

# INVESTORINFO



## Protecting Seniors from Financial Exploitation

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Every year, millions of seniors become victims of financial exploitation, resulting in billions of dollars in personal losses. A frequent target of scammers, older Americans also often endure financial pressure from caregivers or family members, some of whom take advantage of trusting relationships for personal gain.

Protection of senior investors has always been a top priority for the Financial Industry Regulatory Authority (FINRA) and is the focus of several rules intended to thwart financial exploitation. These rules, which are the first uniform, national standards to protect senior investors, allow brokerage firms to take steps to protect seniors and other specified adults. Some [states](#) have adopted similar rules as well.

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### Who Is a Trusted Contact?

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- ▶ A trusted contact may be a family member, attorney, accountant or another third-party who you believe would respect your privacy and know how to handle the responsibility.
- ▶ Having one or more trusted contacts provides another layer of safety on your account.
- ▶ Designation as a trusted contact does not give that person any authority to act on your behalf, execute transactions or engage in activity in your account.
- ▶ You can ask your financial firm or investment professional to add a trusted contact to your account at any time.
- ▶ Learn more about trusted contacts at [www.finra.org/trustedcontact](http://www.finra.org/trustedcontact).

### ADDING A TRUSTED CONTACT PERSON TO YOUR ACCOUNT

When you open a brokerage account or update information related to an existing account, a FINRA rule requires your brokerage firm to make reasonable efforts to obtain the name and contact information for a designated [trusted contact](#) person for the account. Among other things, adding a trusted contact person to your account puts your brokerage firm in a better position to keep your account safe.

While you are not required to provide this information to open an account, it may be a good idea to do so. By choosing to provide this information, you are authorizing the firm to contact someone you trust and to disclose information about your account only in certain circumstances, including to address possible financial exploitation and to confirm the specifics of your current contact information, health status or the identity of any legal guardian, executor, trustee or holder of a power of attorney. You will receive a written disclosure from the firm that lays out these details.

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### WHO IS FINRA?

FINRA oversees the professionals and firms that sell stocks, bonds, mutual funds and other securities products. As regulators, we can't recommend any particular firm, individual or type of investment professional. Our goal is to equip—and empower—you to weigh your options.



## PLACING HOLDS WHEN EXPLOITATION IS SUSPECTED

Brokerage firms now are permitted to place a temporary hold on a securities transaction, as well as on disbursements of funds or securities from an account, when there is reason to believe financial exploitation might be occurring. The FINRA rule applies to accounts belonging to all investors age 65 and older and to those with mental or physical impairments that the firm reasonably believes make it difficult for these investors to protect their own financial interests.

If a firm suspects financial exploitation, it may put a hold on such transactions or disbursements from your account for up to 15 business days. The firm must conduct an investigation and attempt to notify you and your trusted contact.

If the firm gathers information that supports its suspicion of financial exploitation, it may continue the hold on the transactions or disbursements for another 10 business days. The firm may extend the temporary hold for an additional 30 business days, if it has reported the matter to a state authority, to allow time for a thorough investigation.

Depending on what its investigation finds, the firm may refer the matter to an adult protective services or law enforcement agency.

**Importantly, brokerage firms cannot use the rule to pause a transaction or disbursement for reasons other than financial exploitation.**

## USE THESE RESOURCES

### FINRA Investor Information

Investor Insights articles, interactive tools and much more to help you invest smarter and safer.

[www.finra.org/investors](http://www.finra.org/investors)



### FINRA Securities Helpline for Seniors— HELPS®

Senior investors can call to get assistance from FINRA or raise concerns about issues with brokerage accounts and investments.

[www.finra.org/seniorhelpline](http://www.finra.org/seniorhelpline)

TOLL-FREE:  
844-57-HELPS  
844 574-3577

### U.S. Department of Justice

Report elder abuse and financial exploitation.

[www.justice.gov/elderjustice/  
find-support-elder-abuse](http://www.justice.gov/elderjustice/find-support-elder-abuse)

## Financial Exploitation: A Serious and Growing Problem

- ▶ Older Americans are one of the fastest-growing demographics in the country, with an average of 10,000 Americans turning 65 every day.
- ▶ Criminals tend to target older people, in part because they are more likely to have built up nest eggs. The U.S. Department of Justice estimates that \$3 billion is stolen or defrauded from millions of elderly Americans every year.
- ▶ FINRA's Senior Financial Exploitation rules might not be able to stop people from trying to take advantage of seniors, but they can help brokerage firms better protect their customers. Providing firms with ways to respond to situations in which they have a reasonable basis to believe that financial exploitation is occurring can make it more difficult for fraudsters to succeed.
- ▶ It is important for brokerage firms to have the ability to take action when potential exploitation is suspected because, once the money has been disbursed, it might be difficult for the customer to get it back.

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