

FINANCIAL EXPLOITATION PREVENTION ACT

SPONSORED BY CONGRESSWOMAN ANN WAGNER

Financial exploitation of seniors and vulnerable adults continues to be a significant concern in America and is likely to worsen with the aging of America's population. At least \$2.9 billion is lost annually to senior financial abuse. According to federal law, it is a crime defined as the financial exploitation of an older person by another person or entity, that occurs in any setting, either in a relationship where there is an expectation of trust or when an older person is targeted based on age or disability. The senior or disabled adult's assets are commonly taken via forms of deception, false pretenses, coercion, harassment, duress, and/or threats.

According to the Financial Industry Regulatory Authority (FINRA), research finds that financial exploitation is "the most common form of elder abuse" and financial exploitation "can be particularly devastating for seniors and other vulnerable adults, many of whom are living on fixed incomes without the ability to offset significant losses over time or through other means." FINRA notes that financial exploitation "can occur suddenly, and once funds leave an account, they can be difficult, if not impossible, to recover, especially when they ultimately are transferred outside of the U.S."

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The *Financial Exploitation Prevention Act* would give the financial industry better tools to address suspected financial exploitation and abuse of seniors and those with mental and physical disabilities. First, the bill requires the Securities and Exchange Commission to report to Congress on recommendations for legislative and regulatory changes on how to combat financial exploitation of seniors and vulnerable adults. Second, the bill permits a registered open-end investment company or transfer agent for that company, including mutual funds, to better protect seniors by delaying the redemption period of any redeemable security if it was reasonably believed that such redemption was requested through the financial exploitation of a security holder who is a senior or individual unable to protect their own interests.

More information: A registered open-end investment company or transfer agent acting on behalf of such a company may postpone the date of payment or satisfaction upon redemption of a redeemable security for not more than 15 business days. That period may be extended by an additional 10 business days if the company determines that the redemption is requested through the financial exploitation of a specified security holder. A State regulator or a court or administrative agency of competent jurisdiction may also extend the 15-day period. Specified adults include individuals age 65 or older, or an individual age 18 or older who a company reasonably believes has mental or physical impairment that renders the individual unable to protect his or her own interests.

Supported by: The Investment Company Institute (ICI), Securities Industry and Financial Markets Association (SIFMA), Insured Retirement Institute (IRI)