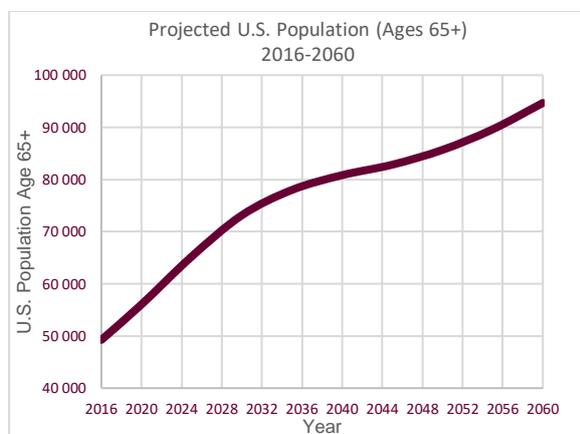




Elder Financial Abuse Awareness: Are You Doing Enough to Protect Your Elder Customers?

An Overview of the Current Resources and Regulatory Guidance Related to Elder Customer Protection

Statistics from the U.S. census bureau show that by 2030, all baby boomers will have reached the age of 65. In other words, one in every five Americans will be of retirement age by 2030. This unprecedented growth in the U.S. senior population will have implications within the financial services industry, as customers at the retirement age are more susceptible to financial exploitation and abuse. Many U.S. authorities and regulatory bodies have published guidance, rules, and regulations related to protecting elder customers from such risks in an attempt to mitigate this concern. Institutions handling elder customers' accounts must be aware of these requirements and take necessary actions to ensure they are complying with those rules and regulations.



Source : U.S. Census Bureau 2017 National Population Projections

Elder Financial Abuse & Exploitation

According to the Elder Financial Protection Network¹, financial abuse is the most prevalent form of elder abuse and is continually growing. This type of abuse can occur in numerous ways and includes, but is not limited to, investment fraud, telemarketing scams, fake charities, abuse of power of attorney authorization, fake prize announcements requiring individuals to pay money to claim, and forging an elder's signature.

What Are U.S. Authorities Saying?

Given the growing rate at which financial abuse is occurring among the elder population, many

¹ The Elder Financial Protection Network is a non-profit organization based in California dedicated to fighting elder financial abuse.

U.S. authorities have published guidance related to the financial protection of senior Americans. The National Council on Aging² stresses that educating seniors, professionals, caregivers, and the public is one of the most critical elements of elder abuse prevention. Awareness and education on this issue is imperative. In this paper, we highlighted several organizations' resources and guidance related to educating professionals and the public on elder customer protection.

The Consumer Financial Protection Bureau ("CFPB")

In March 2016, the CFPB published detailed recommendations to assist banks and credit unions in preventing elder abuse. This was the first time a federal regulator provided an extensive set of best practices to help these customer-facing organizations combat this issue. The CFPB's recommendations for preventing such abuse include training staff to recognize abuse, using fraud detection technologies, offering age-friendly services, and reporting suspicious activity to authorities.

The CFPB publishes additional resources on its website including tools such as videos and blogs related to managing debt, planning for later-life financial security, and understanding reverse mortgages. The CFPB recently published a resource guide called "Money Smart for Older Adults", which is [free](#) to download from their website and is available in English and Spanish.

The United States Department of Justice ("DOJ")

The DOJ created the Elder Justice Initiative ("EJI") with the mission of combatting elder abuse and financial exploitation, encouraging the reporting of abuse, and educating the public. The EJI provides many resources to help elder customers protect themselves from fraud. On its [website](#), the EJI provides an elder abuse roadmap that prompts individuals to answer questions specific to the type of financial loss he or she experienced. After answering the questions, the website will direct the user to a page where he or she can elect to file a complaint with the appropriate federal authority. The EJI also provides a senior scam alert page

² The National Council on Aging is a non-profit organization that has been working to improve the lives of millions of older adults for over 65 years.

on its website where individuals can read about some of the most prevalent scams affecting seniors.

The United States Securities and Exchange Commission (“SEC”)

The SEC is an independent federal government agency responsible for protecting investors, maintaining fair and orderly functioning of the securities markets, and facilitating capital formation. The SEC maintains a senior specific webpage and offers a number of related on-line publications, available for free. Additionally, the SEC invites investors to call its Office of Investor Education and Advocacy with any questions they may have about investing.

Financial Industry Regulatory Authority (“FINRA”)

FINRA is a federally authorized Self-Regulatory Organization (“SRO”) that regulates broker-dealers. FINRA provides specific resources for senior customers including its Senior Helpline, investor education efforts, and the BrokerCheck tool. FINRA’s Senior Helpline is a toll-free number that senior investors can call to raise concerns regarding issues with brokerage accounts and investments. The helpline is open Monday through Friday from 9am – 5pm eastern time.

FINRA also offers educational resources to help investors fight fraud and increase awareness of red flags and scheme tactics. Additionally, FINRA provides links for investors to file a complaint or send a tip to FINRA if one believes he or she has been treated unfairly by a securities professional or taken in by a scam.

FINRA BrokerCheck is a free tool that enables users to research the background of financial brokers, advisers and firms. This information can include a broker’s employment history, licenses, and any regulatory actions, arbitrations, and/or complaints filed against him or her.

Additionally, FINRA has published new rules regarding brokerage firms’ handling of senior customer accounts. The two rules, described below, became effective on February 5, 2018.

- *FINRA Rule 2165 (Financial Exploitation of Specified Adults)*: this rule allows broker-dealers that suspect financial exploitation to occur or to be occurring, to place a temporary hold on

the disbursement of funds from the account of a customer age 65 or older.

- *FINRA Rule 4512 (Customer Account Information)*: this rule requires broker-dealers to make reasonable efforts to obtain the name of, and contact information for, a trusted contact person (who is age 18 or older) upon opening a non-institutional customer account or when updating account information for a non-institutional account.

North American Securities Administrators Association (“NASAA”)

NASAA is an international organization devoted to investor protection. Its members include the securities administrators in the 50 U.S. states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada and Mexico.

NASAA adopted a Model Legislation to Protect Vulnerable Adults from Financial Exploitation (“Model Act”) on January 22, 2016. The Model Act applies to broker-dealers and investment advisers and exists in parallel with FINRA rules. The Model Act includes the following features:

- A mandatory reporting requirement
- Notification to third parties of potential financial exploitation (with advance consent of the investor)
- The authority to delay disbursement of funds
- Immunity from civil and administrative liability for reporting, notifications, and delays
- Mandatory sharing of records related to exploitation with law enforcement and state adult protective agencies

NASAA also publishes resources through its Investor Education Library located on its website. Some of these resources include investor alerts and tips, which often shed light on new trends in the industry to help investors stay informed. For example, NASAA published an investor alert on cryptocurrencies and Initial Coin Offerings (ICOs), which are trending within the industry, but can cause harm to investors if they are unaware of the risks.

National Center on Elder Abuse (“NCEA”)

The NCEA is a government entity that was established by the U.S. Administration on Aging

and serves as a national resource center dedicated to the prevention of elder mistreatment. The NCEA offers numerous resources from its Support and Tools for Elder Abuse Prevention ([STEAP](#)) Initiative.

The STEAP Initiative consists of free materials to help individuals engage and educate their community about the role that everyone can play in preventing elder abuse. These tools include Brochures, Fact Sheets, Outreach Guides and Presentation Materials. The materials are customizable and free to download. A link to these resources is provided in the Resources section below.

The Senior Safe Act and Related Fact Sheet

The Senior Safe Act

In addition to the above organizations' rules, guidance and resources, the U.S. government enacted The Senior Safe Act on May 24, 2018, which strengthened senior customer protection. Unlike the FINRA rules, which only cover broker-dealers, this rule extends to banks, credit unions, advisers, insurance agencies, insurance companies, and transfer agents. Before this legislation came into place, liability and privacy violation concerns often discouraged financial institutions from reporting suspected financial exploitation of a senior adult. The Senior Safe Act protects covered institutions from hostile actions if they report such instances to law enforcement. Institutions relying on immunity under The Senior Safe Act are required to provide training to their employees on identifying the red flags that indicate financial abuse and fraud. Additionally, these institutions are required to keep records of such training.

Related Fact Sheet

On May 23, 2019, in recognition of the one-year anniversary of the passage of The Senior Safe Act, NASAA, the SEC and FINRA have issued a fact sheet to help raise awareness among broker-dealers, investment advisers, and transfer agents of The Senior Safe Act. [The Senior Safe Act Fact Sheet](#) provides information on the immunity and training provisions of The Senior Safe Act, as well as additional resources from NASAA, the SEC and FINRA.



How Sia Partners Can Help You

An estimated fifth of all Americans will have reached retirement age by 2030. This unprecedented growth in the U.S. senior adult population will have implications within the financial services industry, and may potentially place financial institutions in positions where they inadvertently facilitate financial exploitation and abuse of the senior adult population. Increasingly, U.S. authorities and regulatory bodies publish guidance, rules, and regulations related to protecting elder customers from financial exploitation and abuse. Institutions handling elder customers' accounts must be aware of these requirements and ensure they have adequate systems and controls designed to detect, prevent, and report such abuse and comply with applicable regulations.

Sia Partners has former regulatory staff in its talent pool whom have extensive experience interpreting and applying various rules and regulations. Our staff can:

1. assess your firm's compliance, risk, and training program to determine its current state as it relates to applicable regulations, and specific to senior financial abuse;
2. identify any areas of potential gaps in your program requiring remediation;
3. prepare a summary report documenting recommendations to resolve any gaps in you firm's program;
4. and assist your firm in implementing an adequate compliance program, which can include, but is not limited to, policy and procedure development, independent testing, training, and ongoing review.

Resources:

Organization	Resources
CFPB	<u>Resources for Working with Older Adults</u>
EJI	<u>Elder Abuse Resource Roadmap</u> <u>Senior Scam Alerts</u>
Elder Financial Protection Network	<u>Resources</u>
FINRA	<u>Senior Investor Resources:</u> <ul style="list-style-type: none"> • Senior Helpline 1-844-57-HELPS • FINRA BrokerCheck • Fighting Fraud Information
NASAA	<u>Investor Alerts and Tips</u>
National Institute on Aging	<u>Elder Abuse Information</u>
National Council on Aging	<u>Economic Security for Seniors Resources</u>
National Center on Law & Elder Rights	<u>Resources: Practice Tips</u>
NCEA	<u>STEAP Initiative Resources</u>
SEC	<u>Senior Investor Webpage</u> <ul style="list-style-type: none"> • Office of Investor Education and Advocacy 1-800-732-0330 • Free Publications

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