‘Trusted’ Professionals Target the Assets of America’s Elderly

Phone fraudsters and greedy children aren’t the only ones manipulating older Americans, and the threat to their assets is growing.

By Nick Leiber

Terry Ann McIntosh’s financial nightmare began four years ago, soon after she hired a caregiver through a family services website. McIntosh, then 75 and in a wheelchair, had assumed that the young woman who eventually showed up at her San Mateo, Calif., home wouldn’t steal from her. She was wrong.

In October 2015, Meletofetofe Uhila began logging into McIntosh’s Bank of America account, using the older woman’s credentials. The first time, Uhila attempted to transfer $10,000 into her own account. The bank blocked it, requesting that McIntosh call in to verify her identity. Uhila called instead, pretending to be her.

Though Uhila failed the bank’s security questions, and McIntosh had never made a similar transfer in all the years she held the account, the bank allowed it to go through. Unaware, McIntosh continued to visit her branch every week, as she had done for the past 15 years. No bank employee ever mentioned the transaction.

Over the next nine months, Uhila made 44 additional transfers, ultimately stealing about $245,000 from McIntosh. Though Uhila was eventually caught and convicted, she had only $8,000 left to return to McIntosh. So McIntosh asked Bank of America for her money back. Despite all the seemingly bright red flags raised by Uhila’s conduct, the bank said no.
Tales such as McIntosh’s—of being hoodwinked by a criminal only to face an uphill battle to be made whole—are on the rise, consumer and legal experts warn. Already targeted by phone scammers and greedy relatives, elderly Americans have a “bull’s-eye” on their backs, one Iowa assistant attorney general who specializes in elder abuse cases said, adding that the problem is only getting worse.

And while financial institutions are becoming more responsive and incorporating more safeguards to protect against elder fraud and manipulation, America’s most vulnerable face another, more insidious threat. Increasingly, it’s the professionals—the lawyers, insurers and financial advisers that the elderly trust—who are the wolves in sheep’s clothing.

Illustration: Rebekka Dunlap

In 2017, financial institutions filed 63,500 suspicious activity reports tied to the exploitation of older adults, quadruple the amount reported four years earlier, according to the Consumer Financial Protection Bureau, for a total of $1.7 billion in attempted thefts and losses. That estimate, however, is a tiny fraction of the real total. The reports “may account for less than 2%” of actual incidents, the CFPB says. Estimates of total losses ranged as high as $36.5 billion, according to one financial services firm.

One in five older Americans is a victim of financial exploitation, said Jilienne Gunther, who heads the BankSafe initiative at the AARP’s Public Policy Institute, costing U.S. financial institutions $1 billion in deposits annually. The vast majority of such attempts to separate the elderly from their money, both legal and illegal, go unreported.

Shawna Reeves, director of elder-abuse prevention at the Institute on Aging in San Francisco, says few understand that such activity can involve professional firms and companies, including banks, financial advisers, insurers and law firms.

“This is big business, perpetrated by actors people think are legitimate,” said Reeves. According to social workers, prosecutors, and other officials across the country, common stratagems involve attempts to sell the elderly ill-advised annuities and reverse mortgages, as well as solar panel installations and access to veterans’ benefits.
At the Iowa attorney general’s consumer protection division, complaints about professionals manipulating elderly clients pour in “nonstop,” said Chantelle Smith, an assistant attorney general in Des Moines. They involve “any type of business you can imagine.”

When InvestmentNews surveyed 591 financial advisers about elder fraud in 2017, it found that 62% said they have seen or suspected financial abuse of an older client at least once. Some 39% of them said the perpetrator was another financial professional—but more than half admitted they didn’t bother to report it.

It’s not just financial professionals doing the fleecing. Doug Chalgian, an attorney with the Michigan-based elder law firm Chalgian & Tripp, said some lawyers build a business model helping adult children take control of their parents’ assets. Others encourage older clients to make financial decisions that aren’t in their best interest.

“There’s a sleazy underbelly to elder law,” Chalgian said.

The consequences of such unethical behavior aren’t just financial. Elderly people who fall victim to financial wrongdoing are more likely to die prematurely, research shows. Losing one’s life savings, worrying about maintaining control over assets that remain or simply being embarrassed at having been taken all play a part, Smith said.

“Where do you go after you’ve been exploited by a professional you thought you could trust, and you are now at perhaps your most vulnerable state? Another ‘trusted’ professional?” Smith asked. “They die. It kills them.”

Chantelle Smith, photographer: KC McGinnis for Bloomberg
The night before Barbara Williams died in August 2015, she and her husband Tom decided to leave the bulk of their assets to a nonprofit serving the homeless near their Oroville, Calif., home.

Tom Williams had relied on his wife, a former bookkeeper, to handle their finances. Williams, then 78, called American Family Legal Services, the firm he thought had helped them with estate planning in the past, to update their trust.

Not long after, Victor Pantaleoni arrived at his home. An independent insurance agent, Pantaleoni quickly went about selling Williams on purchasing an annuity—one that, unlike the updated trust Williams sought, would earn Pantaleoni a $9,500 commission, according to a lawsuit Williams later filed in the Superior Court of California in Butte County. The agent had Williams sign a blank check and blank documents, ostensibly needed to modify the trust, according to Williams. Instead, Pantaleoni used them to move $100,000 of Williams’ money into a National Western Life Insurance Co. annuity, according to court filings.

Williams, who intended to use those savings for health-care expenses and emergencies, was left with only about $14,000 in his account. When he tried to cancel the annuity and get his money back, National Western didn’t respond. The company instead told Pantaleoni he had five days to “conserve” the annuity or he would lose his commission, according to court filings. Williams alleged that, as a result, Pantaleoni tricked him into signing a second annuity application. National Western subsequently reissued the annuity.

Williams tried a second time to get his money back. He called and wrote National Western, complaining about Pantaleoni. But instead of investigating, National Western slapped Williams with a surrender penalty of almost $15,000 and allowed Pantaleoni to hold onto his original commission, keeping him as an agent, according to the lawsuit. Though the insurer refunded the rest of his money, Williams had spent thousands of dollars on legal fees and other expenses related to his dealings with Pantaleoni. He sued both Pantaleoni and National Western in late 2017 for elder financial abuse, negligence and breach of fiduciary duty.

In April, a jury found National Western and Pantaleoni liable of elder financial abuse and negligence, and found Pantaleoni liable for fraud. It awarded Williams $3.1 million, declaring the insurer primarily responsible. The company appealed in September. Pantaleoni did not.

“Pantaleoni couldn’t have done what he did without the complicity of a company willing to turn a blind eye,” said Frank Fox, the attorney representing Williams.
This wasn’t the first time Pantaleoni was accused of improper behavior when working with seniors. In 2015, the California Department of Insurance filed a formal accusation against him, detailing his violation of insurance statutes in his dealings with a 74-year-old widow. The agency fined Pantaleoni and restricted his insurance license.

“I never did elder financial abuse and I never would,” said Pantaleoni, 62. However, in the case of Williams, he admitted he was negligent, in part because he didn’t have errors and omissions insurance, a type of liability policy, at the time. But he nevertheless disputed most of the other allegations in the lawsuit. “I did what the client wanted,” he said.

As for National Western, in 2010 the insurer settled a class action claiming it had misled seniors about penalties for withdrawing money from their annuities. National Western’s settlement included an accord with the California insurance commissioner requiring the company to make reforms in its sales, marketing and complaint procedures. The insurer denied any wrongdoing.

National Western, which uses thousands of independent agents to sell its insurance, had just two employees in its compliance department responsible for handling complaints at the time Williams tried to return the annuity, according to court documents. “Our independent agents are careful to ensure policyholders thoroughly understand the agreements they enter into when they purchase our annuity or life insurance products,” National Western’s chief legal officer, Rey Perez, said in an emailed statement.

When it comes to luring the elderly into a trap, some strategies are more aggressive than others. Earlier this year, a federal law enforcement officer outside Washington started to get glossy flyers at his home, inviting him to a free meal and a “retirement strategies workshop” at a local restaurant. “Expect to have a little fun and obtain some meaningful information with none of the usual financial double-talk,” one read.

By chance, the officer, who requested anonymity because he isn’t authorized to speak publicly, noticed that the retirement planner’s address matched that of an attorney he suspected was targeting the elderly. So on a sticky night in July, he dropped by the dinner, also hoping it might yield clues in a case of suspected elder fraud.
involving his now-deceased father. The dinner didn’t result in a breakthrough, but it did reveal how a business tries to persuade the elderly to invest in financial products they don’t need.

At an Italian restaurant in Virginia, more than a dozen elderly couples picked at their salads as the presenter asked them to fill out forms describing their assets and then complete worksheets while he extolled the virtues of annuities. “We can get you two to three times as much as a bank and keep you just as safe,” he said.

To the officer, the workshop shared the same traits as so-called trust mills, a term he used to describe schemes in which unscrupulous individuals try to sell seniors questionable investments under the guise of estate or retirement planning. He echoed a warning on the Minnesota attorney general’s website about such con artists: “Once he obtains your financial information, he will usually try to get you to buy an annuity or other insurance product. He may have several meetings with you before he reveals his true intentions: to sell you insurance.”

Kathryn Stebner, the lawyer for Terry Ann McIntosh, is a national expert on elder law. Given how her client’s account was methodically emptied, she said she can’t fathom how the bank missed what happened. “I don’t know how much plainer it could be,” she said.

After discovering what happened, McIntosh became deeply distressed, and not just for her own circumstances; she also needed her savings to support her disabled adult daughter. Last year, she sued Bank of America. As the trial approached this fall, the bank settled. Bank of America spokesman Andy Aldridge said the institution is “working with Ms. McIntosh to help her recover from the criminal actions of her caregiver.”

Financial institutions may have gotten the hint when it comes to making it harder to scam the elderly. According to Marti DeLiema, an assistant professor of research at the School of Social Work at the University of Minnesota, Twin Cities, more banks are investing in detection software and training. Executives, she said, “have really strong incentives, because the problem is only going to get worse.”

DeLiema, a consultant for major banks and broker-dealers, said financial institutions “need better communication across lines of business. For example, the brokerage side needs to talk to the banking side if
they suspect a customer is at risk.” She added that banks also could benefit from a rule similar to what the Financial Industry Regulatory Authority put in place last year, allowing broker-dealers to pause a disbursement and investigate without worrying about clients suing them.

She said banks also lack the trusted contact form that broker-dealers are supposed to have clients fill out. “Banks need to do that,” said DeLiema. “Banks need another tool in their toolbox to protect us from ourselves.”

Smith, the Iowa assistant attorney general, started pursuing financial advisers, securities brokers and insurance agents for exploiting older people about two decades ago. She said that elder financial abuse is more than a legal issue. It’s societal.

Financial predators aren’t being prosecuted “in any significant number, relative to how many cases there are,” she explained. And when it comes to lawsuits, “most of them don’t go to court.” Meanwhile, perpetrators seek out and spend time with older people who are isolated and lonely. They know many of their targets won’t report what’s happening for fear of embarrassment or of having their children take control of their finances.

“They target, they stalk,” Smith said. “I tell all the older people I talk to: ‘You have a bull’s-eye on your back.’”

Smith said the only way to stem the rising tide of elder financial exploitation is to get family members, friends and community volunteers more involved in their lives. “The underlying issue here is isolation and loneliness, and a devaluing of older people in our communities,” she said. “It’s ageism.”