



STATE OF IOWA

KIM REYNOLDS
GOVERNOR

DOUG OMMEN
COMMISSIONER OF INSURANCE

ADAM GREGG
LT. GOVERNOR

January 11, 2022

Governor Kim Reynolds
State Capitol
Des Moines, Iowa 50319

Mr. W. Charles Smithson
Secretary of the Iowa Senate
State Capitol
Des Moines, Iowa 50319

Ms. Meghan Nelson
Chief Clerk of the Iowa House
State Capitol
Des Moines, Iowa 50319

RE: Financial Exploitation of Eligible Adults Report

Dear Governor Reynolds, Secretary Smithson and Chief Clerk Nelson:

Thank you for the opportunity for the Iowa Insurance Division (Division) to provide this report on the Division's efforts to combat financial exploitation and to implement 2021 Iowa Acts, chapter 137 (House File 839).

House File 839 became effective July 1, 2021. The law offers civil and administrative immunity to broker-dealers and investment advisers that notify the Division of suspected senior financial exploitation or that delay a disbursement or transaction based on a reasonable suspicion of financial exploitation. House File 839 also authorized the Iowa Insurance Division to hire an investigator to investigate reports of suspected financial exploitation.

The Division hired a former sergeant with the Ames Police Department who brought over 15 years of law enforcement experience to the Division. He began his role as the Senior Financial Exploitation Investigator on September 13, 2021.

In order to try to raise awareness of the new legislation, the Division sent a letter announcing the legislation to all broker-dealers registered in the state of Iowa and to all state-registered investment advisers. The letter also announced that the Division would be offering a November 3, 2021, training on the new legislation, how to identify cases of senior financial exploitation, protections provided when making reports, and privacy/confidentiality concerns related to making these reports. Subsequent to the

training, both Wells Fargo Advisers and the Financial Planners Association contacted the Division to request further training in 2022.

Additionally, the Division developed webpages on the Division's website focused on senior financial exploitation. The webpages offer information about the state law, a reporting form that broker-dealers and investment advisers can use to make a report, and slides from the last training event. As the Division offers more training opportunities, the available content will grow.

These efforts to raise awareness of the legislation and an investigator focused on these investigations have begun to pay off. Between July 1 and October 14, 2021, the Division received two notifications of suspected financial exploitation from one firm. The Division sent letters announcing the legislation and the training on October 14. Between October 14 and December 31, 2021, the Division received 5 notifications, 4 of which were after the training.

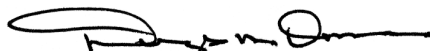
The Division is actively investigating 6 of the 7 notifications. (The seventh involved a notification in which the firm successfully prevented Internet scammers from taking over an Iowa's securities account and thus the Iowa investor sustained no loss.) The 6 notifications the Division is actively investigating involve allegations of more than \$5M of loss. The schemes involved in these notifications include three alleged romance schemes, one allegation of caretaker exploitation, and one lottery scam. Given that most of the notifications remain under investigation, it is premature to deem them "founded" or "unfounded." That said, the Division's current expectation is that at least several of these investigations will result in the Division taking enforcement action by the time of our next report.

Finally, in interviewing the victims who were the subject of two of the notifications, it became clear that they have been the victim of multiple scams. One victim has been a victim of three separate scams – the one that caused the notification, plus two earlier ones several years ago. These scams have caused this investor to almost completely lose a sizeable retirement. HF 839 will benefit Iowa consumers, but the issue of a senior investor's susceptibility to scams continues to deserve further focus and attention.

The Division appreciates the opportunity to offer this report on this important topic.

If you have questions, please contact Andrew Hartnett at (515) 654-6470.

Respectfully,



Doug Ommen
Commissioner of Insurance