April 24, 2007

Bryan J. Lantagne, Director
Massachusetts Security Division
One Ashburton Place Room 1701
Boston, MA 02108

Dear Secretary Galvin:

Thank you for allowing me to prepare testimony on your proposed amendment to 950 CMR 12.200: Registration of Broker-Dealer, Agents, Investment Adviser, Investment Advisor Representatives and Notice Filing Procedures for Federal Covered Advisor.

As the Executive Director of Elder Services of the Merrimack Valley, Inc. (ESMV) which is a designated protective service agency as well as an Aging Service Access Point, I applaud your effort to protect seniors from dishonest or unethical practices in the financial securities business. Requiring accreditation when someone represents themselves as a senior “expert” will provide elder consumers with some guidance in selecting their investment advisers. Implementing a credentialed professional designation will also help insure that elders are protected from unscrupulous advisors with limited or no experience.

Unfortunately, protective service staff at Elder Services of the Merrimack Valley, Inc. (ESMV) sees financial exploitation of elders on a regular basis. One example that helps to highlight the need for regulation involves an 87-year-old woman with advanced dementia who was referred to ESMV in the last year, because an investment adviser moved a million dollars of her money from an account only in her name to a joint account in the names of the investment advisers’ wife and the elder. Since the wife was the primary signer on the account, she was able to make changes to the account which included taking the elder’s name off the accounts all together. This last change removed all of the funds from the elder’s control and access. Since the investment advisers name was not on the account, this unethical action was not immediately noticed. Through intervention from our agency and subsequent court action, the money was eventually returned to the elder.

Many elders do not have financial advocates when a situation such as this takes place, and we don’t find out about the crisis until the damage has been done. These safeguards will help to protect elders not just from financial abuse, but from the emotional nightmare and anxiety of being exploited.

Thank you for your concern for frail elders and your efforts on this important amendment.

Sincerely,
Kosaine J. DiStefano
Executive Director

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