



THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE ATTORNEY GENERAL

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MARTHA COAKLEY
ATTORNEY GENERAL

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April 27, 2007

Bryan Lantagne
Director
Massachusetts Securities Division
John W. McCormack Building
One Ashburton Place, Room 1701
Boston, Massachusetts 02108

Re: 950 CMR 12.200

Dear Mr. Lantagne:

Attorney General Martha Coakley supports the regulations on "Senior Financial Designations" [950 CMR 12.204(2)(i) and 950 CMR 12.205(9)(c)(15)] proposed by the Securities Division of the Secretary of the Commonwealth. These provisions would make it a dishonest and unethical practice for a broker-dealer agent or an investment adviser representative to use credentials or "professional" designations from accrediting organizations that are not registered with the Secretary of State. These regulations will help senior citizens to better evaluate advice from broker dealers and will hopefully eliminate ill-advised and unsuitable investment purchases.

The Attorney General's Office has received inquiries and complaints from senior citizens and their families on these issues. Senior consumers have complained that their agent or broker has wrongfully encouraged them to sell their secure assets and to purchase inappropriate products, such as equity-indexed annuities. Many of these products prevent seniors from fully collecting on investments for ten years or more and carry substantial cancellation fees. Nonetheless, although these products are unsuitable for consumers' needs, many seniors proceed with the purchase, because the brokers had designations certifying them as experts on elder investments.

If financial advisors seek to use a professional designation, it must be supported by accreditation organizations which establish educational, training and disciplinary guidelines. To obtain such credentials, one must successfully complete educational programs, pass appropriate examinations and adhere to strict professional criteria. Adherence to these criteria would significantly enhance the quality of advice seniors receive.

Although we support the proposed regulation, we are concerned that it does not provide clear guidance on the factors the Secretary of State will consider when recognizing an accreditation organization. The regulation currently states that, in determining whether to recognize an accreditation organization, he may consider, among other things, "whether or the extent to which

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the accreditation organization is nationally recognized and independent, whether it is a for-profit or nonprofit and whether the primary purpose of the organization is to develop standards and implement methods for assuring competency.” Although these considerations may be necessary, the Secretary should only give recognition to those organizations that provide designations to advisors who are truly trained and educated to recommend the most suitable products for senior citizens.

By promulgating these regulations, Massachusetts would be among the leaders in the nation in protecting seniors in the burgeoning area of fraudulent sales practices. The Attorney General supports these proposed regulations, with the suggested changes noted above, to protect Massachusetts senior citizens against misleading and dishonest practices.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn Kaplan", with a horizontal line extending to the right.

Glenn Kaplan
Division Chief
Insurance and Financial Services Division