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Elder Financial Exploitation: Guidance for Nebraska Credit Unions

The Financial Crimes Enforcement Network (FinCEN), along with federal and state regulators, continues to identify elder financial exploitation as a significant and growing financial crime risk. Credit unions are often in a key position to detect, prevent, and report suspicious activity involving elderly or vulnerable members.

Recognizing Red Flags of Exploitation

Based on regulatory guidance and BSA reporting trends, common red flags include, but are not limited to:

- Sudden or unusual withdrawals inconsistent with prior account activity
- The addition of new joint owners, powers of attorney, or authorized users with no explanation
- Abrupt changes in spending behavior or payment patterns
- Pressure from third parties to move funds quickly or request for secrecy involving particular transactions
- Repeated wire transfers, cashier's checks, or large cash withdrawals benefiting a third party

Credit unions should be particularly alert when these indicators occur alongside changes in a member's health, cognition, or dependency.

SOURCE : FinCEN Advisory

BSA Reporting & Documentation Responsibilities

When elder financial exploitation is suspected, credit unions are expected to:

- File a Suspicious Activity Report (SAR)
- Clearly identify elder financial exploitation indicators in the SAR narrative
- Include information about the caregivers, family members, or other third parties involved, when known

FinCEN has emphasized that SAR filings related to elder abuse are critical to support law enforcement and adult protective service investigations.

SOURCE : FinCEN Advisory

Trusted Contacts: Practical Considerations

Trusted contacts are a proactive tool credit unions may use to help protect vulnerable members.

Credit unions that choose to offer trusted contacts should consider:

- Offering trusted contact designation at account opening and periodically thereafter
- Clearly documenting when outreach to a trusted contact is appropriate

- Training staff to understand that a trusted contact does **not** have transaction authority
- Maintaining consistent documentation for procedures and escalation

SOURCE : NCUA - Interagency Statement on Elder Financial Exploitation

Safe Words, Account Alerts & Protective Safeguards

Some credit unions implement voluntary safeguards for vulnerable members, such as:

- Verbal passphrases or "safe words"
- Account-level alerts requiring secondary review
- Internal notes indicating heightened vulnerability (without restricting access)

These safeguards should be member-requested, consistently applied, and supported by written policy.

Permissible Holds & Information Sharing

Federal law provides important protection for financial institutions that act in good faith:

- The Senior Safe Act permits credit unions to delay disbursements and share information with law enforcement or Adult Protective Services when elder exploitation is suspected, provided staff are appropriately trained in accordance with the Act
- These actions may be taken without violating privacy laws when conditions of the Act are met

Credit unions should ensure internal policies outlining when and how protective holds and disclosures may be applied.

SOURCE : Senior Safe Act of 2017 & CFPB Interagency Statement

Risk Management & Governance Expectations

To mitigate elder exploitation risk, credit unions should consider:

- Training for frontline staff and BSA teams on elder abuse indicators
- Clear escalation and documentation procedures
- Collaboration with local Adult Protective Services and law enforcement
- Member education focused on scam awareness and trusted contact options

Proactive identification and timely reporting of elder financial exploitation not only protect members but also demonstrates a credit union's commitment to regulatory expectations and community trust.

SOURCE : CFPB Interagency Statement

Policies, Procedures & Staff Training Expectations

Credit unions should ensure policies and procedures address:

- Identification and escalation of elder financial exploitation
- SAR documentation standards
- Use of trusted contacts and protective holds
- Coordination with Adult Protective Services and law enforcement

Staff training should be documented, role-based, and conducted annually.

Examination Expectations & Federal Compliance Tie-Ins
Examiners may assess the following:

- Staff training on elder exploitation indicators
- SAR decisioning and narrative quality
- Use of trusted contacts and protective holds
- Escalation, documentation, and member communication practices

Elder financial exploitation often intersects with BSA/AML, UDAAP, and governance expectations.

Nebraska Reporting Considerations
Nebraska law specifically criminalizes the financial exploitation of vulnerable adults, underscoring the importance of timely reporting and documentation by credit unions.

Suspected elder abuse or exploitation should be reported to Adult Protective Services (APS) and/or law enforcement: Nebraska Department of Health and Human Services.

Credit unions may share information in good faith to protect vulnerable adults.

How ViClarity Can Help!
ViClarity supports Nebraska credit unions in addressing elder financial exploitation risk through its Compliance Hotline, which provides timely, regulatory-informed guidance when staff encounter complex or high-risk situations involving vulnerable members.

Through the Compliance Hotline, credit unions can:

- Seek real-time guidance when frontline staff or compliance teams identify potential elder financial exploitation, including questions around escalation, SAR considerations, trust contacts, or permissible transaction holds
- Validate regulatory interpretation related to BSA obligations, Senior Safe Act protections, and examiner expectations before taking action
- Support consistent decision making across the organization by supplementing internal policies with expert compliance insight
- Provide a trusted resource employees can consult when questions arise during sensitive member situations

By leveraging the Compliance Hotline provided by NCUL and powered by ViClarity, credit unions can better demonstrate a proactive, risk-based approach to protecting vulnerable members while ensuring responses are aligned with federal and state regulatory expectations.

ViClarity can also assist your organization with customizable training options. Please contact us for details.

SOURCE: https://www.viclarity.com/us/

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