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Thank you Chairman Terry, Ranking Member Schakowsky, and distinguished members of the Committee for the opportunity to speak with you today about the Consumer Financial Protection Bureau and its work to address the devastating problem of elder financial exploitation.

My name is Gail Hillebrand and I am honored to represent the CFPB today. Since the Bureau opened its doors in July, 2011, I have served as the Associate Director for the Division of Consumer Education and Engagement. The Office of Financial Protection for Older Americans is one of the offices within this Division with a Congressional mandate to focus on a particular part of the U.S. population.

CFPB Office for Older Americans

The CFPB's Office for Older Americans is specifically dedicated to the financial health of Americans aged 62 and older. The Office's statutory mandate is to help provide consumers aged 62 and over with the tools they need to protect themselves from financial exploitation and to make sound financial decisions.

The evidence is clear: older Americans have assets that make them attractive targets of fraudsters. The net worth of U.S. households aged 65+ was approximately \$18 trillion in 2009.¹ Older adults may be victimized by a broad range of perpetrators, including scam artists, family members, caregivers, financial advisers, home repair contractors, and fiduciaries such as agents under power of attorney and court-appointed guardians. For example, a national prevalence study found that an estimated 5.2 percent of Americans 60+ experience financial mistreatment by a family member.² Other studies document that most incidents of elder financial exploitation go unreported and "under the radar."³ Once the fraud occurs, older Americans have little time and few resources to enable them to recoup lost savings.⁴

To address these serious challenges and carry out Congress' directives, the Office for Older Americans has placed a priority on preventing, detecting and redressing elder financial

¹ <http://www.economics.harvard.edu/faculty/laiyson/files/Age%2Bof%2BReason.pdf>.

² Acierno, R., M. A. Hernandez, A. B. Amstadter, H. S. Resnick, K. Steve, W. Muzzy, and D. G. Kilpatrick. "Prevalence and Correlates of Emotional, Physical, Sexual and Financial Abuse and Potential Neglect in the United States: The National Elder Mistreatment Study". *American Journal of Public Health* 100(2): 292-97.

³ Lifespan of Greater Rochester, Inc., et al., *Under the Radar: New York State Elder Abuse Prevention Study* (Rochester, NY: Lifespan of Greater Rochester, Inc., May 2011).

⁴ Robert E. Roush, et al., Why Clinicians Need to Know about the Elder Investment Fraud and Financial Exploitation Program, 36 *Generations* (Issue No. 2, Summer 2012), at 94-97.

exploitation. To do so, we recognize that collaboration is critical. The CFPB participates, along with eleven other federal agencies, in the Congressionally-established Elder Justice Coordinating Council. The Council provides a forum to spotlight the disastrous impact of financial exploitation and catalyze the development of a national prevention strategy. The Council has heard from national experts and is developing a blueprint for coordinated federal action.

In addition to our partners in government, the Bureau, through our Office for Older Americans and in other ways, engages with non-profits, community organizations and industry groups. For example, we participate in a working group with the Financial Services Roundtable that addresses issues such as enhancing the capacity of financial institutions to report suspected elder financial fraud. We also worked closely with the National Endowment for Financial Education, convening a forum of national experts on diminished capacity to make financial decisions, and we are using the information from that forum in our work.

Office for Older Americans' Initiatives

The CFPB's Office for Older Americans is combatting elder financial exploitation by identifying specific challenges and conducting initiatives to respond to those challenges.

- **PROBLEM:** Older Americans often don't know who to trust to provide financial advice, and sometimes trust the wrong financial adviser.
 - **CFPB INITIATIVE:** On April 18, 2013, we filed a report and recommendations to federal and state policymakers regarding financial advisers holding senior designations pursuant to Congress' directive in the Dodd-Frank Act. The report, entitled **Senior Designations for Financial Advisers: Reducing Consumer Confusion and Risks**,⁵ found that some financial advisers with "senior designations" target older consumers for the sale of inappropriate and sometimes fraudulent financial products and services. We found that financial advisers use "senior designations" which imply that they have advanced training or expertise in the financial needs of older consumers—and that consumers are confused by the names and acronyms these advisers use. The report recommends reducing consumer confusion and augmenting consumer protection by improving the: (1) dissemination of information and consumer education around senior designations; (2) standards for the acquisition of senior designations; (3) standards for senior designee conduct; and (4) enforcement related to the misuse of senior designations.
- **PROBLEM:** Older Americans, their caregivers, and others in the community don't know how to spot and avoid frauds and scams.
 - **CFPB INITIATIVE:** The Office is developing an awareness program called **Money Smart for Older Adults**, in collaboration with the FDIC. This community education program uses the FDIC's well established Money Smart

⁵ http://files.consumerfinance.gov/f/201304_CFPB_OlderAmericans_Report.pdf.

training approach. The Bureau and the FDIC worked together to prepare content on common issues facing seniors, including how to identify a potential scam or fraud, and that module will be released jointly by the FDIC and the CFPB later in 2013. These training materials focus on preventing, recognizing, and reporting elder financial exploitation, and will serve as training for older consumers and other key audiences.

- **PROBLEM:** Many older Americans experience declining capacity to handle finances, which can make them vulnerable. Even mild cognitive impairment disastrously reduces an older adult’s ability to detect fraud or a scam—and 22 percent of Americans over 70 have mild cognitive impairment.⁶ One in nine Americans aged 65+ has Alzheimer’s disease.⁷ While many older Americans retain full financial capacity, those with diminished capacity often need a surrogate to handle their money. Those “lay fiduciaries” are a critical source of help and support, but often have no training. Some even engage in fraud.
 - **CFPB INITIATIVE:** We are developing a set of **guides for “lay fiduciaries.”** We recognize that family members and other fiduciaries often have no experience handling someone else’s money, and they need help so they can properly handle it. These user-friendly “how-to” guides will be for agents under powers of attorney, guardians, trustees, Social Security representative payees, and VA fiduciaries. The Bureau will produce national guides; six sets of state-specific guides; and a replication manual for other states. The guides will explain what a fiduciary does, as well as record-keeping, limitations on comingling funds, and other critical basics to manage a vulnerable adult’s money. In addition, the guides will teach people who make financial decisions for others to spot financial exploitation and protect assets from scams and frauds by third parties. We anticipate publishing these guides later this year.
- **PROBLEM:** Residents of assisted living and nursing facilities can become victims of financial fraud. The operators of those facilities may see that bills are going unpaid and residents are threatened with eviction, but they don’t know how to intervene in cases of financial exploitation. Spotting the exploitation before it drains the senior’s funds is in everyone’s interest.
 - **CFPB INITIATIVE:** We are producing a **national guide for operators of congregate facilities.** It will provide them with skills to identify and intervene in exploitation cases further upstream and to have protocols for doing so. We already have offers from many national organizations and government entities to help distribute these much-anticipated guides later this year.

⁶ B.L. Plassman et al., “Prevalence of Cognitive Impairment without Dementia in the United States,” *Archives of Internal Medicine* 148, no. 6: 427-34.

⁷ Alzheimer’s Association, *2013 Alzheimer’s Disease Facts and Figures*, http://www.alz.org/downloads/facts_figures_2013.pdf.

- **PROBLEM:** Financial institution personnel observe signs that an older account holder may be the victim of financial exploitation, but they may be unsure whether federal privacy laws permit them to share their suspicions with social service and law enforcement agencies.
 - CFPB is developing strategies for communicating clearly to a spectrum of financial institutions that the **Gramm-Leach-Bliley Act** generally does not prohibit them from reporting suspected exploitation to law enforcement, adult protective services agencies, and other relevant entities. Through its efforts, the Bureau hopes to convey that these actions are permissible and important.

Other CFPB Resources for Older Americans

Two other CFPB resources can help protect older Americans against fraud. Ask CFPB is an interactive online tool that helps consumers find clear, unbiased answers to their financial questions. As soon as a consumer begins typing in a question, the database's autocomplete feature begins to provide various search suggestions. Users can also browse product categories and tags. From any search page, they can narrow their choices by specific topics, such as "fees" or "closing," or by populations, like servicemembers, students, and older Americans. Under the "older Americans" tag, a consumer easily can find answers to questions about financial products and services, powers of attorney, accepting assistance with bill-paying and banking, as well as tips to avoid financial harm.

We also have an Office of Consumer Response, which accepts consumer complaints by phone, mail, fax, and through our website. Currently, Consumer Response handles complaints about credit cards, credit reports, money transfers, mortgages, bank accounts and services, car loans, other consumer loans, and private student loans. If older consumers encounter unfair, deceptive or discriminatory activities by providers of these products and services and they wish to submit a complaint, we'll forward their complaint to the company and work to get a response from them. If we find that another government agency would be better able to assist, we will forward the complaint to them and let the consumer know.

Conclusion

Congressional leadership and support is critical to implementing a multi-faceted solution to the serious problem of elder financial exploitation. We commend the Chairman, the Ranking Member and other members of this Committee for holding this hearing to put the issue in the spotlight. We look forward to continued information sharing with members of Congress and the GAO on this important topic.

Again, thank you for the opportunity to present this testimony.