

Senior Investor Pandemic and Fraud Protection Act

- *The NAIC believes that protecting seniors and vulnerable adults from financial exploitation related to the Covid-19 pandemic is critical to ensuring that seniors and vulnerable adults can maintain a secure retirement.*
- *State insurance regulators support the Senior Investor Pandemic and Fraud Protection Act, which would amend the Dodd-Frank Act to clarify the permissible funding sources for the senior investor protection grant program that was supposed to have already been established by the CFPB.*
- *The NAIC recommends prompt Congressional action because it will provide additional resources to states and state agencies to combat fraud against seniors related to the Covid-19 pandemic.*

Background

Senior financial exploitation continues to be a growing problem in this country. It is estimated that roughly one in five older Americans have been victimized by financial fraud and have consequently lost an estimated \$2.9 billion per year. Currently, scammers are taking advantage of the Covid-19 pandemic to con seniors. According to the Consumer Financial Protection Bureau (“CFPB”), it is even harder to prevent scams against seniors and vulnerable adults right now because people 65 and older aren’t interacting with as many friends, neighbors, and senior service providers due to efforts to slow the spread of disease.

In 2010, Congress enacted Section 989A of the Dodd-Frank Act that required the CFPB to establish the “Senior Investor Protection Grant Program” (the “Program”) to support state efforts to target senior fraud. Unfortunately, nearly a decade later, the Program has not been established and no grants have been awarded to states, despite considerable *bipartisan* support for the Program. According to the CFPB, the reason for the delay is that the statutory language that created the program lacks clarity regarding the authority to fund the grants. The Senior Investor Pandemic and Fraud Protection Act (the “Act”) will clarify what funding sources may be used fund this crucial Program and provide additional resources to states to combat fraud against seniors related to the Covid-19 pandemic.

Specifically, under the Act, eligible state entities are entitled to receive grant funds to combat fraud against seniors related to the Covid-19 pandemic for purposes such as, training prosecutors; combating misleading or fraudulent marketing of financial products; and providing educational materials to. A state can receive a maximum grant of \$500,000 annually for two years if it was or is subject to a declared state of emergency on the basis of the Covid-19 pandemic, and has implemented model laws and regulations developed by the NAIC and the North American Securities Administrators Association (NASAA) regarding senior investor protection. A non-qualifying state can receive a maximum of \$100,000 annually for two consecutive years, and if it meets the eligibility requirements within the 180-day period of the bill’s enactment date, it may apply for the full \$500,000 amount.

Key Points

- ✓ The Covid-19 pandemic is making it even harder to prevent scams against seniors because people 65 and older aren’t interacting with as many friends, neighbors and senior service providers due to efforts to slow the spread of disease.
- ✓ Section 989A of the Dodd-Frank Act established a program to provide states additional resources to combat senior financial fraud provided states implemented rules that conform to requirements set forth in model laws and regulations developed by the NAIC and NASAA.
- ✓ This legislation will remove the impediments that has prevented CFPB from creating and implementing the Program.