would like to share involves our member's own family. One of our elderly members came into our credit union one day and asked to withdraw a large sum of cash. Her son, who was clearly inebriated, was standing beside her with his hand out. It was clear he was forcing her to withdraw this money. We politely asked him to go sit down while we conducted business with our member. We told our member that before releasing funds to her, we would need to contact the joint owner, the woman's daughter, to be sure she was aware of the withdrawal. Although we don't normally make a habit of "fibbing," it was to prevent possible elder fraud. After contacting the member's daughter, we learned that her brother often asks her mom for handouts, but never as forcefully as this time. She pleaded with us to hold onto her mom's money. She also asked to speak to her mom and told her she would not authorize any withdrawals. Her mom did not argue with her and by the glint in her eye, it was clear that she was thankful that we said we would not authorize any withdrawals. The intoxicated son then approached the teller window asking why there was a delay. We asked him to leave.

Sometimes you have to listen to your gut and take a chance. If it smells rotten, it probably is. So when things look suspicious, take a step back and protect your member. And always remember to report suspected elder abuse. It could protect an innocent senior and their life savings from being drained by someone with ill intent.

**NCT**

## Resources

**AARP Money Management Program** pairs seniors of limited resources or people with disabilities with trained money-management volunteers. One service helps seniors who remain in control of their finances to balance their checkbooks and pay bills; the other focuses on those deemed incapable of handling their own funds. The program is offered in 21 states and the District of Columbia, though availability varies. <http://www.aarp.org/aarp-foundation/our-work/income/money-management.html/>

**AARP's Scams and Fraud page** offers information on the latest frauds against older people. <http://www.aarp.org/money/scams-fraud/>

**American Association of Daily Money Managers** has members nationwide who can assist seniors with bill-paying, banking, insurance paperwork, and organizing records in preparation for income-tax filing, among other tasks. <http://www.aadmm.com/>

**Better Business Bureau Scam Stopper** has information on common scams and instructions on reporting a scam. You can sign up for scam alerts on the site. <http://www.bbb.org/council/bbb-scam-stopper/>

**Consumer Financial Protection Bureau's Office of Financial Protection for Older Americans** receives and investigates consumer fraud complaints specifically related to mortgages, credit cards, banks, loans, and more. <http://www.consumerfinance.gov/older-americans/>

**Consumer Reports** Protecting Mom and Dad's money. What to do when you suspect financial abuse. <http://www.consumerreports.org/cro/magazine/2013/01/protecting-mom-dad-s-money/index.htm#warning>

**Eldercare Locator** (800-677-1116) refers and connects callers to local services in their communities, including meal and transport services, home care, support services, services for caregivers, and others. <http://www.eldercare.gov/Eldercare.NET/Public/Index.aspx>

**FinCEN Advisory FIN-2011-A003** Advisory to Financial Institutions on filing Suspicious Activity Reports regarding elder financial exploitation. [http://www.fincen.gov/statutes\\_regs/guidance/html/fin-2011-a003.html](http://www.fincen.gov/statutes_regs/guidance/html/fin-2011-a003.html)

**National Academy of Elder Law Attorneys** (703-942-5711) offers a search for lawyers specializing in durable powers of attorney, conservatorship, estate planning, elder abuse, and other concerns. <http://www.naela.org/>

**National Adult Protective Services Association** provides a national map with links to abuse-reporting hotlines by state. <http://www.napsa-now.org/>

**National Association of Professional Geriatric Care Managers** includes professionals who can facilitate aspects of seniors' lives, including monitoring home-care workers, managing medical appointments, and identifying potential exploitation risks, among other services. Some geriatric-care managers can also pay bills and handle paperwork. <http://www.caremanager.org/>

**National Center on Elder Abuse** has links to additional state directories of help lines, hotlines and elder-abuse prevention resources in all 50 states and the District of Columbia. <http://www.ncea.aoa.gov/>

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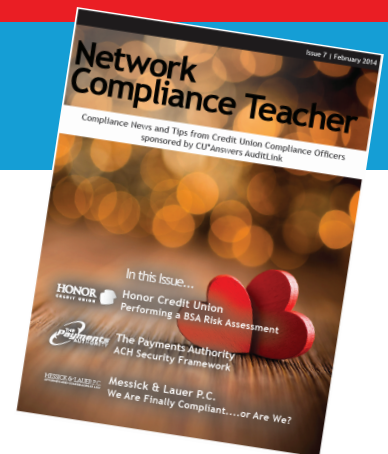
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## Network Compliance Teacher





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# **WIN up to \$2,500 in the First “Cost of Compliance Standard” CONTEST!**

Back in April, we announced two upcoming contests meant not only to see who can develop a way to account for the cost of compliance, but who can implement the best template into their credit union's operations. Starting today and going through September 30, the first contest is open!

Each contest has a total prize of \$5,000 that will be distributed among the top 3 entries with first place getting \$2,500! Entries will be graded based on their ability to answer the following:

1. What are the costs associated with compliance?
2. How should the chart of accounts be set up to best track these costs?
3. What is the implementation plan for this standard, and how will you track costs?

To enter, simply email Jim Vilker at [jvilker@cuanswers.com](mailto:jvilker@cuanswers.com) to let him know your intentions to submit an entry; you'll then have until Sept. 30 to submit your standard.

**For further information please visit:**

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