

August 20, 2012

Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

RE: Docket No. CFPB–2012–0018

Dear Ms. Jackson:

On behalf of the Investor Protection Trust (IPT)¹ and the Investor Protection Institute (IPI),² I am submitting this response to your Request for Information (RFI) in Docket CFPB–2012–0018, as contained in the June 19, 2012 Federal Register. We welcome this opportunity to provide the Consumer Financial Protection Bureau (CFPB) with the benefit of our experiences in addressing elder investment fraud and financial exploitation. On behalf of the boards of the IPT and IPI, I would like to extend an invitation for our organizations to work together in a collaborative fashion in the future.

Per your request that each response made indicates at the top which questions have been covered, I would note that this response covers all aspects of the RFI.

THE IPT/IPI SURVEY COMPILED FOR CFPB

In August 2012, IPT and IPI conducted an online survey of 756 experts -- a diverse group of state securities regulators, financial planners, health care professionals, social workers, adult protective services professionals, law enforcement officials, elder law attorneys, financial educators and other experts.³ This survey was drafted in direct response to the RFI questions posed by the Consumer Financial Protection Bureau.

In summary, the survey found that investment fraud and financial exploitation targeting older Americans is a major problem today and most seniors do not have the information they need to pick a financial advisor to help them protect their savings.

Other key findings included the following:

- Two thirds (65 percent) of those surveyed deal with elderly victims of investment fraud/financial exploitation.
- Three out of four experts said that such swindles are a “very serious” problem in America today and an even greater number – 78 percent – said older Americans are “very vulnerable” to investment fraud/financial exploitation.

¹ The Investor Protection Trust (<http://www.investorprotection.org>) is a nonprofit organization devoted to investor education. The primary mission of IPT is to provide independent, objective information needed by consumers to make informed investment decisions. Founded in 1993 as part of a multi-state settlement to resolve charges of misconduct, IPT serves as an independent source of unbiased and non-commercial investor education materials. IPT operates programs under its own auspices and uses grants to underwrite important investor education and protection initiatives carried out by other organizations. The IPT provides investor education at both the state and national levels.

² The Investor Protection Institute (<http://www.protectinvestors.org>) is an independent nonprofit organization that advances investor protection by conducting and supporting unbiased research and groundbreaking education programs. IPI carries out its mission through investor education, protection and research programs delivered at both the national and grassroots level in collaboration with state securities regulators and other strategic partners. IPI is dedicated to providing innovative investor protection programs that will make a meaningful difference in the financial lives of Americans in all walks of life and at all levels of sophistication about financial matters.

³ http://www.investorprotection.org/downloads/pdf/learn/research/IPT-IPI_EIFFE_Expert_Survey_CFPB_08-15-12.pdf

- The top three financial exploitation problems identified by the experts are: (1) “theft or diversion of funds or property by family members” (79 percent); (2) “theft or diversion of funds or property by caregivers” (49 percent); and (3) “financial scams perpetrated by strangers” (47 percent).
- As for the “financial education, counseling, or personal finance management programs ... best tailored to the unique financial needs of older Americans and their families or caregivers,” the experts identified the following: (1) “programs delivered by local professionals, such as caregivers, adult protective services workers, law enforcement agencies, and health care professionals” (71 percent); (2) “programs delivered through senior centers and other facilities catering to older Americans” (65 percent); and (3) “programs delivered by senior oriented national and local organizations” (55 percent).
- Over half (53 percent) said that “the available resources for seniors when selecting a financial advisor with appropriate knowledge to address their specific financial needs” are either not very effective or not effective at all. Under a third (30 percent) said the resources are somewhat effective or very effective.
- Half (51 percent) said that “veterans/military retirees face basically the same [fraud and deception] risks as other older Americans.”
- According to the experts, the best practices “in providing seniors financial literacy and robust, practical information on personal finance management” are: (1) availability primarily in person (71 percent); (2) measurement of results in terms of improved awareness/understanding (52 percent); and (3) availability in person and via the internet (35 percent).
- Nearly three in five (58 percent) said seniors are “not very able” or “not able at all” to determine “the legitimacy, value, and authenticity of credentials held by their financial advisors and planners.”
- By a margin of 36 percent to 26 percent, the experts said that “current efforts for maintaining the legitimacy, value, and authenticity of credentials held by financial advisors and planners” are “not very effective” or “not effective at all”.
- About six in 10 (59 percent) think existing accountability controls are not effective “when it comes to deterring the misuse of ‘senior advisor credentials’.”

At the time the IPT/IPI survey was released, the following public comments were made in connection with it:

- Don Blandin, president and CEO, Investor Protection Trust, said: **“Our new survey shows that financial swindles targeting older Americans are a bigger problem today than ever before and that seniors need more help. That’s why the Investor Protection Trust’s Elder Investment Fraud and Financial Exploitation (EIFFE) Prevention Program has already trained more than 3,000 U.S. medical professionals who deal everyday with older Americans to spot the impaired mental capacity that can leave seniors vulnerable to financial abuse. It is encouraging that we are seeing more securities regulators collaborating with health care practitioners, adult protective services professionals, and others to help curb this national crisis. Seven out of 10 survey respondents agree that this type of collaborative, community-based program is an effective means to combat financial abuse before the damage is done. Of course, there is no ‘silver bullet’ that will end the financial abuse of America’s seniors. Putting a major dent in the problem will require new and innovative collaborative efforts by many different experts and organizations, both public and private. Our survey makes it clear that those efforts need to take root all across America and then link up with other groups and their programs in order to reduce the attack on the investment and life savings of older Americans.”**

- Irving Faught, Oklahoma Department of Securities Administrator, said: **“There are some good signs in these findings that we are on the right track in tackling financial swindles that go after older Americans. These survey results show that our training and outreach programs, like the EIFFE Prevention Program, are a good way to identify and reach victims and potential victims of elder financial abuse. Social workers, caregivers, adult protective services professionals and others are key to protecting these vulnerable individuals. Those working with the elderly need to come together to combat this serious problem.”**
- Mark Lachs, M.D., M.P.H., Psaty Distinguished Professor of Medicine, Weill Cornell Medical College, and director of geriatrics, New York-Presbyterian Healthcare System, said: **“Elder financial abuse is not only about financial exploitation: It is a major public health problem. When older Americans are financially exploited and there are no resources left for their care, these individuals effectively become wards of the state. In these cases, all Americans end up paying. This is a major problem and we know there is significant underreporting. I am an epidemiologist and what we are looking at here qualifies as an epidemic. And it’s not only minor financial exploitation but includes major problems like people getting deeds to houses, taking out credit cards, getting control of bank accounts, etc. That’s why I tell the residents who I train around these issues that an annual physical may be the only opportunity to intervene.”**

PREVIOUS IPT/IPI SURVEYS

IPT and IPI have conducted two previous elder investment fraud and financial exploitation surveys that we commend to the attention of the CFPB:

- Senior citizens have long been the target of unscrupulous investment scam artists. According to the 2010 Investor Protection Trust Elder Fraud Survey, more than seven million older Americans – one out of every five citizens over the age of 65 – already have been victimized by a financial swindle. (See <http://www.investorprotection.org/learn/research/?fa=eiffeSurvey>.)
- More recently, the Investor Protection Trust released the June 2012 findings of an online survey showing that the vast majority (84 percent) of more than 700 experts dealing with investment fraud/financial exploitation of American senior citizens agree that the problem of swindles targeting the elderly is getting worse today. Another key finding: Nearly all of the respondents (99 percent) say that older Americans are “very vulnerable” (75 percent) or “somewhat vulnerable” (24 percent) to financial swindles. (See http://www.investorprotection.org/downloads/pdf/learn/press/IPT_Elder_Fraud_Survey_News_Release_06-13-12.pdf)

RECOMMENDATIONS

In closing, IPT and IPI wish to highlight our efforts to work in a collaborative manner with diverse organizations committed to reducing the devastating toll of elder financial abuse..

The Investor Protection Trust launched the national Elder Investment Fraud and Financial Exploitation (EIFFE) Prevention Program in 2010. Starting with a grant from the Investor Protection Trust in 2008, the Huffington Center on Aging at Baylor College of Medicine and the Texas Consortium Geriatric Education Center developed a pilot program designed to educate medical professionals to recognize when their older patients are vulnerable to elder investment fraud and financial education. In 2009, the TCGEC and its affiliates in nine locations in Texas conducted a series of 10 pilot continuing medical education programs throughout the state

Based on the results of the Texas pilot project, the IPT secured the participation of state securities offices in a total of now 28 states and jurisdictions to form a coalition to prevent elder investment fraud/financial exploitation by implementing the EIFFE Prevention Program in their states and jurisdictions. The 28

participating states and other jurisdictions are: Alabama; California; Colorado; Connecticut; Delaware; District of Columbia; Georgia; Idaho; Illinois; Indiana; Iowa; Kentucky; Maine; Michigan; Minnesota; Nebraska; North Carolina; New Jersey; New Mexico; Oklahoma; Oregon; Pennsylvania; Puerto Rico; Tennessee; Utah; Vermont; Washington and West Virginia.

To date, a total of 45 CME events have been held in 24 states and the District of Columbia. The total number of medical professionals that have been educated to date is 3,010.

Additional information about the EIFFE Prevention Program is available online at:
<http://www.investorprotection.org/learn/?fa=eiffe>

Sincerely,

Don Blandin
President and CEO
Investor Protection Trust (IPT)
and Investor Protection Institute (IPI)
919 18th Street NW, Suite 300
Washington, DC 20006-5517



**Investor
Protection
Trust**



**Investor
Protection
Institute**

**Results from the
Investor Protection Trust/
Investor Protection Institute**

**Elder Investment Fraud and
Financial Exploitation
Survey of Experts**

Released on August 15, 2012



www.investorprotection.org

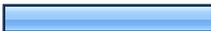
IPT/IPI SURVEY ON CFPB REQUEST FOR INFORMATION



1. What is your profession?

		Response Percent	Response Count
State securities regulator.		9.0%	68
Financial planner.		4.1%	31
Other investment professional.		1.5%	11
Health care professional.		4.1%	31
Social worker.		15.9%	120
Professional geriatric care giver.		0.8%	6
Other caregiver.		0.4%	3
Adult protective services.		22.7%	171
Law enforcement.		3.3%	25
Elder law attorney.		4.0%	30
Financial educator.		7.8%	59
Other academic.		5.4%	41
None of the above.		20.8%	157
answered question			753
skipped question			3

2. How often do you deal with the elderly victims of investment fraud/financial exploitation?

		Response Percent	Response Count
Very often.		33.2%	243
Somewhat often.		31.5%	230
Not very often.		25.6%	187
Never.		7.9%	58
Don't know/not sure.		1.8%	13
answered question			731
skipped question			25

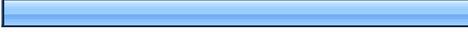
3. How serious would you say the problem of elderly investment fraud/financial exploitation is today?

		Response Percent	Response Count
Very serious.		75.4%	539
Somewhat serious.		21.3%	152
Not very serious.		0.7%	5
Not serious at all.		0.1%	1
Don't know/not sure.		2.5%	18
answered question			715
skipped question			41

4. How vulnerable would you say that older Americans are to investment fraud/financial exploitation today?

		Response Percent	Response Count
Very vulnerable.		77.6%	554
Somewhat vulnerable.		21.6%	154
Not very vulnerable.		0.4%	3
Not vulnerable at all.		0.0%	0
Don't know/not sure.		0.4%	3
		answered question	714
		skipped question	42

5. What financial education, counseling, or personal finance management programs do you think are best tailored to the unique financial needs of older Americans and their families or caregivers? (Pick up to three of the below.)

		Response Percent	Response Count
Programs delivered by securities/investment regulators at the state and national governmental level.		24.5%	175
Programs delivered through senior centers and other facilities catering to older Americans.		65.0%	464
Programs delivered by senior-oriented national and local organizations.		54.9%	392
Programs delivered through the news media and mass media, such as public television.		42.0%	300
Programs delivered by local professionals, such as caregivers, adult protective services workers, law enforcement agencies, and health care professionals.		70.6%	504
Other.		4.2%	30
Don't know/not sure.		4.1%	29
answered question			714
skipped question			42

6. What do you think the best practices are today in providing seniors financial literacy and robust, practical information on personal finance management? (Pick up to three of the below.)

		Response Percent	Response Count
Availability primarily in person.		70.7%	498
Availability in person and via the Internet.		35.4%	249
Availability through recorded media, such as CDs and DVDs.		17.8%	125
Quantification of participation.		15.9%	112
Measurement of results in terms of improved awareness/understanding.		52.0%	366
Other.		5.8%	41
Don't know/not sure.		10.9%	77
		answered question	704
		skipped question	52

7. What do you think are the most common types of fraudulent, unfair, abusive or deceptive financial practices target Americans age 62 and over? (Pick up to three of the below.)

		Response Percent	Response Count
Financial scams perpetrated by strangers.		46.5%	327
"Affinity fraud" schemes perpetrated by individuals, groups or institutions known to a senior.		34.1%	240
Theft or diversion of funds or property by family members.		79.4%	558
Theft or diversion of funds or property by caregivers.		49.4%	347
Promotion of inappropriate or excessively risky financial products.		23.3%	164
Promotion of overpriced or poorly performing financial products.		11.0%	77
Exploitation of the equity in the senior's home.		14.2%	100
Abuses under power of attorney or guardian situations.		41.1%	289
Don't know/unsure.		1.4%	10
answered question			703
skipped question			53

8. What types of fraudulent or deceptive practices target older veterans and/or military retirees? (Pick up to three of the below.)

		Response Percent	Response Count
"Affinity fraud" schemes perpetrated by individuals, groups or institutions known to a senior.		36.8%	257
VA Aid and Attendance fraud, in which veterans are advised to transfer retirement funds into irrevocable trusts that cause them to lose access to the funds and also become ineligible for Medicaid benefits.		23.0%	161
Military pension buyout schemes, in which veterans are offered cash payments in return for their military pension payouts in a manner that could ultimately deprive the veteran of the majority of his or her pension.		18.6%	130
Veterans/military retirees face basically the same and deception risks as other older Americans.		50.6%	354
Other.		3.1%	22
Don't know/not sure.		34.8%	243
answered question			699
skipped question			57

9. How able do you think older Americans are to determine the legitimacy, value, and authenticity of credentials held by their financial advisors and planners?

		Response Percent	Response Count
Very able.		2.1%	15
Somewhat able.		35.9%	251
Not very able.		51.2%	358
Not able at all.		6.6%	46
Don't know/not sure.		4.1%	29
answered question			699
skipped question			57

10. How effective do you think current efforts are for maintaining the legitimacy, value, and authenticity of credentials held by financial advisors and planners?

		Response Percent	Response Count
Very effective.		2.6%	18
Somewhat effective.		33.0%	229
Not very effective.		38.0%	264
Not effective at all.		9.1%	63
Don't know/not sure.		17.3%	120
answered question			694
skipped question			62

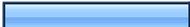
11. How effective do you think existing accountability controls are when it comes to deterring the misuse of “senior advisor credentials”?

		Response Percent	Response Count
Very effective.		1.3%	9
Somewhat effective.		17.3%	121
Not very effective.		41.8%	292
Not effective at all.		17.2%	120
Don't know/not sure.		22.5%	157
answered question			699
skipped question			57

12. How adequate are resources available to seniors when it comes to explaining to the subject matter expertise presented or implied by individuals touting specific senior-oriented certifications and designations?

		Response Percent	Response Count
Very adequate.		1.0%	7
Somewhat adequate.		19.3%	134
Not very adequate.		45.5%	317
Not adequate at all.		17.8%	124
Don't know/not sure.		16.4%	114
answered question			696
skipped question			60

13. How effective are available resources for seniors when selecting a financial advisor with appropriate knowledge to address their specific financial needs?

		Response Percent	Response Count
Very effective.		1.7%	12
Somewhat effective.		27.8%	191
Not very effective.		42.4%	291
Not effective at all.		10.9%	75
Don't know/not sure.		17.2%	118
		answered question	687
		skipped question	69