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Senior Safe Act : Why seniors need more protection

Two new safeguards for seniors and their finances have been announced recently. Elder Law Answers (www.elderlawanswers.com) reports that the Financial Industry Regulatory Authority (FINRA), the agency who regulates firms and professionals selling securities in the United States, has two new rules that are designed to protect seniors from financial exploitation. A new federal law contains provisions that encourages the report of suspected financial abuse through the promise of immunity in the Senior Safe Act or S$A as reported in an article by Professor Katherine Pearson in *Wealth Management.com* (http://www.wealthmanagement.com/print/96929).

FINRA's new rules (http://www.finra.org/newsroom/2018/new-finra-rules-take-effect-protect-seniors-financial-exploitation) took effect in February, 2018. They are designed to better protect seniors from financial exploitation. The broker or investment advisor is to ask for a trusted contact person for the investor. Also, the rules permit a broker to place a temporary hold on disbursements if such disbursements seem suspicious. The Senior Safe Act (S$A) provisions encourages "national banks, savings and loans, and other financial institutions to train staff to make reports of suspected financial exploitation of their older clients to state or federal law enforcement authorities" by using the promise of "immunity."

Although these two changes to regulations and law were much needed for the protection of vulnerable seniors, a recent report from the Better Business Bureau (BBB), *Sweepstakes, Lottery, and Prize Scams* sheds some light on some reasons why seniors might be more vulnerable to scams. https://www.bbb.org/en/us/article/news-releases/17786-sweepstakes-lottery-and-prize-scams-a-better-business-bureau-study-of-how-winners-lose-millions-through-an-evolving-fraud. In particular, scams involving sweepstakes and lotteries seem to target disproportionately older persons, and older persons suffer the largest losses. In addition to financial losses, those who have been defrauded can be emotionally devastated when they realize that they have been defrauded. Some even resort to suicide. So the impact is much greater than just the financial impact which is huge itself.

One would think that older consumers would be less likely to be defrauded because they have more life experience. However, this report shows that older persons seem to be more vulnerable to sweepstakes fraud. Complaint data indicates that more than half of the victims are over 60, and those who are older than 70 years account for two thirds of the victims. Seniors may simply have more money, and/or may have been at the same address with the same telephone number for a long time, and thus are easier to locate. Additionally, the fraudsters hope to find victims with mild cognitive impairment or even dementia. As a result older persons who have been targets continue to send hundreds of thousands (even millions) of dollars to fraudsters. The report mentions a retired college president sent tens of thousands of dollars to scammers. CNN reported that an older man with Alzheimer's sent all of his funds to scammers and then committed suicide when the prize money never arrived.

We applaud all of the help we can get through law and regulations that will help avoid having older persons be defrauded in the multitude of scams now in play.