

**MEMO# 6267**

October 5, 1994

## **SENATE SPECIAL COMMITTEE ON AGING HOLDS HEARING ON BANK SALES**

October 5, 1994 TO: BOARD OF GOVERNORS NO. 103-94 FEDERAL LEGISLATION  
COMMITTEE NO. 31-94 FEDERAL LEGISLATION MEMBERS NO. 29-94 BANK ISSUES GROUP  
RE: SENATE SPECIAL COMMITTEE ON AGING HOLDS HEARING ON BANK SALES

\_\_\_\_\_ Last week, the Senate Special Committee on Aging held a hearing to examine issues raised by bank sales of uninsured products, including mutual funds, to elderly customers. The hearing featured two panels of witnesses. The first panel was comprised of two investors who testified they had been affirmatively misled by bank brokers into making non-insured investments instead of insured deposits, and two former bank brokers who had allegedly been discharged because of their objections to bank sales practices. The second panel featured representatives from the North American Securities Administrators Association, the Bankers Roundtable, and Prophet Research Corporation, a compliance monitoring firm specializing in bank customer relations. The hearing focused on the adequacy of bank disclosure and suitability determinations. The sale of uninsured products in banks was not criticized per se. Also, the Prophet Research witness cited recent surveys by his organization which showed marked improvement in disclosure and other consumer issues related to bank sales of uninsured products. The Senate Special Committee on Aging is an ad hoc panel devoted to the investigation of issues related to older Americans. While the Committee does not have any specific legislative jurisdiction, Senator William Cohen, Ranking Member of the Committee, announced that the Committee was developing legislation to deal with certain issues raised at the hearing. We will keep you informed of further developments. If you wish additional information, please call the Legislative Affairs Department at 202/326-5890. Julie Domenick Vice President Legislative Affairs