

HB

399

Alaska State Legislature

Interim:

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**Session:**

Alaska State Capitol, Room 505

Juneau, AK 99801-1182

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Representative Mike Chenault

District 34

Sponsor Statement

HB 399

Title: "An Act establishing the office of elder fraud and assistance; and relating to fraud involving older Alaskans."

Elder financial abuse is a crime that is on the rise and is a growing problem in Alaska. Financial abuse takes many forms, including credit card fraud, real estate scams, identity theft and burglary. Even though reports of elder financial abuse are growing, estimates indicate that only 1 in 25 of these cases are reported. A study conducted by The National Center on Elder Abuse (NCEA) found that for every reported case of elder abuse, another five cases went unreported.

Elderly victims of financial abuse can suffer declining physical and emotional well being, depression, reliance on public benefits and even death. A possible reason why elders are targeted is because seventy percent of the nation's net worth is owned by those aged 50 and older. Other explanations include the fact that older people are more trusting, that they may not realize the value of their assets, and that they are easily identifiable as victims. In addition, they are more likely to have conditions or disabilities that make them easy targets. They are also less likely to take action against their abusers, especially if the abuser is a family member. Abusers may also recognize that older people who are in extremely poor health may not survive long enough to follow through legally.

To combat fraud against elders, effective state responses require collaboration by a range of state and local agencies, including law enforcement, adult protective services, victim service agencies and private partners. However, coordination remains a major challenge and the lack of interagency coordination means that victims remain hidden. This bill would help ensure the necessary coordination among agencies to address this problem.

HB 399 establishes an office of elder fraud and assistance within the Office of Public Advocacy (OPA) to investigate complaints of fraud committed against elder residents of Alaska. This bill authorizes OPA to bring civil enforcement actions for injunctive and other relief for fraud committed against older Alaska .

Alaska State Legislature

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REPRESENTATIVE Mike Chenault

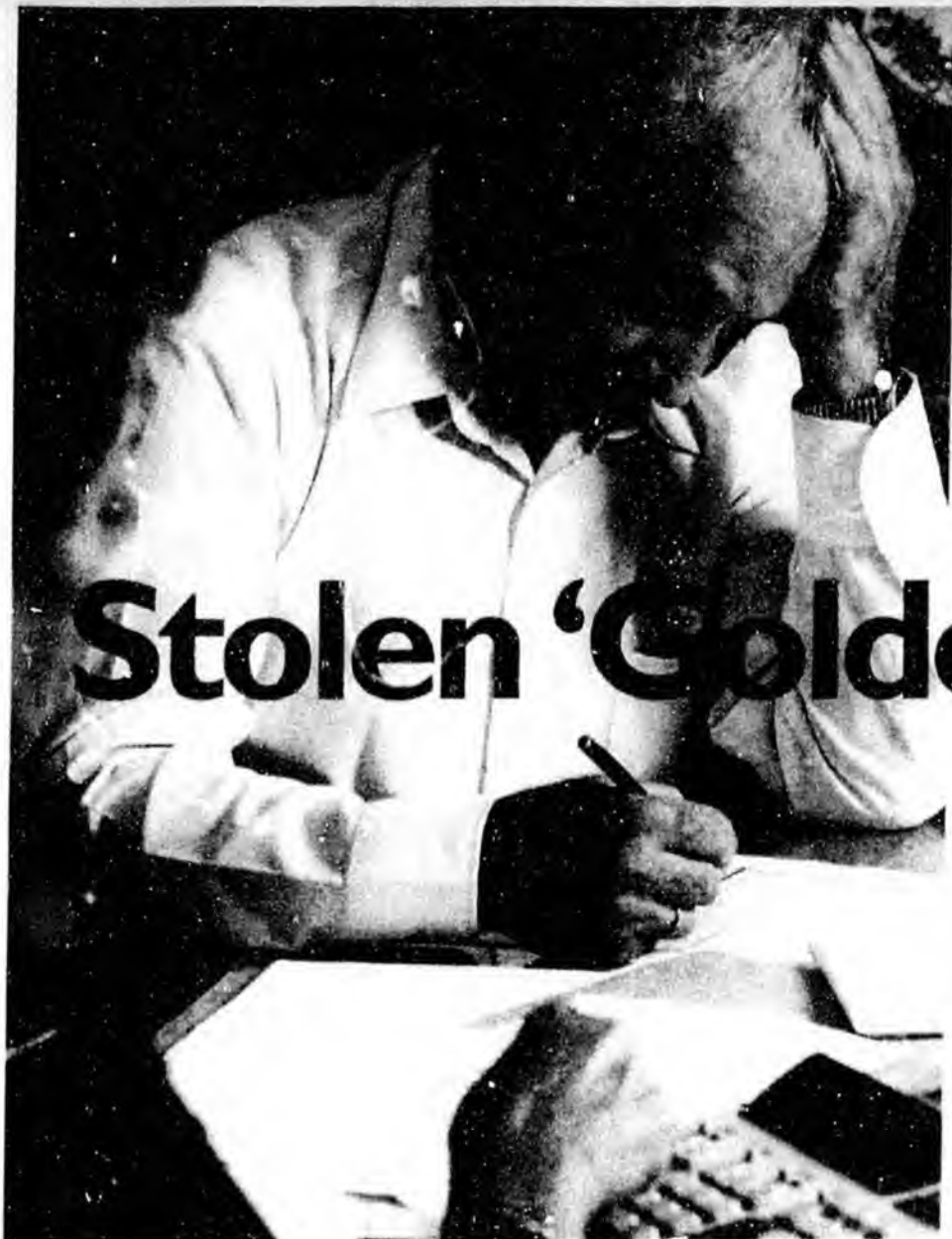
District 34

Memorandum

Date: April 27, 2006
To: Senator Therriault, Chair
Senate State Affairs Committee
From: Representative Mike Chenault
Subject: CS for House Bill 399 (FIN)

Please schedule CS for House Bill 399 (FIN) to be heard in the Senate State Affairs Committee at your earliest convenience. This bill would establish an Office of Elder Fraud and Assistance, within the Office of Public Advocacy, to help assist and protect elders who are victims of fraud in Alaska.

If you have any questions regarding this bill, please contact Sue Wright in my office at (907) 465-3779.



Stolen 'Golden Years'

States address the silent epidemic of elderly financial victimization

By Carrie Abner

As many as 5 million elderly Americans are victims of financial exploitation each year; although estimates suggest that victims report the crime in only one of 25 cases. States are beginning to recognize this growing trend and are working to stop the abuse.

In a March 2005 address announcing a new initiative to combat financial exploitation against the elderly in Illinois, Gov. Rod Blagojevich said, "Our seniors have worked hard, raised their families and they deserve a peaceful and safe retirement." The governor created a special statewide unit of investigators to provide a variety of services to seniors, including investigation of financial abuse cases, advocacy and education. The need for such state-led initiatives is growing.

In Missouri, a 91-year-old woman lives in a nursing home. Although mentally competent, she was taken to the facility for a visit and left there. While in the nursing home, she learned that one of her farms and a number of her household items had

been sold. Someone she trusted had obtained power of attorney when she was extremely ill and hospitalized. She had no memory of signing the document and had no intention of selling any of her property.

In Oregon, an elderly woman was living alone. At the age of 90, she was deaf, partially blind and in a wheelchair. She hired a full-time caregiver, who bilked her out of \$56,000 between March and September 1999, draining her accounts completely. Sadly, the woman's family and public officials only became aware of the abuse following her death.

While these true-life cases, reported to state and local officials, may seem extreme, they unfortunately represent a growing crisis in the United States. Too many Americans find their

"golden years"—a time to relax and enjoy family and friends—stolen from them as a result of financial exploitation and abuse.

A Growing Crisis

The National Center on Elder Abuse (NCEA) defines elder financial exploitation as "the illegal or improper use of an elder's funds, property or assets." According to Paul Greenwood, the lead prosecutor on senior abuse cases in San Diego County, California, financial abuse takes many forms, including credit card fraud, real estate scams, identity theft and burglary.

And reports of elder financial exploitation, experts say, are on the rise.

Reported cases of elder financial exploitation have more than tripled in Oregon since 1993. Representatives of the Elder Safe Program in Washington County, Oregon, recently noted that senior citizens in that county lost almost \$2 million to financial exploitation and crime in 2004. And county officials estimate that actual losses may be even greater due to gross underreporting of such crimes. According to Joyce DeMomin, coordinator for the program, "While the number is shockingly high, we know it is still a fraction of the amount of money seniors lost in Washington County last year." She adds that true losses to Washington County seniors could total \$10 million.

"Elder financial abuse is a crime of opportunity and it's on the rise," said Maine Attorney General Steven Rowe to participants at a May 2004 conference on elder abuse. "Seventy percent of the nation's net worth is owned by those aged 50 or older. This makes seniors a rich target. Forty percent of all reported elder abuse cases involve financial exploitation."

According to Rowe, Maine's Bureau of Elder and Adult Services referred substantiated cases totaling more than \$22 million to the Attorney General's Office between July 2001 and May 2004. The average victim reported losing \$39,000, Rowe said.

While reports of elder financial abuse are increasingly common, experts are unaware of the true scope of the crisis nationwide.

Like other forms of elder abuse, few cases of financial exploitation are reported to officials. A study conducted by NCEA in 1998 found that for every reported case of elder abuse, another five cases went unreported. And elders are less likely to report incidents of financial exploitation than any other category of abuse, according to a paper by The Archstone Foundation. NCEA recently cited estimates indicating that only 1 in 25 cases of elder financial abuse is reported to officials, suggesting that as many as 5 million seniors may be victims of financial exploitation each year.

And as the U.S. population ages, the incidence of elder financial abuse is likely to rise. In 2000, there were an estimated 35 million individuals age 65 or older in the United States, comprising nearly 13 percent of the total population. The Federal Interagency Forum on Aging-Related Statistics reports that the size of the older population is expected to double by 2030, growing to 70 million. This will create an even larger population of seniors vulnerable to financial exploitation.

According to a report issued in 2002 by the National Research Council, "The occurrence and severity of elder mistreatment are likely to increase markedly over the coming decades, as the population ages, caregiving responsibilities and

"The occurrence and severity of elder mistreatment are likely to increase markedly over the coming decades, as the population ages, caregiving responsibilities and relationships change, and increasing numbers of older persons require long-term care."

—The National Research Council



"Elder financial abuse is a crime of opportunity and it's on the rise."

—Maine Attorney General Steven Rowe

relationships change, and increasing numbers of older persons require long-term care.”

The Cost of Abuse

While little is known about the exact costs associated with elder abuse, experts note they are likely significant. “When elder abuse victims lose their homes or financial resources through exploitation and end up in a nursing home on Medicaid or in government-subsidized housing, the taxpayers pick up those costs,” noted Lori Striegel of the American Bar Association’s Commission on Law and Aging at a 2003 hearing of the U.S. Judiciary Committee. “When elder abuse victims need services from adult protection programs, long-term care ombudsman programs, state regulatory agencies, law enforcement agencies, prosecutors, public guardians or the resources of a court system to help protect them from further abuse, the taxpayers bear those costs.” The cost to the elderly victims is equally troubling.

“Losing the fruits of a lifetime’s labor through financial exploitation can be devastating,” said a recent paper on elder financial crimes by NCEA and the Goldman Institute on Aging. “It may compromise victims’ independence and security, destroy legacies and lead to depression, hopelessness or even suicide. Although financial crimes are committed against members of all age groups, the impact is particularly great on the elderly.”

For seniors, victimization can mean the loss of lifelong savings and pension benefits. As a result, elder victims may find themselves suddenly dependent on public assistance programs or going without food, medication or other necessities.

At a 1999 hearing of the U.S. Senate Judiciary Committee, Susan Herman of the National Center for Victims of Crime noted that financial exploitation of the elderly can have serious, lifelong impacts for victims. “Generally, senior citizens do not have the time or opportunity for financial recovery—their prime earning years are behind them. At a time when one tries to conserve assets, a blow to financial security is often a permanent and life-threatening setback,” she stated.

Challenges for State Officials

As state and local officials try to address the incredibly complex problem of elder financial abuse, they face a number of challenges.

Experts point out that seniors are uniquely vulnerable to financial exploitation. Many live independently and are isolat-

“When elder abuse victims lose their homes or financial resources through exploitation and end up in a nursing home on Medicaid or in government-subsidized housing, the taxpayers pick up those costs.”

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ABA’s Commission on Law and Aging

ed from the rest of the community. Elders tend to be home during the day, more trusting of strangers, less likely to report exploitation and increasingly dependent on others for daily tasks, such as home repairs. American seniors also hold a disproportionate percentage of the country’s wealth and often have quick access to significant amounts of cash. Together, these factors render seniors at high risk of becoming victims of financial exploitation and fraud.

Yet, little is known about the extent of financial crimes against the elderly. While some research has been conducted on elderly victimization by telemarketing frauds, only limited information exists on other areas of elder financial abuse, including fraud and theft by family members and domestic caregivers.

Further complicating the matter is the fact that few cases of elder financial abuse are reported to officials. According to experts, seniors may be reluctant to report such crimes against them out of shame or embarrassment. For other aging adults, financial matters remain a taboo subject—not one that is discussed openly. Some may fear being seen as incompetent, or worse, being deprived of their independence should they report having been defrauded. Elders who are victimized by family members, meanwhile, may be hesitant to report crimes against them, reluctant to get loved ones in trouble.

Experts also point out difficulties in regulating in-home care providers, one of the fastest growing job segments in the country. Individual caregivers are rarely subjected to background checks, which poses a major risk to the well-being of elders. Greenwood reports, “The majority of cases I prosecute now are convicted felons . . . taking care of the elderly.”

Another challenge for state leaders is the complexity of elder financial abuse and the need for interagency coordination at state and local levels. Like other forms of elder abuse, effective state responses to financial exploitation require collaboration by a range of state and local agencies, including law enforcement, adult protective services, victim service agencies and private partners. Without adequate mechanisms in place for interagency coordination, for example, incidents of elder fraud reported to APS may never be passed on to law enforcement officials, preventing prosecution of cases and restitution to elder victims. Yet, coordination remains a major challenge for states due to limited agency mandates, finite resources, competing priorities and work force shortages.

Experts caution that the lack of coordination can be disastrous for elder victims. According to A. Rickett Hamilton, protective program administrator for Maine and past president of the National Adult Protection Services Association, the lack of interagency coordination means that "victims remain hidden. Elder abuse continues to be undetected and underreported. We need to develop a systemic response to elder abuse before we become victims."

States Respond

Despite these and other challenges, states are becoming increasingly aware of elder financial abuse and are taking steps to address the problem through legislative and programmatic initiatives.

For instance, in a 2003 survey by the National Association of Adult Protective Services Administrators, 29 out of the 35 responding states noted that they had a mandatory reporting statute that included financial exploitation. According to a recent study by the University of Iowa, state mandatory report-

"We must do everything we can to guard the elderly from fraud and abuse and afford them the respect and security they deserve."

Elmore Cole, Paul Blayney

ing laws are linked to significantly higher investigation rates of elder abuse cases among states.

In Maine, the Improvident Transfers of Title law allows seniors who have transferred property as a result of undue influence to get court orders for its return. The law applies to both financial and real property that has been transferred to someone with a confidential or fiduciary relationship to the victim, including family members, accountants, brokers, financial advisors, health care providers, attorneys, caregivers and friends.

According to Arizona law, individuals in a position of trust who use deception or intimidation to gain permanent control of a senior's assets are considered guilty of theft. Individuals guilty of violating their duties to elders are further subject to damages in civil actions equal to three times the amount of monetary damages to the elder and forfeit their claims to an elder's estate.

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State Initiatives: Getting Banks Involved

Some states are including banks in their effort to combat elder financial abuse, recognizing the potential for frontline bank employees to detect suspected cases of financial exploitation of seniors on a daily basis.

The Oregon Elder Financial Exploitation Program is a partnership between the Oregon Department of Justice, local agencies serving the elderly, the Oregon Bankers Association and AARP. With funding from the U.S. Department of Justice's Office for the Victims of Crime, the program has developed training materials to educate bank personnel on recognizing the warning signs of elder financial exploitation and the appropriate mechanisms for reporting suspected cases. Oregon law grants immunity to banks and their staffs when reporting suspicions of elder financial abuse.

Meanwhile, the California Bankers Association is sponsoring AB 1664, the Elder Abuse Reporting Bill. Introduced by Assemblyman Mike Gordon, the bill authorizes the staff of financial institutions to report incidents of suspected financial abuse of an elder or dependent adult. The bill also authorizes APS officials to request and receive financial information of a bank client when investigating the financial abuse of an elder. The bill passed the House of Representatives and is currently under consideration in the Senate.



Stolen 'Golden Years'

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An Oregon law protects banks from liability when they report suspected cases of elder financial exploitation. While the law does not represent a mandatory reporting law for bank personnel, it provides protection for banking institutions and their employees when reporting suspicions of abuse.

States are also initiating programs to respond to elder financial abuse.

Illinois Gov. Rod Blagojevich's new program would enable investigators to develop liaisons with senior service providers, prosecutors, other law enforcement agencies and financial representatives to more effectively refer cases. In addition, the unit would provide educational programs for senior citizen groups and others throughout the state about the warning signs of financial abuse and fraud. Investigators would also provide support and guidance to elders throughout the investigation and prosecution process. Gov. Blagojevich said of the program and stopping elder financial abuse, "We must do everything we can to guard the elderly from fraud and abuse and afford them the respect and security they deserve."

Meanwhile, the primary force behind Florida's battle against elder fraud is the state's senior citizens themselves. As part of the Seniors vs. Crime Project, elders serve as volunteers to educate their peers on the dangers of consumer fraud and possible warning signs. The Senior Sleuths, as they are known, also assist the attorney general's office and other law enforcement agencies to detect fraud in their communities. With the help of more than 2,000 Senior Sleuths performing such tasks as checking to ensure that prescriptions are accurately filled and conducting undercover sting operations to detect businesses using false or deceptive practices, the attorney general's office has been successful in handling more than 2,000 complaints, prosecuting over 40 cases and recovering more than \$3 million since the program's inception.

For many states, becoming more aware of the threat of elder financial abuse represents the first step in developing innovative state responses. While limited information exists on the exact scope of the problem at the national level, individual cases like those of the abused women in Missouri and Oregon underscore the serious threats seniors face in protecting the assets on which they depend.

As the U.S. population ages, states will continue to face the challenges of elder financial abuse and exploitation. While states have already taken important steps to address this growing problem, much more remains to be done.

—Carrie Abner is a public safety and justice policy analyst at The Council of State Governments.

Fact File

- Nearly 33 percent of the complaints for telemarketing frauds in 2004 were made by individuals age 60 and older, up from 27 percent in 2002.
- The proportion of individuals losing \$5,000 or more through Internet fraud is higher for victims 60 years and older than for any other age group.
- From 1992 to 1997, seniors were the victims of 2.7 million property and violent crimes; 2.5 million burglaries, motor vehicle thefts and household thefts; 46,000 purse snatchings and pocket-pickings; and 165,000 non-lethal violent crimes including rape, robbery and aggravated and simple assault.
- Estimates indicate that only 1 in 25 cases of elder financial abuse is reported. There may be as many as 5 million elders victimized by financial exploitation each year.

Sources: National Fraud Information Center, National White Collar Crime Center, U.S. Department of Justice/Bureau of Justice Statistics, and the National Center on Elder Abuse.



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Couple indicted on fraud charges

GUARDIANS: Elderly father was target of alleged crimes.

By LISA DEMER

Anchorage Daily News

(Published: January 20, 2006)

A federal grand jury says a Chugiak couple used their position as legal guardians to bilk the woman's aged father out of nearly \$500,000.

An indictment returned this week charges Frank and Phyllis Talas with conspiracy and misappropriation of funds by a fiduciary, or person entrusted with another's property or money. In addition, Frank Talas is charged with three counts of wire fraud.

According to the charges, it all began back in July 2001, when Frank R. Talas Jr. petitioned in state Superior Court for temporary guardianship of his father-in-law, Donald Mitchell, and was approved. On April 18, 2002, Talas and his wife, Phyllis, became full guardians for her father, the indictment says.

This isn't an isolated situation. The problem of vulnerable people being taken advantage of appears to be increasing in Alaska, says the state's public advocate.

Guardians manage their wards' money and property and make medical and other key life decisions "to promote and protect the well-being of the person," Alaska law says.

The Talases weren't supposed to accept money from Mitchell without prior court approval. According to his family, he is in his 70s and has Alzheimer's disease.

But, the charges say, they illegally siphoned \$495,010 and spent some of it creating a business that failed. The money also went to travel and other personal expenses, the indictment said.

The situation came to light when they failed to pay Mitchell's bill at the Chugiak Senior Center, an assisted living home where he lived, said Lisa Stanley, a court investigator appointed to review the case when matters started falling apart a couple of years ago. Mitchell since has been moved to a different home.

"I am glad to hear this was followed through on," Stanley said Friday.

Allegations of guardians preying on people are hard to prove, especially when it's all in the family or among supposed friends. If the victim has Alzheimer's or otherwise can't communicate well, it's even tougher, she said.

There is a tendency to think: "Oh, they are family. They are not going to hurt this person. But that is not always the case," Stanley said.

Frank Talas said Friday he didn't want to talk about the matter in detail until he had spoken with an attorney. He didn't even know he and his wife had been indicted, he said. The matter seemed to have blown over in 2003 when questions about the spending arose at the senior center and responsibility was transferred to a state public guardian, he said.

"Things happened," Talas, 52, said. But there was no big plan to go after Mitchell's money, he said.

The case was investigated by the inspector general's office in the U.S. Department of Veterans Affairs, and the U.S. Postal Inspection Service, officials said. Mitchell is retired from the Air Force, and his veterans benefits were

among the assets wrongly taken, according to the indictment.

Guardians appointed by judges hold tremendous power over the lives and property of adults who cannot make decisions for themselves because of incapacity or disability.

Most guardians are relatives or friends willing to serve for free. But not everyone has someone close to them able and willing to do the job. The state employs public guardians for people with low income. In other cases, professional guardians take on the job for a fee.

Around the state, there appears to be a growing problem of elderly and vulnerable individuals being exploited, said Josh Fink, director of the state Office of Public Advocacy, where public guardians work.

"There are charlatans out there that are really taking advantage of people," Fink said.

Family members or friends who serve as guardians get very little training and face little oversight.

Sometimes, cases of vulnerable people being ripped off are discovered only when guardianships are transferred from private guardians to the public guardians in his office, Fink said. Other times, shady characters take advantage of the individual, even moving into the ward's home, and it's up to the guardian to kick them out, he said.

Cases have popped up recently in Juneau, Fairbanks and on the Kenai Peninsula, Fink said.

His office can try to recover small amounts of money and property through Small Claims Court or can ask a private attorney to take complex cases on a contingency basis, if there's enough at stake. But other financial exploitation cases fall in between. The state hasn't put enough resources into this area, either to pursue them criminally or through civil avenues, Fink said.

Oversight comes mainly from judges. Guardians are supposed to make detailed annual reports to the courts. But in the case of the Talases, they had not even completed their first year as full guardians when the problems emerged, Stanley said.

At the time the Talases became his guardians, Mitchell had various assets worth more than \$300,000 and a steady retirement income: \$39,108 annually from the Air Force, \$6,096 from the civil service, and \$6,486 from Social Security, the indictment said.

On March 13, 2002, Frank Talas had \$58,290 belonging to Mitchell wired to an account in the Mat-Su that the couple controlled, the indictment said. The next day, he had \$144,391 transferred, the document said. Then, that same day, he opened a credit union account for Silver Wolf and Cub Enterprises, which Talas said was a handyman venture. About \$60,000 of Mitchell's money went into the failed business, the indictment said.

If convicted, the couple faces the possibility of prison time and hefty fines, according to the U.S. Attorney's Office.

Daily News reporter Lisa Demer can be reached at ldemer@adn.com and 257-4390.

Types of guardians in Alaska

There are three types of guardians in Alaska. All must be appointed by a judge. They are:

- **FAMILY OR FRIENDS:** They must first take one hour of training.

- PAID, PROFESSIONAL GUARDIANS. Under reforms that took effect last year, they must be licensed by the state, pass criminal background checks, be certified by a national organization, and be able to prove they can be bonded and insured.
- PUBLIC GUARDIANS. They are state employees and usually serve as guardians for low- income people.

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FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 399
 (H) Publish Date: 2/27/06
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction):

Title: ESTABLISHING THE OFFICE OF ELDER FRAUD AND ASSISTANCE
 RDU: Senior and Disabilities Svcs
 Component: Senior/Disabilities Svcs Admin

Sponsor: CHENAULT
 Requester: HOUSE (STA)

Component No. 2663

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (0)						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health						
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

HB399 will not impact (operational) expenses related to the Adult Protective Services Unit within the Division of Senior and Disability Services. The functional responsibility and authority proposed by HB 399 will be vested with The Office of Public Advocacy within the Department of Administration. DS DS is coordinating with OPA and other extensions of State Government that manage or respond to reports of elder abuse/fraud as appropriate to present an action model should the tenants of HB399 be passed as legislation to ensure all concerned entities operate accordingly within the bill provisions in a responsive manner.

Prepared by: Rod Moline, Director
 Division: Senior and Disabilities Services
 Approved by: Karleen Jackson, Commissioner
 Agency: Department of Health and Social Services

Phone: 465-1605
 Date/Time: 02/09/2006
 Date: 02/09/2006

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: CSHB 399(FIN)
 (H) Publish Date: 4/20/06

Revision Date/Time (Note if correction): _____ Dept. Affected: LAW
 Title "An Act establishing the office of elder fraud and RDU Civil
assistance; and relating to fraud involving older Alaskans." Component Commercial and Fair Business
 Sponsor Representative Chenault
 Requester House Finance Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill adds the duty to investigate complaints involving fraud committed against Alaska's senior citizens to the Office of Public Advocacy's list of responsibilities in AS 44.21.410(a).

Passage of this legislation will not have fiscal impact on the Department of Law.

Prepared by: Kathryn Daughhete, Director Phone 465-3673
 Division Administrative Services Division Date/Time 3/6/06 8:22 AM
 Approved by: Kathryn Daughhete for David Márquez, Attorney General Date 3/6/2006
 Agency Department of Law

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 3
 Bill Version: CSHB 399(FIN)
 (H) Publish Date: 4/20/06

Revision Date/Time (Note if correction): _____ Dept. Affected: Public Safety
 Title "An Act establishing the office of elder fraud and assistance..." RDU Alaska State Troopers
 Component AST Detachments
 Sponsor Representative Chenault
 Requester House Finance Committee Component No. 2325

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

As written, this legislation will not have a fiscal impact on the Department of Public Safety.

Prepared by: Special Assistant Cliff Stone Phone 907-465-2649
 Division: Office of the Commissioner Date/Time 3/6/06 1:39 PM
 Approved by: Commissioner William Tandeske Date 3/6/2006
 Agency: Department of Public Safety

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: CSHB 399(FIN)
(H) Publish Date: 4/20/2006

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
Title: An Act Relating to the Office of Elder Fraud... RDU: Legal and Advocacy Services
Component: Office of Public Advocacy
Sponsor: Chenault
Requester: Chenault Component No. 43

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	161.0					
Travel	10.0					
Contractual						
Supplies	8.0					
Equipment	10.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	189.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	189.0					
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	189.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2006) cost: 100.0

Check this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would create the Office of Elder Fraud and Assistance within the Office of Public Advocacy. It would empower OPA to investigate complaints involving fraud committed against older residents of the State of Alaska who are 60 years of age and older.

This fiscal note is however smaller than that submitted by the Department of Administration in that it authorizes one Attorney III, a part time investigator and a part time paralegal. No national standards exist but elder fraud is becoming the number two crime against the elderly. To this date no known cases have been prosecuted in the State of Alaska.

Prepared by: Rep. Chenault

Phone 465-3779

Date 4/19/2006 2:15 p.m.

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS HB 399 (FIN)
 () Publish Date: _____

Revision Date/Time (Note if correction): 4/25/06 2:50 p.m. Dept. Affected: Administration
 Title: An act establishing the office of elder fraud and assistance, and relating to fraud... RDU: Legal and Advocacy Services
 Component: Office of Public Advocacy
 Sponsor: Representative Chenault
 Requester: (S) State Affairs Component No.: 43

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	450.1	450.1	450.1	450.1	450.1	450.1
Travel	15.0	15.0	15.0	15.0	15.0	15.0
Contractual	132.0	132.0	132.0	132.0	132.0	132.0
Supplies	8.0	8.0	8.0	8.0	8.0	8.0
Equipment	33.5	4.0	4.0	4.0	4.0	4.0
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	638.6	609.1	609.1	609.1	609.1	609.1

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	638.6	609.1	609.1	609.1	609.1	609.1
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	638.6	609.1	609.1	609.1	609.1	609.1

Estimate of any current year (FY2006) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	5	5	5	5	5	5
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation would create the Office of Elder Fraud and Assistance within the Office of Public Advocacy. It would empower OPA to investigate complaints involving fraud committed against residents of the state who are sixty (60) years or older, and to bring civil actions on their behalf for injunctive and other relief. Other relief could include actions sounding in tort, unjust enrichment, property, contract, or small claims. Currently, no state agency has this authority, excepting the long term care ombudsman where the fraud relates to a long term care facility. (Continued on next page).

Prepared by: Joshua P. Fink, Director Phone: (907) 269-3501
 Division: Office of Public Advocacy Date/Time: 4/25/06 at 2:50 p.m.
 Approved by: Michael Tibbles, Deputy Commissioner Date: 4/26/2005
 Agency: Administration

FISCAL NOTE

STATE OF ALASKA
2006 LEGISLATIVE SESSION

BILL NO. CS HB 399 (FIN)

ANALYSIS CONTINUATION

In fiscal year 2005, Adult Protective Services (APS) received 500 complaints of financial abuse or exploitation (of the more than 1800 total complaints for abuse, neglect, and exploitation). A hand count of financial abuse cases from fiscal year 2004 indicated 397 financial exploitation cases reported. APS indicates that it has seen a "strong upward trend" in the number of financial abuse and fraud cases in the last five years.

Of the 500 cases investigated by APS in 2005, 87% of the cases were verified; approximately 65% of the 500 cases involved individuals over sixty (60). Based on the FY '05 numbers, and not factoring in the increasing trend, OPA would anticipate being referred at least 280 cases in its first year. These cases range from significant exploitation and misappropriate use of property and funds worth considerable sums, to smaller claims involving forged checks and misuse of credit cards. Fraud cases can be very complicated and involve significant civil discovery and auditing of paper trails. If significant sums are at issue, defendants often dig in and can increase costs.

It is difficult to project the costs necessary to establish this office. National organizations and numerous states have been contacted in an attempt to ascertain how many financial exploitation cases can be handled by an attorney in a calendar year. No national standards exist, and from the information OPA has obtained, its best estimation is that a single attorney can handle up to 65 cases a year with 3-5 of those 60 being complicated cases and the remaining less so.

Based upon that estimation, OPA anticipated it would need the following staff:

1 Attorney V	\$116.2
1 Attorney IV	\$109.2
1 Attorney III	\$ 96.7
1 Investigator II	\$ 68.6
1 Paralegal	<u>\$ 59.4</u>
	\$450.10
Leasing Costs	\$ 52.0
(General Services Est.)	