



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

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June 15, 2016

The Honorable Jeb Hensarling
Chairman
House Committee on Financial Services
Washington, DC 20515

The Honorable Maxine Waters
Ranking Member
House Committee on Financial Services
Washington, DC 20515

Re: The SeniorSafe Act of 2016 (H.R. 4538)

Dear Chairman Hensarling and Ranking Member Waters:

I am writing on behalf of the North American Securities Administrators Association (“NASAA”),¹ to express strong support for H.R. 4538, The SeniorSafe Act of 2016, which the House Financial Services Committee is scheduled to consider this week. This legislation, and similar legislation sponsored by Sen. Susan Collins of Maine and Sen. Claire McCaskill of Missouri, will better protect persons aged 65 and over by increasing the likelihood that financial exploitation targeting them 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-dealers and investment adviser firms and their employees when confronted with suspected financial exploitation of seniors and other vulnerable adults. 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 early detection and reporting of financial exploitation that targets this population.

As set forth below, the SeniorSafe Act consists of several essential features.

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.

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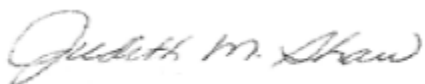
First, to promote and encourage reporting of suspected elderly financial exploitation by financial services professionals, who are positioned to identify and report “red flags” of potential exploitation, the bill would incentivize financial services employees to report any suspected exploitation by making them immune from any civil or administrative liability arising from such a report, provided that they exercised due care, and that they 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 financial services 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. Older 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 strongly support the SeniorSafe Act of 2016, and urge the Committee to favorably report the bill to the full House. We share and support the goals of this legislation, and look forward to working closely with the sponsors of the bill and other members of the Committee as the legislation is considered by the full House.

Sincerely,



Judith M. Shaw
NASAA President and Maine Securities Administrator

CC: The Honorable Kyrsten Sinema
Member of Congress

The Honorable Bruce Poliquin
Member of Congress