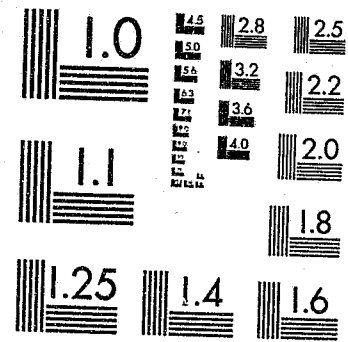


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Department of Justice

STATEMENT

OF

JOSEPH E. DIGENOVA
UNITED STATES ATTORNEY FOR THE
DISTRICT OF COLUMBIA

NCJRS
JUN 17 1985
ACQUISITIONS

BEFORE

THE

SUBCOMMITTEE ON HEALTH AND LONG-TERM CARE
SELECT COMMITTEE ON AGING
HOUSE OF REPRESENTATIVES

CONCERNING

ABUSE OF THE ELDERLY

ON

MAY 10, 1985

98245

Mr. Chairman and Members of the Committee, I am pleased to appear before you today to give testimony on the subject of the financial exploitation of the elderly.

I am here today to give you a first hand account as a United States Attorney of the abuses that can occur when there are inadequate internal accounting controls within a home for the elderly; when a caretaker is given a free and unchecked control over the finances of the sickest and weakest in a home for the elderly. I am here today to share with you the sordid abuses that did occur right here in the nation's Capital when a caretaker, Lois Pope - the Patient Finance Officer of the Health Care Facility of the United States Soldier's and Airmen's Home - was allowed to operate for eleven years between 1972 and 1983 without effective supervision and without proper accounting controls. Lois Pope embezzled at least \$173,000 from 32 of the most decrepit and mentally infirm patients of the Home between 1980 and 1983. I say "at least" because we strongly suspect from the evidence that she stole an additional \$177,000 in funds from these same patients through the purchase of money orders with their private funds - money orders which are now extremely difficult to trace back through the bank because of the fact that the bank did not keep sequential records for the purchase of money orders until July of 1982.

On October 12, 1984, after a grand jury investigation assisted by the United States Army Criminal Investigation Command, Pope pleaded guilty to two felonies: Interstate Transportation of Money Obtained by Fraud (18 U.S. Code §2314) and Wrongful Conversion of Property by a Government Employee (18 U.S. Code §654). On March 29, 1985, the Honorable Thomas F. Hogan of the United States District Court for the District of Columbia sentenced Pope to serve a term of imprisonment of two to six years followed by a term of probation of five years and ordered the defendant to pay full restitution to the victims of the proven thefts of approximately \$173,000. Pope, who is sixty-one years old herself, is now serving her sentence at Alderson, West Virginia.

Let me provide you with some background information on the Soldier's Home and on the criminal investigation that led to the conviction and sentencing of Lois Pope. The United States Soldiers' and Airmen's Home (which I will refer to as the "Home") was established by an Act of Congress in 1851 to provide a retirement home for older soldiers. I am told that General Winfield Scott first conceived of the idea of an "asylum for old soldiers" when he exacted \$120,000 for the proposed Home from the losers as war reparations after he successfully invaded Mexico City in 1850. Thereafter, Senator Jefferson Davis of Mississippi sponsored a bill in Congress to establish the Home and over 500 acres in Northwest Washington were purchased for the Home. I am also told that the Home is not without its place in the history books as President

Lincoln drafted the Emancipation Proclamation there and used the grounds, which are located on 300 acres now across from the Catholic University on North Capitol Street, as his summer White House.

The Home is an independent federal agency. Since the 1920s every soldier in the United States Armed Services has been assessed 25 a month toward the operating costs of the Home. That figure jumped to 50 a month in 1976 and remains there today. Courtmartial and other military fines also go to support the Home.

There is no "means" test for entrance into the Home. A millionaire old soldier could elect to retire there if he or she so chose. An eligible retired, enlisted man simply agrees to forfeit one quarter of his retirement check for "three squares and a cot" and he can live the rest of his natural days at the Home.

Today, there are an average of 2,050 residents of the Home at any given time. On the grounds of the Home are, among other things, dormitories, a golf course, a gymnasium, craft shops, a "PX", a credit union, a branch of the American Security Bank of Washington, and a hospital known as a Health Care Facility. The Health Care Facility has a 350 bed capacity. The facility treats residents with minor medical complaints as well as residents who have been diagnosed as being terminally ill or physically and/or mentally incapacitated.

All residents of the Home handle their own financial transactions or make private arrangements for the handling of their personal financial transactions, except some of the

patients in the Health Care Facility. Since at least 1964, a Patient's Finance Office, has been in existence at the Health Care Facility to assist seriously ill or incapacitated patients in the handling of their financial transactions. When the American Security branch located itself on the grounds of the Home in 1970, a more compelling reason for the Patient Finance Office developed as the bank branch was and continues to be over 10 blocks from the Health Care Facility and, thus, too far for most of the patients to ambulate to and from. It was envisioned that the Patient Finance Office would assist patients in, among other things, making bank deposits, cashing their checks for them, buying savings bonds, buying Certificates of Deposit, buying traveler's checks, paying bills, assisting with income tax matters, and providing cash disbursements to patients as needed.

Defendant Pope, who is now sixty-one years old, began work at the Home in 1969. Since October 29, 1972 and until her re-assignment in September, 1983, defendant Pope was the Patient Finance Officer of the health care facility. Pope always had one assistant throughout her tenure with different women filling the assistant's slot.

The criminal investigation of Lois Pope began after a surprise audit of the Patient Finance Office was conducted on September 8, 1983 by an independent accounting firm. The audit was requested by the Home after the Home had conducted an internal investigation of a civil complaint made by relatives of a deceased patient concerning the handling by Pope of the decedent's financial affairs. The decedent's name was Cameron

Ward Frazier. He was a retired Air Force Master Sergeant who had entered the Home in 1961. He was admitted to the Health Care Facility in February of 1980 where he remained until his death in June 1982.

During Frazier's hospitalization, Pope handled his financial affairs, including his checking and savings account at the American Security Bank branch on the grounds of the Home. During his stay at the hospital there were unexplained, large cash withdrawals and money orders purchased from his account. A suspicious relative hired a private investigator and lawyer and made a complaint to the Home. The Home's internal investigation concluded that Pope had probably diverted over \$6,000 of the patient's money from his bank accounts out of approximately \$8,000 worth of transactions that she handled for him while he was a patient at the Health Care Facility. The investigation revealed that Pope even cashed some of the money orders purchased with Frazier's money after Frazier's death. At the time of Frazier's death, Pope had in her possession blank savings withdrawal slips that had apparently been signed by or had the forged signature of the seriously ill Frazier. After the Home conducted its internal inquiry and concluded that Pope had likely diverted the funds from Frazier for her own personal use, they ordered the surprise September, 1983 audit of Pope's operation in the Patient Finance Office.

The audit, which was conducted by the Bethesda accounting firm of Ricketts, Gregg and Fattorini, uncovered an alarming number of irregularities. The firm concluded that "the lack

of proper accounting controls and the procedures used in handling and recording the transactions allow abundant opportunities for irregularities and missappropriation in the handling of patients' money and Home funds by those responsible for them".

First, the audit revealed that the Patient Finance Office utilized the "memo accounting system of recording and accounting for various types of transactions". This system was used as opposed to the standard double entry (debit and credit) system which is more commonly utilized with financial transactions. The auditors didn't object to the use of the memo accounting system method so much as with the fact that the actual recording procedures and records maintained were inadequate and often inaccurate. The memo accounting system consisted of two different records: the daily log book and individual patient ledger sheets.

One of the most disturbing irregularities uncovered by the accountants was how Pope typically handled large receipts of funds for individual patients. As I indicated before, the Patient Finance Office was intended to help in handling finances for patients unable to effectively handle their own financial transactions while confined to the Health Care Facility. As time went on, the office was, to quote the auditors, supposed to "act as a link between the patient and his account at the local branch of the American Security Bank located on the Home grounds." There was no apparent intention that the Patient Finance Office would hold substantial sums of money for patients for any length of time. However, when the auditors conducted their surprise audit they found over

\$16,000 in cash and money orders held in white letter-sized or manila envelopes marked with individual patients' names on them.

The auditors learned that patients were regularly signed for receiving substantial sums of cash or money orders at one time when, in fact, these monetary amounts were often put in envelopes for "future ostensible distribution to the patient in smaller amounts as needed." The auditors found that many of the money orders did not indicate any disposition and were untraceable. They further found that "[a]s the money is dispensed there are notations on the individual envelopes indicating amounts and dates of withdrawal, but no further signature is obtained indicating receipt of these smaller amounts, nor are they recorded elsewhere". Worse still, the auditors discovered that "[a]fter the funds in the individual envelopes are exhausted, the envelopes are discarded. This results in no permanent, traceable record of exactly when and in what amounts the cash was actually distributed."

The accountants learned that the daily log book was not totaled to determine if amounts entered as received equaled amounts entered as distributed. Moreover, they discovered that there was "no apparent regular supervisory review or check of any kind on the operations of the office to determine the accuracy in the handling of its transactions, how well it was or was not fulfilling its objectives, and the performance of its personal".

Further, the accountants observed that "the physical appearance of the Patient Finance Office, was, in our opinion, one of the general disarray, in which money and personal items held for safekeeping, official records, employee personal items and records and miscellaneous papers were indiscriminately located throughout the office. This condition . . . impedes outside supervision and review". Some of the records they found indiscriminately located throughout the office were multiple blank and apparently signed savings withdrawal slips for patients' bank accounts, and 147 deposit slips dated from January of 1982 through August 30, 1983, to defendant Pope's and her two daughter's personal bank accounts for deposits totalling \$57,765.62. Defendant Pope's pay from the home for the same time period was \$18,694.12. The total deposits into her bank accounts as reflected by these bank deposit slips exceeded her pay by over \$39,000. Of this, over \$28,000 were cash deposits and over \$10,000 were checks or money orders.

Finally, the accountants found that Pope had recorded cash distributions of \$300 to \$1,000 a month to patients who could not possibly have used such funds and that she recorded money as going to charitable organizations that in fact, claimed to have received no money and to a Catholic priest who had died three months before Pope recorded the contribution.

As a result of the audit findings, the Home agreed to settle the claim made against it by the estate of Cameron Frazier. Needless to say, the Governor of the Home, George H. McKee, Lieutenant General, U.S.A.F., Retired, and the

Home's Administrator, Robert W. Hampton, Colonel, U.S.A., Retired, were appalled and embarrassed to learn from the auditors the degree and breadth of Pope's apparent mishandling of patient's funds. Pope was reassigned to other duties and resigned in lieu of termination in March of 1984, and, the Home promptly requested the United States Army Criminal Investigation Command to begin a criminal inquiry into the matter to determine the extent and scope of criminal law violations by Lois Pope in her handling of patient financial affairs.

In October 1983, the Army brought the investigation to my attention and I authorized the opening of a federal grand jury inquiry into the case. The Home cooperated fully in that investigation.

The investigation revealed that Pope, using her charm and her feigned interest in the patients' well-being, endeared herself to the weakest and most helpless of the men and women in the Health Care Facility. Those victims still mentally competent enough to appreciate what happened to them in this case recall Pope's "great personality" and say that she individually persuaded them that only she knew how to handle their financial affairs in their "best interest".

All of the victims had one or more bank accounts at the American Security Bank branch on the grounds of the home. By virtue of the records kept in the Patient Finance Office, Pope knew the bank account numbers of the individual patients and their bank account balances. Defendant Pope also knew which patients were receiving their retirement or Veterans

Administration compensation checks directly and, in certain instances, she instructed the mailroom to deliver all such checks directly to her instead of the patient.

None of the victims were in a position, mentally or physically, to monitor Pope's handling of their affairs. Pope maintained a patient ledger book in which she purportedly accounted for all expenditures by a patient. In the ledger are countless references to the purchases of cashiers' checks and money orders with little or no explanation or justification for the purchases. Yet, almost all of the identified patients were so seriously ill - mentally and physically - that they were simply incapable of directing the purchase of money orders or cashiers checks for any specific purpose. Those who are still alive and who are competent to comprehend our inquiry categorically deny ever giving Pope permission to make cash withdrawals or expenditures for her benefit from their accounts. Of this latter class of victim, some state that they trusted defendant Pope implicitly and did not question or challenge her when she would instruct them to affix their signatures to documents or ledgers where she either covered up the entries they were supposedly verifying or authorizing or where the document or ledger was otherwise blank before signing.

The criminal investigation uncovered a variety of schemes that Pope used on virtually a daily basis for at least two and a half years to bilk the hapless old soldiers out of what remaining small fortunes they possessed in the world. The

two most commonly used schemes were a money order scheme and a scheme employing the use of joint bank accounts.

In the money order scheme Pope would withdraw cash from a patient's account at the American Security branch bank and then purchase large denomination, blank, negotiable money orders. Usually, Pope would simply note "money order" on the patient ledger as the reason for the cash withdrawal from the patient's account without denoting the money order number or the intended purpose for which the money order was obtained, thus making it difficult if not impossible to trace the negotiated money order back to defendant Pope. The investigators found that, in fact, every questionable money order that was negotiated and that could be traced was in fact traced to Pope as being used for her own personal or family benefit. Indeed, at least one member of Pope's family advised us that Pope always carried big stacks of large denomination money orders in her pocketbook for her own personal use.

The second most common scheme Pope employed involved her withdrawal of cash from the American Security Bank account of a patient to purchase cashier's checks that she would thereafter deposit in one of at least six joint bank accounts she established at the Annapolis Banking and Trust Company in Annapolis, Maryland jointly under her name and the names of at least six of the patients. Using this method, Pope stole from various patients to create these joint accounts which she then depleted always and only for her own personal or family benefit. Pope also made certain that all bank balance

statements and correspondence would be mailed to her own address or to her daughters' home and not to the Soldier's Home.

In one variation on these schemes Pope would often take a patient's retirement or VA check and divert it to one of the joint bank accounts or cash it to produce either a money order or a cashier's check that she would thereafter use for her own personal or family benefit.

Permit me to share with you the specifics of how the six joint bank accounts in Annapolis were established and operated in order to show you just how insidious and calculated defendant Pope's conduct was in this case. Remember, these examples address the circumstances of only six of the 32 known victims.

Carl V. Carlson was born in Austin, Texas in 1897 and served his country in the Armed Services for over 17 years. On March 25, 1980, five months before Carlson's death, Pope opened a joint bank account with him in Annapolis and proceeded to steal over \$15,000 from him. Part of the stolen money consisted of his monthly social security and V.A. compensation checks. She opened the account with a \$10,000 deposit of Carlson's money which, one month later on April 28, 1980, she applied toward a downpayment on a house she purchased in Annapolis. Carlson had entered the Home in 1966 and was transferred to the Health Care Facility in 1972. At the time of the proven thefts, Carlson was described by doctors as suffering from arteriosclerosis and confusion and he was living on Ward 11. Ward 11 was the ward for the most seriously

ill patients at the Health Care Facility. The remainder of his estate that was not stolen by Pope was willed to the Salvation Army when Carlson died at the age of 93.

A second victim, Adolph Twordoff, was born in Pokkan, Russia in 1893, and served in the U.S. Armed Forces in World War I and World War II for a total of 20 years and 10 months. Twordoff was admitted to the Home in 1948. As early as 1963, when he was 70 years old, Twordoff was diagnosed as having arterio-sclerotic heart disease and organic brain syndrome. When Twordoff died in 1982, his surviving relatives questioned the small amount of money in his estate. Pope personally advised them that the reason the estate was diminished was because Twordoff gave his money away to friends. In fact, Pope had stolen \$16,297.60 from Twordoff between March 25, 1980, when she opened a joint bank account under her and Twordoff's name in Annapolis, and September 10, 1982. Indeed, Pope opened this account with a \$10,000 deposit of Twordoff's money just as she had opened the Carlson account on the same day and in the same bank. This \$10,000 was also applied to Pope's purchase in April of 1980 of the Annapolis home which I already mentioned. Clearly, Pope established both accounts with the purchase of her home in mind. Twordoff died at the age of 89 on November 2, 1982. There are an additional \$6,800 worth of unreasonable and unexplained money orders that were carried on the books at the Patient Finance Office and purchased with Twordoff's funds in his declining years.

Consider another victim, Thomas Welch who was born in Clifton, Ireland in 1885. He served in the Armed Services of this country for 27 years spanning both World Wars. He was admitted to the Home in 1947 and transferred to the Health Care Facility in 1978. At the time of his transfer, doctors determined that Welch was confused, paranoid, prone to hallucination and, at times, was incoherent. He died on April 22, 1981 at the age of 96 years of among other things, chronic brain syndrome and chronic obstructive pulmonary disease. Welch lived on Ward 11. Six months before his death, on October 6, 1980, Pope opened a joint bank account with Welch in Annapolis, Maryland with \$12,000 of Welch's personal savings. Two weeks before Welch's death, Pope diverted an additional \$2,500 from Welch's private bank account to the joint account. Before and even after Welch died Pope continued to deposit in that joint account money stolen from other patients, including \$2,500 in cashier's checks, purchased with money stolen from other patients, made payable to Welch some six months after Welch's death in October, 1981. One month later, in November of 1981, Pope closed the joint account by withdrawing all the funds totalling over \$31,000. In short, Pope stole \$14,500 from Welch - more than 50% of this man's life savings in the last six months of his life. Additionally, there are over \$2,900 in unaccounted for money orders attributed to Welch in the Patient Finance Office records.

A fourth victim, Ignatius J. Loughnan, was born in Ireland in 1899. He served for 22 1/2 years in our Armed Forces spanning both World Wars. Loughnan was transferred to the Health Care Facility in 1979 because he was no longer able to take care of himself and was suffering from generalized arterio-sclerosis. On May 8, 1980, Pope, fully aware of Loughnan's deteriorating state, made a record entry that Loughnan "claims mama is Mary, from up on hill, claims going to marry her". Six months later Pope opened a joint bank account with Loughnan as the supposed joint signatory on the account. Thereafter, and until his death six months later, she diverted into this joint account his military retirement check and large cash withdrawals from his small bank account at the American Security Bank in amounts totaling \$8,034.

Indeed, two days before Loughnan died, Pope diverted his last retirement check into the joint account. After Loughnan's death, Pope withdrew all the funds from the joint account for her own benefit. Moreover, Pope is suspected of having diverted an additional \$10,000 from Loughnan during his short stay at the Health Care Facility as her records show countless cash expenditures in that total amount for "ward services". Loughnan was 82 years old when he died.

A fifth victim was Antonio D. Ribocco born in Ginosa, Italy in 1888. He served in the U.S. Army during World War I and World War II for service totalling over 27 years. By 1977 Ribocco was considered to be extremely senile, with poor

hearing and eyesight. He was diagnosed as having paranoid schizophrenia with organic brain syndrome. He spoke very little English. Seven months before his death and, on April 4, 1981 Pope established a joint checking account with him in Annapolis, using \$7,500 of Ribecco's money from his American Security bank account. Thereafter, Pope diverted Ribecco's Army retirement check of \$513 a month into the joint account and withdrew an additional \$15,000 of Ribecco's funds for deposit in the account. Pope continued to use the joint account after Ribecco's death in November of 1981. Indeed, it was from this account, fueled by Ribecco's purloined money and funds stolen from other patients that Pope purchased a new \$22,697 Mark VI Lincoln in August of 1982, and a boat and trailer in July, 1983. She also paid for over \$5,000 in home improvements out of this account. Pope stole 50% of Ribecco's estate in the seven months before he died, when she stole the \$10,541.58 listed in the criminal charges in this case.

Finally, the sixth example is Charles E. Henderson who was born in 1906 in Jeanette, Pennsylvania. Henderson served 4 1/2 years in the armed services during World War II. He was admitted to the Home in 1960 and transferred to the Health Care Facility in 1970. On August 10, 1981, Pope opened a joint bank account with Henderson in Annapolis, Md. At that time Henderson was diagnosed as suffering from paranoid schizophrenia, tardive dyskinesia, severe organic brain syndrome, and auditory hallucinations. Pope opened the account with \$10,000 of Henderson's money taken from his American Security account. She also deposited in the account funds stolen from other patients. Pope purchased a Ford pickup

truck from the account and made thousands of dollars worth of home and car repairs with the stolen monies. She is suspected of stealing an additional \$37,886 from this severely ill and incapacitated man in money orders, a phoney bond purchase, and in large unaccounted for cash withdrawals.

These six examples are offered to demonstrate in the most graphic of terms what kind of financial exploitation an elderly person can suffer at the hands of a caretaker. Obviously, the caretaker and criminal defendant in this case selected the feeblest of her elderly charges on which to prey. Indeed, we do not think it a mere coincidence that four of the six victims of the joint bank account scheme all died within five to seven months of the account opening. But she also chose immigrants and the very old -- those least likely to have relatives or friends who might question Pope's management of these patients' affairs. Worst still, she enjoyed essentially no supervision in a facility where not only the residents and patients have placed their lives and their trust but where this Congress has placed its trust.

Judge Hogan, the sentencing judge in this case, expressed grave concern about the apparent lack of accounting procedures at the Home and inquired of us as to what was being done there to assure that this type of wholesale looting of patient's finances can never happen again. In a report to the Court the Home outlined the various internal steps that had been taken to correct the appalling state of affairs in the Patient Finance Office. Governor McKee also advises me that two administrators who were directly responsible for

supervising Mrs. Pope have retired or resigned in the wake of the audit revelations - the Director of Health Care Services and the Associate Administrator of the Health Care Facility.

Naturally, the defendant attributed her criminal conduct to circumstances extraneous to any personal greed: a drunken, violent husband who demanded much of her, and an extended family which was dependent on her. The fact that a good deal of the money orders were stolen during the year after she stopped living with her third husband, James Pope, is of no apparent significance to this defendant. But all that is irrelevant now.

Ultimately, Lois Pope blamed the Home for "tempting" her with lax accounting procedures which permitted her to commit her thefts on a daily basis. How many caretakers can say the same thing? "The devil made me do it"! The advanced age of the victims in these cases and the extremely dependent nature of their care all too often make the elderly easy marks for caretakers like Lois Pope.

If there is good that can come out of this unhappy case it could be the increased public awareness of the need for vigilance of the caretakers of the elderly so as to prevent the financial exploitation that we have seen in this case. Thank you.

END