

**Testimony of Hubert H. “Skip” Humphrey III
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Thank you Chairman Kohl, Ranking Member Corker, and distinguished members of the Committee for the opportunity to speak with you today about the Office for Older Americans at the Consumer Financial Protection Bureau (Bureau or CFPB) and its work to address the devastating problem of elder financial exploitation. Chairman Kohl, on the eve of your retirement from the Senate, we want to thank you for your longstanding dedication and the important role you’ve played as Chairman of this Committee in enhancing the well-being of our older citizens.

My name is Hubert Humphrey and I joined the Bureau in October, 2011, to serve as Assistant Director in the Office for Older Americans. In fact, exactly one year ago today, I had my first opportunity to testify before a Senate committee about the Bureau’s important role in helping older Americans. Before arriving at the Bureau, as Attorney General in Minnesota—and then as a national board member of AARP—I became keenly aware of the many financial challenges that older consumers face.

CFPB Office for Older Americans

During the past year, I’ve been privileged to lead an Office with a critically important mission: the CFPB’s Office for Older Americans is the only federal office specifically dedicated to the financial health of Americans aged 62 and older.

Our Office works closely with all Divisions of the Bureau to carry out its broad mission: to ensure that markets for consumer financial products and services are fair, transparent, and competitive, and that all consumers have access to those markets. The Bureau will fulfill this statutory charge by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

Our Office’s statutory mandate is to help provide consumers aged 62 and over with the tools they need to protect themselves from financial abuse and to make sound financial decisions. To carry out Congress’ directives, in our first year we have made preventing, detecting and redressing elder financial exploitation Job Number One.

To do so, we recognize that collaboration is critical -- on the local, state, and national levels, and between both public and private sectors. We agree with GAO that a collaborative and coordinated effort by federal agencies can help optimize strategies to combat the devastation of elder financial exploitation. Congress already recognized the importance of collaboration when

it mandated that the Office for Older Americans do two key things:

- Coordinate consumer protection efforts of seniors with other Federal agencies and State regulators, as appropriate, to promote consistent, effective and efficient enforcement; and
- Work with community organizations, non-profit organizations, and other entities that are involved with educating or assisting seniors.

To jumpstart and foster these collaborative efforts, I have spent the past year traveling throughout the country to meet with state and Tribal officials, such as Attorneys General, financial regulators, Adult Protective Services administrators, commissioners on aging, chief justices, and court administrators, to listen to their experiences and insights, to brainstorm with them about how best to prevent elder financial abuse, to develop joint efforts, and to assure them of my commitment to work with them to protect older Americans from devastating financial losses. I, or a member of my small team, have visited 24 states in just over a year.

Similarly, my staff and I have engaged with non-profits, community organizations and industry groups to figure out how our new federal agency can best help and partner with them, and to begin to share resources to support their work. 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 abuse. We worked closely with the National Endowment for Financial Education on convening a forum of national experts on diminished capacity to make financial decisions.

Elder Justice Coordinating Council

Our Office has been engaged from the outset in coordinating and building cooperative plans with our Federal partners. We applaud the Secretary of Health and Human Services for convening the Elder Justice Coordinating Council in partnership with the Attorney General. As a member of this eleven-agency body, the Bureau is fully engaged in the Council's work and hopes the Council will shine a light on the disastrous impact of financial exploitation and catalyze the development of a prevention strategy. We recognize the key role in the Council played by HHS Assistant Secretary for Aging Kathy Greenlee, who has been an important partner since I arrived at the Bureau.

At the Elder Justice Coordinating Council's inaugural meeting in October of this year, we heard some important themes from national experts from law enforcement, social services, academia, medicine, law, the judiciary, financial institutions and other stakeholders. These themes include the following:

- Older Americans are 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. Development of strategies to deal with the myriad of "bad actors" is essential.
- There is a need for collaboration at the federal, state and local level, as well as public-private partnerships.

- Diminished capacity to make financial and personal decisions is, as a leading geriatrician and researcher stated, the “800-pound gorilla” in the room.¹ Even mild cognitive impairment disastrously reduces an older adult’s ability to detect a fraud or scam. Unfortunately, diminished capacity also undermines the effectiveness of educating older consumers on how to protect themselves.
- It is vital to collect more and better quality data on elder abuse, and to conduct research and evaluate promising tools for prevention, detection and redress.
- We need a broad-scale public education campaign to raise awareness of elder financial abuse and what to do about it. Advocates often make the point that efforts to address elder abuse are thirty years behind the child abuse field—yet we’re approaching 50 million seniors aged 62 and over, comprising roughly 20 percent of our population, and all are potential victims.

Office for Older Americans’ Initiatives

The CFPB’s Office for Older Americans has a number of initiatives underway aimed at combatting elder financial exploitation. Many already address issues flagged for us and our federal partners at the Elder Justice Coordinating Council. Here are a few:

- 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 do the right thing. 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 a generic national guide in addition to some state-specific guides and a replication manual for other states. They will explain what a fiduciary does, as well as record-keeping, prudent investment requirements, limitations on comingling funds, and other critical basics to manage a vulnerable adult’s money. In addition to this essential guidance on how to handle another person’s finances, the guides will teach people to spot financial exploitation and protect assets from unfair, deceptive, and abusive practices by third parties. We anticipate publishing these guides in 2013.
- Another project focuses on **financial exploitation of elders in congregate settings.** Often when older adults residing in these settings are the victims of financial abuse of all types, the first sign may be that their bills for their residences aren’t getting paid and they are threatened with eviction. These settings include senior housing, assisted living, and skilled nursing facilities. We are producing a national guide to provide operators of congregate facilities 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, and similar enthusiastic responses regarding the lay fiduciary guides.
- The Office is developing a new program called **Money Smart for Older Adults**, in collaboration with the FDIC. This community education and awareness program will focus on preventing, recognizing and reporting elder financial exploitation and will serve

¹ Oral statement of Dr. Mark Lachs, Weill Medical College of Cornell University and Director, New York City Elder Abuse Center, October 11, 2012.

as training for older consumers, family caregivers and other key audiences. Partnering with another federal entity will extend the reach of this endeavor.

- On the state and local level, we are working with key stakeholders in several states to help create and sustain **“Older American Protection Networks.”** These coalitions aim to develop multi-disciplinary teams to provide community education, raise public awareness, enhance response to reports of abuse, and increase prosecution.
- The Bureau has heard concerns and questions from financial institutions as to whether sharing personal account holder information when reporting elder financial exploitation is permissible under federal law. The Office for Older Americans, in collaboration with other Bureau offices, 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 abuse to—or respond to requests for personal information from—law enforcement, APS agencies, and other relevant entities. In addition, the Bureau is exploring options for collaborating with other federal agencies in providing this guidance to financial institutions. Through its efforts, the Bureau hopes to convey that these actions are permissible and important.

Other Federal Efforts

Through our outreach efforts and our initial work in the Elder Justice Coordinating Council, we've learned that our federal partners have many initiatives that complement ours and that, taken together, can make a real difference in public education and prevention of financial exploitation. These partners include the Administration on Aging at HHS, the Social Security Administration, the U.S. Postal Inspection Service, the Department of Housing and Urban Development, the Department of the Treasury, the Department of Justice, the Federal Trade Commission, the Department of Veterans Affairs, the Department of Labor, the Corporation for National and Community Service, and the Securities and Exchange Commission.

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 know that this is just one in a series of hearings you have convened to examine various aspects of the problem. 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.