South Carolina Bar
Continuing Legal Education Division

2026 SC BAR CONVENTION

Consumer Law Section

"Helping Clients with Everyday Consumer Issues"

Thursday, January 22

SC Supreme Court Commission on CLE Course No. 260126

South Carolina Bar
Continuing Legal Education Division

2026 Economic Outlook for Consumers

William Rule

The 2026 Economic Outlook for Consumers

Prepared for the

2026 South Carolina Bar Convention

Consumer Law Section

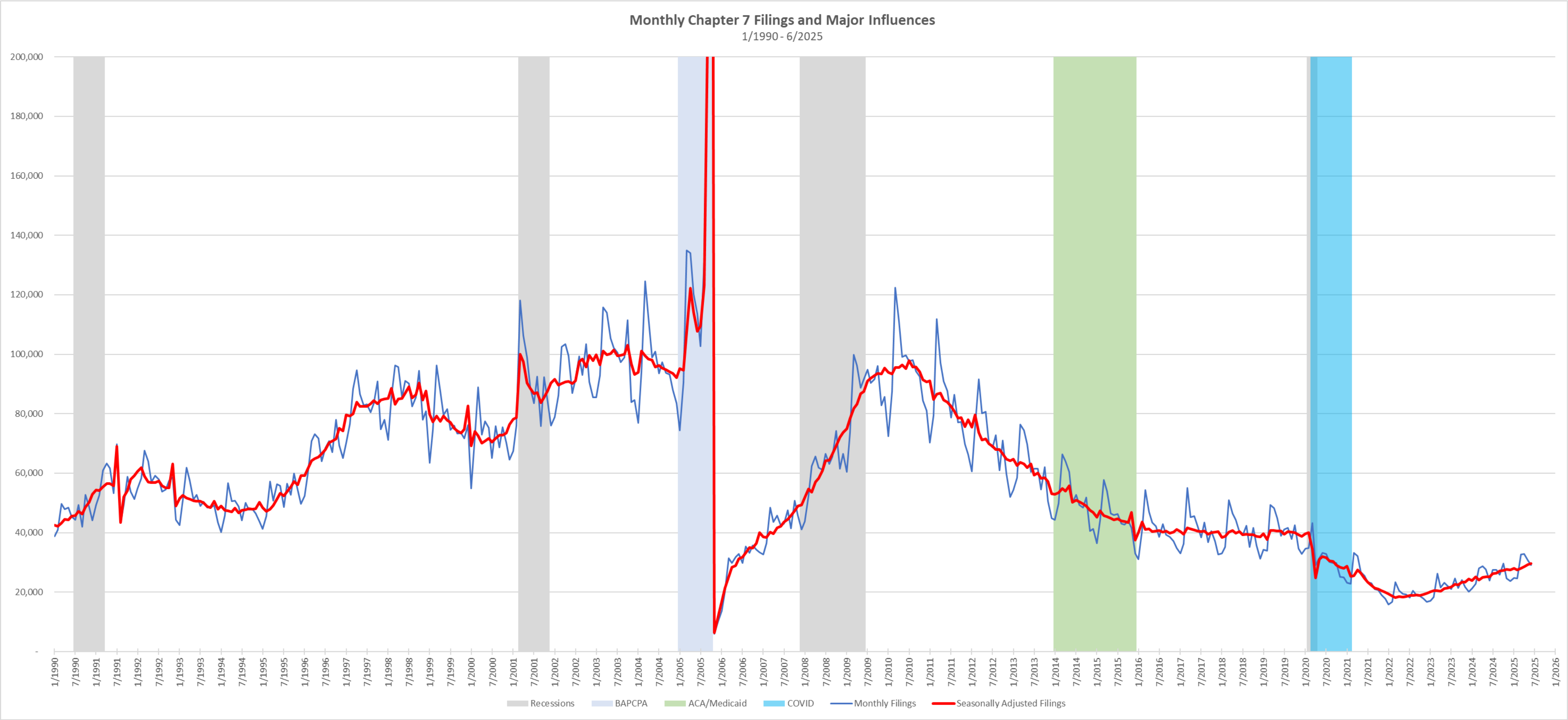
William T. Rule II, Ph.D.

Senior Economist

Administrative Office of the United States Courts

January 22, 2026

BANKRUPTCY FILINGS


Monthly Chapter 7 Filings and Major Influences
1/1990 - 6/2025
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
-
1/1990
7/1990
1/1991
7/1991
1/1992
7/1992
1/1993
7/1993
1/1994
7/1994
1/1995
7/1995
1/1996
7/1996
1/1997
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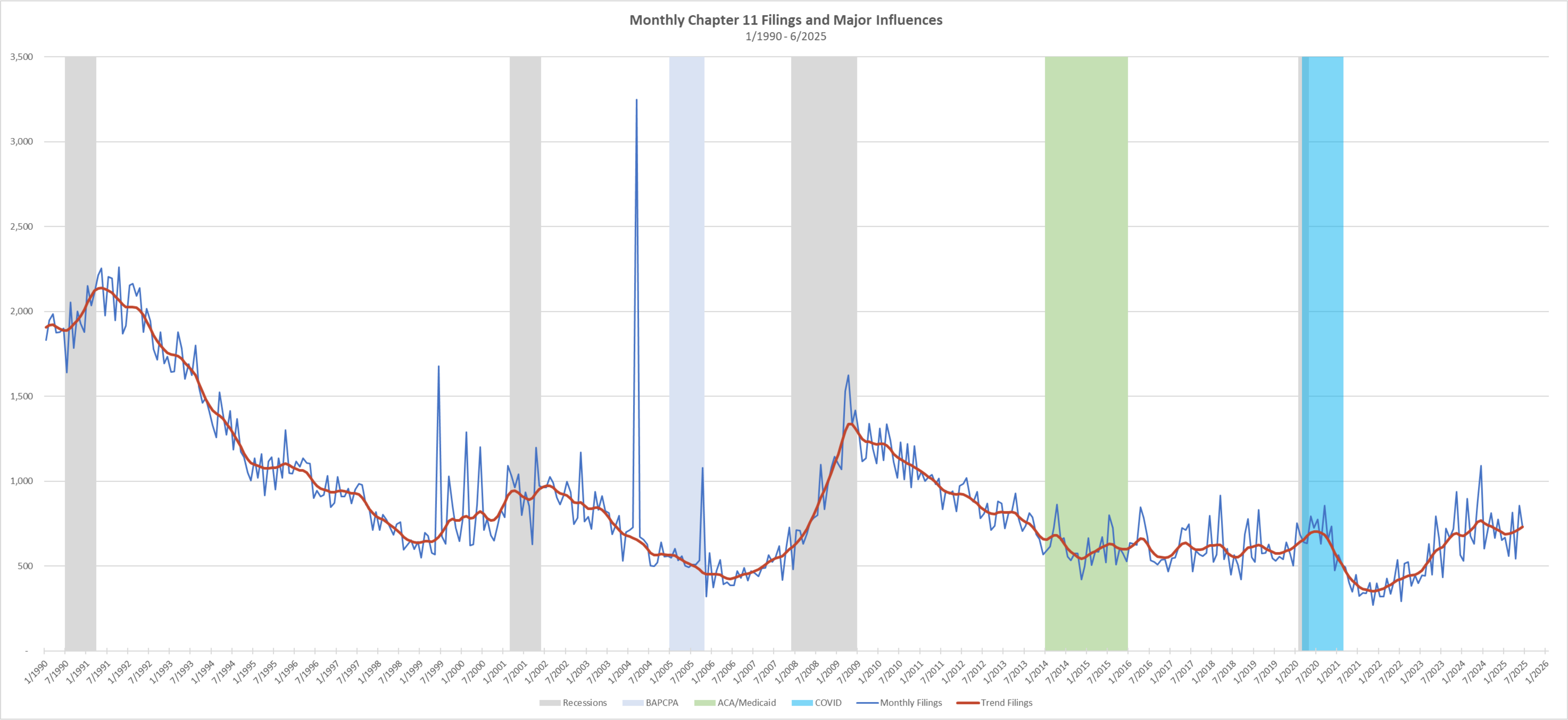
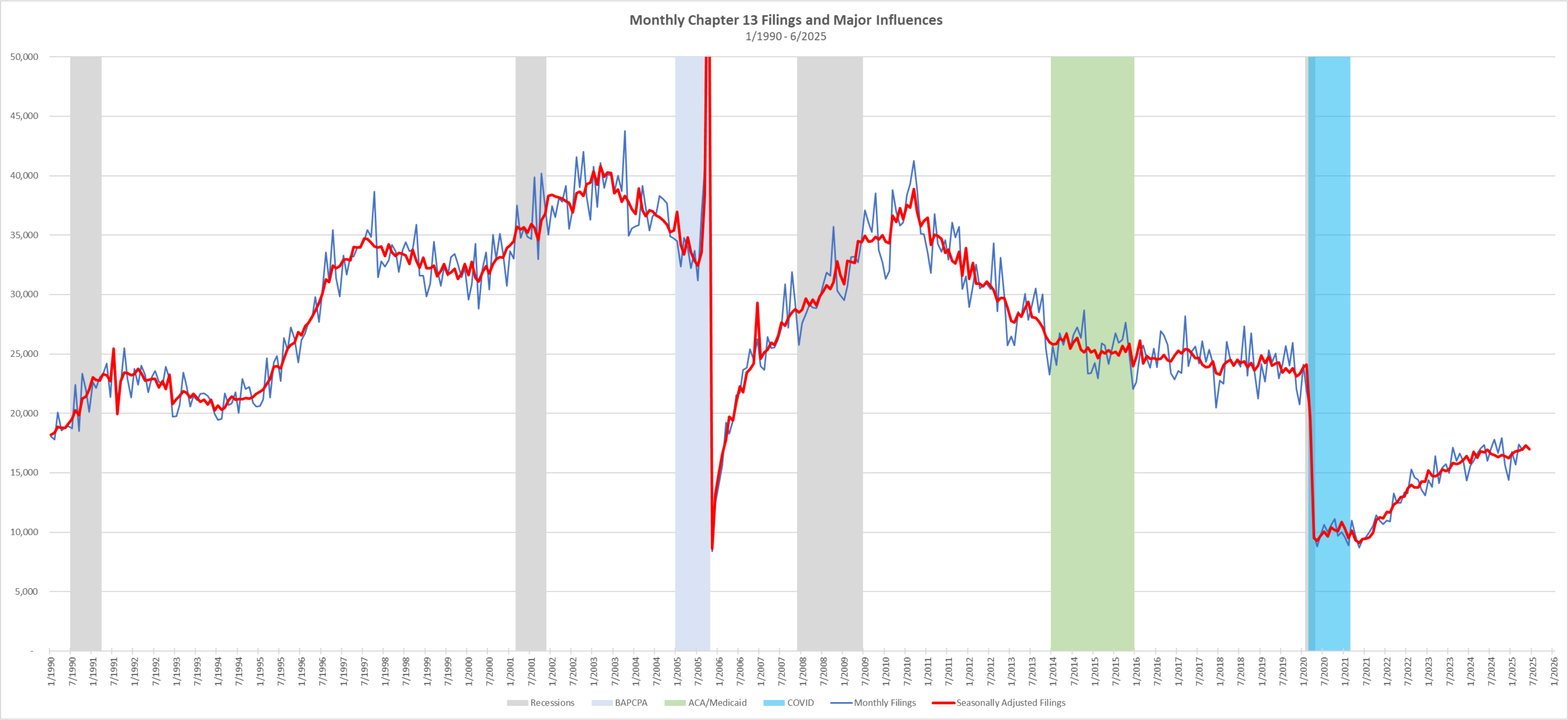
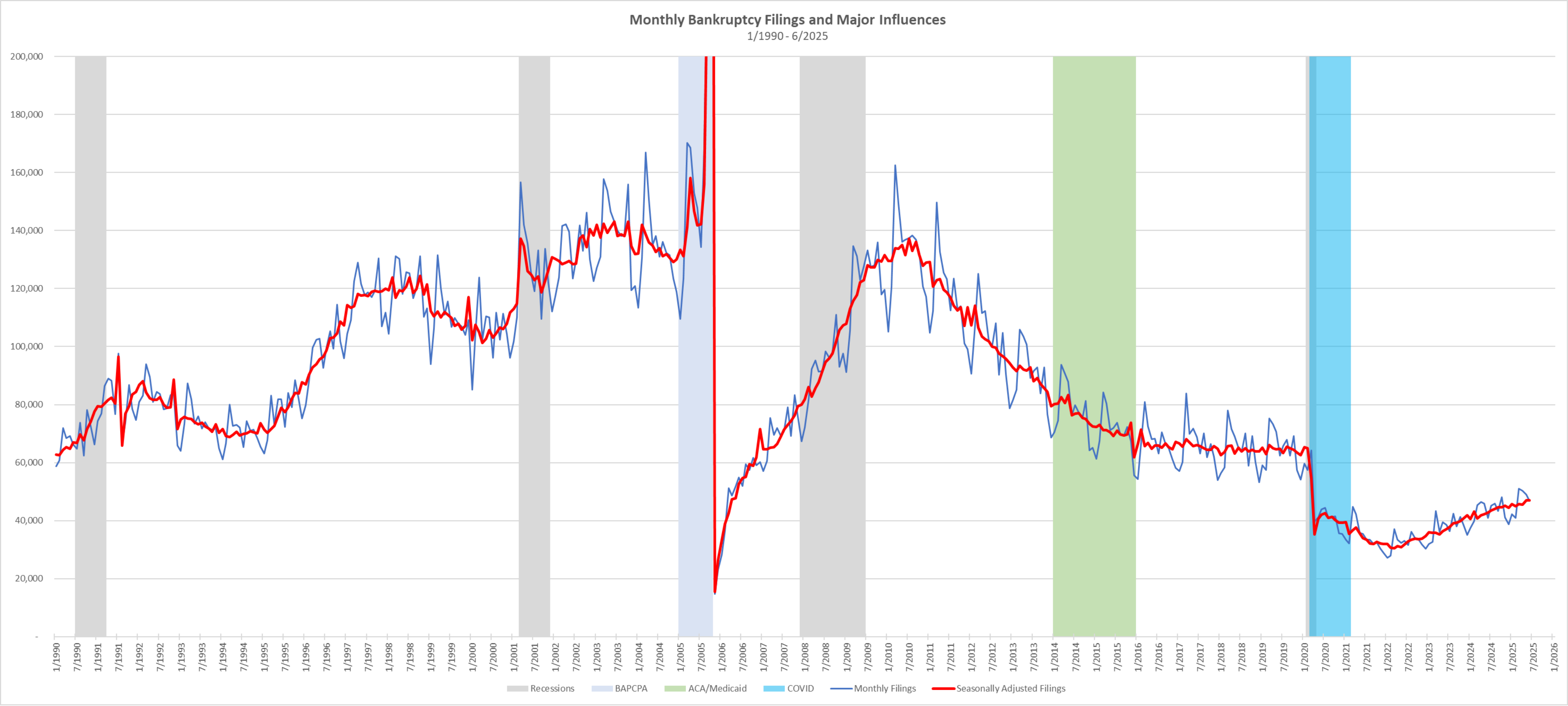
7/2017
1/2018
7/2018
1/2019
7/2019
1/2020
7/2020
1/2021
7/2021
1/2022
7/2022
1/2023
7/2023
1/2024
7/2024
1/2025
7/2025
1/2026
Recessions
BAPCPA
ACA/Medicaid
COVID
Monthly Filings
Seasonally Adjusted Filings


Monthly Chapter 11 Filings and Major Influences
1/1990 - 6/2025
3,500
3,000
2,500
2,000
1,500
1,000
500
-
Recessions
BAPCPA
ACA/Medicaid
COVID
Monthly Filings
Trend Filings

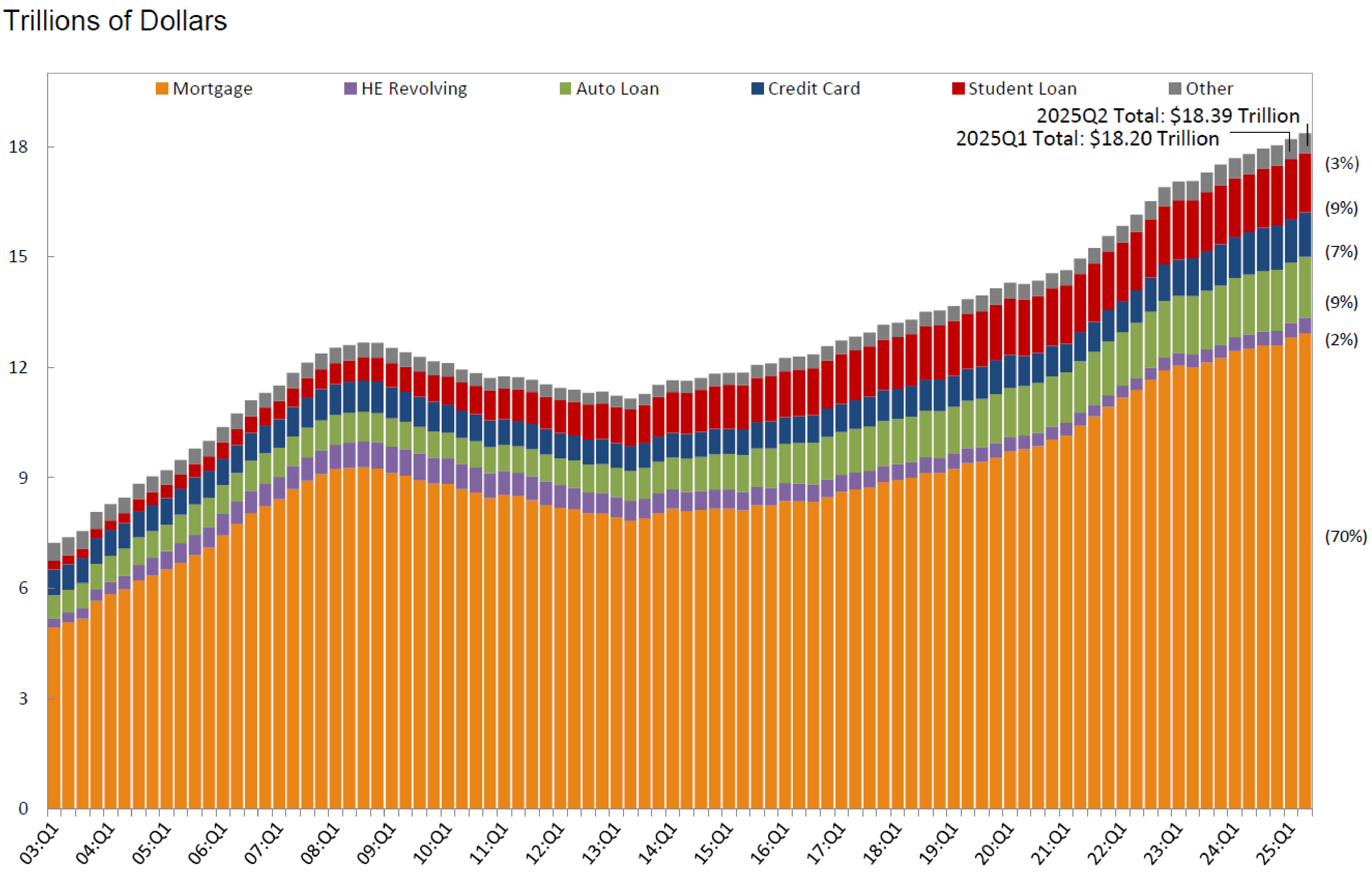


Monthly Chapter 13 Filings and Major Influences
1/1990 - 6/2025
50,000
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
Recessions
BAPCPA
ACA/Medicaid
COVID
Monthly Filings
Seasonally Adjusted Filings

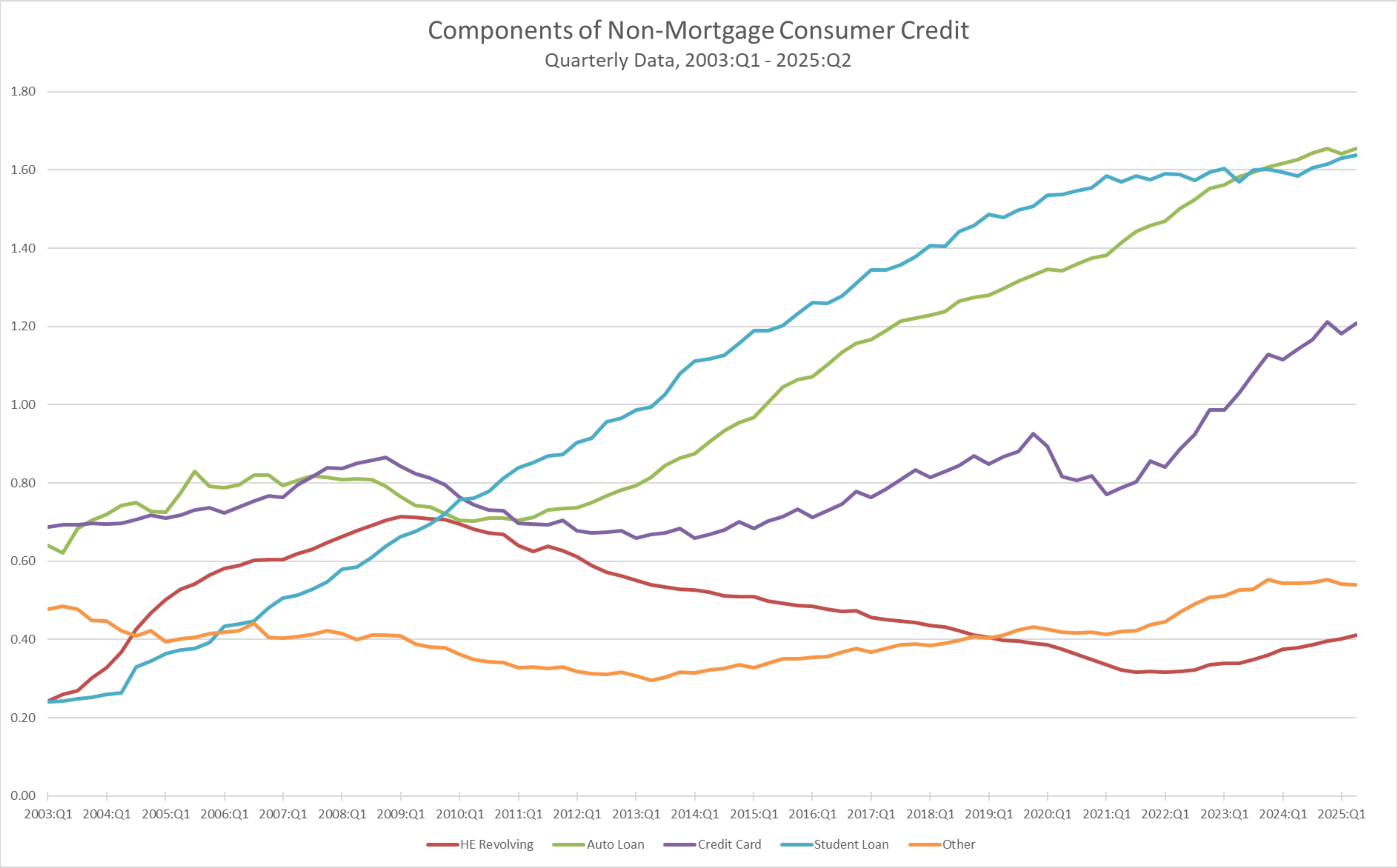

Monthly Bankruptcy Filings and Major Influences
1/1990 - 6/2025
Recessions
BAPCPA
ACA/Medicaid
COVID
Monthly Filings
Seasonally Adjusted Filings

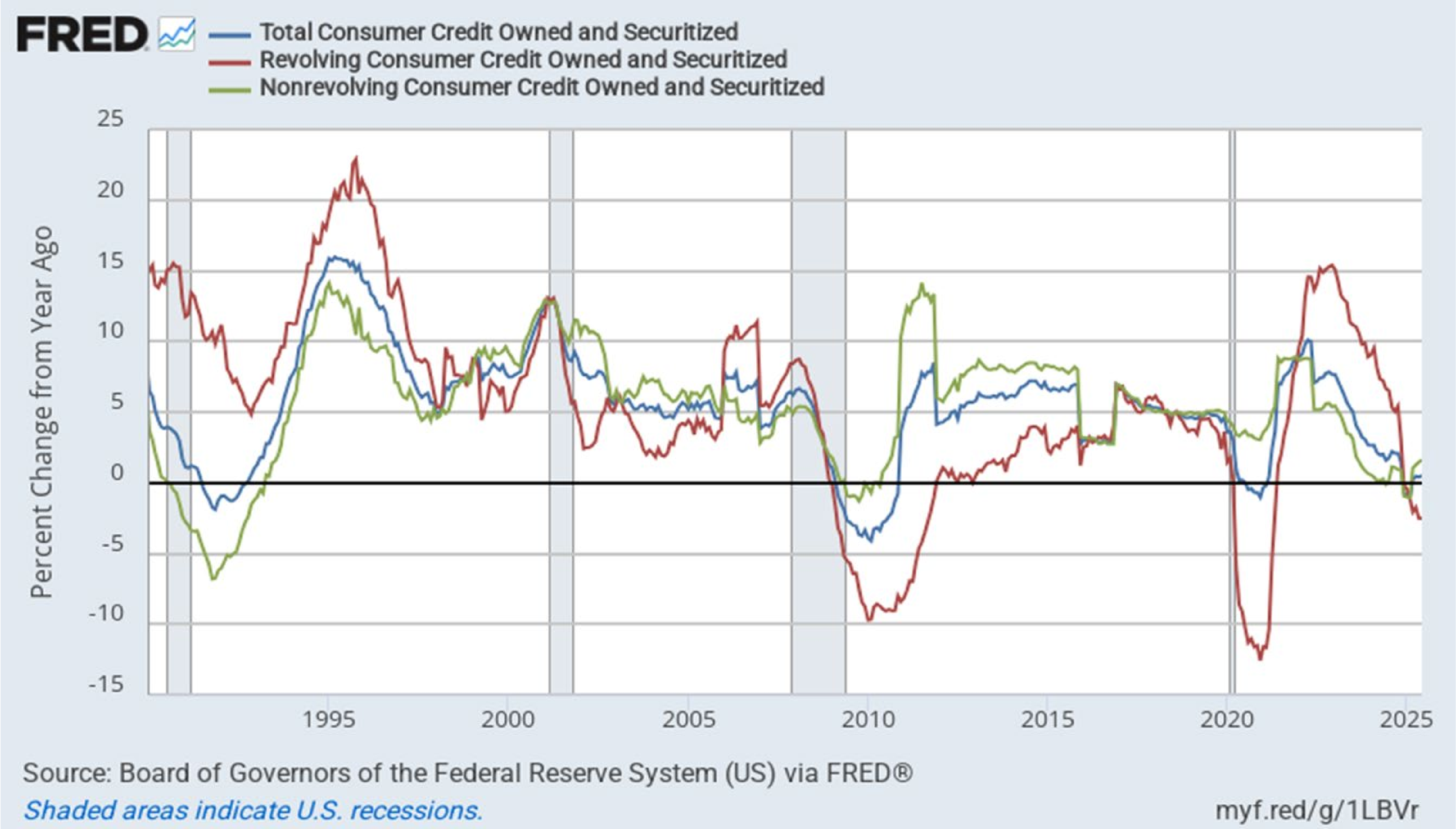
CONSUMER CREDIT

Total Debt Balance and its Composition

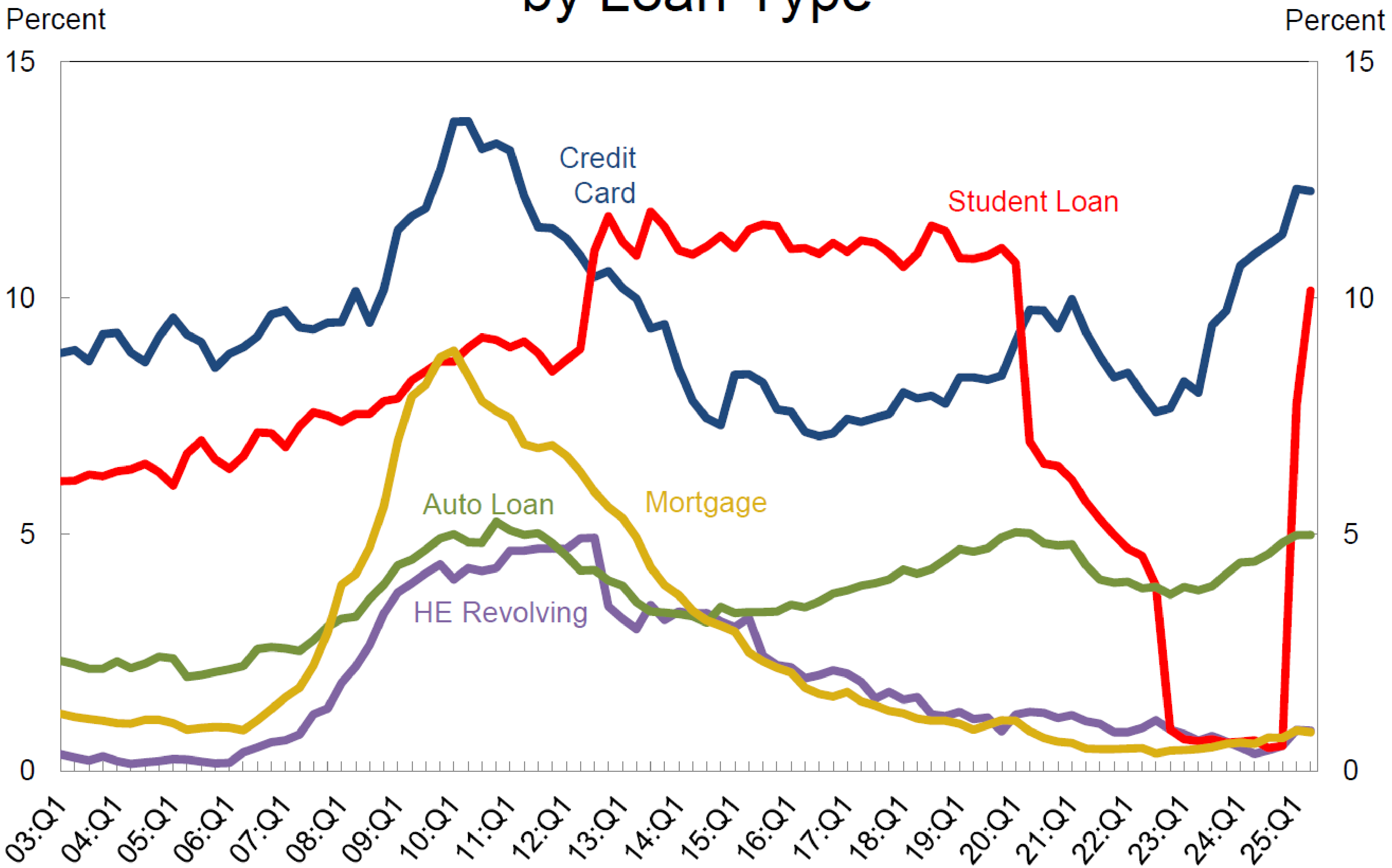


Source: New York Fed Consumer Credit Panel/Equifax


Components of Non-Mortgage Consumer Credit
Quarterly Data, 2003:Q1 - 2025:Q2
1.80
1.60
1.40
1.20
1.00
0.80
0.60
0.40
0.20
0.00
2003:Q1
2004:Q1
2005:Q1
2006:Q1
2007:Q1
2008:Q1
2009:Q1
2010:Q1
2011:Q1
2012:Q1
2013:Q1
2014:Q1
2015:Q1
2016:Q1
2017:Q1
2018:Q1
2019:Q1
2020:Q1
2021:Q1
2022:Q1
2023:Q1
2024:Q1
2025:Q1
HE Revolving
Auto Loan
Credit Card
Student Loan
Other

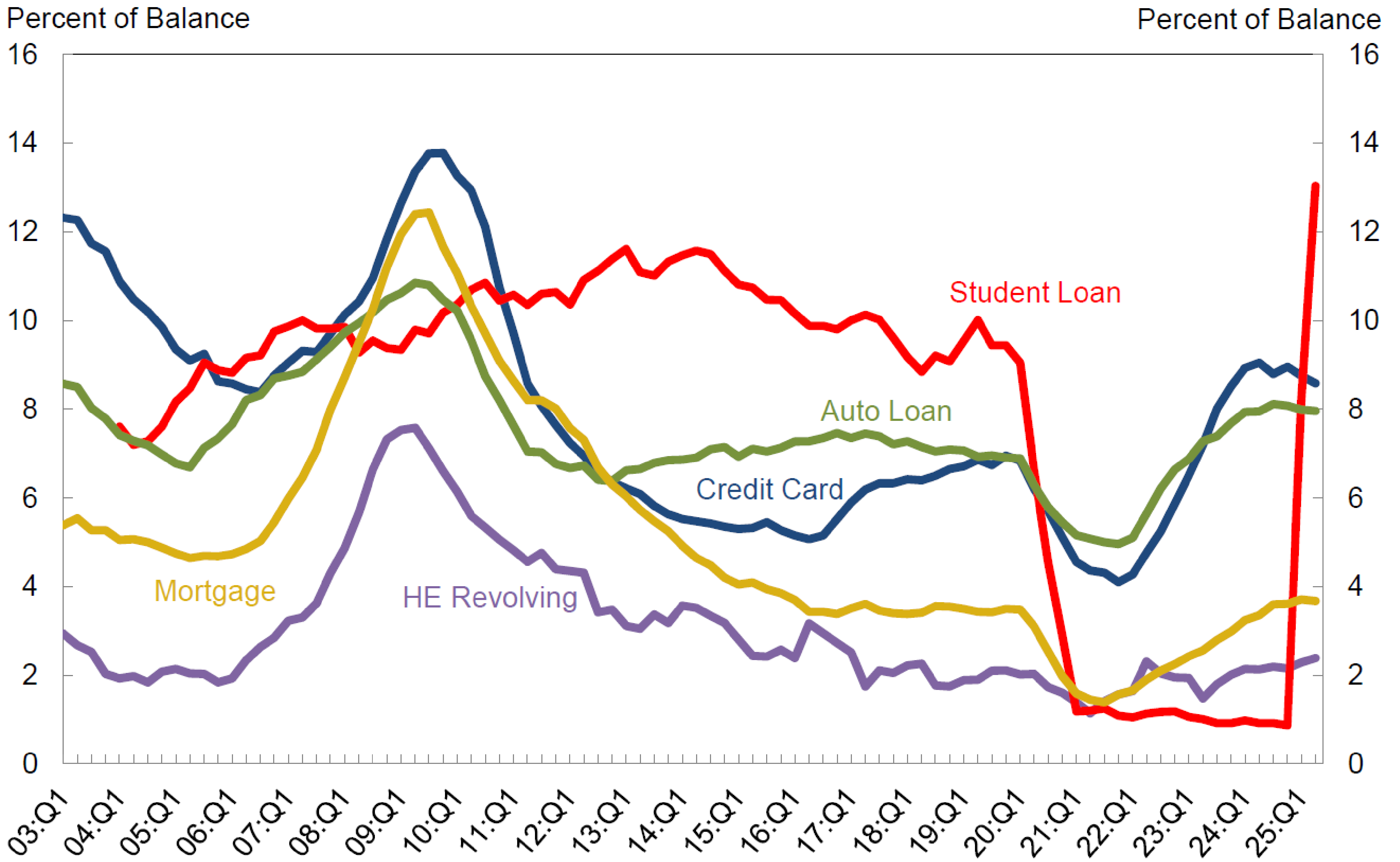

FRED
Total Consumer Credit Owned and Securitized
Revolving Consumer Credit Owned and Securitized
Nonrevolving Consumer Credit Owned and Securitized
Percent Change from Year Ago
25
20
15
10
5
0
-5
-10
-15
1995
2000
2005
2010
2015
2020
2025
Source: Board of Governors of the Federal Reserve System (US) via FRED®
Shaded areas indicate U.S. recessions.
myf.red/g/1LBVr

Percent of Balance 90+ Days Delinquent by Loan Type



Source: New York Fed Consumer Credit Panel/Equifax

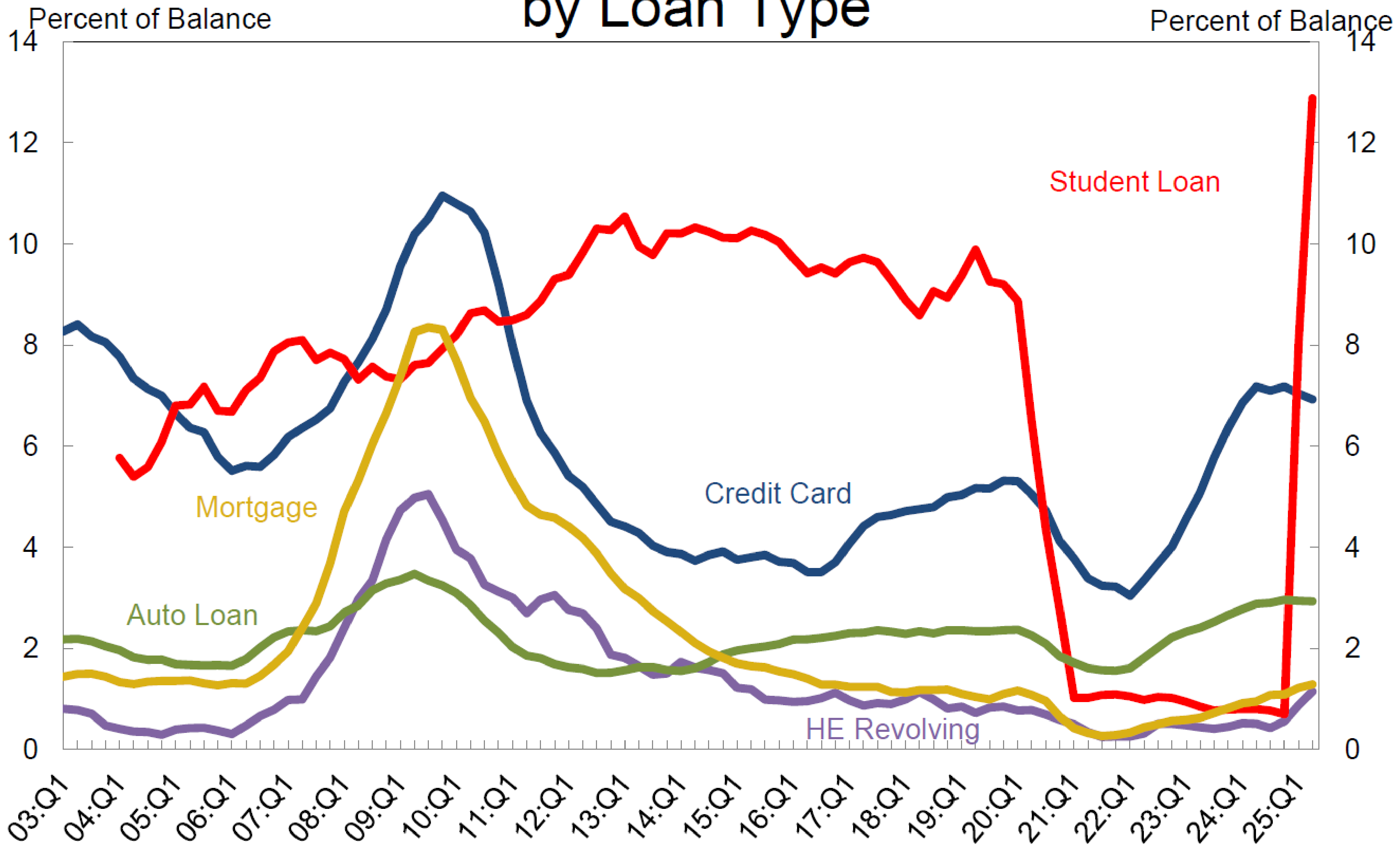
Transition into Delinquency (30+) by Loan Type



Source: New York Fed Consumer Credit Panel/Equifax

Note: 4 Quarter Moving Sum
Student loan data are not reported prior to 2004 due to uneven reporting

Transition into Serious Delinquency (90+) by Loan Type



Note: 4 Quarter Moving Sum

Source: New York Fed Consumer Credit Panel/Equifax

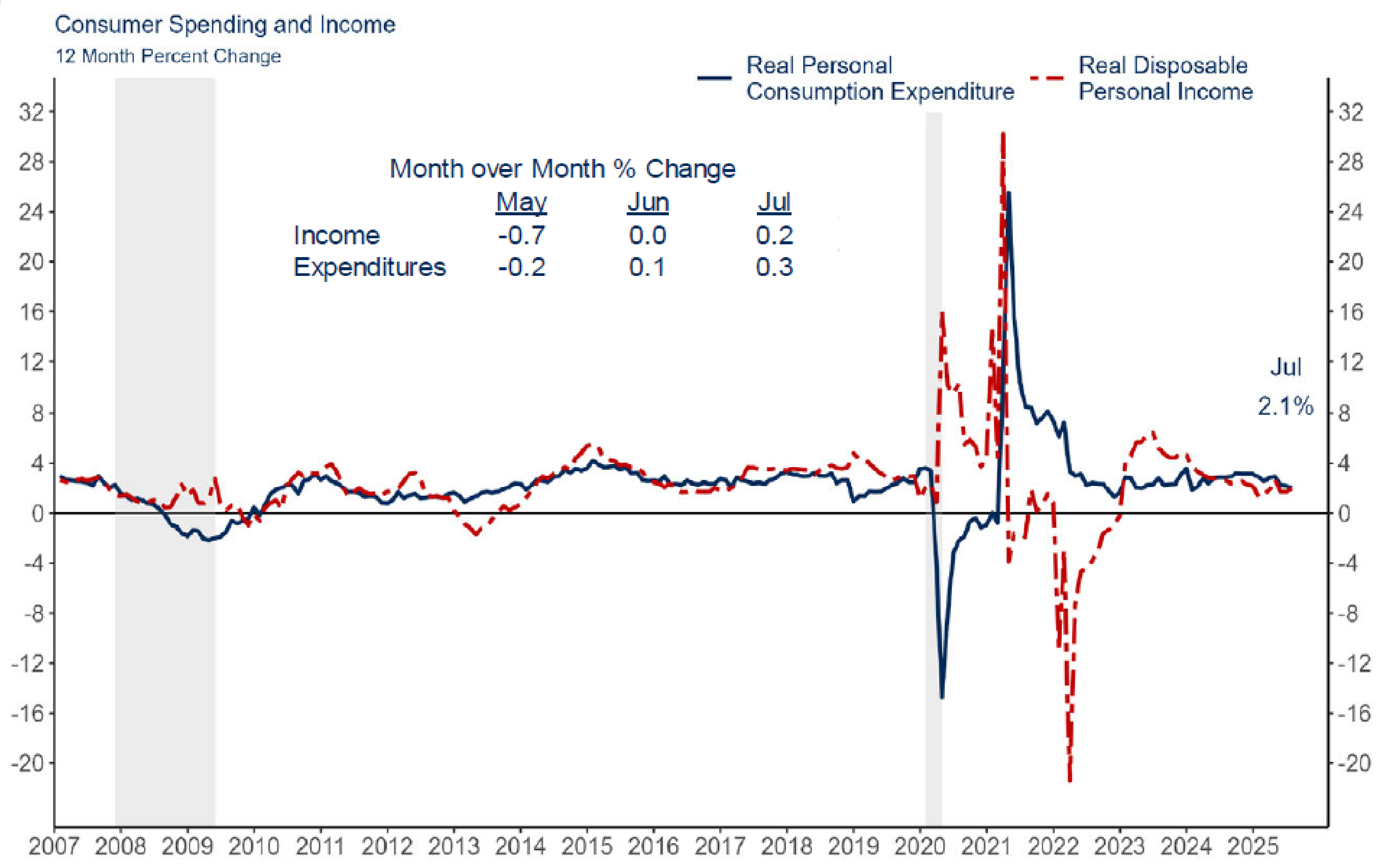
Student loan data are not reported prior to 2004 due to uneven reporting

Credit Score Impacts on Newly Delinquent Student Loan Population

Credit Score Group	Count (Millions)	Share of Newly Delinquent Population	Average Credit Score Change
< 620	3.2	56.6%	-74
620-719	2	35.9%	-140
≥ 720	0.4	7.5%	-177

HOUSEHOLD INCOME AND SPENDING

Consumer Spending and Income

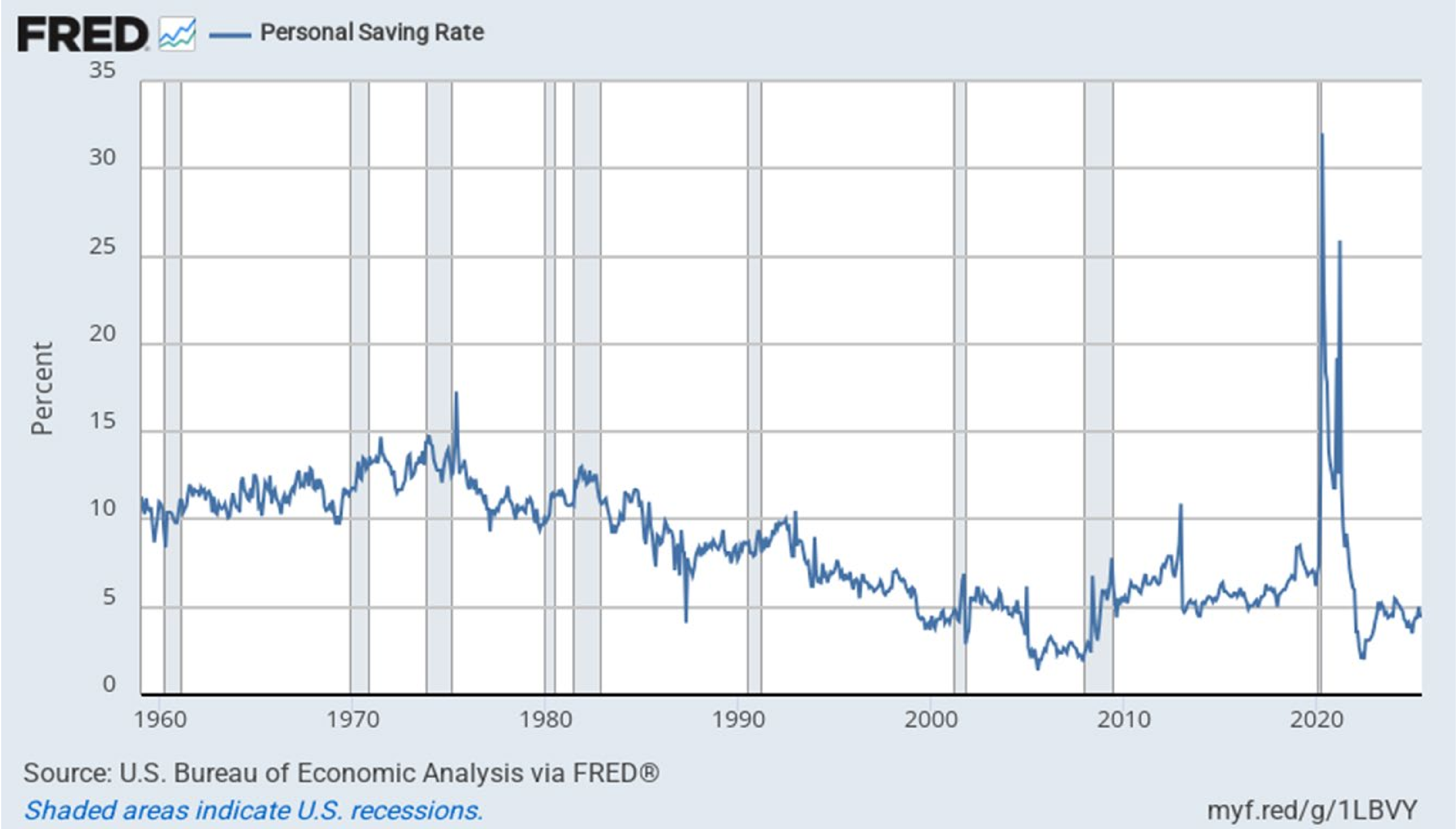


Note: Income has been adjusted to account for temporary fiscal actions in 2008 and 2012-2013.

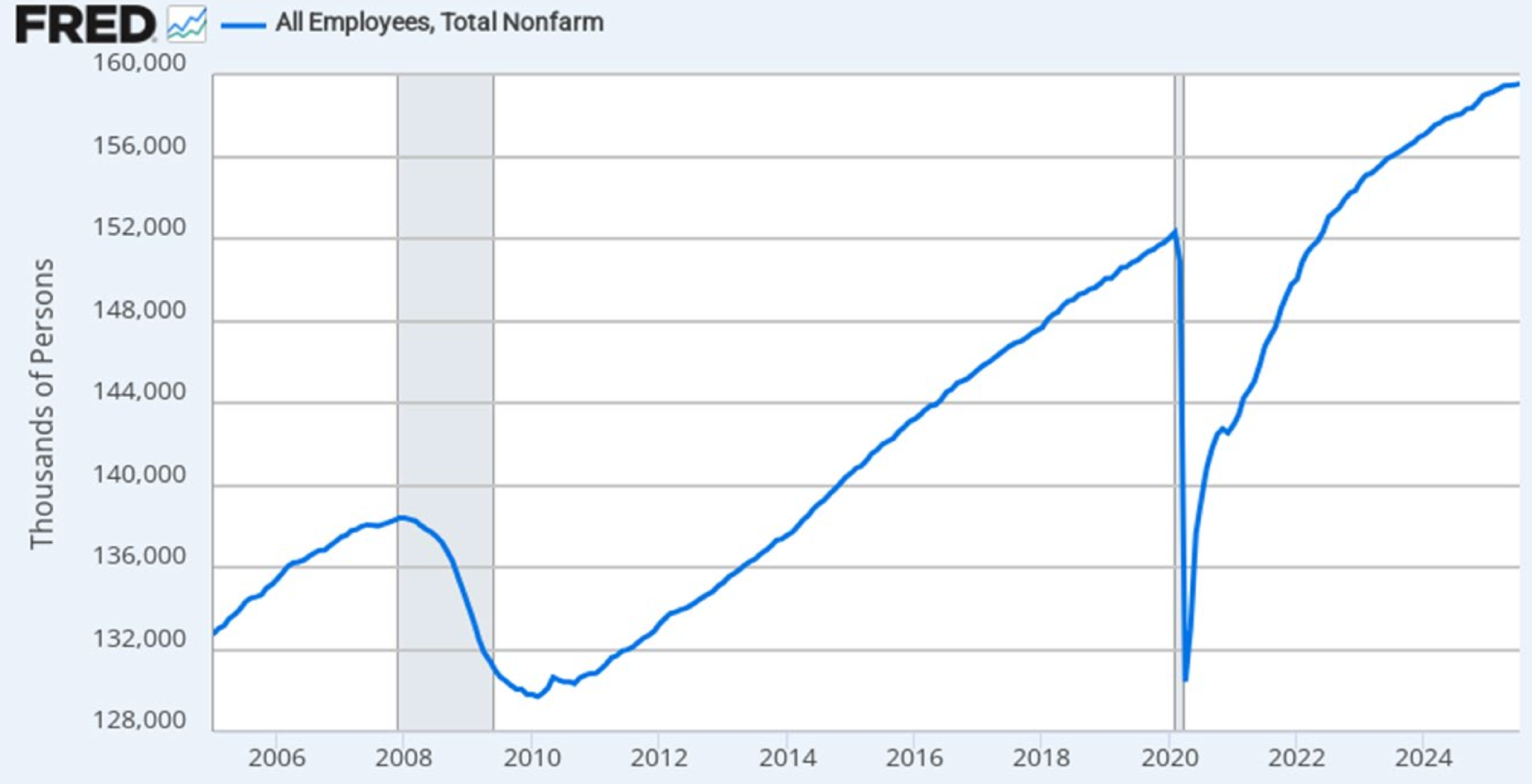
FEDERAL RESERVE BANK OF RICHMOND

Richmond ▪ Baltimore ▪ Charlotte

Source: Bureau of Economic Analysis via Haver Analytics


FRED
Personal Saving Rate
Percent
35
30
25
20
15
10
5
0
1960
1970
1980
1990
2000
2010
2020
Source: U.S. Bureau of Economic Analysis via FRED®
Shaded areas indicate U.S. recessions.
myf.red/g/1LBVY

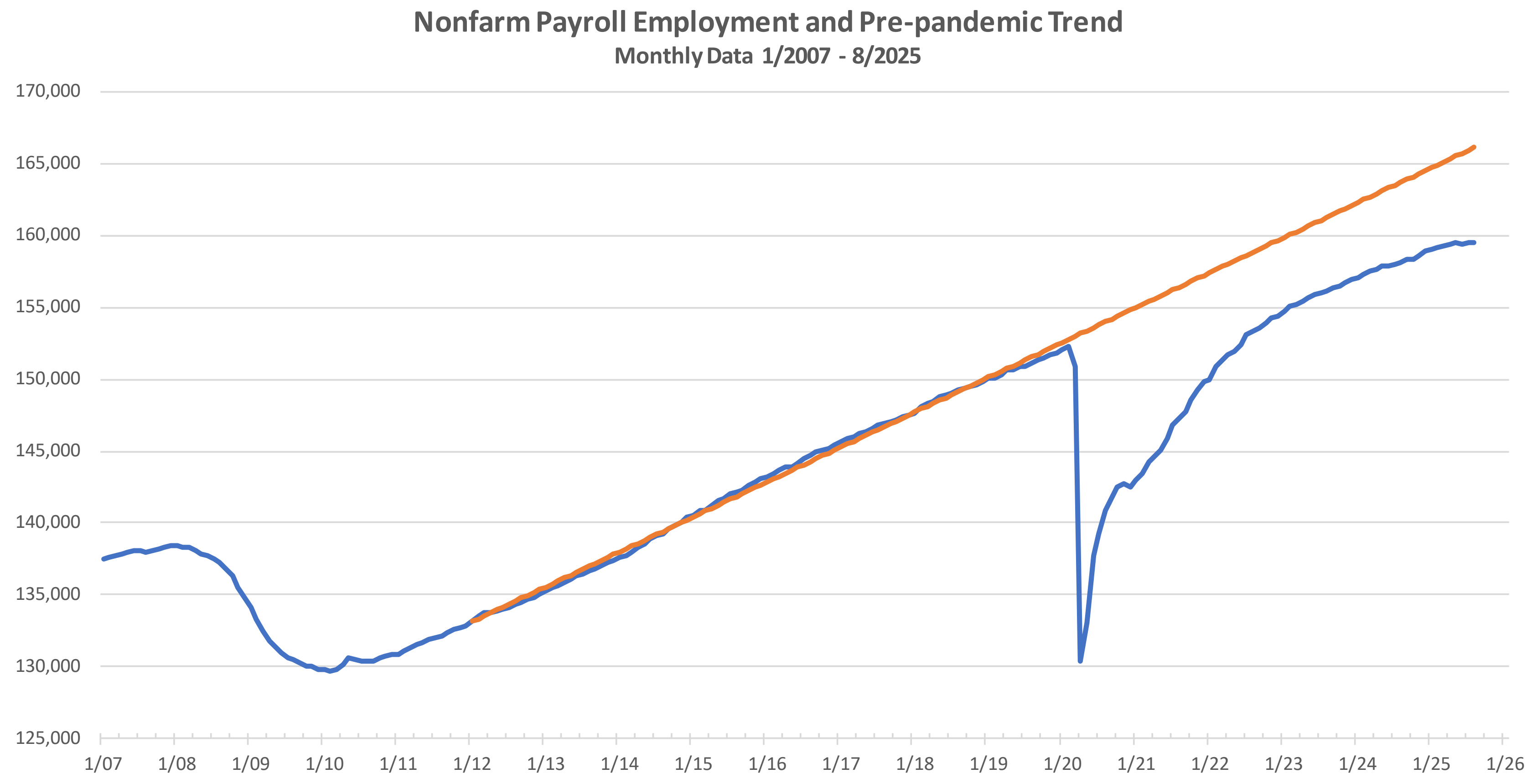
LABOR MARKETS

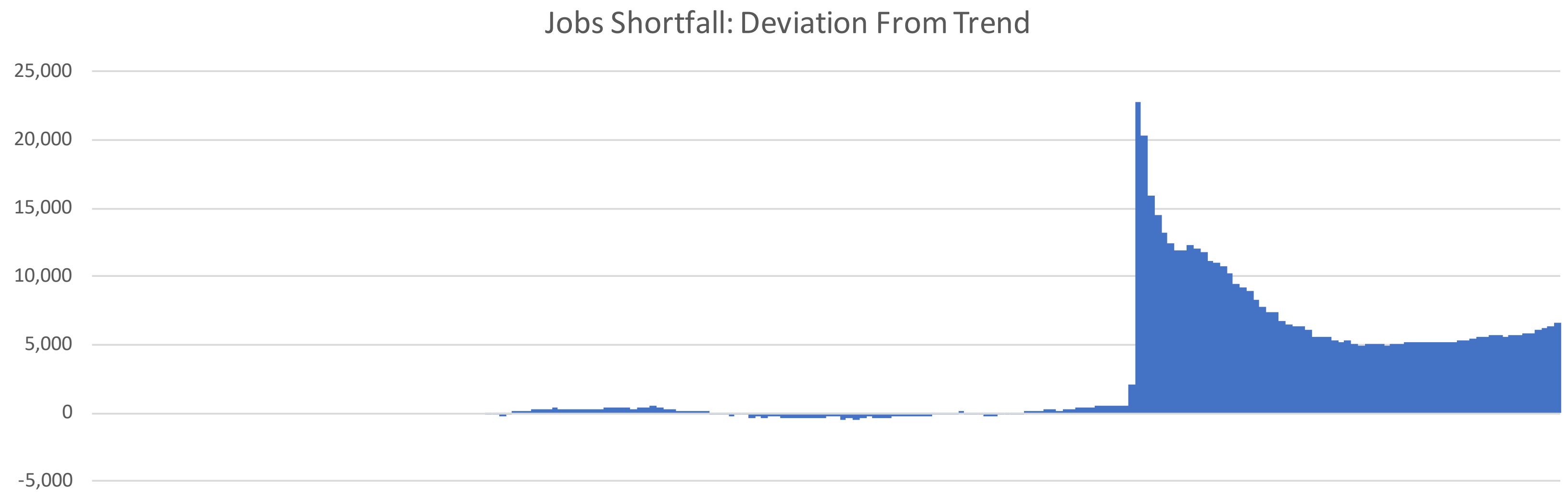


Source: U.S. Bureau of Labor Statistics via FRED®

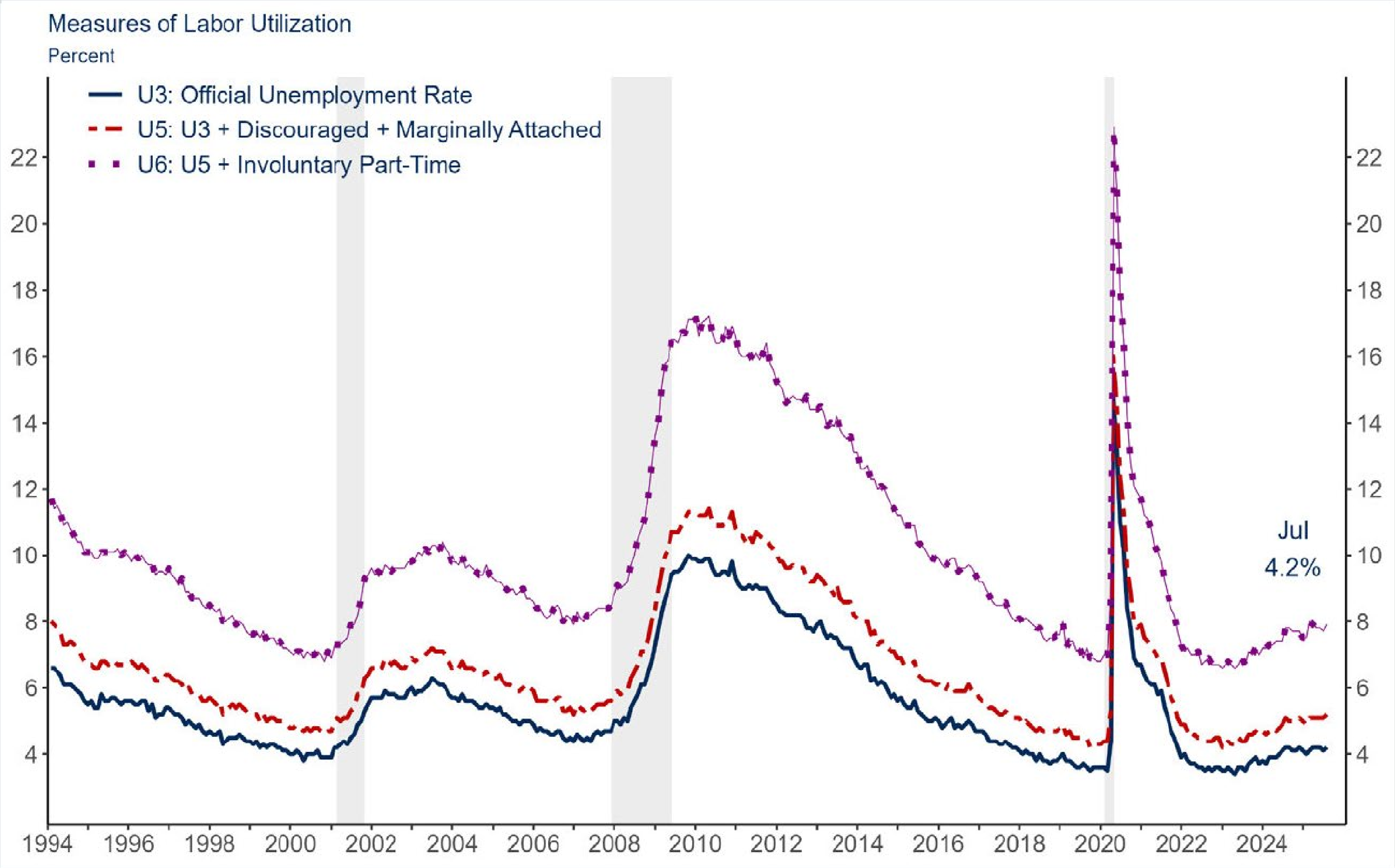
Shaded areas indicate U.S. recessions.

myf.red/g/1LEon


Nonfarm Payroll Employment and Pre-pandemic Trend
Monthly Data 1/2007 - 8/2025
170,000
165,000
160,000
155,000
150,000
145,000
140,000
135,000
130,000
125,000
1/07
1/08
1/09
1/10
1/11
1/12
1/13
1/14
1/15
1/16
1/17
1/18
1/19
1/20
1/21
1/22
1/23
1/24
1/25
1/26

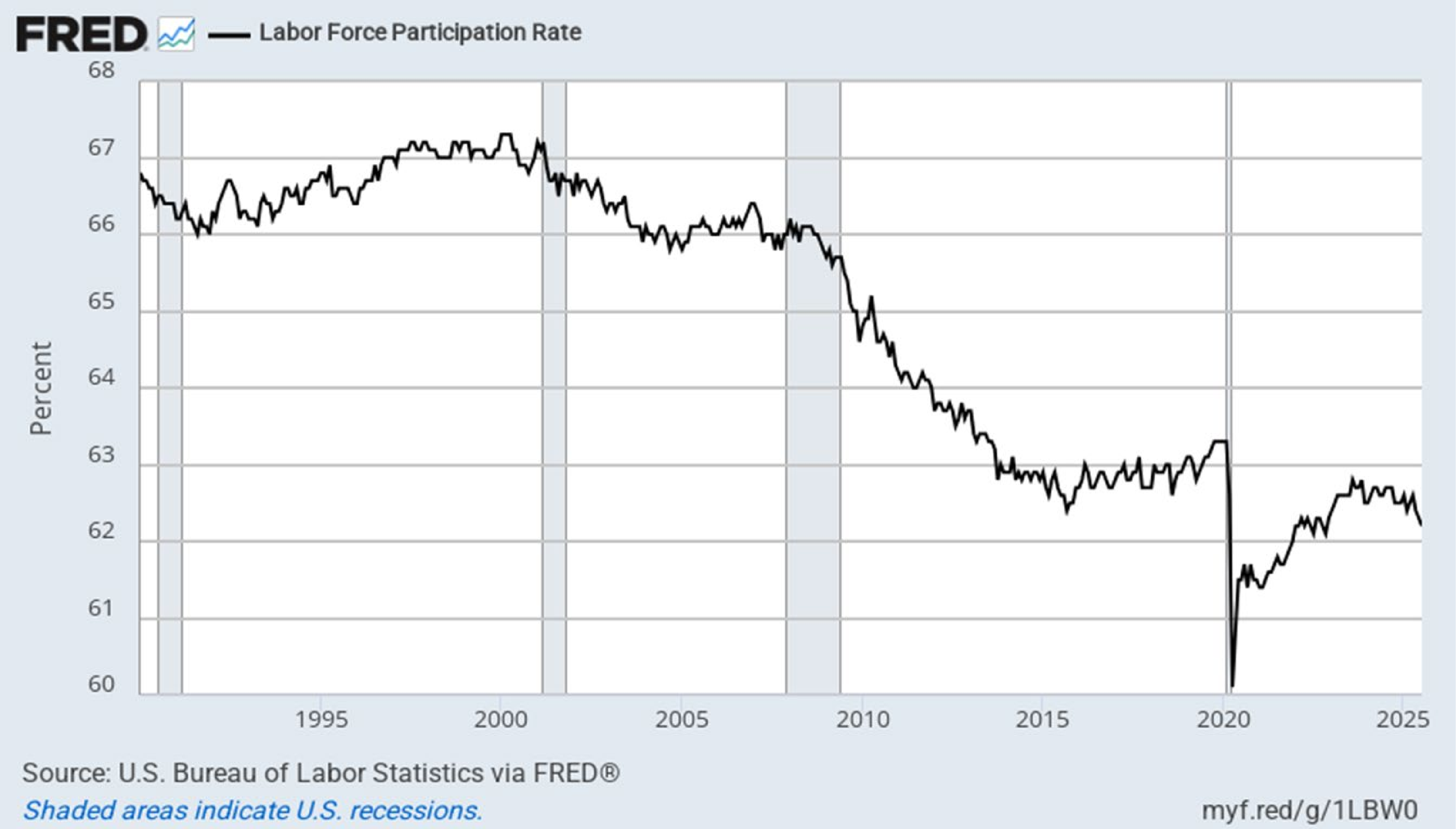

Jobs Shortfall: Deviation From Trend
25,000
20,000
15,000
10,000
5,000
0
-5,000

Measures of Labor Utilization

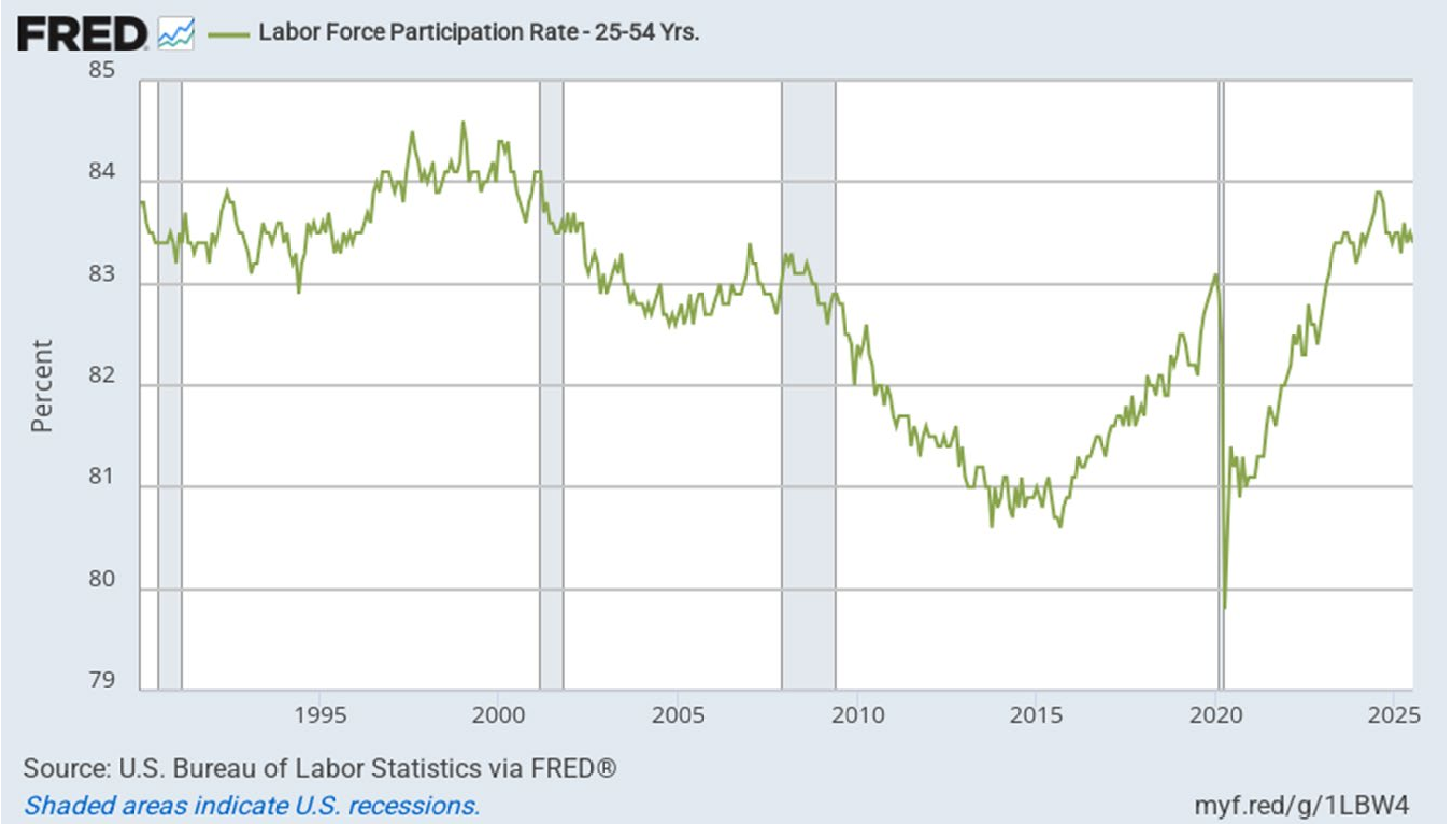


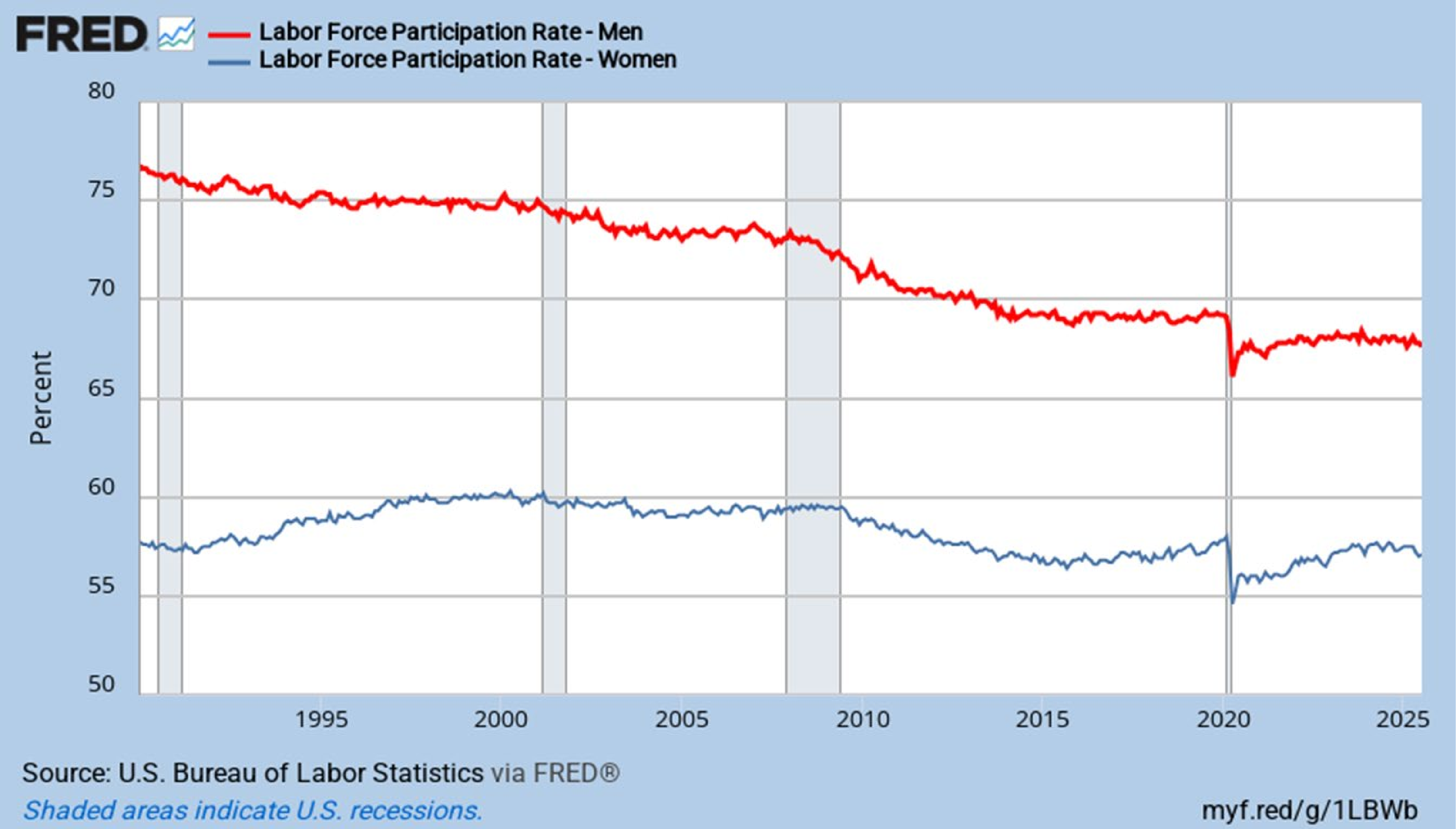
FEDERAL RESERVE BANK OF RICHMOND
Richmond ▪ Baltimore ▪ Charlotte

Source: Bureau of Labor Statistics via Haver Analytics



FRED
Labor Force Participation Rate
68
67
66
65
64
63
62
61
60
Percent
1995
2000
2005
2010
2015
2020
2025
Source: U.S. Bureau of Labor Statistics via FRED®
Shaded areas indicate U.S. recessions.
myf.red/g/1LBW0


FRED
Labor Force Participation Rate - 25-54 Yrs.
85
84
83
82
81
80
79
Percent
1995
2000
2005
2010
2015
2020
2025
Source: U.S. Bureau of Labor Statistics via FRED®
Shaded areas indicate U.S. recessions.
myf.red/g/1LBW4

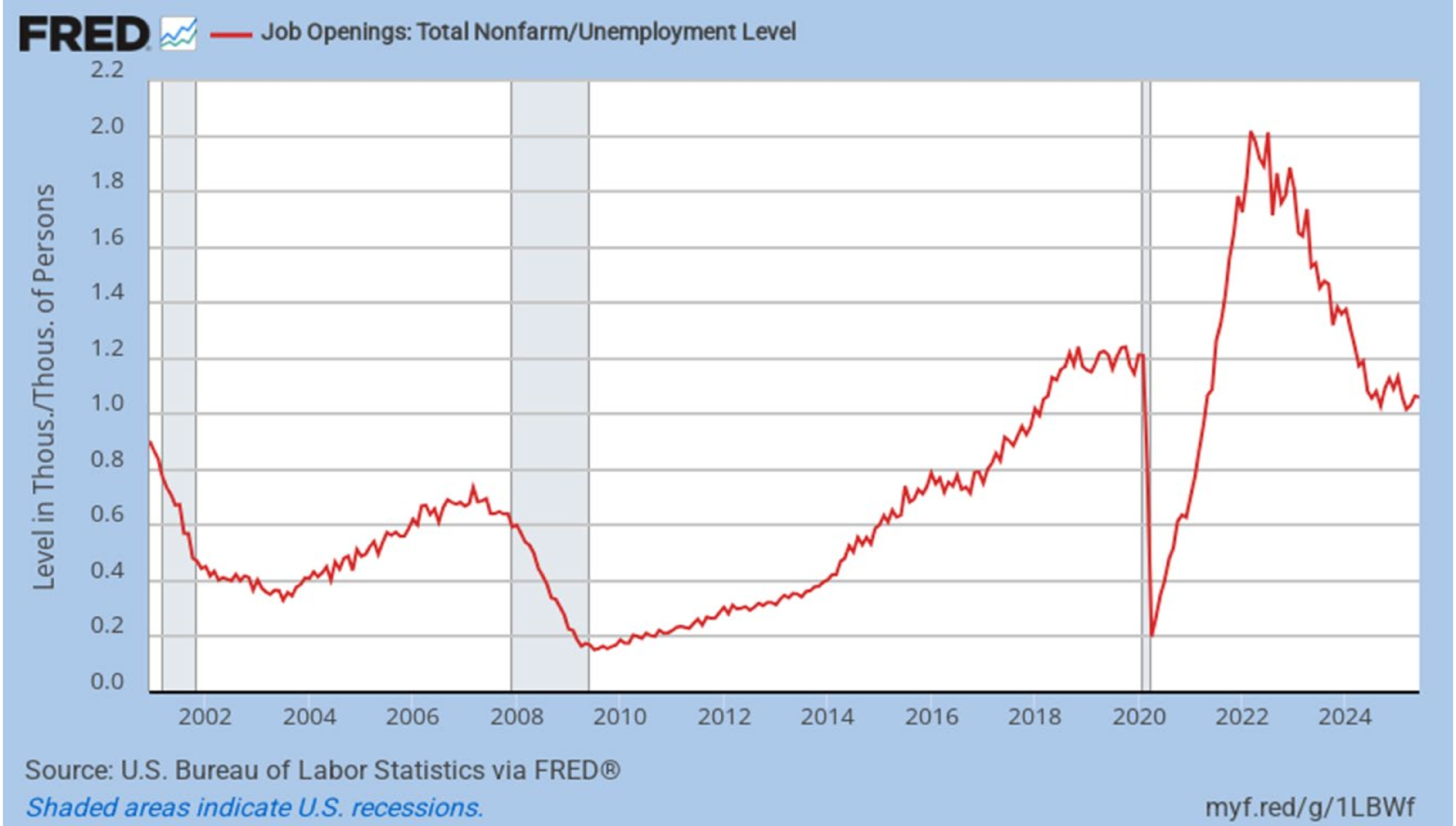

FRED
Labor Force Participation Rate - Men
Labor Force Participation Rate - Women
80
75
70
65
60
55
50
Percent
1995
2000
2005
2010
2015
2020
2025
Source: U.S. Bureau of Labor Statistics via FRED®
Shaded areas indicate U.S. recessions.
myf.red/g/1LBWb

Employment and Unemployment Accounting

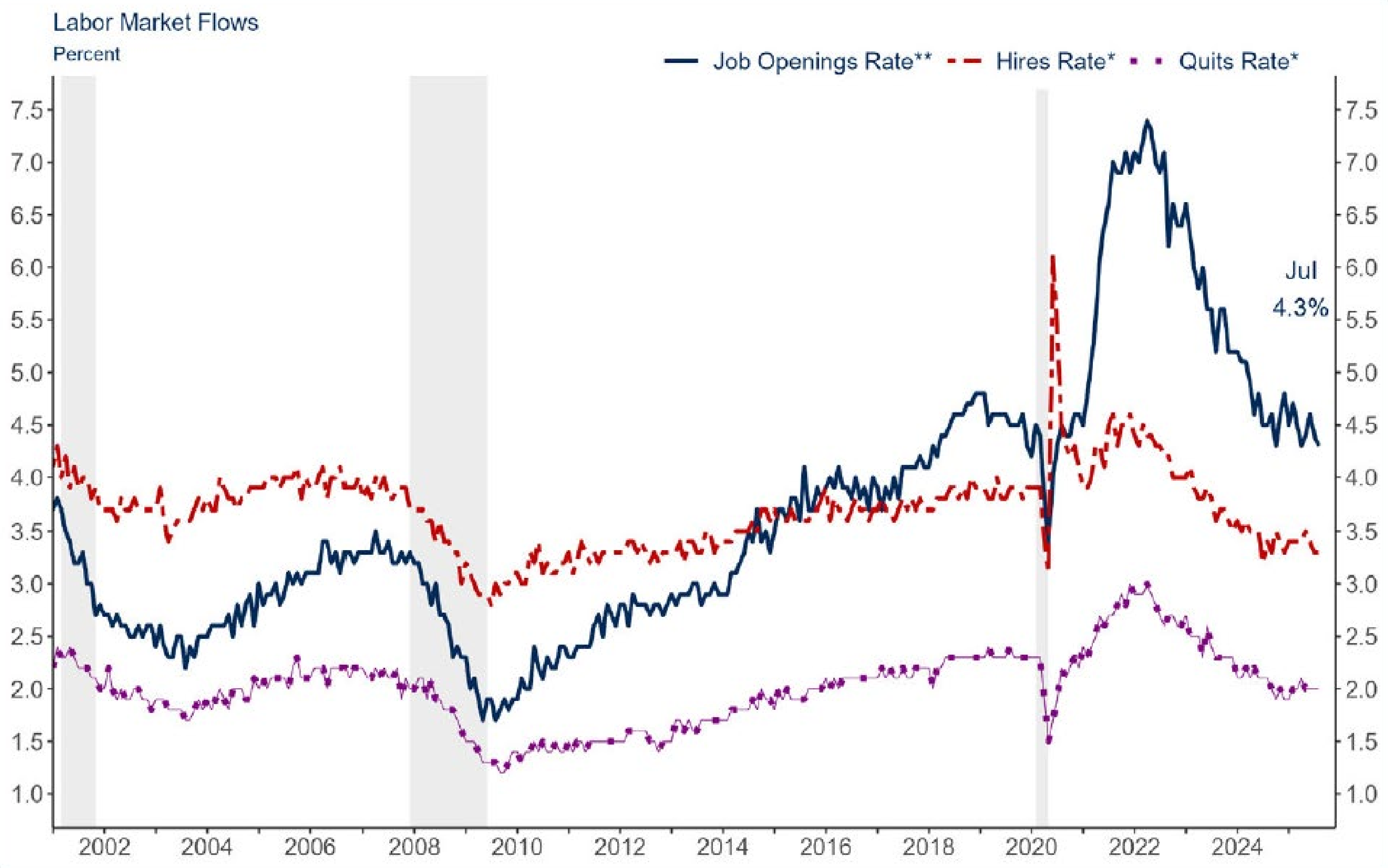
	August 2025	February 2020	Change
Employed	163,394	158,714	4,680
Unemployed	7,384	5,753	1,631
Labor Force	170,778	164,467	6,311
Not in Labor Force	103,223	95,161	8,062
Population 16 and Over	274,001	259,628	14,373

	June 2025	February 2020	Impact
Unemployment Rate = Unemployed/Labor Force =	4.3%	3.5%	1,313
Labor Force Participation Rate = Labor Force/Population =	62.3%	63.3%	(2,794)
Employment to Population Ratio = Employed / Population =	59.6%	61.1%	(4,106)

(All Levels in Thousands)


FRED
Job Openings: Total Nonfarm/Unemployment Level
Level in Thous./Thous. of Persons
2.2
2.0
1.8
1.6
1.4
1.2
1.0
0.8
0.6
0.4
0.2
0.0
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
2024
Source: U.S. Bureau of Labor Statistics via FRED®
Shaded areas indicate U.S. recessions.
myf.red/g/1LBWf

Labor Market Flows



FEDERAL RESERVE BANK OF RICHMOND

Richmond ▪ Baltimore ▪ Charlotte

Note: *Percent of total employment. **Percent of total employment plus job openings.

Source: JOLTS via Haver Analytics

CONSUMER PRICES AND INFLATION

Gauges of Inflation

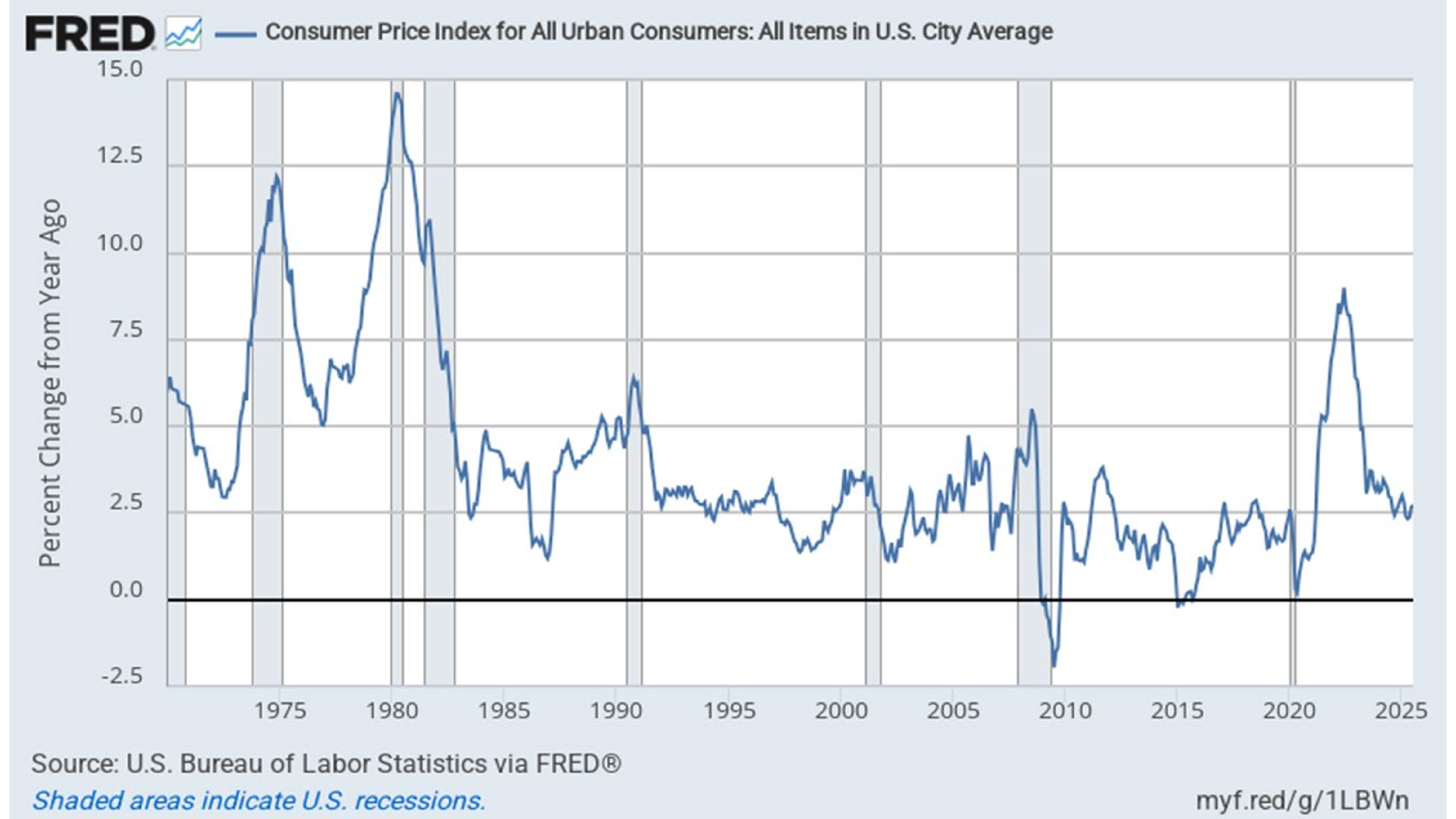
Expenditure Price Indexes [Percent Change from Previous Month at Annual Rate]:	**May**	**June**	**YoY %**
Personal Consumption Expenditures	2.0	3.4	2.6
Core (excludes Food and Energy)	2.6	3.1	2.8

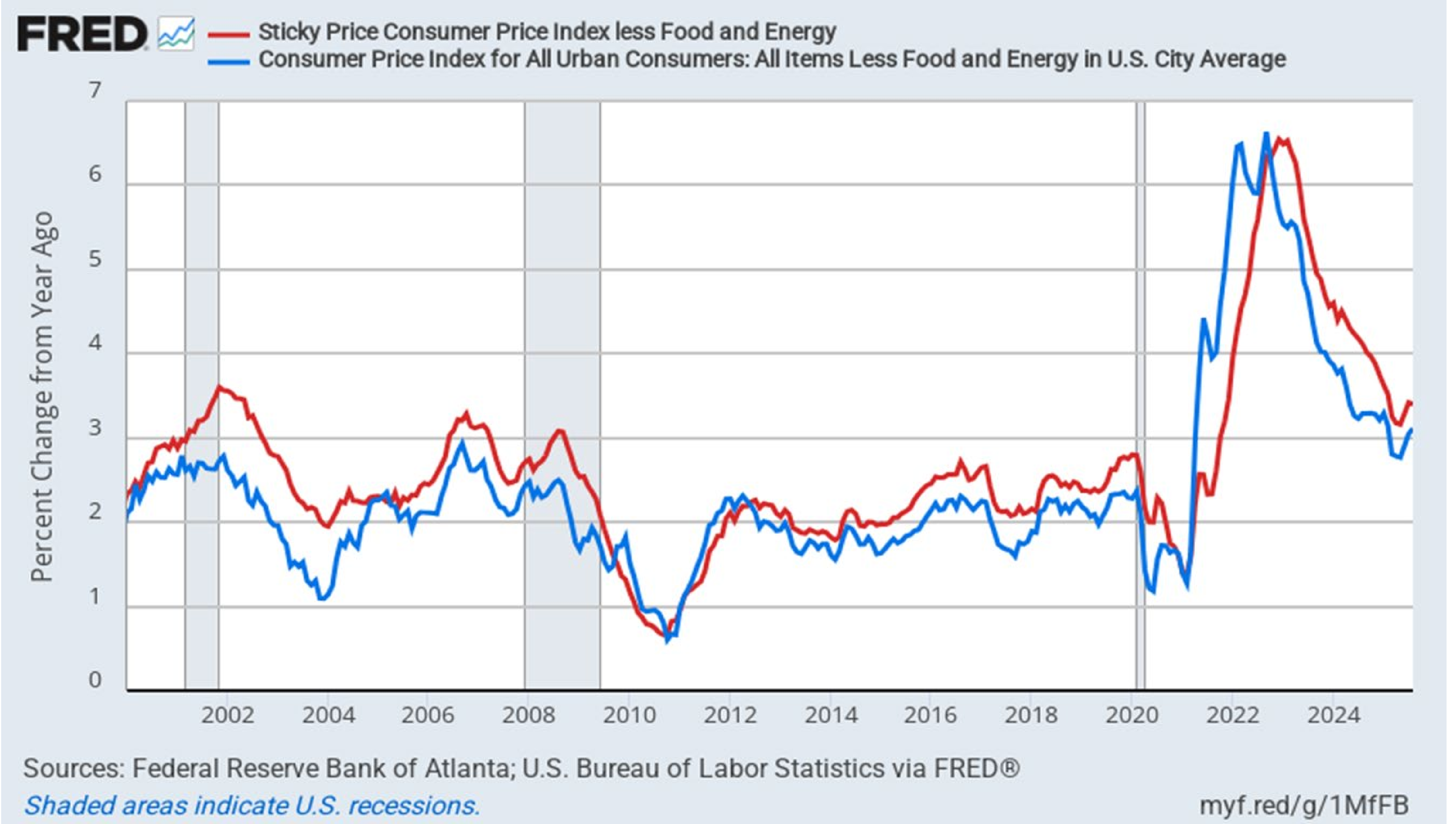
Consumer Price Indexes [Percent Change from Previous Month at Annual Rate]:	**June**	**July**	**YoY %**
All Items	3.5	2.4	2.7
Core (excludes Food and Energy)	2.8	3.9	3.1

Producer Price Indexes [Percent Change from Previous Month at Annual Rate]:	**June**	**July**	**YoY %**
Final Demand Goods	0.3	11.9	3.3
Core (excludes Food and Energy)	-0.3	11.6	3.7
Core Intermediate Goods	-0.5	6.2	3.1
Crude Goods	36.3	24.0	0.3

Spot Commodity Price Index [Percent Change from Previous Month]:	**June**	**July**	**YoY %**
CRB Spot Commodity Price Index	2.4	-1.1	5.0

Source: BEA, BLS, & Commodity Research Bureau via Haver Analytics


FRED
Consumer Price Index for All Urban Consumers: All Items in U.S. City Average
15.0
12.5
10.0
7.5
5.0
2.5
0.0
-2.5
Percent Change from Year Ago
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025
Source: U.S. Bureau of Labor Statistics via FRED®
Shaded areas indicate U.S. recessions.
myf.red/g/1LBWn


FRED
Sticky Price Consumer Price Index less Food and Energy
Consumer Price Index for All Urban Consumers: All Items Less Food and Energy in U.S. City Average
Percent Change from Year Ago
7
6
5
4
3
2
1
0
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
2024
Sources: Federal Reserve Bank of Atlanta; U.S. Bureau of Labor Statistics via FRED®
Shaded areas indicate U.S. recessions.
myf.red/g/1MfFB

TARIFFS

U.S. Average Effective Tariff Rate Since 1790

Customs duty revenue as a percent of goods imports

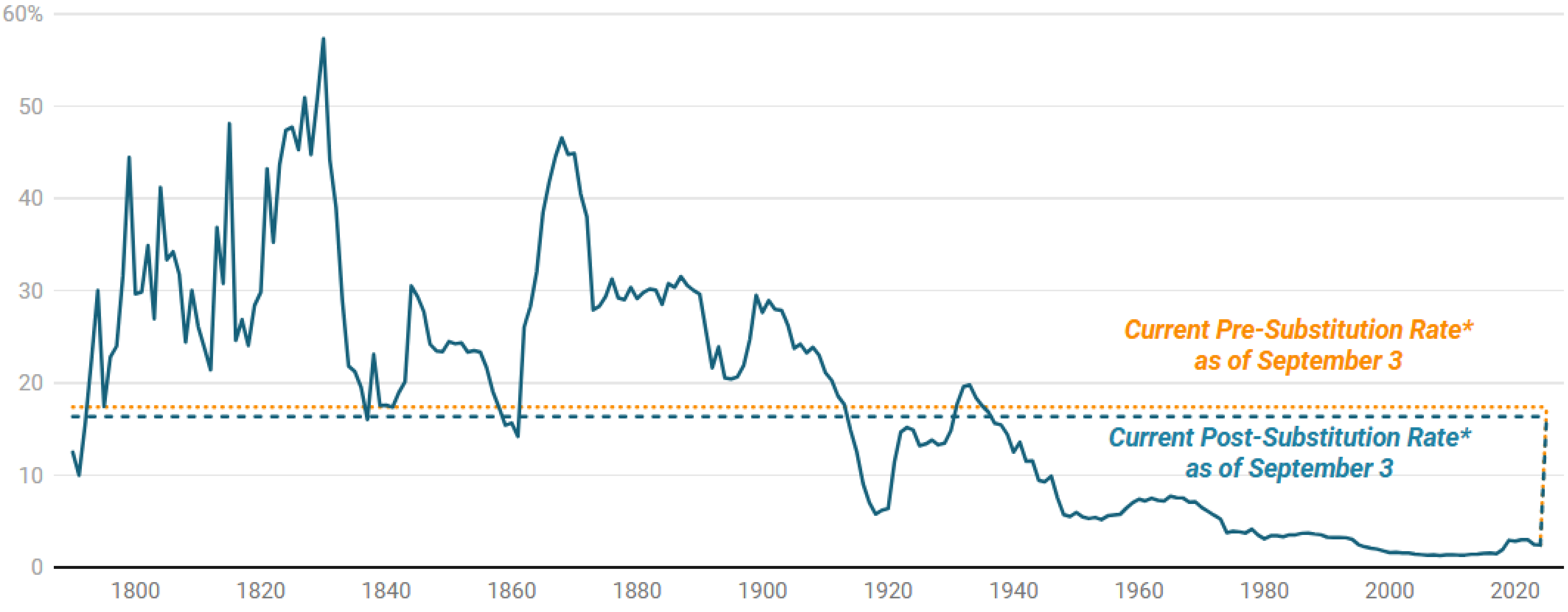


Chart: The Budget Lab • Source: Historical Statistics of the United States Ea424-434, Monthly Treasury Statement, Bureau of Economic Analysis, The Budget Lab analysis. • Created with Datawrapper

U.S. Average Effective Tariff Rate Since January 1, 2025

Policy as of September 3, Pre-Substitution
Percent of goods import

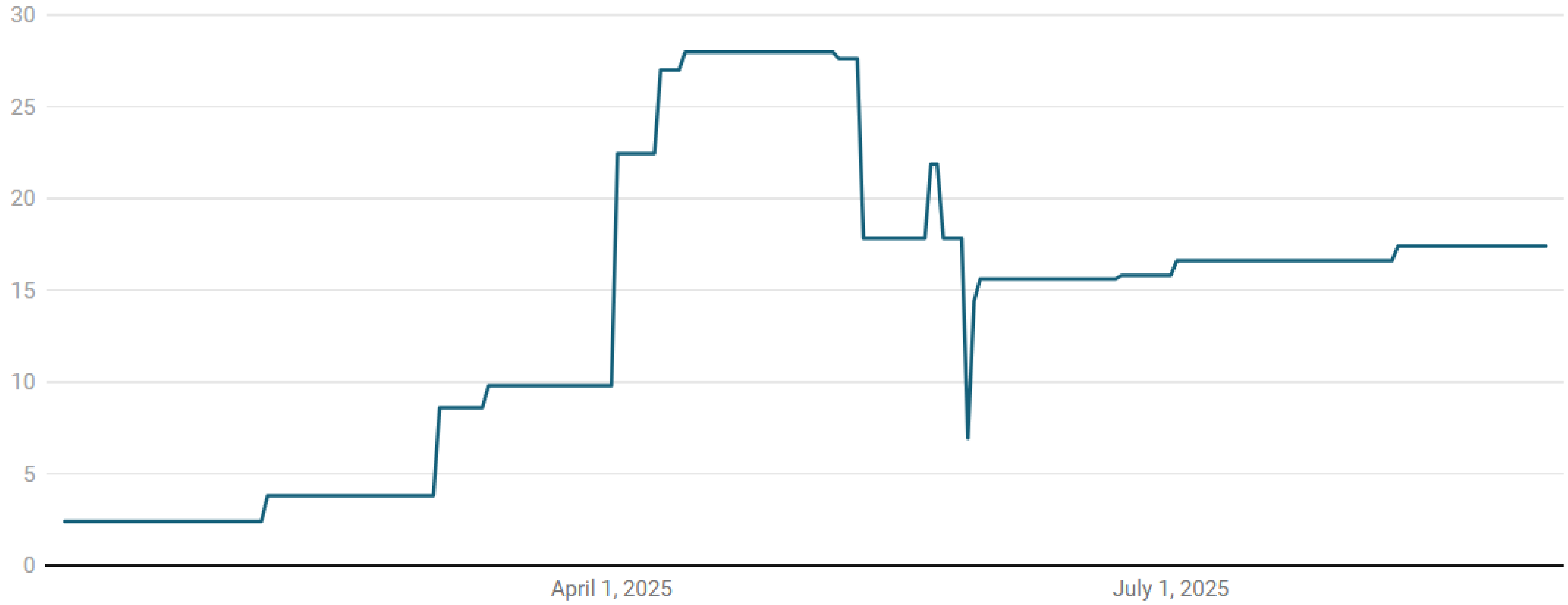
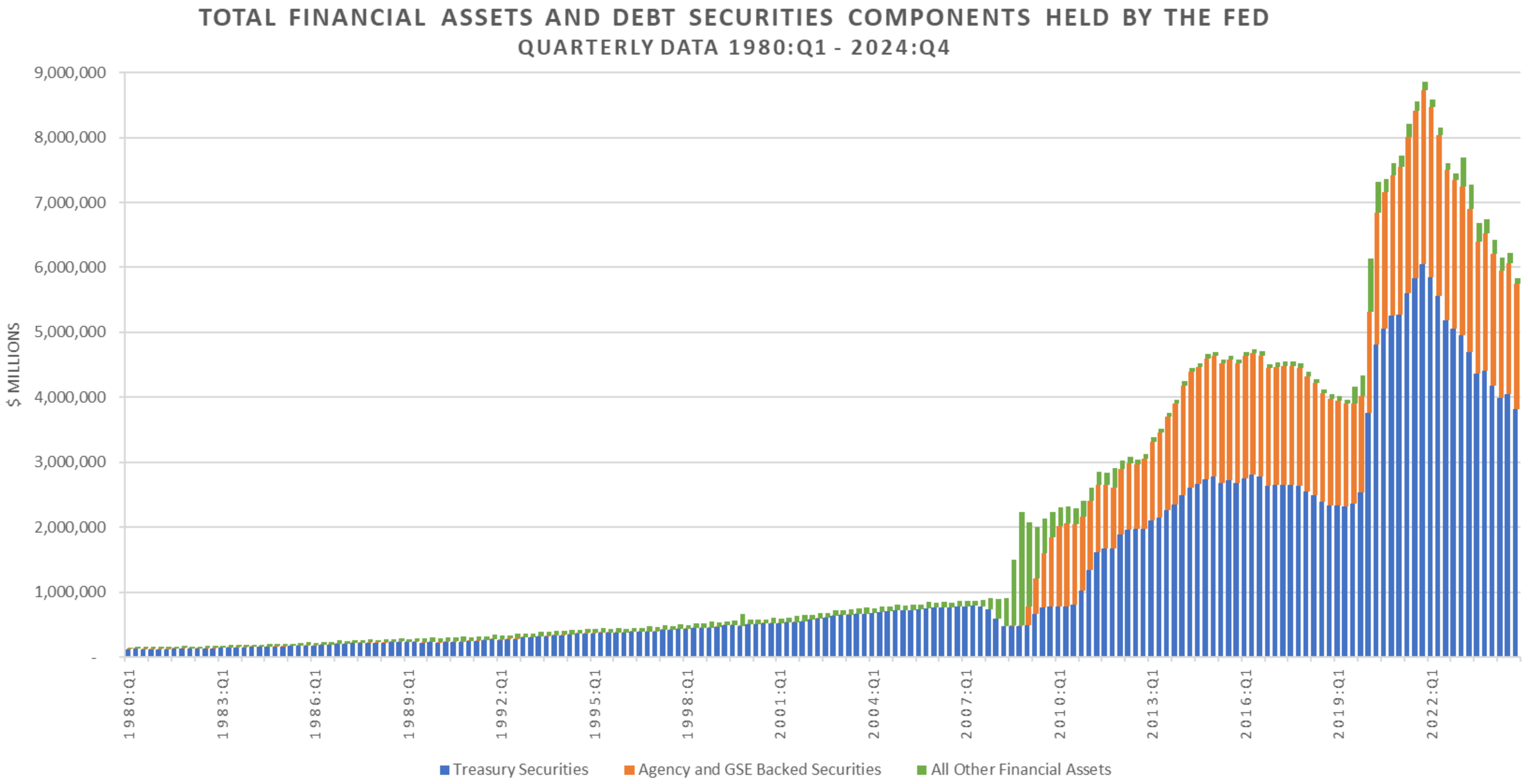
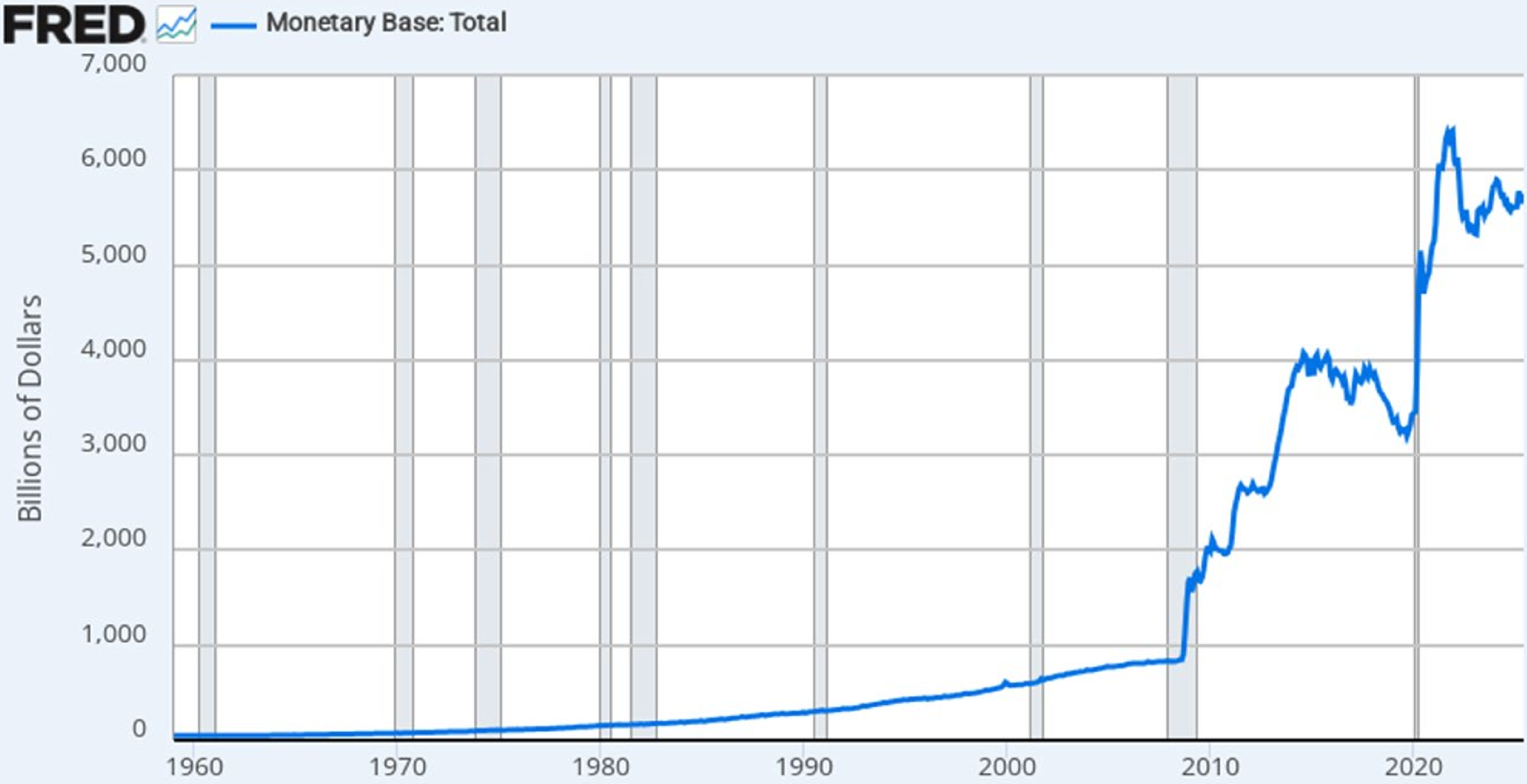


Chart: The Budget Lab • Source: The Budget Lab analysis. • Created with Datawrapper

CAPITAL MARKETS AND THE FED


TOTAL FINANCIAL ASSETS AND DEBT SECURITIES COMPONENTS HELD BY THE FED
QUARTERLY DATA 1980:Q1 - 2024:Q4
9,000,000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
$ MILLIONS
1980:Q1
1983:Q1
1986:Q1
1989:Q1
1992:Q1
1995:Q1
1998:Q1
2001:Q1
2004:Q1
2007:Q1
2010:Q1
2013:Q1
2016:Q1
2019:Q1
2022:Q1
Treasury Securities
Agency and GSE Backed Securities
All Other Financial Assets

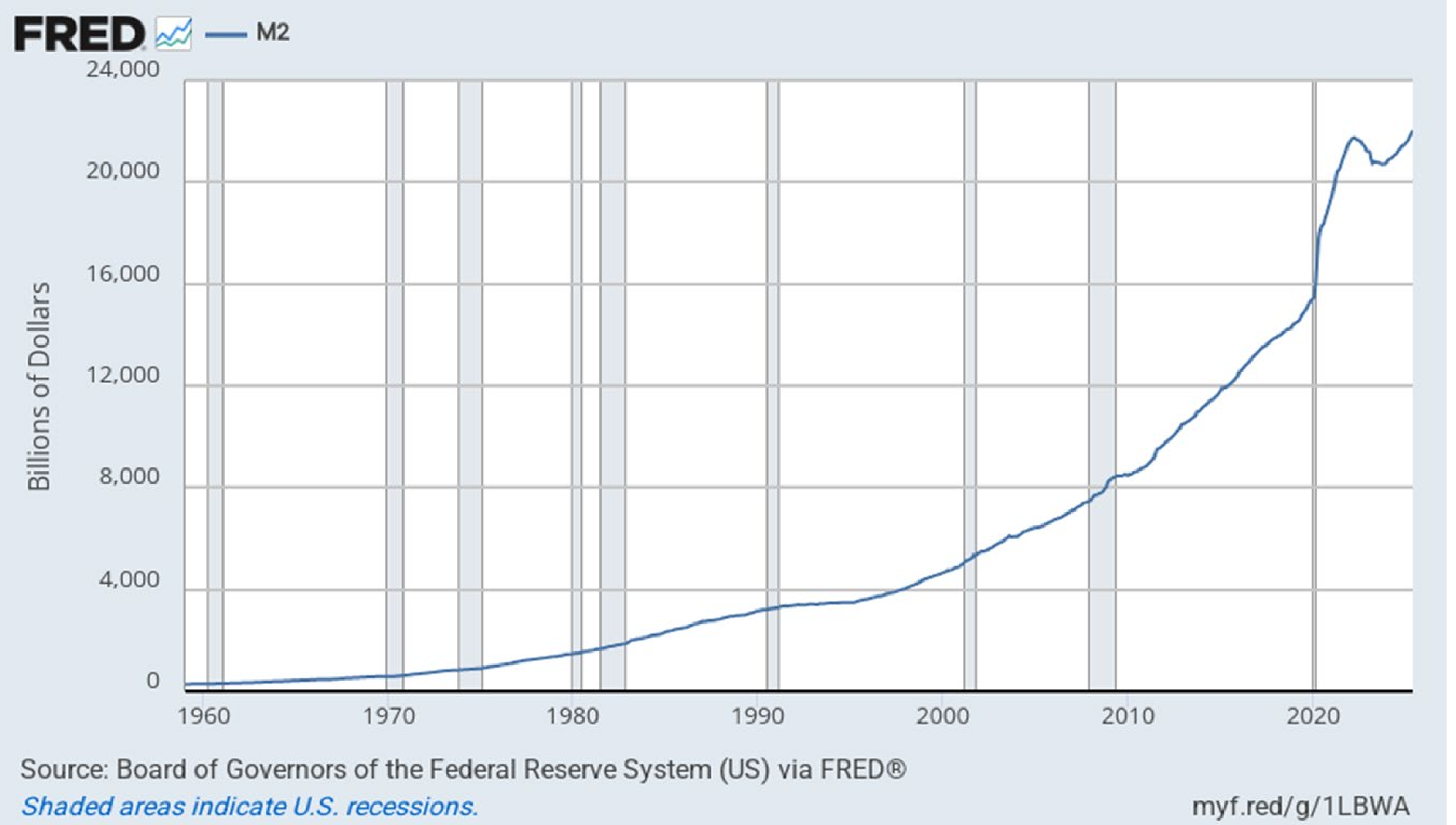

FRED
Federal Debt Held by Federal Reserve Banks/(Federal Debt Held by the Public/1000)
Bil. of $/(Mil. of $/1000)
0.28
0.26
0.24
0.22
0.20
0.18
0.16
0.14
0.12
0.10
0.08
0.06
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025
Source: U.S. Department of the Treasury. Fiscal Service via FRED®
Shaded areas indicate U.S. recessions.
myf.red/g/1LBWv

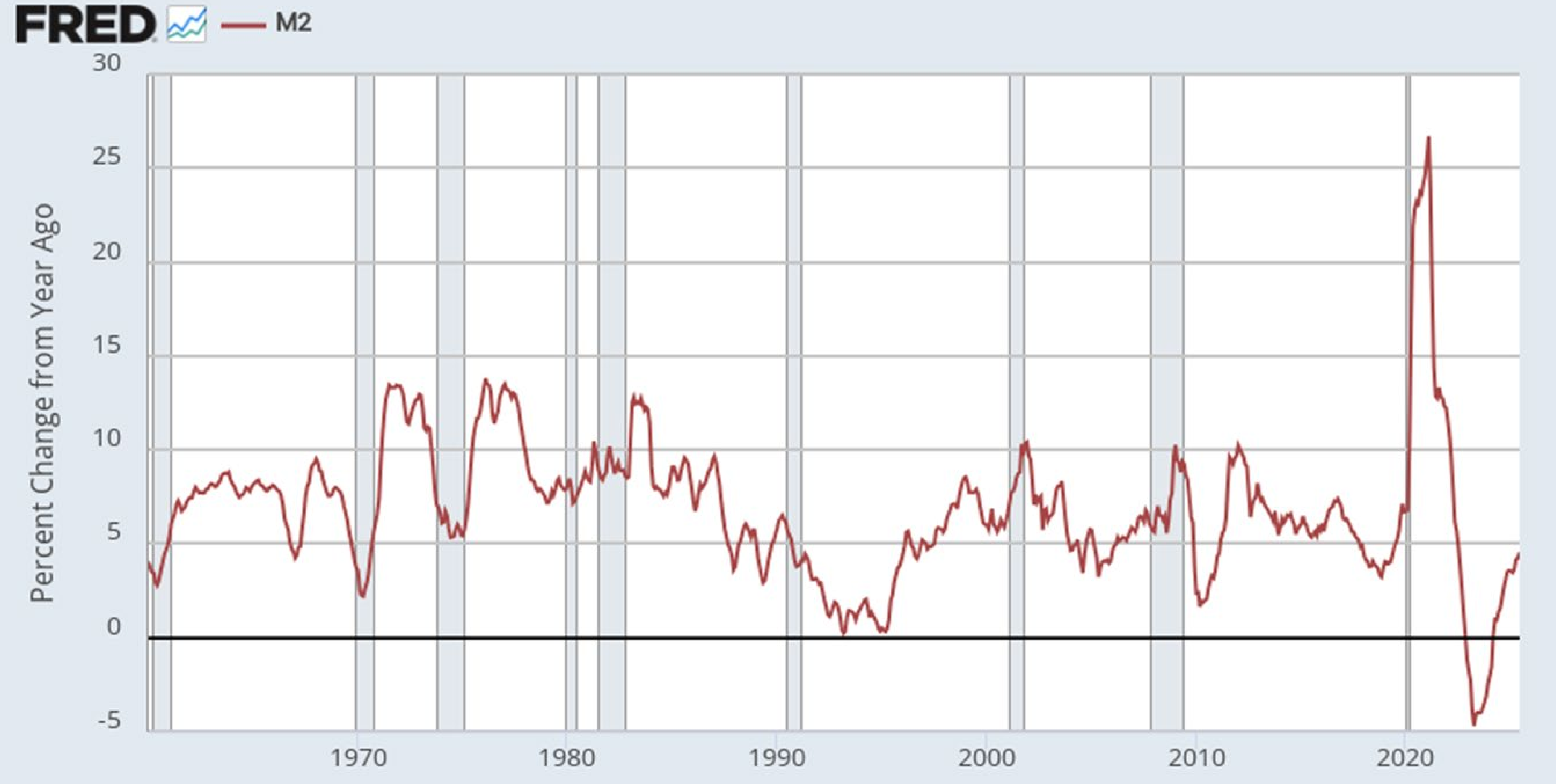


Source: Board of Governors of the Federal Reserve System (US) via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1KTuW


FRED
M2
24,000
20,000
16,000
12,000
8,000
4,000
0
Billions of Dollars
1960
1970
1980
1990
2000
2010
2020
Source: Board of Governors of the Federal Reserve System (US) via FRED®
Shaded areas indicate U.S. recessions.
myf.red/g/1LBWA

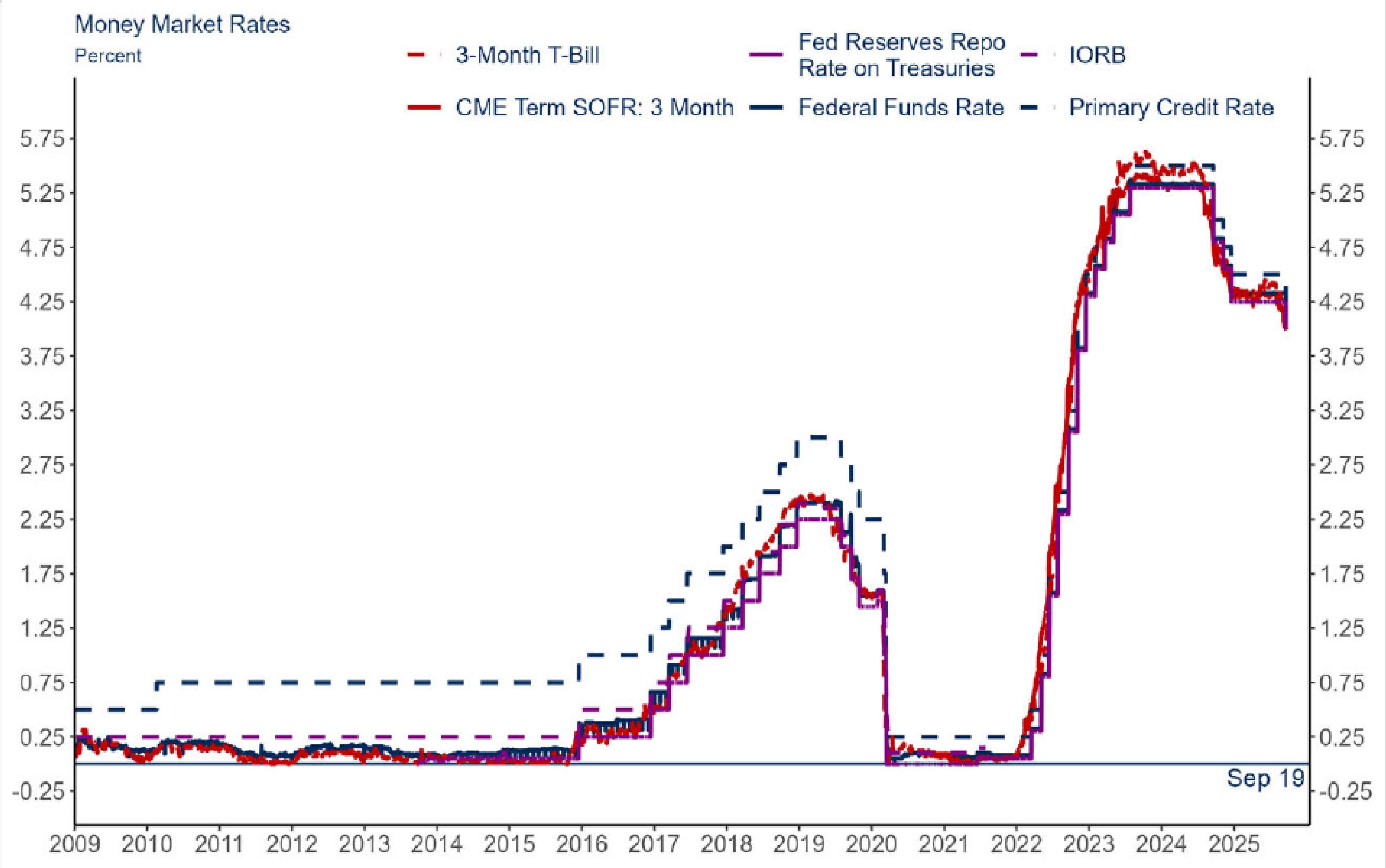


Source: Board of Governors of the Federal Reserve System (US) via FRED®

Shaded areas indicate U.S. recessions.

myf.red/g/1LBWS

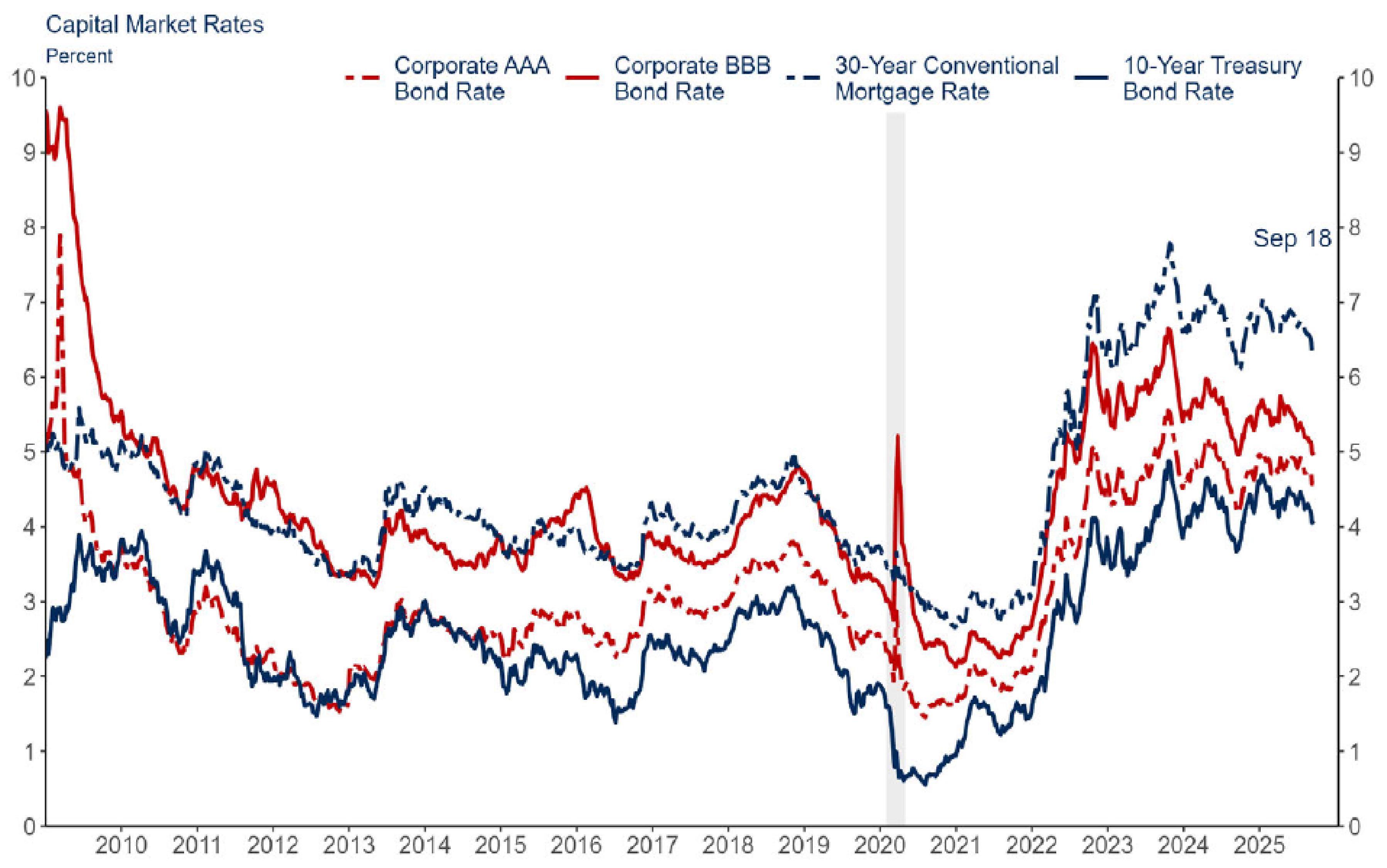
Money Market Rates



FEDERAL RESERVE BANK OF RICHMOND
Richmond ▪ Baltimore ▪ Charlotte

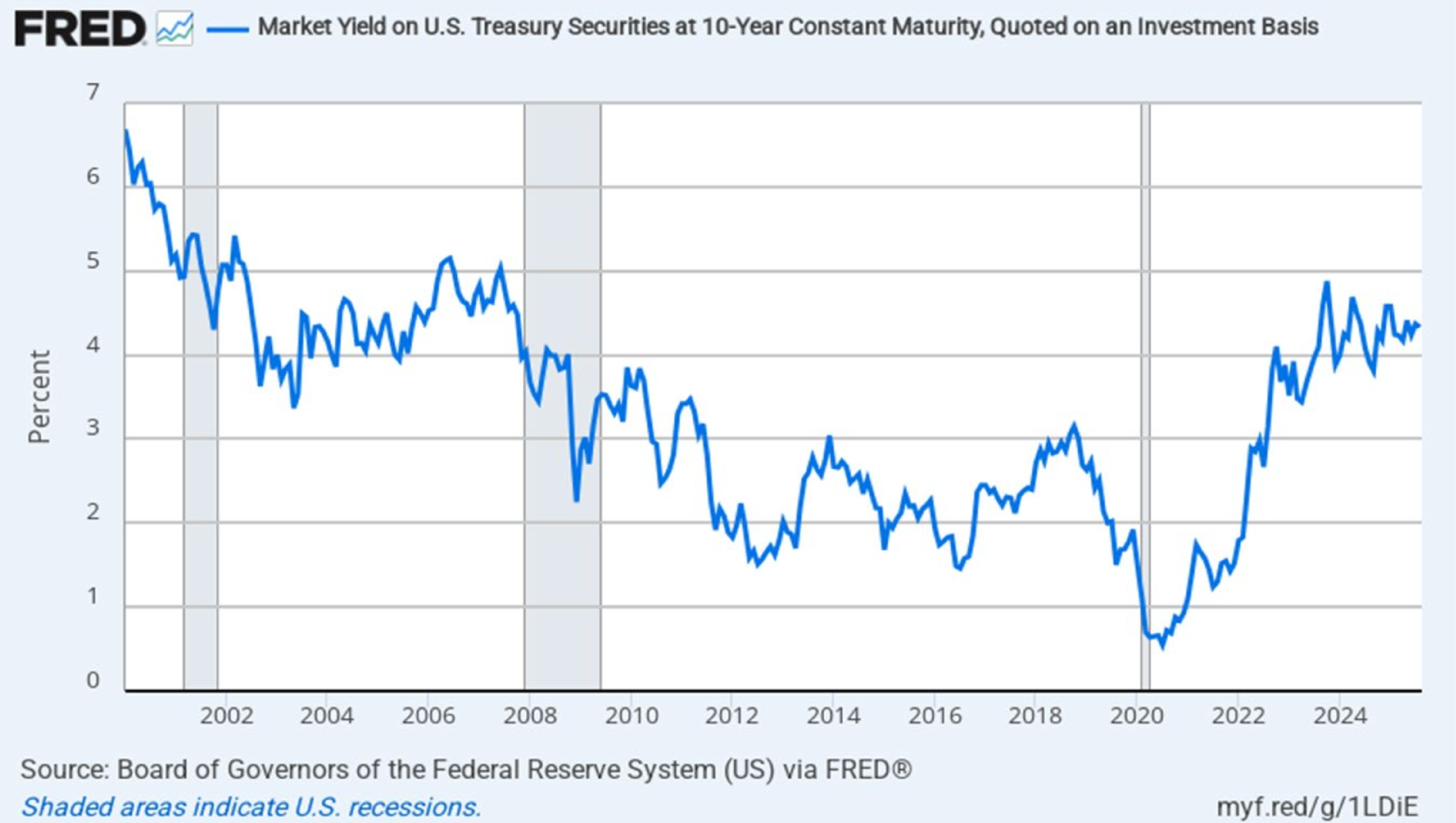
Source: Board of Governors & Financial Times via Haver Analytics

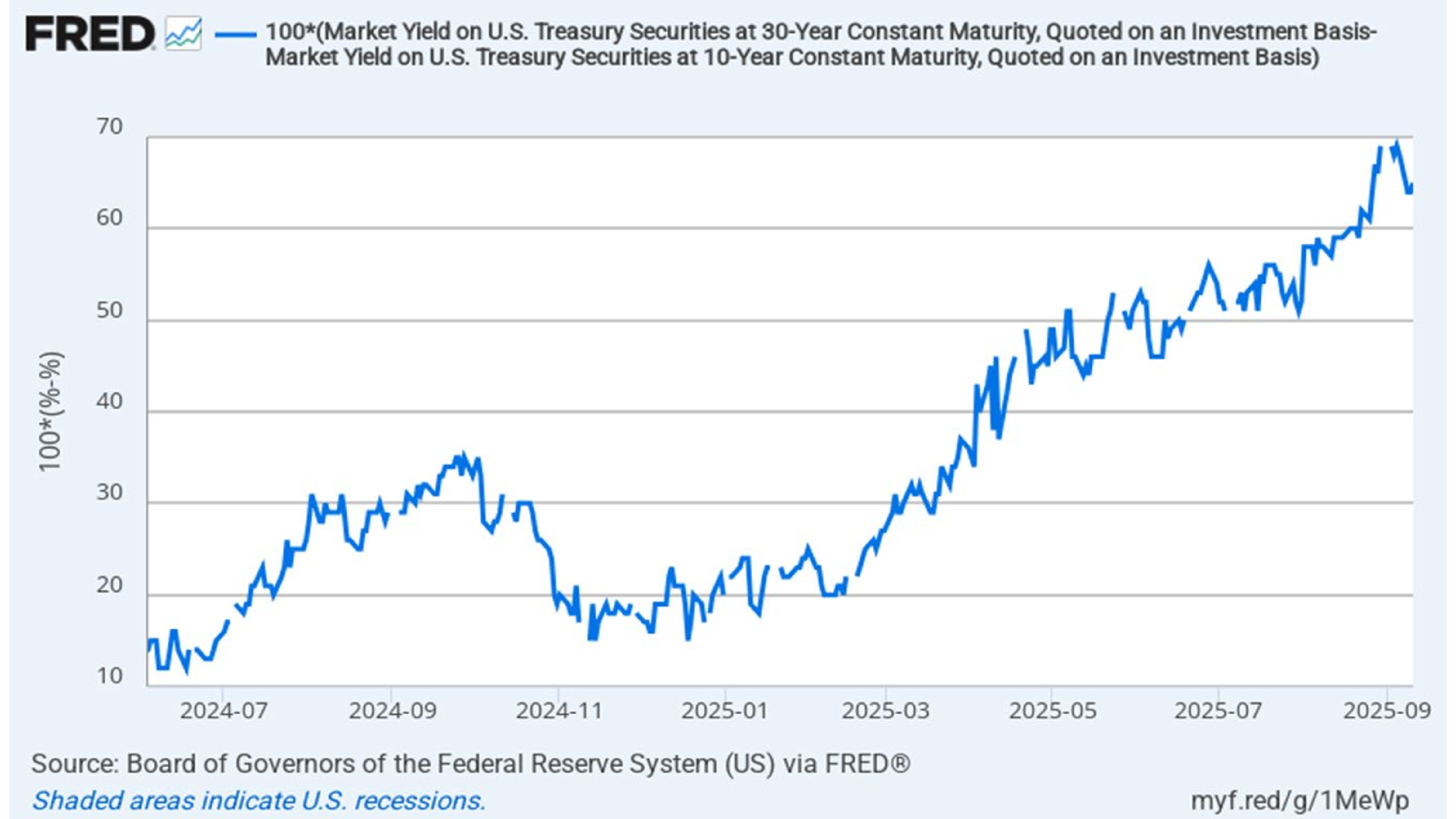
Capital Market Rates



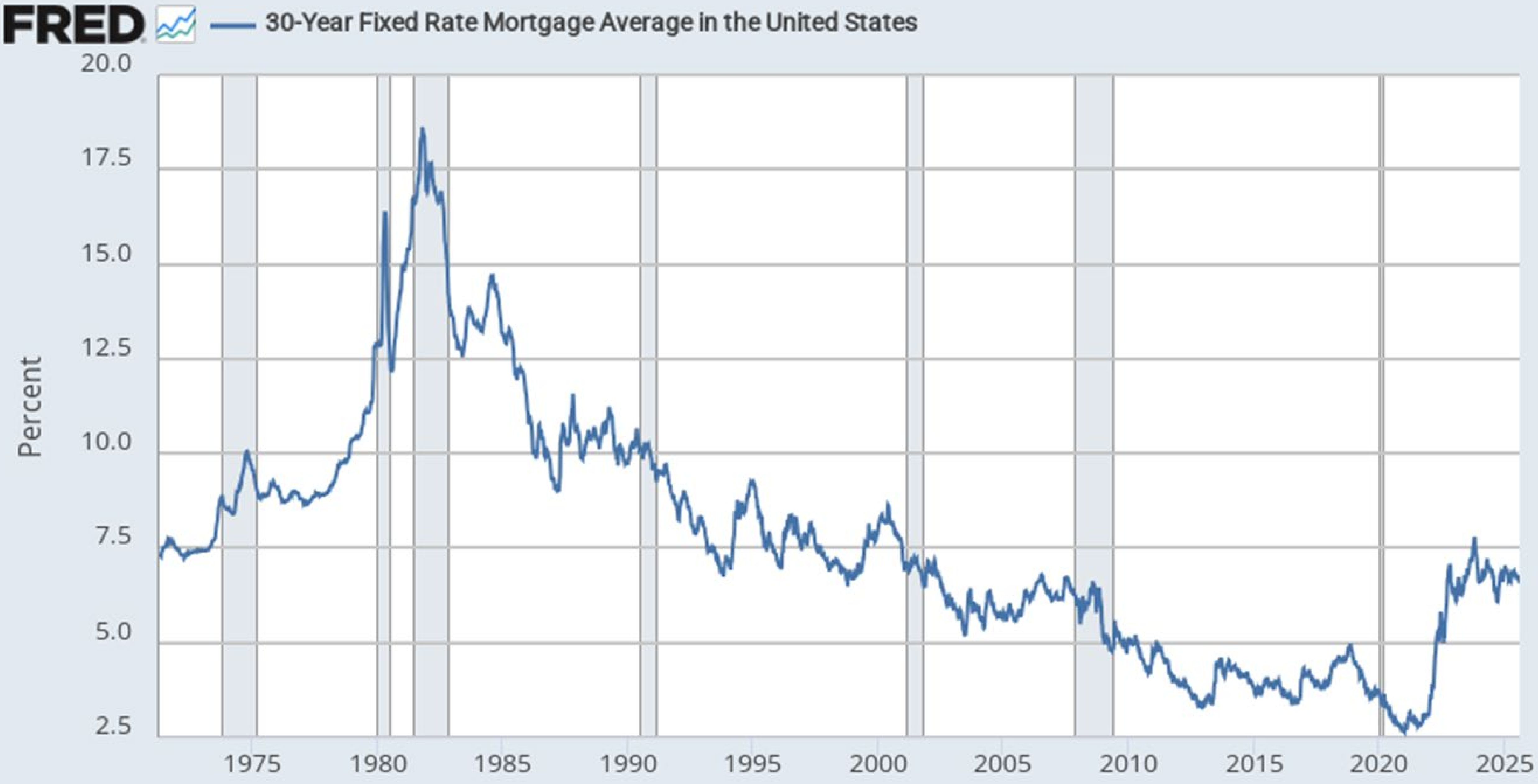
Source: BofA Merrill Lynch & Board of Governors via Haver Analytics


FRED
Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis
17.5
15.0
12.5
10.0
7.5
5.0
2.5
0.0
Percent
1960
1970
1980
1990
2000
2010
2020
Source: Board of Governors of the Federal Reserve System (US) via FRED®
Shaded areas indicate U.S. recessions.
myf.red/g/1LBXH


FRED
Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis
Percent
0
1
2
3
4
5
6
7
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
2022
2024
Source: Board of Governors of the Federal Reserve System (US) via FRED®
Shaded areas indicate U.S. recessions.
myf.red/g/1LDiE



FRED
100*(Market Yield on U.S. Treasury Securities at 30-Year Constant Maturity, Quoted on an Investment Basis-Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis)
70
60
50
40
30
20
10
100*(%-%)
2024-07
2024-09
2024-11
2025-01
2025-03
2025-05
2025-07
2025-09
Source: Board of Governors of the Federal Reserve System (US) via FRED®
Shaded areas indicate U.S. recessions.
myf.red/g/1MeWp



Source: Freddie Mac via FRED®

Shaded areas indicate U.S. recessions.

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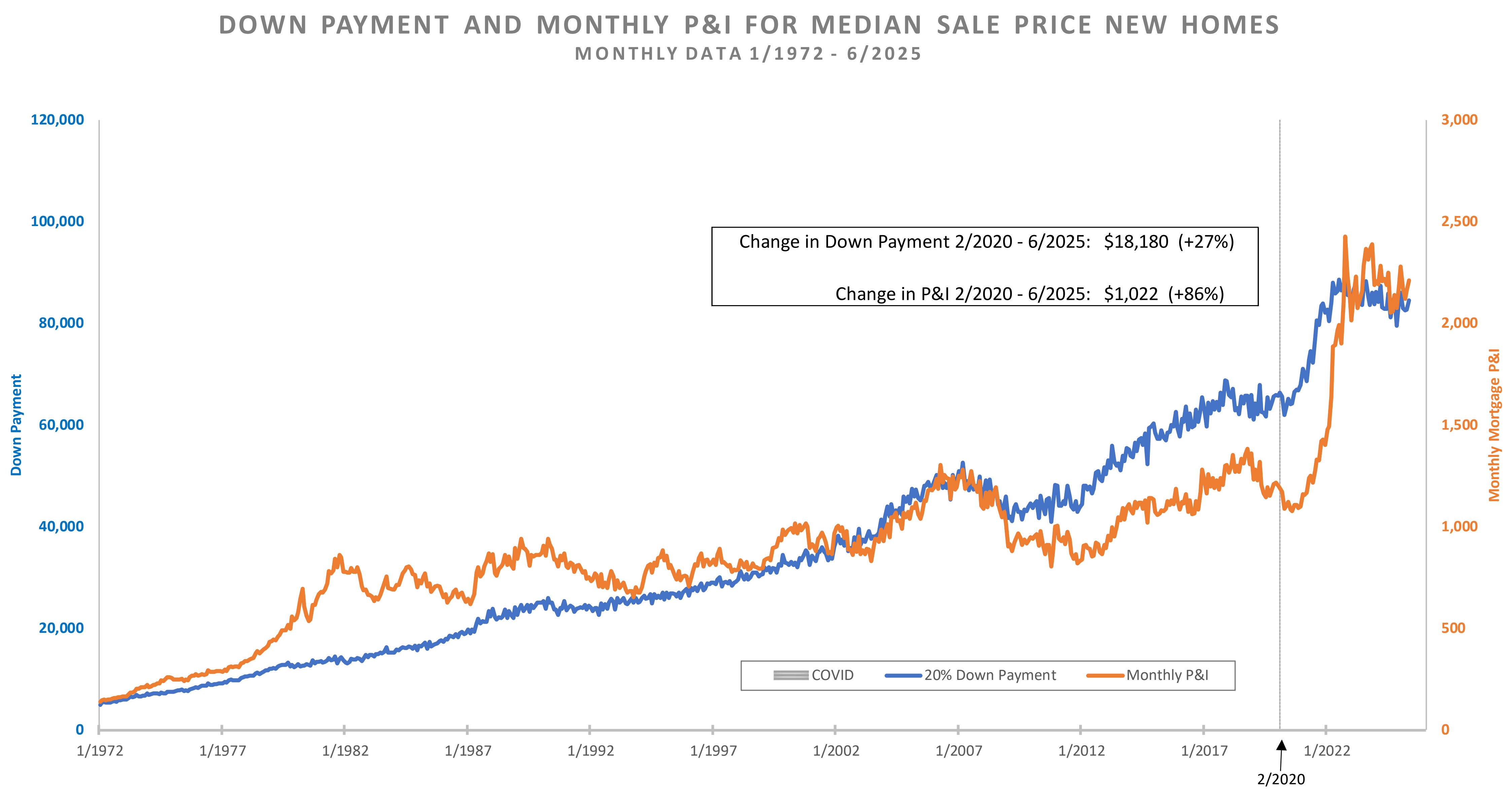
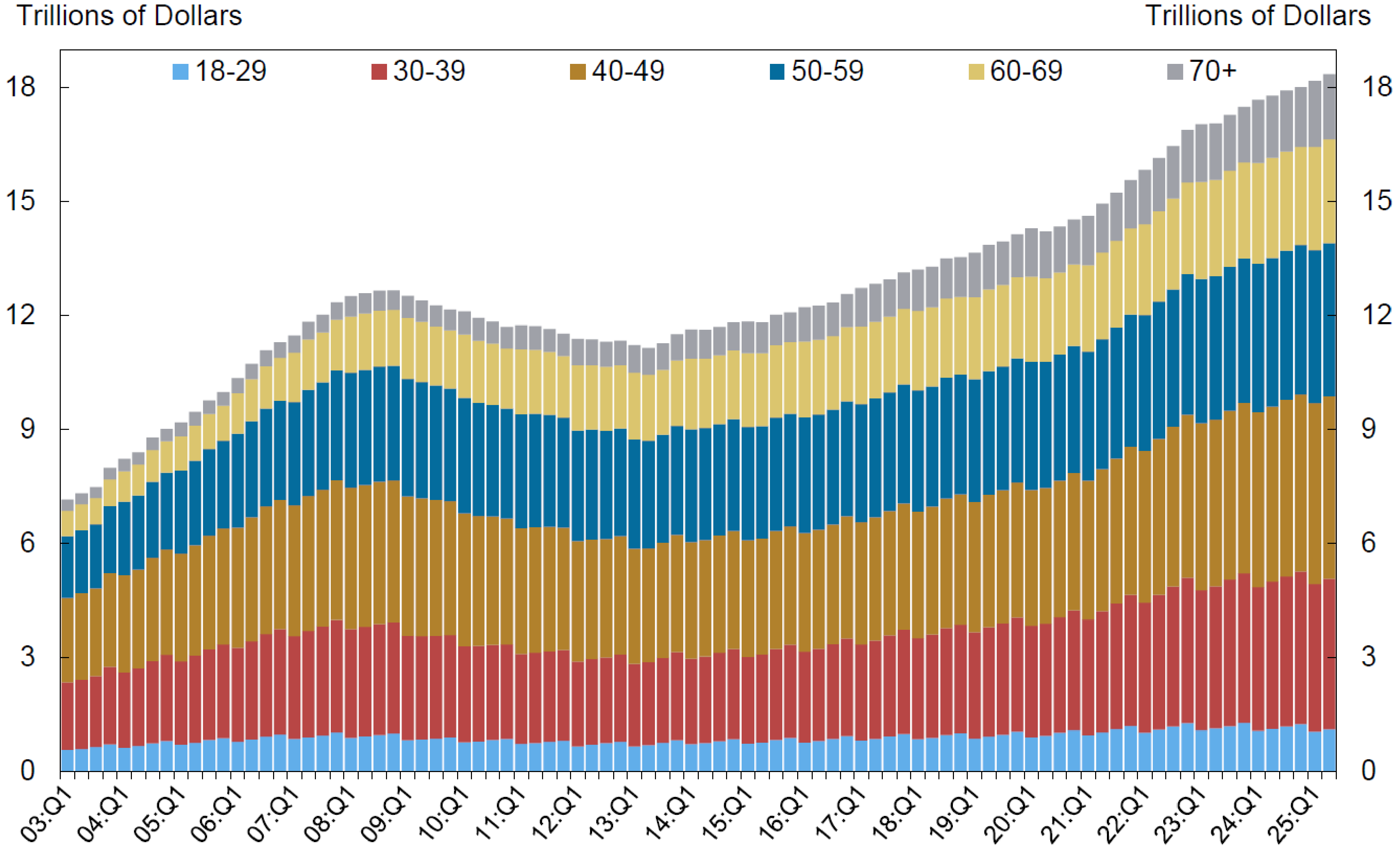

DOWN PAYMENT AND MONTHLY P&I FOR MEDIAN SALE PRICE NEW HOMES
MONTHLY DATA 1/1972 - 6/2025
Change in Down Payment 2/2020 - 6/2025: $18,180 (+27%)
Change in P&I 2/2020 - 6/2025: $1,022 (+86%)
Down Payment
Monthly Mortgage P&I
120,000
100,000
80,000
60,000
40,000
20,000
0
3,000
2,500
2,000
1,500
1,000
500
0
1/1972
1/1977
1/1982
1/1987
1/1992
1/1997
1/2002
1/2007
1/2012
1/2017
1/2022
2/2020
COVID
20% Down Payment
Monthly P&I

RETIREMENT SAVINGS AND OLDER AMERICANS

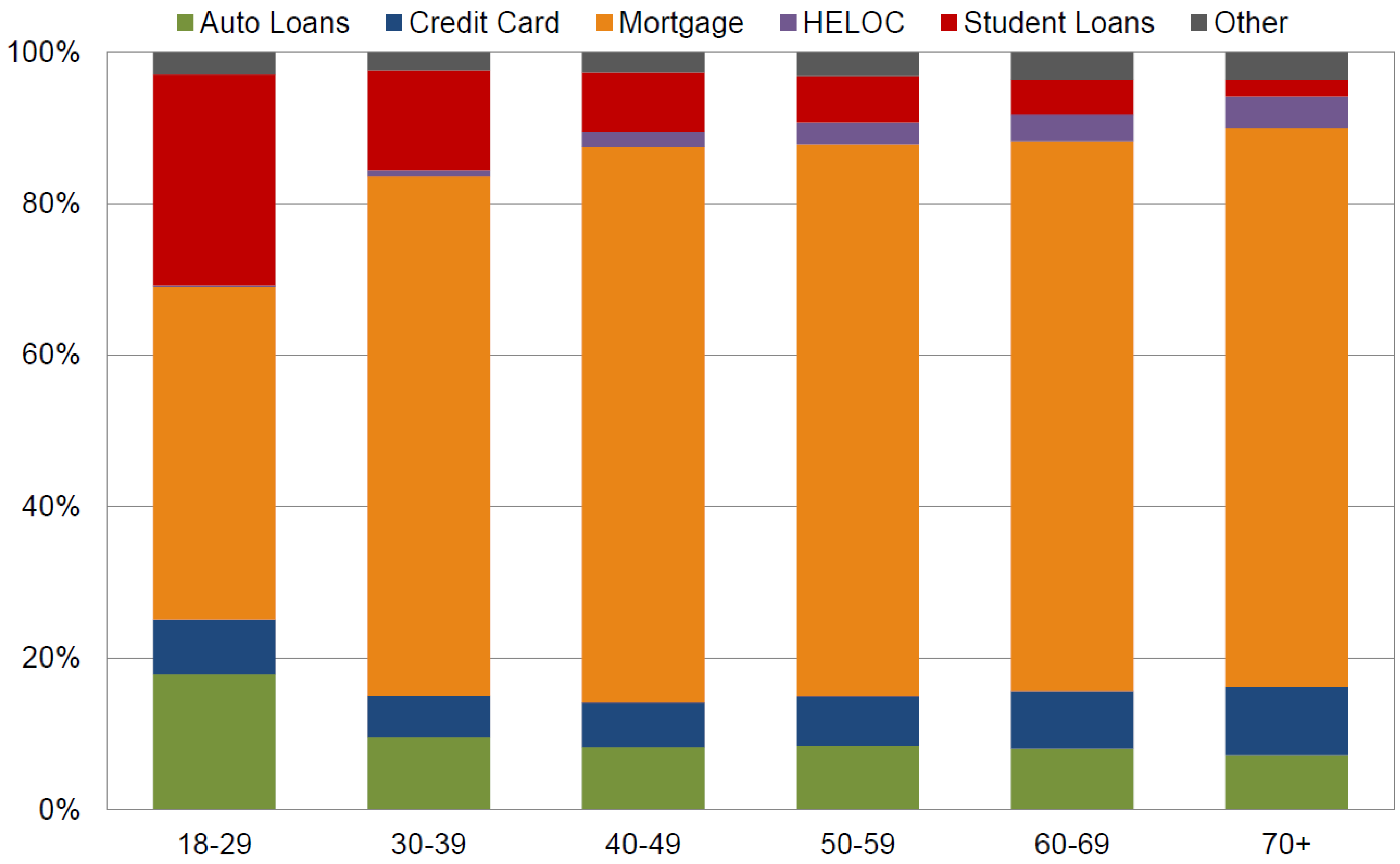
Total Debt Balance by Age



Note: Age is defined as the current year minus the birthyear of the borrower. Age groups are re-defined each year. Balances may not add up to totals due to a small number of individuals with unknown birthyears.

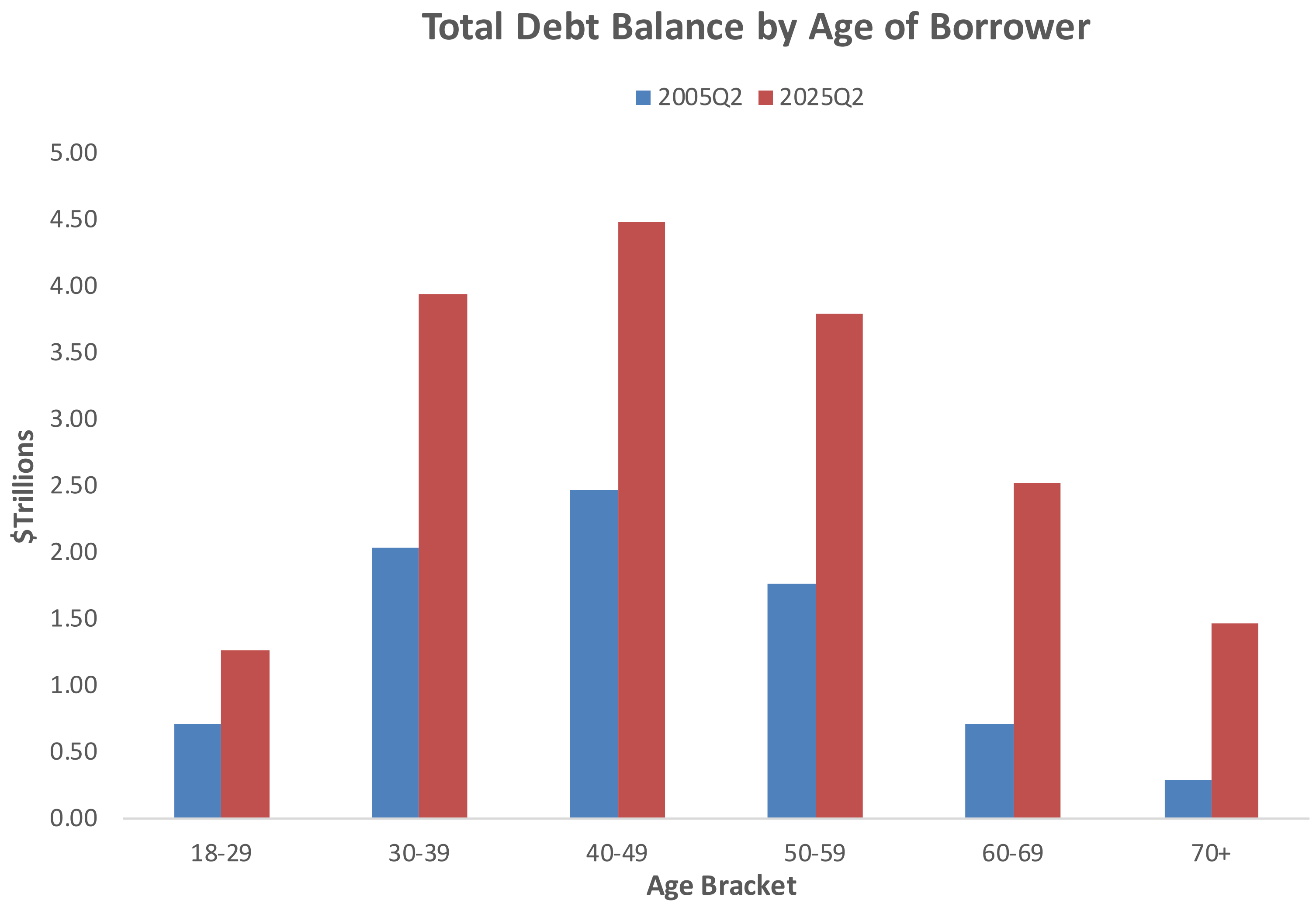
Source: New York Fed Consumer Credit Panel/Equifax

Debt Share by Product Type and Age (2025 Q2)



Note: Age is defined as the current year minus the birthyear of the borrower. Age groups are re-defined each year. Balances may not add up to totals due to a small number of individuals with unknown birthyears.

Source: New York Fed Consumer Credit Panel/Equifax



Percentage Increase 2005Q2 - 2025Q2					
47%	73%	66%	81%	195%	377%

Source: Federal Reserve Bank of New York Consumer Credit Panel

The Retirement Savings Crisis

Retirement Savings By Age Group

Thousands of Dollars

	With Savings		% with Savings	All Households	
Age	Mean Value	Median Value		Mean Value	Median Value
Less than 35	49.1	18.9	49.6%	24.4	0.0
35-44	141.5	45.0	61.5%	87.1	9.5
45-54	313.2	115.0	62.2%	194.7	20.0
55-64	537.6	185.0	57.0%	306.4	16.0
65-74	609.2	200.0	51.0%	310.7	6.0
75 or more	464.7	131.0	41.8%	194.1	0.0
All Ages	334.1	87.0	54.3%	181.5	4.0

2022 Survey of Consumer Finances

Board of Governors of the Federal Reserve System

SHARE OF NEW BANKRUPTCIES BY AGE BRACKET

	Age Bracket					
Year:Quarter	18-29	30-39	40-49	50-59	60-69	70+
2005:Q2	12.9%	27.0%	27.6%	19.6%	8.5%	4.5%
2010:Q2	7.2%	23.8%	29.4%	23.4%	11.5%	4.8%
2015:Q2	7.1%	22.3%	27.6%	23.7%	13.2%	6.1%
2020:Q2	8.4%	20.9%	24.6%	22.5%	14.4%	9.2%
2025:Q2	5.9%	21.1%	26.3%	23.3%	14.9%	8.5%
Change 2005:Q2-2025:Q2	-54.2%	-21.6%	-4.7%	19.0%	74.8%	89.1%

Source: Federal Reserve Bank of New York Consumer Credit Panel / Equifax

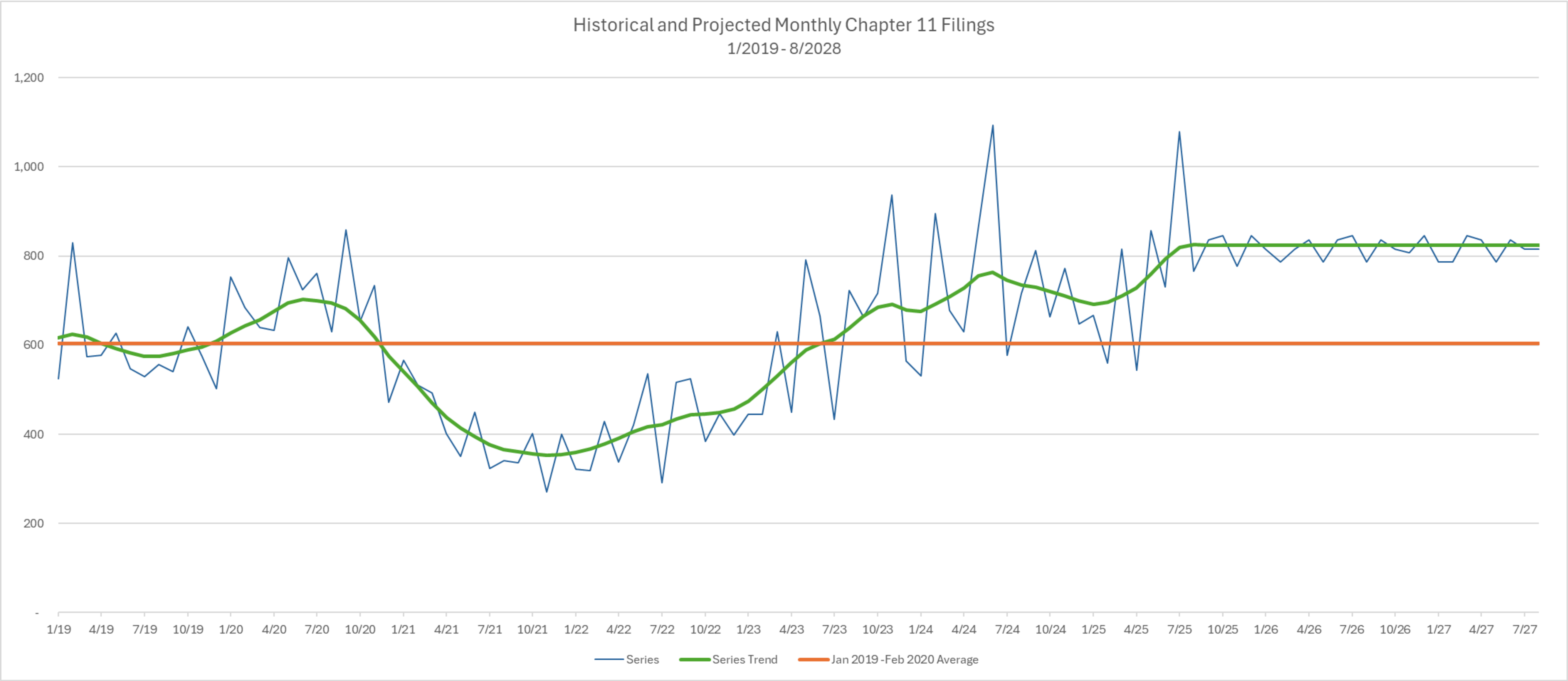

The only function of economic forecasting is to make astrology look respectable.
John Kenneth Galbraith

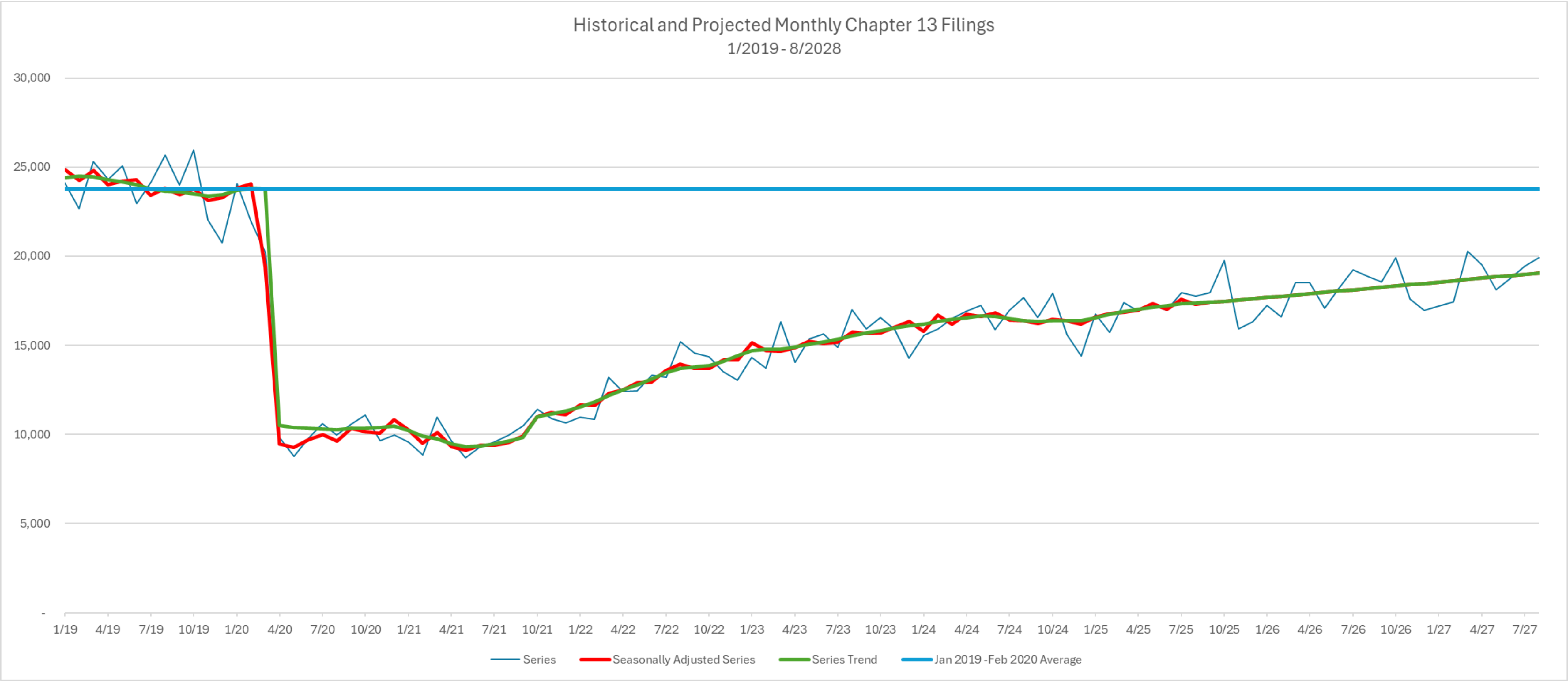
Projected Total Filings and by Chapter 6/30/2025 and 6/30/2026

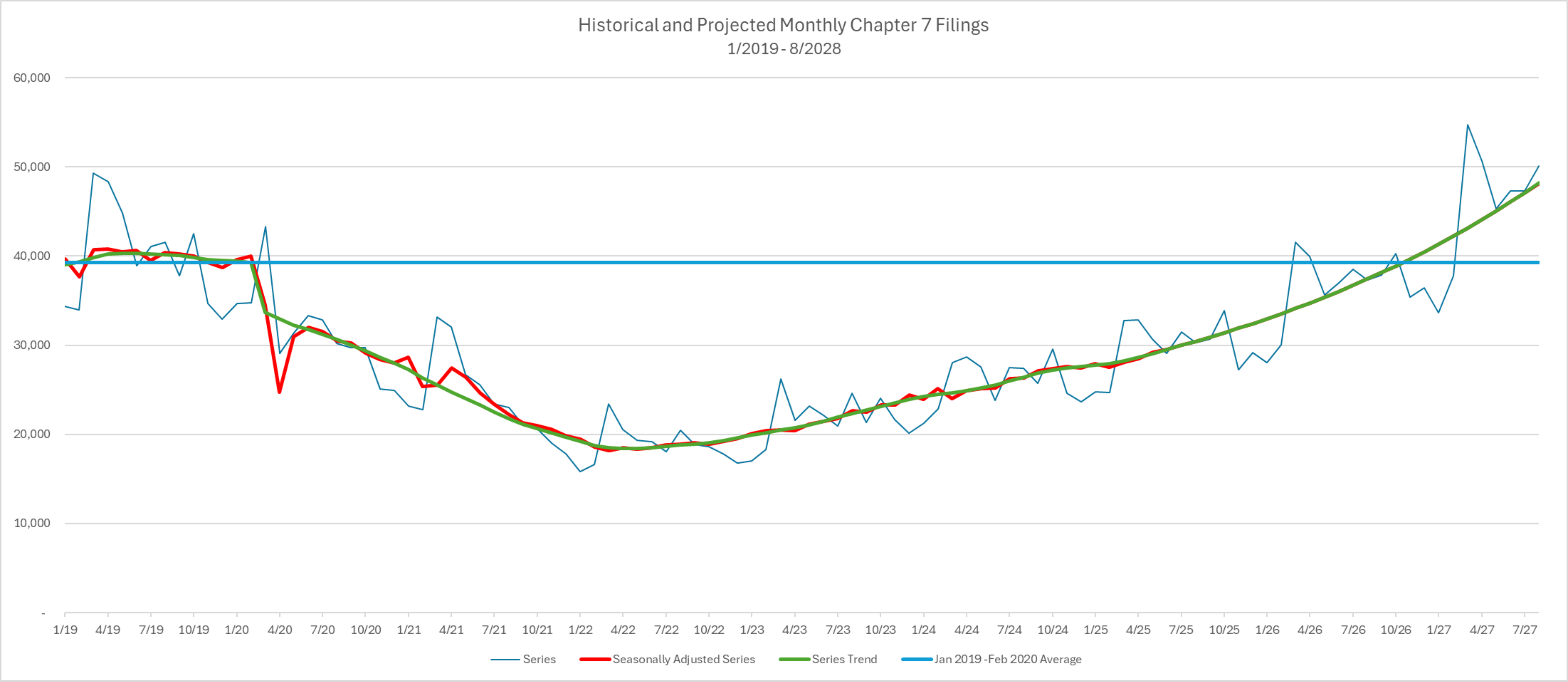
	Filings				
Year Ending	Total	Chapter 7	Chapter 11	Chapter 13	Sum
6/30/2025	542,300	333,200	8,400	200,200	541,800
6/30/2026	617,100	394,900	10,000	211,800	616,800
6/30/2027	689,200	495,200	9,800	222,400	727,500

	Change Over Prior Year				
	Total	Chapter 7	Chapter 11	Chapter 13	Sum
6/30/2026	14%	19%	19%	6%	14%
6/30/2027	12%	25%	-2%	5%	18%

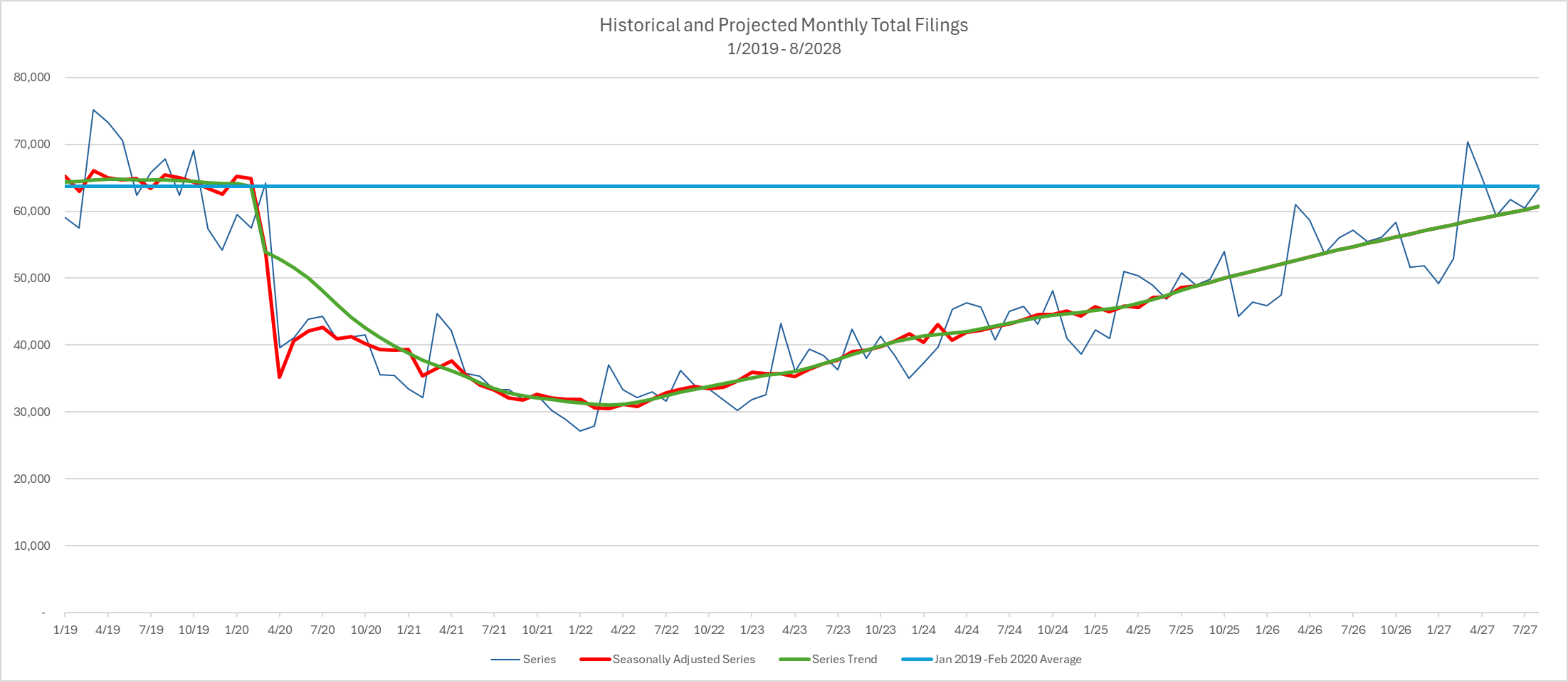
Monthly AO data from January 1986 through June 2025 supplemented with EPIQ data for July and August 2025. Projections made by univariate time series analysis using TRAMO-SEATS software.


Historical and Projected Monthly Chapter 11 Filings
1/2019 - 8/2028
1,200
1,000
800
600
400
200
-
1/19
4/19
7/19
10/19
1/20
4/20
7/20
10/20
1/21
4/21
7/21
10/21
1/22
4/22
7/22
10/22
1/23
4/23
7/23
10/23
1/24
4/24
7/24
10/24
1/25
4/25
7/25
10/25
1/26
4/26
7/26
10/26
1/27
4/27
7/27
Series
Series Trend
Jan 2019 -Feb 2020 Average


Historical and Projected Monthly Chapter 13 Filings
1/2019 - 8/2028
30,000
25,000
20,000
15,000
10,000
5,000
-
1/19
4/19
7/19
10/19
1/20
4/20
7/20
10/20
1/21
4/21
7/21
10/21
1/22
4/22
7/22
10/22
1/23
4/23
7/23
10/23
1/24
4/24
7/24
10/24
1/25
4/25
7/25
10/25
1/26
4/26
7/26
10/26
1/27
4/27
7/27
Series
Seasonally Adjusted Series
Series Trend
Jan 2019 -Feb 2020 Average



Historical and Projected Monthly Chapter 7 Filings
1/2019 - 8/2028
60,000
50,000
40,000
30,000
20,000
10,000
-
1/19
4/19
7/19
10/19
1/20
4/20
7/20
10/20
1/21
4/21
7/21
10/21
1/22
4/22
7/22
10/22
1/23
4/23
7/23
10/23
1/24
4/24
7/24
10/24
1/25
4/25
7/25
10/25
1/26
4/26
7/26
10/26
1/27
4/27
7/27
Series
Seasonally Adjusted Series
Series Trend
Jan 2019 -Feb 2020 Average



Historical and Projected Monthly Total Filings
1/2019 - 8/2028
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
-
1/19
4/19
7/19
10/19
1/20
4/20
7/20
10/20
1/21
4/21
7/21
10/21
1/22
4/22
7/22
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4/24
7/24
10/24
1/25
4/25
7/25
10/25
1/26
4/26
7/26
10/26
1/27
4/27
7/27
Series
Seasonally Adjusted Series
Series Trend
Jan 2019 -Feb 2020 Average

South Carolina Bar
Continuing Legal Education Division

Second Act: Protecting Seniors from Financial Scams and Navigating Inevitable

Dave Maxfield

SECOND ACT: PROTECTING SENIORS FROM FINANCIAL SCAMS (AND NAVIGATING THE INEVITABLE)

South Carolina Bar Convention - Consumer Law Section
January 22, 2026

Dave Maxfield
Dave Maxfield, Attorney, LLC
dave@consumerlawsc.com

I. INTRODUCTION: THE GROWING CRISIS OF ELDER FINANCIAL EXPLOITATION

In 2014, William Webster—former Director of both the FBI and the CIA—became the target of a lottery scam at age 98. He went public with his experience, warning: "If it can happen to me, it can happen to you." This statement underscores a critical reality: no individual is immune to elder financial exploitation, regardless of intelligence, life experience, or professional sophistication.

A. The Scope of the Problem

The statistics are alarming and continue to worsen. In 2024, the FBI's Internet Crime Complaint Center (IC3) received complaints totaling $16.6 billion in losses, representing a 33% increase from 2023. Seniors age 60 and older filed 147,127 complaints reporting $4.8 billion in losses—a 46% increase in complaints and a 43% increase in losses from the previous year. The average loss per senior victim was $83,000, with 7,500 individuals losing more than $100,000 each.

These figures represent not merely financial loss, but the complete erosion of retirement security, independence, and dignity for thousands of older Americans.

B. Vulnerability Factors

Scammers target seniors based on several factors:

- Accumulated wealth, home ownership, and good credit
- Trusting and polite demeanor developed over a lifetime
- Potential cognitive or physical decline
- Social isolation, particularly exacerbated by the COVID-19 pandemic
- Reduced familiarity and comfort with technology
- Increased reliance on others for daily activities and financial management

C. Underreporting and Its Consequences

Most elder financial exploitation goes unreported. Victims experience shame and fear that family members will question their ability to manage their own affairs. Many worry about losing independence. When victims do report, they often cannot provide the detailed information investigators require due to the deliberately confusing nature of these schemes and the speed with which perpetrators operate.

II. THE ESCALATION PATTERN: FROM MINOR SCAMS TO MAJOR LOSSES

Based on extensive casework with elder fraud victims, a disturbing pattern has emerged whereby relatively small initial scams escalate into catastrophic financial losses. Understanding this progression is critical to early intervention.

A. Initial Contact: Small-Scale Tech Support or Payment Scams

The typical pattern begins with seemingly minor incidents: a pop-up warning about computer malware, an email regarding unauthorized PayPal charges, or a call from purported "Microsoft" representatives about suspicious account activity. The victim pays a relatively small amount—$200 to $500—to "resolve" the fabricated problem.

This initial payment serves as a screening mechanism. The perpetrator has determined that:

- The victim responds to urgent warnings
- The victim follows instructions under pressure
- The victim has access to liquid funds
- The victim does not immediately consult with family or authorities

Critically, the perpetrator now possesses the victim's contact information and limited banking details.

B. The "Over-Refund" Escalation

Within one to two weeks, the victim receives a follow-up contact. The perpetrator claims the company is closing and issuing refunds, but that an accounting error resulted in an excessive refund—for example, $5,000 instead of $500. The victim is pressured to immediately return the "excess" amount or face consequences for the company's error.

During this phase, the perpetrator has typically gained remote access to the victim's computer and manipulated their online banking display to show the fabricated "over-refund." The victim, believing they see evidence of the error and feeling obligated to correct it, sends their own money—often $4,500 or more.

C. Fake Law Enforcement Intervention

The most devastating phase occurs when the same criminal organization contacts the victim posing as law enforcement. The caller identifies as FBI, Secret Service, DEA, or local police, provides an official-sounding badge number, and demonstrates knowledge of the victim's recent transactions.

The fake agent informs the victim they are under investigation for money laundering or fraud. They claim the victim's bank accounts have been compromised and are being used by criminals. The victim is told they face imminent arrest, account freezing, or imprisonment unless they cooperate immediately.

The proposed "solution" involves withdrawing all funds in cash, purchasing gold or cryptocurrency, or wiring money to a "secure government account" for "safekeeping." At this point, victims have emptied entire life savings based on genuine belief they were cooperating with legitimate law enforcement.

D. Psychological Mechanisms Supporting the Escalation

This progression exploits several well-documented psychological principles:

Commitment and Consistency: Once an individual has made an initial payment to perpetrators, they become significantly more likely to continue making payments. Each step appears to follow logically from the previous one.

Sunk Cost Fallacy: Having already lost money, victims continue attempting to resolve the situation rather than accepting losses and ceasing participation.

Authority Bias: Impersonation of law enforcement or government officials creates powerful compliance pressure, particularly among older adults who were socialized to respect authority figures.

Escalation of Commitment: The gradual increase in financial involvement prevents victims from recognizing the totality of their losses until significant damage has occurred.

III. PRIMARY SCAM TYPOLOGIES

A. Tech Support Scams

Tech support scams generated over $1.3 billion in losses in 2023, with seniors specifically losing $982 million in 2024. Perpetrators impersonate legitimate technology companies such as Microsoft, Apple, Norton, or McAfee, claiming malware has compromised the victim's computer.

The perpetrator obtains remote access to "diagnose" the problem, then charges for worthless software or services. During remote access sessions, perpetrators often install actual malware to harvest passwords, banking credentials, and personal identifying information.

The "refund" variation involves manipulating the victim's browser during screen-sharing to fabricate evidence of an excessive refund, then pressuring the victim to return the purported excess amount.

B. Investment Fraud and Cryptocurrency Schemes

Investment fraud resulted in $1.83 billion in losses for seniors in 2024, representing the largest single category. Cryptocurrency-related complaints totaled 149,686 with losses of $9.3 billion—a 66% increase from the previous year.

The FBI designates the cryptocurrency variant as "pig butchering." Perpetrators contact victims through dating sites, social media, or unsolicited messages, cultivate relationships over weeks or months, then introduce investment opportunities. Victims view fabricated returns on counterfeit websites or applications, invest additional funds, and observe apparent portfolio growth. When attempting withdrawals, victims discover all funds are irretrievable.

Operation Level Up, an FBI initiative launched in 2024, identified 4,323 cryptocurrency investment fraud victims. Notably, 76% of identified victims remained unaware of the fraud when contacted by federal authorities, continuing to believe their investments were legitimate.

C. Romance Scams

Romance scams generated record losses of $547 million in 2021, with seniors losing $389 million to confidence/romance schemes in 2024. These schemes are particularly devastating due to the extended period of relationship-building that precedes financial exploitation.

Victims encounter perpetrators through dating applications, websites, social media platforms, or unsolicited communications. Perpetrators demonstrate consistent attention and romantic interest while maintaining reasons why in-person meetings cannot occur. Financial requests follow: travel funds for visits that never materialize, emergency assistance, business opportunities requiring financial participation, or medical expenses.

The psychological damage from romance scams often exceeds the financial harm, as victims experience grief over both monetary losses and relationships they believed to be genuine.

D. Government Impersonation Scams

Government impersonation schemes cost seniors $208 million in 2024. Perpetrators impersonate Social Security Administration employees, Internal Revenue Service agents, Medicare representatives, and federal law enforcement. They fabricate problems with benefits, allege tax debts, claim Social Security numbers have been suspended, or assert the victim is under investigation.

One prosecuted case involved an Indian call center operation that defrauded victims of more than $10 million. The operator received a 22-year federal prison sentence. The operation utilized robocalls to contact thousands of victims, followed by "closers" impersonating DEA agents, FBI agents, or SSA representatives. They threatened arrest, asset seizure, and prosecution. Many victims were elderly, and substantial numbers have not achieved financial recovery.

E. Emergency and Grandparent Scams

Emergency or "grandparent" scams involve perpetrators contacting older adults and impersonating grandchildren or other relatives, or individuals purporting to represent relatives (attorneys, law enforcement, medical personnel). The perpetrator fabricates an emergency: car accident, arrest, medical crisis, or being stranded in a foreign country. Urgent wire transfers are demanded to resolve the fabricated situation.

The scheme exploits urgency and family protective instincts. Perpetrators often instruct victims not to inform other family members, claiming the relative will face additional consequences or family embarrassment. Recent variations include requesting cash be mailed via commercial carriers or having couriers collect cash or valuables directly from victims' residences.

F. Lottery and Sweepstakes Scams

Lottery and sweepstakes scams represent classic advance-fee fraud. Perpetrators, typically located in foreign jurisdictions, inform victims they have won lotteries or sweepstakes they never entered. Victims are instructed to pay taxes, shipping costs, processing fees, or other charges to claim their prizes. Victims never receive winnings, but perpetrators continue generating additional "fees" until the victim's funds are exhausted. Seniors lost over $75 million to these schemes in 2024.

IV. ELDER THEFT BY TRUSTED PERSONS

Between 2013 and 2019, family members were involved in 46% of elder theft cases—representing nearly half of all reported incidents. This category of exploitation presents unique challenges due to the relationship dynamics and access that enable the abuse.

A. Perpetrator Categories

Elder theft is most commonly perpetrated by:

- Adult children
- Grandchildren
- Extended family members (nieces, nephews, siblings)
- Non-family caregivers
- Neighbors and friends
- Financial advisors and investment professionals
- Attorneys and other professionals
- Any individual occupying a position of trust or dependency

B. Common Methodologies

Elder theft typically involves deception, intimidation, and coercion to access and control the victim's finances. Perpetrators exploit the victim's reliance on them for care, transportation, bill payment, or social interaction. They capitalize on cognitive decline, physical limitations, or social isolation to establish control over accounts, assets, or identity.

Common schemes include:

- Abuse of power of attorney authority
- Exploitation of legal guardianship arrangements
- Creation of fraudulent investment opportunities, including familial Ponzi schemes
- Theft of Social Security and pension payments
- Unauthorized liquidation of retirement accounts
- Property transfers under false pretenses
- Unauthorized credit card use in the victim's name
- Undue influence to modify beneficiary designations or estate plans

C. Case Study: United States v. Donna Graves

In a case prosecuted in Charlotte, North Carolina, Donna Graves received a sentence of 97 months in federal prison plus two years supervised release for conspiracy to commit wire fraud and money laundering conspiracy. Graves and two co-conspirators, Gerald Maxwell Harrison and Elizabeth Robin Williams, systematically exploited an elderly widow suffering from dementia.

The perpetrators provided housekeeping services through a business owned by Graves beginning in 2014. Over the course of the scheme, they isolated the victim from family and friends, fabricated a power of attorney purporting to grant Graves and Williams control over the victim's financial affairs, and relocated the victim multiple times to prevent family contact.

The co-conspirators failed to provide adequate medical care, leading to severe deterioration of the victim's health. After stealing approximately $300,000, they abandoned the victim when her funds were depleted. The victim was eventually moved to a nursing facility in New York, where she died largely due to the physical and mental deterioration she suffered during the exploitation.

This case represents a typical pattern in elder theft by caregivers: isolation, fabricated legal authority, asset depletion, and abandonment.

V. APPLICABLE LAWS AND RECOVERY TOOLS

Understanding the legal framework for recovering losses and holding financial institutions accountable is essential for effective representation of elder fraud victims. Multiple federal and state statutes provide overlapping protections and remedies.

A. Electronic Fund Transfer Act (EFTA) and Regulation E

The EFTA, codified at 15 U.S.C. § 1693 et seq., and its implementing regulation, Regulation E (12 C.F.R. § 1005), provide the strongest federal protections for consumers victimized by unauthorized electronic fund transfers.

1. Scope and Application

The EFTA applies to unauthorized transfers from consumer accounts (accounts established for personal, family, or household purposes) held at banks, savings and loan associations, and credit unions. This includes:

- ATM withdrawals
- Point-of-sale debit transactions
- ACH transfers
- Peer-to-peer payment applications (Zelle, Venmo, Cash App)
- Online-initiated banking transfers
- Potentially cryptocurrency transactions (courts have held virtual currency platform operators may be subject to EFTA)

Important Limitation: The EFTA explicitly excludes:

- Transfers by check or other paper instruments
- Wire transfers between financial institutions (the bank-to-bank portion)
- Transfers between businesses
- Transfers to buy or sell securities or commodities

Critical Exception for Wire Transfers: The CFPB has argued that when a bank connects wire transfer capabilities to its online consumer banking platform, the consumer-initiated portion constitutes an "electronic fund transfer" subject to EFTA protection, with only the bank-to-bank wire portion excluded.

2. Definition of "Unauthorized EFT"

An unauthorized EFT is a transfer from a consumer's account initiated by a person other than the consumer without actual authority and from which the consumer receives no benefit. Under Regulation E, this specifically includes transfers initiated by a person who obtained the consumer's access device through fraud or robbery.

Crucial Point for Elder Fraud Cases: A consumer who is fraudulently induced into sharing account access information (such as in an imposter scam where the victim is told they are protecting their account or assisting law enforcement) has not "furnished" an access device to an authorized person. The resulting transfer is considered unauthorized under Regulation E.

The definition excludes:

- Transfers initiated by a person to whom the consumer furnished the access device (unless the consumer notified the bank the person is no longer authorized)
- Transfers initiated with fraudulent intent by the consumer themselves
- Errors committed by the financial institution (which are separately actionable)

3. Consumer Liability Limitations

Consumer liability for unauthorized EFTs is sharply limited:

- **$50 maximum** if the consumer notifies the bank within two business days of discovering loss or theft of the access device
- **$500 maximum** if notification occurs after two business days but within 60 days
- **Unlimited liability** only if the consumer fails to report within 60 days of the statement showing the unauthorized transfer

Critical Protection: Consumer negligence (such as writing a PIN on a card or falling for a scam) cannot be used to impose greater liability than these statutory limits.

4. Bank Obligations Upon Notice of Error

Upon receiving oral or written notice of an error or unauthorized transfer, a financial institution must:

- Promptly begin investigation (within 10 business days)
- Provisionally credit the consumer's account within 10 business days (with some extensions for new accounts)
- Complete investigation and provide written findings within 45 days (90 days for new accounts, point-of-sale debit, or foreign-initiated transfers)

The bank cannot:

- Delay investigation pending receipt of additional information
- Require the consumer to file a police report first
- Require the consumer to contact the merchant or third party first
- Condition provisional credit on the consumer's cooperation beyond providing reasonably requested information

5. Damages and Remedies

Successful EFTA plaintiffs can recover:

- **Actual damages**
- **Statutory damages** between $100 and $1,000 per individual action (without proof of actual damages)
- **Class action statutory damages:** Lesser of $500,000 or 1% of the institution's net worth
- **Treble damages** if the bank fails to make provisional reimbursement or fails to conduct a good faith investigation
- **Attorney's fees and costs** (fee-shifting statute)

The one-year statute of limitations runs from the date of the occurrence of the violation.

B. Fair Credit Billing Act (FCBA)

The FCBA, codified at 15 U.S.C. § 1666 et seq., provides error resolution procedures for credit card accounts and other open-end credit.

1. Covered Billing Errors

The FCBA covers:

- Unauthorized charges
- Charges with incorrect amounts
- Charges for goods or services not accepted or not delivered as agreed

- Failure to properly credit a payment or refund
- Computation or accounting errors
- Failure to mail statements to the consumer's current address

2. Dispute Procedures

To invoke FCBA protections, the consumer must:

- Send written notice to the creditor at the address designated for billing inquiries
- Send notice within 60 days of transmittal of the first statement containing the error
- Include: name, account number, belief that an error exists, the disputed amount, and explanation of the error

3. Creditor Obligations

The creditor must:

- Acknowledge receipt of the dispute within 30 days
- Conduct a reasonable investigation
- Either correct the error or send written explanation within two billing cycles (maximum 90 days)
- Not attempt to collect the disputed amount during investigation
- Not report the amount as delinquent to credit bureaus

4. Damages

Successful FCBA plaintiffs can recover:

- Actual damages
- Statutory penalties for creditor violations
- Attorney's fees and costs (fee-shifting statute)

Statute of Limitations: One year from the violation under the Truth in Lending Act.

C. UCC Article 4A (Wire Transfers) - S.C. Code Ann. § 36-4A-101 et seq.

South Carolina has adopted UCC Article 4A, which governs wire transfers and "funds transfers" involving "payment orders." Article 4A provides the exclusive framework for determining rights, duties, and liabilities for these transfers.

1. Risk Allocation - General Rule

The "receiving bank" (the bank from which the wire originates) ordinarily bears the risk of loss for unauthorized transfers.

2. When Risk Shifts to Customer

The customer bears the loss only if:

- The payment order was authorized by the customer or an authorized agent, OR
- The bank and customer agreed to a commercially reasonable security procedure designed to protect against fraud, AND the bank accepted the order in good faith and in compliance with that procedure

3. Security Procedures

"Security procedures" must be established by written agreement and are designed to verify authenticity of payment orders. Examples of commercially reasonable procedures include:

- Physical tokens or security devices for multi-factor authentication
- Dual control (one person initiates, another approves)
- Out-of-band verification (confirming via separate communication channel)
- Callback procedures using independently verified telephone numbers

Important Limitation: A bank's internal fraud monitoring, risk scoring, or red flag systems that are not expressly incorporated into the agreement with the customer do not qualify as "security procedures" under Article 4A and generally cannot be used to shift liability to the customer.

4. Beneficiary Bank Liability (S.C. Code Ann. § 36-4A-207)

Name-Number Mismatch: When a payment order identifies the beneficiary by both name and account number that identify different persons:

- The beneficiary's bank may rely on the number if it does not know of the mismatch
- If the beneficiary's bank knows of the mismatch, acceptance cannot occur, and no person has rights as a beneficiary
- Liability may attach for careless execution

Good Faith Duty: A beneficiary bank's duty of good faith (honesty in fact and observance of reasonable commercial standards of fair dealing) may be breached if it carelessly executes doubtful wire transfers, potentially preventing reliance on Article 4A's exculpatory provisions.

5. Cancellation and Recovery (S.C. Code Ann. § 36-4A-211)

A sender's cancellation communication is effective if the receiving bank has reasonable opportunity to act before acceptance. After acceptance, cancellation is generally ineffective unless:

- The bank agrees, OR

- The order was unauthorized or issued due to mistake

6. Attorney's Fees

Reasonable attorney's fees are recoverable under Article 4A if a demand for compensation is made and refused before filing suit.

7. Duty of Ordinary Care and Good Faith

UCC § 36-3-103 imposes a non-disclaimable duty of ordinary care and good faith. If a bank's internal policies, training manuals, and public commitments warn of specific elder fraud patterns, and the bank ignores obvious red flags, this conduct may constitute a lack of ordinary care under the UCC, supporting claims for negligence or breach of contract.

D. South Carolina Omnibus Adult Protection Act

1. Mandatory Reporting (S.C. Code Ann. § 43-35-85 & -25)

South Carolina law mandates that any person, including financial institutions as "covered persons," who has actual knowledge that a vulnerable adult has been or is being abused, neglected, or exploited must report the incident to the South Carolina Department of Social Services (Adult Protective Services).

Covered Persons: The statute specifically includes banks, trust companies, savings and loan associations, credit unions, and their employees.

Penalties for Non-Reporting: Failure to report is a misdemeanor punishable by fine up to $500 or imprisonment up to six months.

2. Transaction Holds (S.C. Code Ann. § 43-35-87)

Financial institutions may place a hold on transactions for up to 10 business days if the institution, in good faith, believes that financial exploitation of a vulnerable adult is occurring, has occurred, or is about to occur.

Procedure:

- The hold must be initiated promptly after discovering the suspected exploitation
- The institution must immediately notify all parties authorized to transact business on the account
- The institution must immediately notify Adult Protective Services and local law enforcement
- The hold may be extended by court order

Immunity: Financial institutions acting in good faith are immune from civil or criminal liability for placing such holds or for disclosing records to law enforcement or Adult Protective Services.

Important Limitation: The statute does not require banks to place holds or decline transactions; it merely provides authority and immunity for doing so.

3. Immunity for Reporting and Disclosure

S.C. Code Ann. § 43-35-30 provides immunity from civil or criminal liability for persons making reports in good faith, even if the report is ultimately unfounded.

E. Discovery and Litigation Strategy Against Financial Institutions

When pursuing claims against financial institutions for failure to prevent or stop elder financial exploitation, critical discovery requests should focus on:

1. Internal Policies and Procedures

- Employee training materials on elder financial abuse prevention
- Internal fraud prevention manuals and procedures
- Red flag identification systems and protocols
- Compliance policies related to EFTA, FCBA, and the Senior Safe Act
- Age-friendly service protocols and accommodations
- Teller scripts and decision trees for suspicious transactions

2. Investigation Records

- Complete non-privileged records of the bank's pre-litigation investigation into reported fraud
- Documentation of the reasonable and good faith investigation required by EFTA
- Employee incident reports
- Fraud alert escalations
- Communications with the victim regarding the fraud

3. Technology and Monitoring Systems

- Automated fraud detection systems and their parameters
- Predictive analytics used to identify elder exploitation
- Red flag algorithms and thresholds
- System alerts generated (and ignored) regarding the victim's transactions
- Monitoring for large cash withdrawals, wire transfers to high-risk destinations, cryptocurrency purchases

4. Employee Actions and Training

- Identification of specific employees involved in processing fraudulent transactions
- Documentation of questions asked, warnings given, delays imposed
- Evidence of escalation (or failure to escalate) concerning transactions

- Employee training records on elder abuse recognition
- Performance evaluations addressing fraud prevention

5. Corporate Commitments

- Public statements and marketing materials regarding elder protection
- CFPB voluntary best practices compliance documentation
- Senior Safe Act compliance materials
- Corporate social responsibility statements regarding vulnerable customers

F. Additional Recovery Mechanisms

1. Civil Forfeiture

The U.S. Attorney's Office can use civil forfeiture procedures under 18 U.S.C. § 981 to recover funds stolen via wire fraud schemes. When fraud proceeds can be traced to specific accounts, civil forfeiture provides a mechanism for victims to recover their money, even when criminal prosecution of the perpetrators is impractical (such as when perpetrators are overseas).

2. IC3 Recovery Asset Team - Financial Fraud Kill Chain

As discussed in Section VI.E, the FBI's Financial Fraud Kill Chain program provides rapid response to freeze fraudulent funds. Success requires:

- Immediate reporting (ideally within 24-48 hours)
- Complete transaction information
- Cooperation between victim, victim's bank, and law enforcement
- In 2024: 66% success rate, with $561.6 million frozen

3. Victim Restitution in Criminal Cases

When perpetrators are prosecuted federally under 18 U.S.C. § 1343 (wire fraud), § 1344 (bank fraud), or § 1030 (computer fraud), the Mandatory Victims Restitution Act (18 U.S.C. § 3663A) requires courts to order restitution to victims for actual losses. While collection can be challenging, particularly for overseas perpetrators, restitution orders create enforceable judgments.

4. Insurance Coverage

Homeowner's insurance policies sometimes provide coverage for theft, including electronic theft under certain circumstances. Policy review and coverage counsel should be considered for significant losses.

VI. RECOGNITION: BEHAVIORAL AND FINANCIAL RED FLAGS

As attorneys, recognizing warning signs of elder financial exploitation is essential for protecting clients and facilitating early intervention.

A. Behavioral Indicators

Attorneys should be alert to clients who exhibit the following characteristics:

- Sudden changes in contact information, particularly overseas telephone numbers or email addresses
- Unexplained account activity despite known cognitive impairment
- Appearance of distress, fearfulness, or inability to answer basic questions about financial matters
- References to online friends or romantic partners requesting money transfers or account opening
- Evidence of receiving instructions via telephone during consultations or transactions
- Expressions of urgency regarding money transfers to resolve purported emergencies
- Accompaniment by caregivers or family members who dominate conversations or prevent direct communication
- Expressions of fear regarding eviction or institutional placement if money is not provided to specific individuals
- Execution of sudden changes to powers of attorney, trust documents, or beneficiary designations
- Confusion about financial status or reluctance to discuss financial matters
- Inability to reach the client directly despite repeated contact attempts

B. Financial Red Flags

Financial transaction patterns that warrant attention include:

- Activation of previously dormant accounts with sudden withdrawal patterns
- Unusual purchases of gift cards, prepaid cards, or stored value products
- Uncharacteristic interest in cryptocurrency acquisition
- Multiple checks or wire transfers with memo line descriptors such as "tech support," "taxes," or "winnings"
- Frequent large cash withdrawals or daily ATM maximum withdrawals
- Transfers to individuals or entities with whom the client has no established in-person relationship
- New patterns of non-sufficient fund activity

- Uncharacteristic nonpayment of recurring obligations
- Debit transactions inconsistent with the client's historical patterns
- Unusual wire transfer attempts
- Early closure of certificates of deposit without regard to penalties

VII. PROFESSIONAL RESPONSIBILITIES AND INTERVENTION STRATEGIES

A. Client Education and Prevention

Attorneys should proactively educate senior clients regarding fraud threats. Key educational points include:

Verification Protocols:

- No legitimate company, government agency, or financial institution demands immediate payment, requests gift card purchases, or instructs clients to deceive financial institutions
- Technical support scams are pervasive; unsolicited contacts should be treated as suspicious
- Legitimate law enforcement does not threaten individuals via telephone or demand monetary payment
- Urgent, fear-inducing communications should trigger heightened scrutiny rather than immediate compliance
- All contacts should be independently verified using telephone numbers obtained through official sources
- Family consultation before major financial decisions provides protective oversight

Communication Safety:

- Unsolicited email links and text message links should not be accessed
- Remote computer access should only be granted when the client initiated the support request
- Personal information should never be provided to unsolicited callers
- Two-factor authentication should be implemented on all accounts
- Strong, unique passwords should be utilized, preferably managed through password management software
- Social media friend requests from unknown individuals warrant skepticism
- Any emergency request should be verified through alternative family contacts before transmitting funds

B. Financial Institution Collaboration

Attorneys should establish professional relationships with financial institutions serving senior clients. Recommended protocols include:

- Flagging unusual transaction patterns for attorney notification
- Contacting designated family members or professional contacts before processing large withdrawals
- Requiring in-person verification for wire transfers exceeding specified thresholds
- Questioning clients who appear pressured or distressed during transactions
- Implementing reasonable delays for high-risk transaction types

C. Estate Planning Protections

Properly structured estate planning documents provide significant protection against exploitation:

Powers of Attorney:

- Carefully drafted authority limitations and accountability provisions
- Requirements for joint action by multiple agents for transactions exceeding specified amounts
- Mandatory periodic accounting requirements
- Provisions allowing successor agents to demand accountings from predecessors
- Third-party notification requirements for significant transactions

Trust Structures:

- Independent professional trustees or corporate fiduciaries
- Co-trustee arrangements requiring joint action
- Trust protector provisions allowing intervention if exploitation is suspected
- Regular accountings to designated recipients
- Distribution standards that limit trustee discretion

Advance Directives:

- Financial decision-making provisions addressing capacity decline
- Successor authority provisions with clear standards
- Healthcare and financial authority coordination

D. Suspected Exploitation Response Protocol

When an attorney suspects a client is experiencing financial exploitation, the following actions should be considered:

1. **Documentation:** Comprehensively document all observations, statements, and evidence of potential exploitation.
2. **Adult Protective Services Report:** Contact the South Carolina Department of Social Services Adult Protective Services (1-888-CARE-4-US / 1-888-227-3487). South Carolina law mandates reporting.
3. **Law Enforcement Notification:** Contact appropriate law enforcement agencies, particularly when immediate danger exists or theft is ongoing.
4. **IC3 Complaint:** File a complaint with the FBI's Internet Crime Complaint Center at www.ic3.gov.
5. **National Elder Fraud Hotline:** Contact the DOJ National Elder Fraud Hotline at 833-FRAUD-11 (833-372-8311).
6. **Financial Institution Coordination:** Work with the client's financial institutions to freeze accounts, reverse transactions if timing permits, or implement additional security measures. Reference S.C. Code Ann. § 43-35-87 regarding transaction holds.
7. **Guardianship Consideration:** Evaluate whether guardianship proceedings are necessary if the client lacks capacity for self-protection.

E. The Financial Fraud Kill Chain

The FBI's IC3 Recovery Asset Team operates the Financial Fraud Kill Chain, which streamlines communication with financial institutions and FBI field offices to freeze fraudulent funds. Timing is critical—reports filed within 24-48 hours of fraudulent transfers significantly increase recovery likelihood.

In 2024, the program handled 3,020 complaints involving $848 million in attempted theft. The program successfully froze $469 million domestically and $92 million internationally, achieving a 66% overall success rate. However, success rates decline dramatically as time elapses between the fraudulent transaction and the report.

VIII. THE RE-VICTIMIZATION PROBLEM

Perpetrators frequently do not cease exploitation after initial success. In both scam and elder theft contexts, victims face substantial re-victimization risk. Scammers sell victim lists—including contact information, financial details, and psychological profiles—to other criminal organizations. Family members who successfully steal funds without consequences often return for additional exploitation.

The FBI reports that 76% of identified cryptocurrency scam victims remained unaware of the fraud when contacted by federal authorities. This demonstrates the sophistication of psychological manipulation employed by modern fraud perpetrators.

The psychological mechanisms supporting ongoing victimization include:

- **Incremental decision-making:** Each decision appears rational in isolation, preventing recognition of cumulative losses
- **Cognitive dissonance:** Victims struggle to reconcile their self-image with the reality of victimization
- **Shame and isolation:** Victims avoid seeking help due to embarrassment, enabling continued exploitation
- **Hope of recovery:** Victims continue engagement hoping to recover previous losses

IX. IMPLEMENTATION CHECKLIST

Immediate Actions

- Initiate fraud prevention discussions with all senior clients
- Obtain emergency contact information for clients' family members or trusted persons
- Verify that responsible parties are monitoring clients' financial accounts
- Review estate planning documents for exploitation vulnerabilities
- Develop standardized client education materials regarding common scam typologies

Short-Term Implementation (30-90 Days)

- Establish formal relationships with financial institutions serving senior clients
- Create fraud warning materials for client distribution
- Develop comprehensive referral lists including Adult Protective Services, FBI field office contacts, local law enforcement, and elder law specialists
- Consider hosting community educational seminars on elder fraud prevention
- Implement intake screening questions addressing recent financial changes or concerns

Long-Term Practice Development

- Train all staff members to recognize behavioral and financial red flags
- Join local elder abuse prevention coalitions or task forces
- Establish expertise in elder financial exploitation issues within the community
- Develop protocols for suspected exploitation reporting and intervention
- Create ongoing client education programs addressing evolving fraud typologies

X. RESOURCES

Reporting and Assistance

- FBI Internet Crime Complaint Center: www.ic3.gov
- National Elder Fraud Hotline: 833-FRAUD-11 (833-372-8311)
- South Carolina Adult Protective Services: 1-888-CARE-4-US (1-888-227-3487)
- FBI Columbia Field Office: (803) 551-4200
- South Carolina Department of Social Services: www.dss.sc.gov

Educational and Research Resources

- FinCEN Advisory on Elder Financial Exploitation (FIN-2022-A002)
- FBI Internet Crime Report (published annually at www.ic3.gov)
- Consumer Financial Protection Bureau: www.consumerfinance.gov
- Department of Justice Elder Justice Initiative: www.justice.gov/elderjustice
- AARP Fraud Watch Network: www.aarp.org/fraudwatchnetwork
- National Center on Elder Abuse: www.ncea.acl.gov

South Carolina Legal Resources

- S.C. Code Ann. § 36-4A-101 et seq. (UCC Article 4A - Funds Transfers)
- S.C. Code Ann. § 43-35-5 et seq. (Omnibus Adult Protection Act)
- S.C. Code Ann. § 43-35-85 & -25 (Mandatory Reporting)
- S.C. Code Ann. § 43-35-87 (Financial Institution Transaction Holds)

XI. CONCLUSION

Elder financial exploitation represents one of the most pressing consumer protection challenges facing the legal profession and society broadly. The $4.8 billion in reported losses for seniors in 2024 reflects only documented cases; actual losses are substantially higher due to underreporting driven by shame, fear, and lack of awareness.

The evolution from minor scams to catastrophic losses, the sophisticated psychological manipulation employed by perpetrators, and the devastating exploitation by trusted persons all demand heightened vigilance from attorneys serving senior clients. The legal profession is uniquely positioned to provide early detection, intervention, and prevention of these schemes through client education, document drafting, and collaboration with financial institutions and protective services.

The availability of powerful federal and state statutory protections—including EFTA, FCBA, UCC Article 4A, and South Carolina's Omnibus Adult Protection Act—provides attorneys with significant tools to recover losses and hold financial institutions accountable when they fail to protect vulnerable customers. However, these tools are only effective when attorneys recognize exploitation early and act decisively.

The "Second Act" of clients' lives should be characterized by security, dignity, and independence rather than victimization and financial devastation. Through informed, proactive practice, attorneys can serve as a critical line of defense against those who would exploit the trust and vulnerability of older adults.

As William Webster's experience demonstrates, no individual is immune to these threats. If exploitation can target a former Director of the FBI and CIA, it can certainly affect any client in any practice. Vigilance, education, and prompt intervention remain the most effective tools for protecting South Carolina's senior population from financial predators.

South Carolina Bar
Continuing Legal Education Division

The Two Sides of the Debt Collection Coin: Creditor vs. Debtor

Jason Wyman
&
Penny Hays Cauley

No Materials Available