



**SUSAN L. POLLET** (SPollet@courts.state.ny.us) is the Coordinator of the New York State Parent Education and Awareness Program, an initiative of former Chief Judge Judith S. Kaye and now Chief Judge Jonathan Lippman. She earned her law degree from Emory University School of Law and her undergraduate degree from Cornell University. Prior to her position at the Office of Court Administration, Ms. Pollet was the Executive Director of the Pace Women's Justice Center.

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The views expressed in this article belong to Susan L. Pollet and do not reflect the views of the New York State Unified Court System. I am grateful to Debra Mechanick, a Pace Law Student, for her assistance with the research for this article.

# Economic Abuse: The Unseen Side of Domestic Violence

By Susan L. Pollet

*"Money is better than poverty, if only for financial reasons." Woody Allen*

What do you call it when a partner does some or all (and perhaps more) of the following:

- puts all family property in his or her name;
- prevents the partner from going to work or school;
- controls the partner's money;
- steals property from the partner;
- destroys the partner's property;
- withholds information and access to family resources such as credit cards or a car;
- upon separation, terminates utilities and phone; and
- fails to pay child support while lavishing the children with gifts to buy loyalty?<sup>1</sup>

The answer is economic abuse, which has long been recognized as a form of domestic violence.<sup>2</sup> In addition to the actions listed above, many abusers use the legal sys-

tem to "maintain contact and harass their ex-partners"<sup>3</sup> by initiating extensive and lengthy litigation, including filing repeated, frivolous or unnecessary petitions and motions. This is just another tactic in the wide range of tactics constituting economic abuse.<sup>4</sup>

Domestic violence has been defined as "a pattern of abusive behavior in any relationship that is used by one partner to gain or maintain power and control over another intimate partner."<sup>5</sup> Domestic violence can be any "physical, sexual, emotional, economic, or psychological actions or threats of actions that influence another person."<sup>6</sup> The economic abuse component of domestic violence has been defined as "[m]aking or attempting to make an individual financially dependent by maintaining total control over financial resources, withholding one's access to money, or forbidding one's attendance at school or employment."<sup>7</sup> Economic abuse is specifically listed on what is known as the Power and Control Wheel,

a model that is used "extensively in women's shelters and support groups."<sup>8</sup> While domestic violence in general and economic abuse in particular are perpetrated and suffered by both men and women, the sad truth is that the most of such victims are women.

The three categories in which men, for example, economically abuse their partners are summarized as follows: preventing women from acquiring resources, preventing women from using resources and exploiting women's resources.<sup>9</sup> Some of the tactics are "putting the victim on a strict 'allowance,' withholding money at will and forcing the victim to beg for the money until the abuser gives them some money. It is common for the victim to receive less money as the abuse continues."<sup>10</sup> Other ways the abuser asserts control include making the victim account for every penny she spends, exploiting her assets for personal gain, withholding basic necessities (food, clothes, medications, shelter), and sabotaging employment by making the victim miss work and by calling constantly.<sup>11</sup> This is just a sampling of the many forms that economic abuse can take.

One commentator noted that although some men are victims of economic abuse, information gleaned from divorce cases and women's shelters "tend to show that women more often than not are the victims."<sup>12</sup> Researchers note that "[e]conomic abuse can seriously impede women's economic, physical, and psychological health. One direct consequence of economic abuse is that the survivor becomes economically dependent on the abuser."<sup>13</sup> During economic downturns, domestic violence calls and requests for shelter beds increase, according to national research.<sup>14</sup> Advocates advise victims to be aware of economic abuse tactics as the financial "squeeze" in a household becomes tighter.<sup>15</sup> Victims have reported that the psychological effects of "Coercive Controlling Violence" (economic abuse is one form of it) are worse than the physical effects and can include "fear and anxiety, loss of self-esteem, depression and post-traumatic stress."<sup>16</sup> When litigation is added in, women sometimes experience "ongoing manipulation and coercion by their partners when they feel pressured or are forced to cooperate with perpetrators due to fears of losing their children or needed child support."<sup>17</sup>

Why does economic abuse matter? According to the National Coalition Against Domestic Violence,

[d]omestic violence can create serious obstacles that prevent victims from achieving economic security and self-sufficiency. By controlling and limiting the victim's access to financial resources, a batterer ensures that the victim will be financially limited if he/she chooses to leave the relationship. As a result, victims of domestic violence are often forced to choose between staying in an abusive relationship and facing economic hardship, which could possibly result in extreme poverty and homelessness.<sup>18</sup>

Research has shown a "pivotal link" between partner abuse and poverty, and that "unequal economic power and poverty place women at greater risk for abuse."<sup>19</sup>

When divorces do take place, financial settlements can be unfair when judges fail to consider how women's contributions to the family has impacted their earning potential following divorce, the cost of child care, and "the loss of earning by women who have paid jobs but who have nonetheless subordinated their careers to the needs of their husbands and children."<sup>20</sup>

According to a national poll released by the Allstate Foundation, "[w]hile 70 percent of Americans know people who are or have been victims of domestic violence, nearly the same percentage of Americans fail to see a connection between domestic violence and 'economic abuse.'"<sup>21</sup> Unfortunately, economic abuse is on the rise, likely because of the current economy.<sup>22</sup>

### Research About Economic Abuse

Domestic violence experts have long understood the link between money and abuse. One expert notes that "[e]mpirical information about the full extent of economic abuse, its short- and long-term impacts, and how best to structure economic empowerment approaches for domestic violence survivors is in its infancy."<sup>23</sup>

One study reported that "56 percent of domestic violence survivors said abusers prevented them from having money of their own and 59 percent reported money was hidden from them."<sup>24</sup> Other studies show that a quarter to one half of employed victims lost their jobs because of domestic violence at home.<sup>25</sup>

No measure of economic abuse had existed until researchers at Michigan State University designed a scale and conducted a study.<sup>26</sup> The purpose of the study was "to develop a comprehensive measure that captures the economically abusive behaviors used by men who batter,"<sup>27</sup> adding that "a measure of economic abuse will enable researchers to examine the nature and extent of this form of abuse; the impact that it has on women's economic, physical and mental health; and the implications that it has on women's ability to escape abusive partners."<sup>28</sup>

Other researchers developed a "comprehensive assessment of the unique financial issues facing female victims of [intimate partner violence] using a sheltered sample."<sup>29</sup> Their preliminary findings, in part, support the assertion that economic abuse should be conceptualized as a form of psychological abuse<sup>30</sup> and also indicate that the level of financial income was significantly associated with women's stay/leave decisions.<sup>31</sup>

### What Can Be Done About Economic Abuse?

Awareness comes first. Domestic violence advocates report that women do not always know that economic abuse is part of the domestic violence spectrum.<sup>32</sup> Some

victims think that a lot of people live the same way and since they do not have a job, they do not deserve to have any money.<sup>33</sup>

### Individuals

Some practical tips for victims and survivors of domestic violence include contacting the National Domestic Violence Hotline, watching their credit reports, opening a post office box, calling utility companies, contacting their wireless telephone service as well as their financial institutions to secure private financial information, and changing ATM, credit card and email passwords.<sup>34</sup> A number of websites provide other resource information

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of use to victims of economic abuse.<sup>35</sup> Lawyers of victims should make certain that they are educated as to the resources and referral sources in this area in case their clients are not accessing this information already.

### Organizations

Increasingly, domestic violence organizations have started including economic justice and financial literacy programs as part of their services to provide help and educate victims of economic abuse.<sup>36</sup> They include the National Coalition Against Domestic Violence, the Iowa Coalition Against Domestic Violence, Redevelopment Opportunities for Women's Economic Action Program (REAP) in St. Louis, Missouri, and the Allstate Foundation in partnership with The National Network to End Domestic Violence (NNEDV).<sup>37</sup> Financial literacy has been defined as the "knowledge of personal money management concepts and skills" including the principles of "earning, spending, saving and investing."<sup>38</sup>

### Financial Empowerment Curriculum

The Allstate Foundation, in partnership with The National Network to End Domestic Violence (NNEDV), developed a Financial Empowerment Curriculum to "help victims achieve financial independence."<sup>39</sup> The curriculum was developed with the recognition that victims of domestic violence experience unique challenges in becoming financially secure, which includes searching for jobs, housing and childcare; repairing credit damaged by abusive partners; and all the work involved in taking care of a family. The curriculum addresses such subjects as "how to budget, how to deal with the misuse of financial records and how individuals can protect themselves financially while involved in an abusive relationship."<sup>40</sup>

One study that examined financial literacy outcomes of an economic education program created specifically

for victims of domestic violence<sup>41</sup> found "limited gains in financial knowledge and significant improvements in financial self-efficacy" and the need for further research.<sup>42</sup> One commentator noted that early studies suggest that "financial literacy and economic empowerment programs are indeed effective in assisting survivors to improve their financial knowledge, increase their confidence about managing their financial affairs, and enhance financial behaviors that will improve their financial safety and security."<sup>43</sup> She suggested, in part, that more research be conducted to "understand how financial literacy and economic empowerment programs can be best delivered in a way that meets the unique safety issues

faced by survivors and the impact of having experienced financial abuse."<sup>44</sup>

### Legal Issues

Experts have maintained that attorneys "must recognize the full range of abusive behaviors and relationships in order to appropriately serve the needs of abused women."<sup>45</sup> "Not only is a thoughtful and accurate assessment of a client's situation crucial to her economic well-being, but also to her physical and emotional safety."<sup>46</sup> If the client is a divorcing woman who is a victim of domestic violence, there are special concerns in a bankruptcy situation such as current or foreseeable debt problems, credit card debt, automobile loans and other issues.<sup>47</sup> Such women have difficulties trying to gain financial independence from their abusers at the same time that they are trying to "achieve an economic fresh start."<sup>48</sup> Attorneys must be knowledgeable about how the bankruptcy laws impact victims of domestic violence in order to help them achieve the financial independence they will need.

In a treatise on domestic violence, abuse and child custody, attorney Barry Goldstein lays out certain strategies to overcome the perpetrator's hiding of income and assets.<sup>49</sup> He recommends that attorneys for protective mothers "point out when abusers are using superior financial resources to gain unfair advantages in custody litigation."<sup>50</sup> These mothers, he says, need to learn about the finances and, when necessary, the attorney must plan to do discovery.<sup>51</sup> In addition, "[l]aws and practices should be changed so that the burden of proof in financial matters is on the party in possession of the information."<sup>52</sup>

Experts in the international community deem it essential to have legislation that expands the definition of domestic violence to include economic abuse in order to provide women with remedies for all forms of this "social

oppression.”<sup>53</sup> One expert noted that only one-third of the states within this country remedy psychological, emotional or economic abuse.<sup>54</sup> She maintains that the civil protective order (CPO) laws should not only remedy physical violence or criminal acts, but should include all the harms of domestic violence and its “operation of systemic power and control over women” here in this country.<sup>55</sup> She notes that research shows that “the systematic operation of power and control is at the center of most abuse and that all forms of abuse are interrelated.”<sup>56</sup>

The CPO process is important because it “provides the woman with an opportunity to restructure how the couple interacts between themselves and with their children, and how they maintain their real and personal property, thereby changing the power dynamics.”<sup>57</sup> Since CPOs have successfully decreased abuse and attacked power imbalances, the argument is that a CPO could “potentially remediate the harms of emotional, psychological, and economic abuse.”<sup>58</sup> A commentator notes that “[c]ourts often place crimes such as stalking and harassment, which are crimes that sometimes address psychological abuse, at the bottom of their hierarchical ranking.”<sup>59</sup>

Scholars have suggested that CPO laws be amended to define abuse as physical, sexual, psychological, emotional and economic.<sup>60</sup> In addition, CPO statutes could provide additional remedies, including monetary damages, which could address, in part, the harm from economic abuse.<sup>61</sup> Other laws, including those within the immigration, welfare, tort and divorce arenas, already recognize that domestic violence is “broader than only severe physical violence and crimes.”<sup>62</sup>

One commentator suggested a new statute creating a new crime of domestic violence. Titled “Domestic Oppression,” the statute would define “pattern of oppression” to include economic abuse.<sup>63</sup> It would “criminalize the methods of power and control that distinguish social scientists’ understanding of ongoing domestic violence from isolated arguments, disputes, and fights between intimates or housemates.”<sup>64</sup>

Recently in New York State, then-Governor Paterson signed three bills into law which domestic violence advocates have indicated have “the potential to significantly impact domestic violence victims” – some are thinking for the better.<sup>65</sup> The first law is the new “no-fault” divorce law, effective October 12, 2010, which allows spouses to divorce on the ground that the relationship has been irretrievably broken for at least six months.<sup>66</sup> All financial, custody and visitation issues must be resolved and incorporated into the divorce judgment prior to the divorce being granted.<sup>67</sup>

The second law requires courts to “assess the respective incomes of divorcing parties and award temporary maintenance, determined by an established formula and set of factors, to the less moneyed spouse.”<sup>68</sup> The third

law “establishes a presumption that the less moneyed spouse is entitled to payment of counsel and expert witness fees and requires the parties to submit financial information to the court to determine payment by the other spouse.”<sup>69</sup>

Some domestic violence advocates have opined that these three laws will help victims of domestic violence, who are overwhelmingly women, since “abusive spouses often will withhold money to control their partners.”<sup>70</sup> Under the old laws, if the perpetrator with the higher income made the divorce drag on, the victim was left penniless.<sup>71</sup> It is hoped that the new laws will help to prevent that.

## Conclusion

Economic abuse has for too long remained a relatively “unseen side” of domestic violence. Both the social science research and the laws need to catch up to what the domestic violence victim advocates have known for some time – that economic abuse can be more harmful than other forms of abuse. Simultaneously, the public needs to recognize and acknowledge this aspect of domestic violence so as to best protect victims in their communities. The development of financial literacy programs for domestic violence victims is an important step in re-integrating them into the community in an empowered manner. With the current, troubled economy, there is an increased sense of urgency. More research will need to be done to best determine how to proceed with victims of economic abuse. Domestic violence advocates believe that New York State has taken some important legislative steps to protect victims of economic abuse. Perhaps other states will follow suit. ■

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