



SIFMA-FINRA Senior Investor Protection Conference.

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Opening Remarks

As prepared for delivery

Good morning. I'm Ira Hammerman, SIFMA EVP and General Counsel. I'd like to thank all of you for being here at today's senior investor protection conference as well as recognize our co-hosts at FINRA for collaborating with my team at SIFMA to make today's conference possible. Thank you all for your hard work.

SIFMA has been actively working to protect America's senior investors for almost a decade, and is energized by the attention this issue has garnered from regulators, advocates and a wide array of professionals. This is an issue that we all take very seriously and, unfortunately, it is a problem that will only continue to grow as our senior population increases by 10,000 individuals per day through 2030.

When we think of elder financial abuse, most of us think of phishing scams offering to wire millions in exchange for account information. In reality, most would be surprised to learn that financial exploitation usually occurs much closer to home. In fact, an estimated 55 percent of financial abuse in the U.S. is committed by family members, caregivers, and friends. A study conducted by NY State in June 2016 puts that number higher, with 67% of verified cases committed by family members alone.

To make matters worse, financial exploitation of older adults is frighteningly common. Senior investors lose an estimated minimum amount of \$2.9 billion per year in media-reported cases of financial exploitation, according to a MetLife study, and it has been estimated that only 1 in 44 cases of exploitation are ever reported to authorities.

Beyond exploitation, we must also consider the risks associated with cognitive decline. As part of the normal aging process, studies show that seniors become more vulnerable to financial exploitation and are more prone to risk taking behaviors. These vulnerabilities even develop in otherwise high-functioning individuals. Pair that with longer life expectancies and the known risks of mild cognitive impairment, Alzheimer's and dementia, and it is more important than ever to ensure the safety of our senior investors and the assets that they have built-up over a lifetime and rely on in retirement.

To tackle these issues, SIFMA's members have undertaken several work streams to better understand and address these risks, including implementing innovative policies



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and procedures, and advocating for targeted regulatory and legislative changes that would allow firms to better address this emerging issue.

For almost a decade, the financial services industry has been working collaboratively with policymakers, academic experts, neurologists, and other key stakeholders to better understand the risks to senior investors, and the role that firms and advisers can and should play. We have even grown our Senior Investors Working Group – which was formed many years ago – to include more than 150 representatives from over 50 member firms. This working group allows us to share scenarios and practices, as well as identify problems and develop workable solutions. In collaboration with FINRA, we hope to share some of our findings throughout the conference as our panelists discuss a wide range of topics related to protecting our aging investors.

We also continue to push for updated laws and regulations to get ahead of this emerging threat and better protect our senior clients, including laws that would provide advisors with a reporting pathway to governmental agencies and the ability to temporarily hold transactions to permit those agencies to investigate.

We have advocated for both state and federal legislation, such as the Senior Safe Act, to help strike the right regulatory balance and allow financial professionals to have the tools they need to protect senior clients, while ensuring both transparency and regulatory oversight. We are happy to report that the Senior Safe Act passed the House on July 5 and we are hopeful that it will be signed into law by the end of the year under the current administration. I would like to thank the SIFMA member companies and other advocates who visited legislators to garner support for this important bill. This issue is too important for the industry not to engage given the role of financial advisers.

We have also supported the Elder Protection and Abuse Prevention Act, which would strengthen the state and federal governments ability to collect data on and respond to situations of financial exploitation.

Also, SIFMA has recently launched our Senior Investor Protection Toolkit, which is a number of resources designed and collected by SIFMA staff, members of SIFMA's senior investors working group, top academic and clinical experts, and partner organizations like AARP and WISER, to assist broker-dealers and financial advisors in taking active steps to protect their senior and vulnerable clients. These resources include SIFMA's Senior Client Protection Playbook – a curated set of documents that set out the key warning signs of nearly two-dozen specific scams – as well as a template for a trusted contact authorization form, a Tip Sheet for conversations with Senior and Vulnerable clients, video testimonials of unlikely scam victims, and much more. In fact, today's attendees will be among the first recipients of the print version of our Toolkit, which will also be available at cost from the SIFMA website; full digital



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versions of all of these resources will also be available – for free – on our website shortly.

In today's environment, financial advisors are increasingly finding themselves confronting potential senior financial fraud or cognitive issues with their clients. They are often on the frontlines in identifying suspect behavior or noticing signs of cognitive decline. However, tackling this issue must be done in collaboration, which is why the industry continues to work with key agencies like Adult Protective Services, lawmakers, regulators and partners such as FINRA and NASAA.

This is why today's conference is so important. It gives us another opportunity to communicate, listen to each other and collaborate. By working together we can continue to develop policies and practices that move us toward our shared goal of protecting our nation's aging investors.

For the next day and a half, you will have the opportunity to hear from experts dedicated to tackling this important issue. I hope this will spark interesting conversation and the sharing of ideas. I am certain that we will all leave here tomorrow with new ideas and practices that we can bring back our respective firms or organizations.

Now, I'd like to introduce Chip Jones from FINRA Member Relations and Education to say a few words.

Thank you.