



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

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February 16, 2016

The Honorable Kyrsten Sinema
U.S. House of Representatives
1530 Longworth House Office Building
Washington D.C., 20515

The Honorable Bruce Poliquin
U.S. House of Representatives
426 Cannon House Office Building
Washington D.C., 20515

Re: H.R. 4538, The SeniorSafe Act of 2016

Dear Congresswoman Sinema and Congressman Poliquin:

On behalf of the North American Securities Administrators Association (“NASAA”),¹ I’m writing to express strong support for your work to better protect vulnerable adults from financial exploitation through the introduction of the SeniorSafe Act of 2016. Your legislation will better protect seniors by increasing the likelihood that financial exploitation targeting the elderly will be identified by financial services professionals, and by removing barriers that might otherwise frustrate the reporting of such exploitation to state securities regulators and other appropriate governmental authorities.

Senior financial exploitation is a difficult but critical policy challenge. Many in our elderly population are vulnerable due to social isolation and distance from family, caregiver, and other support networks. Indeed, evidence suggests that as many as one out of every five citizens over the age of 65 has been victimized by a financial fraud. To be successful in combating senior financial exploitation, state and federal policymakers must come together to weave a new safety net for our elderly, breaking down barriers to identify those who are best positioned to identify red flags early on and to encourage reporting and referrals to appropriate local, county, state, and federal agencies, including law enforcement.

On January 22, 2016, state securities regulators, working within the framework of NASAA, voted to approve model legislation to address issues faced by broker-dealer and other investment adviser firms and their employees when confronted with suspected financial exploitation of seniors and other vulnerable adults.² While the approaches contemplated by NASAA’s model legislation and the SeniorSafe Act differ in some respects, they are complementary efforts, both undertaken with the shared goal of protecting seniors by increasing the detection and reporting of elderly financial exploitation.

The SeniorSafe Act consists of several essential features. First, to promote and encourage reporting of suspected elderly financial exploitation by financial services professionals, who are positioned to identify and report “red flags” of potential exploitation, the bill would incentivize financial services employees to report any suspected exploitation by making them immune from any civil or administrative liability arising from such a report, provided that they exercised due care, and that they

¹ The oldest international organization devoted to investor protection, the North American Securities Administrators, Inc. was organized in 1919. Its membership consists of the securities administrators in the 50 states, the District of Columbia, Canada, Mexico, Puerto Rico and the U.S. Virgin Islands. NASAA is the voice of securities agencies responsible for grass-roots investor protection and efficient capital formation.

² The text of the NASAA model act is accessible at <http://nasaa.cdn.s3.amazonaws.com/wp-content/uploads/2011/07/NASAA-Model-Seniors-Act-adopted-Jan-22-2016.pdf>.

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make these reports in good faith. Second, in order to better assure that financial services employees have the knowledge and training they require to identify “red flags” associated with financial exploitation, the bill would require that, as a condition of receiving immunity, financial institutions undertake to train certain personnel regarding the identification and reporting of senior financial exploitation as soon as practicable, or within one year. Under the bill, employees who would be required to receive such training as a condition of immunity include supervisory personnel; employees who come into contact with a senior citizen as a regular part of their duties; and employees who review or approve the financial documents, records, or transactions of senior citizens as a part of their regular duties.

The benefits of the types of reporting that the SeniorSafe Act aims to facilitate and encourage are far-reaching. Elderly Americans stand to benefit directly from such reporting, because early detection and reporting can minimize their financial losses from exploitation, and because improved protection of their finances ultimately helps preserve their financial independence and their personal autonomy. Financial institutions stand to benefit, as well, through preservation of their reputation, increased community recognition, increased employee satisfaction, and decreased uninsured losses.

In conclusion, state securities regulators congratulate you for introducing the SeniorSafe Act of 2016. We share and support the goals of this legislation, and look forward to working closely with you as the legislation is considered by the House.

Sincerely,



Judith M. Shaw
NASAA President and Maine Securities Administrator

CC: The Honorable Mick Mulvaney
Member of Congress

The Honorable Patrick Murphy
Member of Congress