CFA **Consumer Federation of America**

November 13, 2019

The Honorable Maxine Waters
Chairwoman
Financial Services Committee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Patrick McHenry
Ranking Member
Financial Services Committee
U.S. House of Representatives
Washington, D.C. 20515

Re: The Empowering States to Protect Seniors from Bad Actors Act (Discussion Draft)

Dear Chairwoman Waters, Ranking Member McHenry and Members of the Committee:

We are writing to express our support for the draft legislation entitled "The Empowering States to Protect Seniors from Bad Actors Act,"[1] which would enhance states' ability to protect seniors from financial exploitation. It would achieve this by clarifying that the senior investor protection grant program authorized by Congress in Section 989(A) of the Dodd-Frank Act to be administered by the Consumer Financial Protection Bureau (CFPB) may be funded in the same manner as all other activities of the CFPB.

Senior financial exploitation is an urgent nationwide concern. It is estimated that roughly one in five citizens over the age of 65, or 7 million seniors, have been victims of financial exploitation. Abuses include inappropriate investment recommendations, unreasonably high fees, and outright fraud,[2] costing these older Americans an estimated $2.9 billion.[3] Older Americans are particularly hard hit by such practices, since they are often past the point in their earning years where they can recover those losses. And the problem is only expected to intensify with the aging of the "baby boom" generation and with increases to average life expectancies.

State regulators, who form the front line on investor protection for Main Street investors, are an important part of the effort to combat this problem. In recognition of that fact, Section 989(A) of the Dodd-Frank Act established a grant program within the CFPB designed to help state securities and insurance regulators protect this vulnerable population against fraud. The grants were intended for a wide variety of senior investor protection efforts, such as hiring additional staff to investigate and prosecute cases, funding for new technology, equipment, and training for regulators, prosecutors, and law enforcement, and providing educational material to seniors to increase their awareness.

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[1] The draft bill was posted in connection with the HFSC hearing entitled "Who is Standing Up for Consumers? A Semi-Annual Review of the Consumer Financial Protection Bureau" held on Oct. 16, 2019. *See* https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=404477.

[2] 2016 Investor Protection Trust Elder Fraud Survey, http://www.investorprotection.org/downloads/IPT_EIFFE_Medical_Survey_News_Release_03-22-16.pdf.

[3] *See* U.S. Senate Special Committee on Aging, *Fighting Fraud: Senate Aging Committee Identifies Top 10 Scams Targeting Our Nation's Seniors* 21 (2019).

CFA was among those voicing strong support for the program at the time.[4] Unfortunately, in the nine years since the enactment of the Dodd-Frank Act, the CFPB has been unable to establish this important grant program due to uncertainty about the funding mechanism. The "Empowering States to Protect Seniors from Bad Actors Act" would clarify that the CFPB has both an obligation to establish and fund this grant program and the ability to fund it in the same manner as all of its other activities and responsibilities. Because the enactment of the bill and implementation of the 989(A) program will help prevent senior citizens from becoming victims of fraud, we urge you to work to ensure it is enacted.

We thank you for your attention to this important issue.

Respectfully submitted,

Barbara Roper

Barbara Roper
Director of Investor Protection

[4] Letter from CFA, NASAA, AARP and Fund Democracy to Senate Banking Committee Chairman Christopher Dodd and Ranking Member Richard Shelby regarding the "Restoring American Financial Stability Act of 2009" Committee Print, Feb 2, 2010, https://bit.ly/2QcVQq9.