

SEC Focusing on Fraud Against Older Americans

By Judith Burns

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WASHINGTON -- The Securities and Exchange Commission will continue to attack investment fraud targeting older Americans and to educate them about such scams, Chairman Christopher Cox said yesterday.

In testimony to the Senate Committee on Aging, the SEC chief said protecting older people is a top priority. In the past two years, Mr. Cox said, the SEC has brought more than 40 cases against those who sought to defraud older Americans. Yesterday, in its newest action, the SEC charged more than two dozen individuals and companies that allegedly bilked older people in an investment scheme involving time-share leases in hotels in Cancún, Mexico.

Mr. Cox's testimony came on the eve of an address he will deliver today to AARP, a leading organization for older people, at its meeting in Boston. The SEC will hold its second "seniors summit" Monday, a daylong event at which the agency will disclose findings about so-called free-lunch seminars offered to retirees, Mr. Cox said. Regulators say the gatherings offer sponsoring companies a way to market financial products and services to captive lunchtime crowds who have been misled into thinking the event would be educational, with no sales pressure.

The Senate panel heard from other witnesses on qualifications for those who offer financial advice or products to older people. Senate lawmakers worry that a proliferation of impressive sounding titles, some obtained with very little expertise, may lure older people into a false sense of confidence about such "experts."

Mr. Cox said the SEC is working with state regulators on ways to address the problem, telling reporters that titles and designations must "make sense for ordinary investors."
"I would be very surprised if we don't have a collaborative approach involving state regulators and the federal government," he said after the hearing. He said he isn't sure whether proposed changes will require Congress to step in, however.

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