

VIDEO

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Focus on Funds: Funds Have New Tools to Combat Elder Abuse and Fraud

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When it comes to fraud and exploitation, aging investors are particularly vulnerable. In the March 1, edition of *Focus on Funds*, ICI Associate General Counsel Tami Salmon details the threat, and how ICI, its members, and the US Securities and Exchange Commission are working together to fight it.

Transcript

Stephanie Ortbals-Tibbs, ICI director of media relations: Unfortunately, the many forms of elder abuse include ones that could put mutual funds and retirement savings at risk. It's something the fund industry has worried about for years, and working on on behalf of funds and their investors. There are exciting new developments that will help make these assets safer and more secure.

Tami Salmon, ICI associate general counsel: People who want to exploit an elderly person, they're going to go where the money is. So where's the money? It's in their investment accounts, and particularly, their mutual fund accounts. So it's something we have long been focused on; it's currently a focus of the SEC [US Securities and Exchange Commission] protecting senior investors. And it's something that we're happy to partner with them to work on.

Ortbals-Tibbs: And there's been a breakthrough [in 2018].

Salmon: We got authority from the SEC that will enable mutual fund companies to protect senior investors from financial exploitation. And the way they can do that now—as a result of the relief we got from the SEC—is if they suspect that a financial transaction is the result of financial abuse or exploitation of a senior citizen, that mutual fund can delay paying out those redemption proceeds until they have a chance to investigate and make sure it's a legitimate transaction and it's not a fraudster trying to take advantage of the senior citizen.

Ortbals-Tibbs: That's a really positive step. What else are you looking at in this space as things move forward?

Salmon: Well, so what the members are focused on now that we have that relief is working together with us and with agencies that protect senior investors to identify red flags, so members know that when that call comes in, is it suspicious? Could this be an attempt at financial exploitation? Is it something that we do need to delay paying out the redemption proceeds?

So we have a working group that's set up, that's working with all of our members to identify instances that could be red flags demonstrating that there may be financial abuse or exploitation going on. So we can protect the assets of the account before they ever leave the account.

Additional Resources

- [*Focus on Funds* video series on investor protection: Protecting Against an Unpleasant Surprise to Your Fund Savings](#)
- [*How to protect yourself from being deemed a “lost” mutual fund shareholder*](#)
- [*Focus on Funds: Elder Abuse and Exploitation a Growing Industry Concern*](#)

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