



NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

750 First Street N.E., Suite 1140
Washington, D.C. 20002
202-737-0900
Fax: 202-783-3571
www.nasaa.org

October 16, 2019

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

The Honorable Patrick McHenry
Ranking Member
House Committee on Financial Services
Washington DC, 20515

Re: The Empowering States to Protect Seniors from Bad Actors Act (Discussion Draft)

Dear Chairwoman Waters and Ranking Member McHenry:

On behalf of the North American Securities Administrators Association (NASAA),¹ I write to express strong support for draft legislation entitled “The Empowering States to Protect Seniors from Bad Actors Act.” The draft bill amends Section 989(A) of the Dodd-Frank Act to clarify that the senior investor protection grant program should be funded in the same manner as all other CFPB activities thereby removing purported impediments to the Bureau establishing this crucial program.

Senior financial exploitation is a growing problem across our country. Many in our elderly population are vulnerable due to social isolation as a result of distance from family and other support networks. Reports indicate that as many as one out of every five citizens over the age of 65 has been victimized by a financial fraud.² State regulators are faced with an increasing number of cases in which elderly investors are the victims and the CFPB has published research showing that financial institutions have reported over 180,000 suspicious activities targeting older Americans since 2013.³

Section 989(A) of the Dodd-Frank Act directs the CFPB to establish a tailored grant program aimed at augmenting state efforts to protect seniors against scams. It reflects a bipartisan concern that seniors are susceptible to fraud, and a recognition by Congress that threat is likely to intensify with the aging of America’s ‘baby boom’ generation.⁴ The CFPB has an obligation to implement this critical senior investor protection grant program, and it is imperative that it do so.

State securities regulators are often on the front lines in the battle against elder exploitation. We are in every state and every community. We share the CFPB’s commitment to fight senior financial exploitation as evidenced by the numerous enforcement cases we bring every year involving elderly

¹ The oldest international organization dedicated 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 2010 Investor Protection Trust Elder Fraud Survey (https://www.aging.senate.gov/imo/media/doc/SCA_Shaw_2_4_15.pdf)

³ *Suspicious Activity Reports on Elder Financial Exploitation: Issue and Trends*,” CFPB Office of Financial Protection for Older Americans (Feb. 2019).

⁴ With the aging of the baby boomers, an average of 10,000 Americans turn 65 every day and will continue at that rate until the year 2030. By then, one in five persons in the U.S. is projected to be 65 or older and their numbers are projected to reach 74 million. (See: U.S. Census Bureau, *An Aging Nation: The Older Population in the United States*, Current Population Reports. https://www.alz.org/documents_custom/2017-facts-and-figures.pdf.)

victims. Further, state regulators have worked at the state and federal levels to implement and advocate for policies designed to combat the scourge of elder financial abuse. One such action was the promulgation of the NASAA Model Rule on the Use of Senior-Specific Certifications in 2008. This rule targets the misuse of so-called designations or certifications that falsely convey an expertise in advising seniors and retirees on financial matters. Congress recognized the importance of this NASAA model rule by incorporating it into Section 989(A).

The Empowering States to Protect Seniors from Bad Actors Act will improve protections for all persons aged 65 and older from financial exploitation by increasing the likelihood financial exploitation will be identified and prosecuted. The legislation provides resources to states that are leading the way in this fight so that state securities regulators and other appropriate governmental authorities can help stop it.

NASAA applauds the Committee for considering the Empowering States to Protect Seniors from Bad Actors Act, and we look forward to working with Congress to ensure its prompt passage. Please do not hesitate to contact me or Michael Canning, NASAA's Director of Policy & Government Affairs, at (202) 737-0900, should you have any questions or if we may be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Gerold', with a stylized flourish at the end.

Christopher Gerold
NASAA President and New Jersey Securities Commissioner