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Written Testimony of Troy A. Peters, CEO, Jonestown Bank & Trust Co., before the House Aging and Older Adults Services Committee's Older Adults Financial Exploitation Hearing

Good morning Chairman Hennessey, Chairman Samuelson, and members of the committee. I would like to thank you for the opportunity to testify before you on the important issue of financial exploitation of older adults. I am Troy Peters and I serve as Chief Executive Officer of Jonestown Bank & Trust Co. (JBT), based in Jonestown PA, which is in Rep. Swanger's district and I reside in Rep. Gingrich's district. I also currently serve on the Board of Directors for the Pennsylvania Association of Community Bankers (PACB) for whom I am testifying on behalf of today.

The success of a community bank is directly related to its reputation in the community and the level of service it provides. Across the state, community banks have taken steps to train and educate employees on how to detect financial abuse. This undertaking has resulted in several cases where financial abuse was detected and proper action was taken. The following is a recent example of how one of our elderly clients was criminally separated from her life savings.

In October of 2012, two individuals operating a driveway sealing business knocked upon our elderly client's door and offered to seal her driveway for \$400.00. From that point, the suspects represented to the victim that other areas of her residence were in need of repairs and conducted a scheme to defraud her of her life savings.

The criminals were paid in excess of \$34,000.00 to do basement remodeling, mold eradication, weatherproofing and other such jobs. They represented to the victim that the work was being completed in the home's basement. Because of the victim's physical limitations, she was unable to traverse the stairs to confirm their statements.

Ultimately, investigators found little more than a haphazard coat of paint had been partially applied to the basement paneling. Common household supplies, totaling less than \$100.00 had been brought into the residence to perform this work.

Our staff detected an unusual increase in the dollar amounts of checks being written by our client and contacted her to discuss this activity. The client stated that the expenses were legitimate and commented on the renovations being done in her basement. Not satisfied with her explanation, investigators were notified. The District Attorney commended the JBT staff for bringing their

suspicious to the attention of the Area Agency on Aging and law enforcement, as charges were filed against the suspects.

This is just one example of how our bank had trained its employees to identify red flags and handle the situation in an appropriate manner.

Community bank employees go through vigorous fraud training every year because of the highly sensitive nature of our work, including training on the filing of Suspicious Activity Reports (SARs). In 2011, FinCEN (The Financial Crimes Enforcement Network) issued an advisory specifically addressing SARs and elder financial abuse. The guidance listed red flags that could signal abuse and requested that filers include the terminology of "elder financial exploitation" to better identify reports.

Filings related to elder financial exploitation increased 382% following the guidance. Trends suggest that filers have incorporated this guidance into their risk monitoring programs. This means that not only have banks taken appropriate steps, but so have other entities that are required to file SARs such as money service businesses, casinos, and mortgage originators.

The report also indicated that financial exploitation is often carried out by relatives or caregivers through the abuse of power of attorney agreements. You will find attached in my testimony an update from FinCEN on Elder Financial Exploitation that provides greater detail.

As an association, PACB is very concerned with the problem of elder financial exploitation in Pennsylvania. PACB has been proactive in encouraging its members to refine its practices and procedures for detecting financial abuse, as well as providing and promoting educational support.

This includes actions such as offering an educational webinar that focused on victimization of the elderly and featuring articles in the monthly trade publication concerning the detection of abuse.

Speaking from experience, JBT has been very deliberate in educating and training our staff on this issue. Many of our clients have banked with us for generations and our relationships go beyond the transaction. Our customers know who their banker is, and our bankers know our customers.

Earlier this year we brought in a speaker from the Institute on Protective Services, the collaboration between the Department of Aging and Temple University, and a representative from the Area Agency on Aging, to train our staff on elder financial exploitation. Additionally, our staff undergoes online training through a national third party vendor, which specializes in bank training programs.

We dedicate training resources not because we were required to do so, but because we believe in doing everything we can to better protect our customers from financial scams.

We take protecting our older customers as a serious charge. Preventing and detecting abuse is not just an issue of having properly trained staff, as there is also a need for customers to be financially literate in order to guard themselves against con artists. Caring about our customers and their financial literacy is a cornerstone of community banking and we often sponsor programs that promote fiscal responsibility.

Sometimes clients are not open to our guidance. There have been situations where we have attempted to counsel customers about potential scams, but have been met with negative and dismissive responses like, "It is my money and I can do what I want"-- insinuating that we are over stepping our bounds.

Our responsibility to our customers warrants that we take necessary steps to ensure their financial well-being. However, we do not have the authority to prevent an individual from withdrawing and spending his/her own money.

Community banks across the commonwealth have already undertaken voluntary efforts to protect their customers from unscrupulous persons seeking to gain financially through the exploitation of an older adult. Community banks do not need a mandate to train its employees on how to detect elder financial abuse. Nor do they need further reporting requirements as information is already reported through the SAR process.

Thank you for the opportunity to address you today and speak about the community banking industry and the problem of elder financial exploitation. I am happy to answer any questions that you may have based upon my testimony.