

Protecting Seniors and Vulnerable Adults

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Presenter:

Lilah R. Blackstone



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Financial Exploitation: Protecting More Than Just Your Assets

LILAH R. BLACKSTONE,
ACTING GENERAL COUNSEL
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OVERVIEW OF FINANCIAL EXPLOITATION



HOW IS FINANCIAL EXPLOITATION DEFINED?

“Financial exploitation” generally refers to the illegal or improper use of another’s funds, property or assets.



DEFINITION

POLL
QUESTIONS



FORMS OF FINANCIAL EXPLOITATION



Fraud Scams

(ex. Lottery and Sweepstakes, Phishing and Identity Theft, Romance and Charity scams)



Unauthorized Transactions



Manipulation or Undue Influence

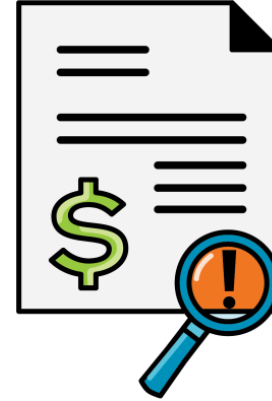


Theft and Embezzlement

FORMS OF FINANCIAL EXPLOITATION



**Investment
Fraud**



**Power of Attorney
Abuse**



**Home Repair
Scams**



**Medical and
Insurance Fraud**

RED FLAGS

Unusual Financial Activity

Changes in Financial Documents

Behavioral Changes

Unusual Transactions

Sudden Changes in Relationships

Requests for Unusual Financial Decisions



Collaborative Efforts: Regulators and Industry Addressing Financial Exploitation



ROLE OF INDUSTRY



Implementing Policies and Procedures

Client Communication and Support

Proactive Measures

Collaboration and Reporting

ROLE OF REGULATORS

Establishing Rules and Regulations

Enforcement and Oversight

Education and Outreach

Support and Resources

POLL
QUESTIONS



REGULATORY LANDSCAPE

- FINRA RULES
- STATE LAWS
- SENIOR SAFE ACT
- INDUSTRY BEST PRACTICES



FINRA RULES

**Rule 4512: Trusted
Contact Information**

**Rule 2165: Temporary
Holds on
Disbursements**

STATE LAWS

**Reporting
Requirements**

**Additional
Protections**



NASAA
MODEL ACT

NASAA MODEL ACT: APPLICATION

“Eligible adults” include:

- those age 65 or older
- adults who would be subject to the provisions of a state’s adult protective services statute.

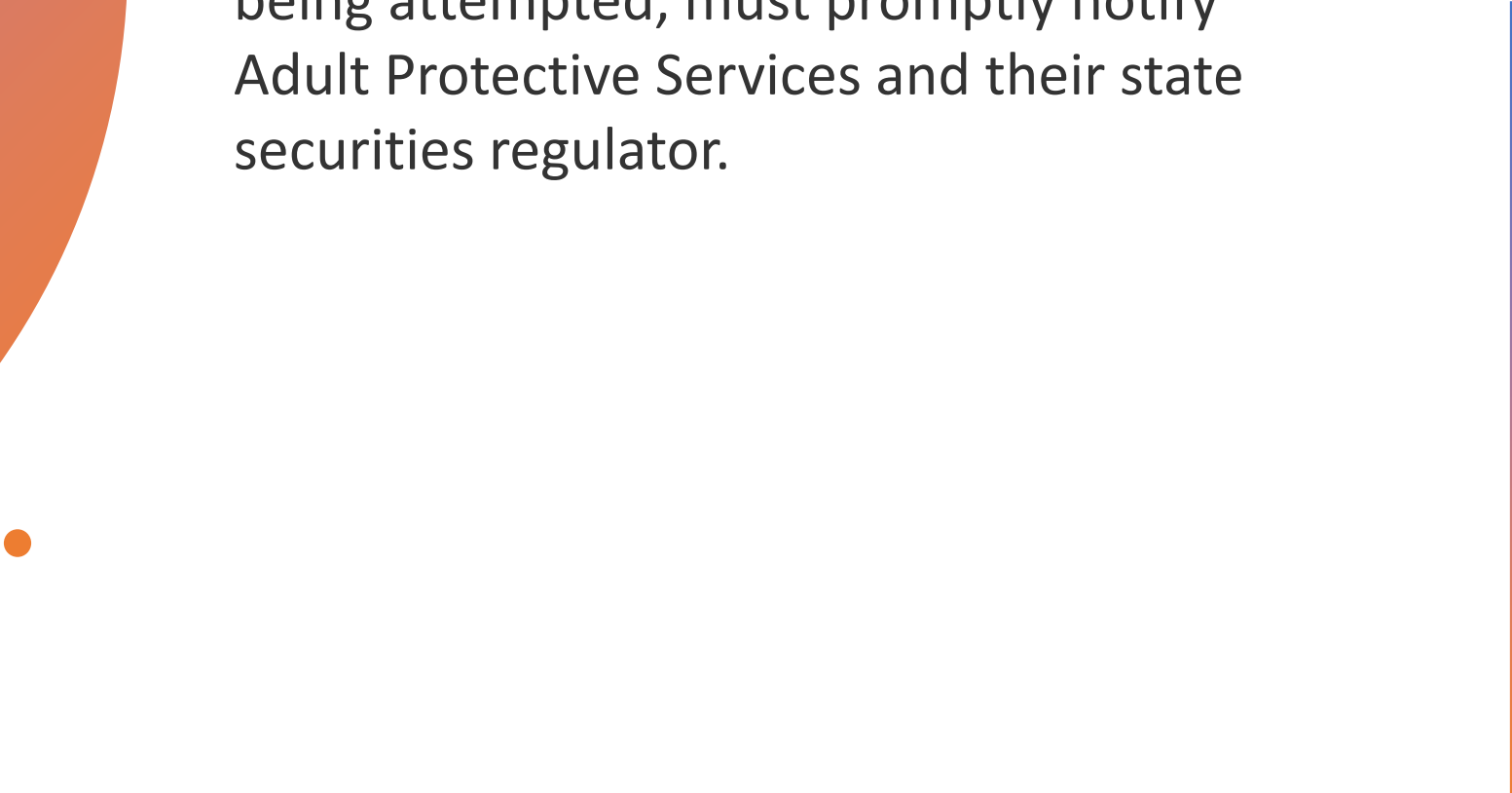
“Qualified individuals” include:

- broker-dealer agents
- investment adviser representatives
- those who serve in a supervisory, compliance, or legal capacity for broker-dealers and investment advisers; and any independent contractors that may be fulfilling any of those roles.



MANDATORY REPORTING

Qualified individuals who reasonably believe that financial exploitation of an eligible adult may have occurred, been attempted, or is being attempted, must promptly notify Adult Protective Services and their state securities regulator.





NOTIFICATION

The act authorizes disclosure to third parties only in instances where an eligible adult has previously designated the third party to whom the disclosure may be made. Importantly, the model act directs that disclosure may not be made to the third party if the qualified individual suspects the third party of the financial exploitation.



DELAYED DISBURSEMENTS

Model Rule provides broker-dealers and investment advisers with the authority to delay disbursing funds from an eligible adult's account **for up to 15 business days** if the broker-dealer or investment adviser reasonably believes that a disbursement would result in the financial exploitation of the eligible adult.



SENIOR \$AFE ACT

Protects covered financial institutions from liability.

Immunity provided "IF" certain conditions are met.

TYPES OF EMPLOYEES ELIGIBLE FOR IMMUNITY

An employee who serves as a supervisor or in a compliance or legal function (including as a Bank Secrecy Act officer), for a covered financial institution; OR

A registered representative, investment adviser representative, or insurance producer affiliated or associated with a covered financial institution.

QUALIFYING FOR IMMUNITY

Training must be provided to and completed by the employees who are eligible for immunity;

Those employees who may come into contact with a senior citizen as a regular part of their professional duties; OR

Employees who may review or approve the financial documents, records, or transactions of a senior citizen in connection with providing financial services to a senior citizen

INDUSTRY BEST PRACTICES

Training Programs

Client Education

IMPLEMENTING REGULATIONS AND GUIDELINES: PRACTICAL STRATEGIES

Employee Training and Awareness

Client Communication and Education

Establishing Internal Protocols

POLL
QUESTIONS



REAL WORLD EXAMPLES:

Employee Training and Scenario-Based Learning

Proactive Client Communication

Clear Internal Protocols and Use of Technology

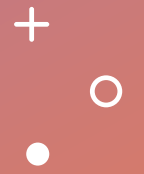
Multidisciplinary Teams

Collaboration and Reporting

Comprehensive Support for Victims



TOOLS AND RESOURCES





**TOOLS AND
RESOURCES:**

Training Programs

Education Materials

Monitoring and Detection Tools

Internal Protocols and Procedures

Collaboration and Reporting

Trusted Contact Information

Legal and Financial Resources

Support Services

POLL
QUESTIONS



CONCLUSIONS AND KEY TAKEAWAYS

AMY

Questions

QUESTIONS?



Thank you for attending!

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