Protecting Seniors from Financial Exploitation

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.

Who Is a Trusted Contact?

- 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.

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.

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.

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.

U.S. Department of Justice
Report elder abuse and financial exploitation.