

**Disabled Persons Protection Commission
and the
Department of Developmental Services**

**Recognizing and Reporting
Financial Abuse**

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Agenda

- Prevalence of Financial Abuse
- Risk Factors
- Case Examples (including video)
- Indicators/Impact of Financial Abuse
- DPPC Overview
- Reporting Financial Abuse
- Screening/Investigation/Criminal Referrals
- Outcomes/Protective Actions
- Prevention

Trends

- Research tends to focus primarily on elders who are financially abused or exploited.
- Individuals with disabilities are also at increased risk of financial abuse.

Prevalence of Financial Abuse

- Financial fraud is one of the fastest growing forms of abuse targeting seniors and adults with disabilities.



Source: National Adult Protective Services Association, "Policy and Advocacy: Elder Financial Exploitation," 2015

Prevalence of Financial Abuse

- 1 in 20 older adults reports some form of financial mistreatment.
- Some studies estimate that only 1 in 44 cases of financial exploitation are reported to law enforcement officials.

National Adult Protective Services Association, "Policy and Advocacy: Elder Financial Exploitation," 2015

Prevalence continued...

"The need to address financial fraud and exploitation has not been a traditional area for public health focus, but increasingly, the potentially devastating effect on physical, mental, and financial well-being is being recognized. In many cases, exploitation occurs at the hands of family members or caregivers, creating further devastation for the individual being exploited."

Centers for Disease Control, 2013

What is Financial Abuse?

The illegal or improper use of another person's funds, property or assets by a person in a position of trust.



Who Commits Financial Abuse?

- Family members
- Significant others
- Paid and un-paid caregivers
- Strangers who become “friends” or romantic partners
- People in a position of responsibility, who may have the ability to override controls
- People with an understanding of the system and processes
- Representative payees



80-10-10 Rule of Thumb for Fraud

- **10%** of the population will NEVER commit fraud.
- **10%** of the population are predators or have predatory tendencies. They are evaluating systems and situations to find an opportunity to commit a crime. About half of this group will immediately act on the opportunity once identified.
- **80%** of the population might commit fraud given the right combination of *opportunity, pressure, rationalization.*

MOST OF US!!! (Financial Abuse and Financial Exploitation Training, MA Office of the Inspector General, November 2016)

**Risk Factors for
Financial Abuse of
Individuals with
Disabilities**



People with disabilities may be:

- Perceived as weak, vulnerable, or less likely to report abuse.
- Isolated or dependent on a small circle of caregivers or friends for care, such as financial management.
- Living in segregated environments, such as community residences, where abuse can remain hidden.
- Unable to recognize or report abuse, due to limited communication skills, cognition, or lack of training.
- Viewed as less credible when they report information
- May want to “please” caregivers by giving them money and other resources.

Additional risks when finances are managed by family/guardians:

- Individuals and staff may have limited, or no access, to financial records.
- Staff may not feel that the financial abuse or misuse of benefits is within their domain to address.
- Staff may have sympathy for families who have financial difficulties.
- Provider agencies, and even state employees who are mandated reporters, are sometimes reluctant to report on things that happen in families (e.g. they may not want to jeopardize their relationship with the family; or are fearful that services will be terminated).

Programs that provide services to individuals with disabilities may have additional risk factors



For individuals receiving services:

- Group home staff may be authorized to “hold” peoples’ money for safekeeping.
- Some day programs may also “hold” some of an individual’s money.
- Sometimes program staff are designated to assist individuals with banking and with purchasing.
- This exposes the individual’s resources to the risk of theft by program staff.
- Therefore, programs are required to keep records of all funds and disbursements.

Lack of adequate internal controls (#1 cause)

- Each program that “holds” an individual’s money must have a system that effectively tracks all transactions.
 - There should be a record of all money going in and going out of the program’s control.
 - All entries should be signed by a designated staff.
 - The records should be reconciled to bank statements, receipts, and a count of the actual cash on hand.
 - The receipts should be regularly reviewed to ensure that they correspond to actual purchases made by or for the individual.

Fraud Awareness and Prevention Training, MA Office of the Inspector General, May 2016

Lack of management control & oversight (#2 cause)

➤ It is management’s responsibility to ensure that the system is effective and sufficient, that all staff are trained in the procedures, and that the procedures are being consistently followed.

- All of the financial records should be regularly reviewed by a manager or someone not involved in handling the funds or keeping the records.



The review should include:

- A reconciliation of the agency’s financial records for the individual with the individual’s bank statements.
- A reconciliation of the financial records with a count of the actual cash.
- A review of the expenditures and the receipts to ensure that receipts are present for all significant expenses. DDS uses a threshold of \$25 to determine if a receipt is required.



The review should include (continued):

- A review of the expenditures to ensure that they were made for items, services and events that the individual actually received or experienced.



- A review of the manner in which the records are maintained, ensuring the staff are in compliance with agency record keeping procedures.

**Management override of controls
(#3 cause)**

- Internal controls procedures must apply to all staff, including management
- An override of internal controls could indicate an intention to perpetrate fraud or financial abuse



**Poor management tone at the top
(#4 cause)**

- Managers must demonstrate leadership in internal controls.
- They need to demonstrate the importance of safeguarding the resources of people who receive services by utilizing the internal controls process.
- This will encourage full buy-in compliance by staff.



Case Examples



Susan

- Lives in a group home with 3 other women.
- The manager of the program, Richard, often brings his dog to work.
- A review of Susan’s expenditure reveals that she paid a bill for veterinary services. The payment was recorded by Richard.
- When questioned about this, Richard claimed that the dog was owned by all the residents in the group home and that they should all share in the expenses of maintaining the dog.

Nancy

- Lives in her own apartment. Her mother is her representative payee. She deposits Nancy’s check into her own account and is supposed to spend all of the money to meet Nancy’s needs.
- Staff have been asking her mother for some money for Nancy to buy some new clothing. Nancy’s mother always tells them that all the money is spent.
- Nancy’s mother explains that she does not have enough income to support herself and she has been using a portion of Nancy’s Social Security income to furnish her new apartment. She doesn’t feel that Nancy really needs all that money, anyway.

Elton

- Elton is a house manager in a group home.
- He takes the individuals to the bank each month and helps them to fill out withdrawal slips.
- When they get back to the home, Elton enters the amount of the withdrawal onto a tracking form.
- Elton’s supervisor, Bennie, is supposed to reconcile the tracking forms to the bank statements every month.

Elton continued

- Bennie doesn't really know what to look for when checking the bank statements and he trusts Elton, as they have worked together for years.
- Bennie reviews the bank statements with Elton and has never found an issue.
- A new supervisor, Eileen, is hired. Eileen conducts a thorough review of the bank statements and the tracking form and discovers that the actual bank withdrawals exceed the amount listed on the tracking form.
- Elton has been skimming a little bit of money from the individuals' bank withdrawals each month.

Tom

- Tom is a person with a disability who lives at home with his family. They receive an annual allocation of family support funding through the self direction program, "Agency with Choice".
- Tom's DDS Service Coordinator worked with a family support provider agency to purchase a mechanical lift for Tom to help him transfer in and out of his wheelchair. The DDS Service Coordinator authorized the purchase. The family support provider then purchased the lift with Tom's funding allocation.

Tom continued

- The area office has a system of internal controls that requires the family support provider to submit receipts, along with their monthly reimbursement billing to verify their disbursements/purchases.
- An initial review of the submission showed problems with the receipt. A visit to Tom's house to inspect the new lift revealed it was not the same model that had been recommended. It was an older, used model that was not in good repair. The family support provider had it delivered to Tom and told him it was the new one he was expecting. They then submitted a false receipt to DDS and stole the money from Tom's annual allotment.

Indicators and Impact



Indicators of Financial Abuse

- Substantial increase in account activity
- The individual complains about not having access to her/his own money
- Unusually large cash withdrawals or transfers to other accounts from a joint bank account
- Caregiver mismanaging or misappropriating victim's funds for own use



Indicators of Financial Abuse

- Forging the signature of an individual 
- Caregiver seeks to cash the individual's disability check or paycheck
- Missing or incorrect receipts for purchases on behalf of the individual



- Lack of supporting documentation

Potential Impacts

Individual may go without:

- Adequate nutrition
- Medication
- Clothing
- Assistive devices such as a wheelchair, hearing aids, communication devices
- Adequate heat or air conditioning, due to unpaid utilities

Additional Impacts

- Loss of home, due to unpaid mortgage, utilities
- Feelings of shame, low self-esteem, depression
- Fear of retribution or retaliation, due to threats
- Poor credit rating
- Involvement in court proceedings



Potential Impacts of Financial Abuse for Service Providers

- Dollar or asset losses
- Potential loss of future funding
- Financial penalties (repayment/restitution)
- Bad press, impact on reputation and credibility
- Program, project, mission, objectives are undermined
- Diminished employee morale
- Resource strain
- Mission distraction

(Fraud Awareness & Prevention Training, MA Office of the Inspector General, May 2016)

Case Example of Financial Abuse

DAVID'S STORY VIDEO

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Discussion Points from Video

What were the indicators of abuse?

- David's clothes were damaged
- The clothes were from a consignment shop
- The price tags did not match the submitted receipts



How Was David Hurt?

- Money intended for purchasing new clothes for David was used by his caregiver to purchase new clothes for her son
- David was given used, damaged clothing
- David's money was stolen

How Did Gina Respond?

Gina:

- Noticed the clothing was damaged
- Found price tags that did not match the receipts submitted
- Asked David if the clothes were the ones Amanda purchased for him
- Called her supervisor and reported the incident to the DPPC

How Massachusetts is Responding to Financial Abuse of Persons With Disabilities



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Video overview of DPPC

DPPC

- An independent state agency created by statute (M.G.L. c. 19C) in 1987 to protect adults with mental and physical disabilities, between the ages of 18 and 59, from abuse or neglect by their caregiver(s), whether in a private, family or state care setting.

DPPC Statute M.G.L. c. 19C

- **Jurisdiction:**
 - Person with a disability
 - 18-59 years of age, and
 - Wholly or partially dependent on others for assistance with daily living needs
 - Abused/neglected by a caregiver
- **Residing in a state care or private setting**

What DPPC Does...

- Receives and screens reports of suspected abuse/neglect through a 24-hour hotline
- Conducts investigations
- Oversees investigations conducted by other state agencies (DDS, DMH, MRC) on DPPC's behalf
- Ensures appropriate protective services are provided when abuse/neglect is substantiated
- Provides training and educational outreach

Types of Abuse DPPC Investigates

- Physical
- Emotional / Verbal
- Sexual
- Neglect (Omission)
- Deaths

Financial Abuse

- DPPC receives reports and refers allegations to appropriate law enforcement and state agency
- DPPC does **NOT** investigate financial abuse

Reporting Financial Abuse



What Mandated Reporters Need to Know About Financial Abuse

- The “Real Lives” law says that mandated reporters must now report suspected financial abuse of persons with disabilities to the DPPC (November, 2014)



Your Obligation to Report Financial Abuse

- “Any...mandated reporter of the [DPPC]...who suspects financial abuse, including, but not limited, to mismanagement, misappropriation or waste of a participant’s self-determination funds or individual budget shall immediately report such suspicious actions or inactions to the [DPPC].” M.G.L. c. 19B, § 19 (m) (1)

DDS Self Directed Services

- The Department of Developmental Services offers a program whereby service recipients can be in control of their funding, and can make choices about how to use that funding to pay for services. This can include hiring their own staff.
- Misuse of self directed funds is financial abuse.

Why Reporters Should Not Handle Suspected Incidents In-House

- It may be a criminal matter and needs to be investigated by law enforcement (call police first if you suspect a crime has occurred, then call DPPC)
- A record is established through filing a report with DPPC

Why Reporters Should Not Handle Suspected Incidents In-House

- Service-providing agencies should not be determining the amount or whether financial restitution is the appropriate response. A investigation or audit may be needed to determine the correct amount of the restitution.
- Financial abuse should be considered as important as other types of abuse (e.g. If you saw someone physically abuse an individual, you likely wouldn't think twice about reporting it!).

Threshold of Proof

- Any incident, condition, or occurrence where there is *reasonable cause to believe* that an individual has been financially abused or exploited due to the actions of a caregiver or provider.
- A *reasonable cause to believe* is a standard that is less than “probable cause”, but more than a non-specific suspicion, “hunch”, or gut feeling. You don’t need to have proof.
- If you cannot decide, make the report.

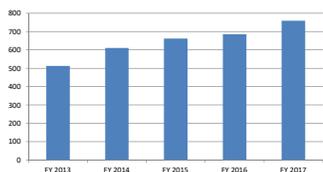
Mandated Reports To Other Agencies

- DDS and service-providing staff are also mandated reporters of suspected financial abuse to other state agencies, including:
 - ✓ Social Security Administration (SSA) – the SSA Fraud Hotline # is 1-800-269-0271
 - ✓ Supplemental Nutrition Assistance Program (SNAP) The Department of Transitional Assistance Fraud Hotline # is 1-800-372-8399

Reports of Financial Abuse made to DPPC Hotline

FY 2013 = 513 FY 2016 = 685
 FY 2014 = 611 FY 2017 = 759
 FY 2015 = 662

(47.9% increase from FY 2013 to FY 2017)



What happens when you file a report of financial abuse to DPPC?

- Report is screened by DPPC staff and the State Police Detective Unit (SPDU) assigned to DPPC.
- Report is screened out by DPPC under M.G.L. c. 19C because DPPC does not have jurisdiction to investigate.
- DPPC sends copy of intake report to appropriate state agency (e.g. DDS, DMH, MRC) for whatever follow-up they deem necessary under their regulatory process.
- DPPC also reports cases to the Office of the State Auditor, as appropriate.
- SPDU refers intake report to appropriate District Attorney's Office for possible criminal investigation if it meets the criteria under MA criminal statutes.

Possible Outcomes/Remedies for Victims

- Victims may be reimbursed by service-providing agency, if appropriate.
- A legal conservator, guardian, or representative payee may need to be appointed to manage the individual's finances.
- Criminal charges may be filed, and perpetrator prosecuted.
- Victim provided with protective services to prevent situation from re-occurring.

Preventing Financial Abuse

- Be aware of indicators
- Listen to complaints and ask questions
- Arrange for conservator, representative payee, or legal guardian if individual is not able to manage finances
- Closely monitor any bank records, checking or credit accounts, receipts, or cash on hand



Preventing Financial Abuse

- Make financial management training available to individuals with disabilities
- If something appears suspicious, REPORT it!
- Contact DPPC's 24-hour hotline at 1-800-426-9009 and/or local police



Training for Individuals with Disabilities

- Empower people with skills and knowledge to better manage their own finances.
- Research existing resources

Example: Cents and Sensibility, A Guide to Money Management for People With Disabilities, developed by PA Assistive Technology Foundation and Widener University School of Business in PA, 2013



Closing Remarks

- Thank you for participating in today's training!
- The importance of your role in identifying, reporting, and preventing financial abuse
- If you have questions about the content of today's training, please call DPPC at 617/727-6465, or go to DPPC's website at www.mass.gov/dppc
- DDS Office of Human Rights 617-624-7738

**DPPC 24-hour
HOTLINE**

1-800-426-9009
1-888-822-0350 TTY

www.mass.gov/dppc
