

March 9, 2026

Mr. James Wrona  
Vice President & Associate General Counsel  
Office of General Counsel  
Financial Industry Regulatory Authority  
[jim.wrona@finra.org](mailto:jim.wrona@finra.org)  
[pubcom@finra.org](mailto:pubcom@finra.org)

**Re: FINRA Regulatory Notice 26-02 – Rule Revisions to Help Member Firms Protect Senior Investors from Financial Exploitation and All Investors from Fraud**

Dear Mr. Wrona:

I write on behalf of the Public Investors Advocate Bar Association ("PIABA"), an international bar association comprised of attorneys who represent investors in securities litigation. Since its formation in 1990, PIABA has promoted the interests of the public investor in all securities and commodities arbitration forums, while also advocating for public education regarding investment fraud and industry misconduct. Our members and their clients have a strong interest in rules promulgated by the Financial Industry Regulatory Authority ("FINRA") relating to both investor protection and disclosure.

We appreciate the chance to provide input on FINRA's rule proposals to FINRA Rules 4512, 2165, and proposed Rule 2166. As FINRA highlighted in the Regulatory Notice, and as the members of our organization are aware, senior financial exploitation is a proliferating problem in the financial services industry. PIABA agrees with some of FINRA's suggested changes, but FINRA must go further in protecting vulnerable adults and seniors.

Senior financial exploitation is not a niche problem. It is not a series of isolated incidents. It is a national crisis. The numbers alone should demand action. In 2024, the FBI reported that Americans over the age of 60 lost \$4.8 billion to fraud<sup>1</sup>, a staggering figure that represents only what was reported. The FTC, in its most recent annual report to Congress, found that older adults' reported fraud losses quadrupled since 2020, rising from \$600 million to \$2.4 billion in 2024 alone<sup>2</sup>. But because most fraud goes unreported, the FTC estimates the true losses experienced by older adults in 2024 may be as high as \$81.5 billion. FinCEN's analysis of Bank Secrecy Act data found \$27 billion in suspicious activity linked to

---

<sup>1</sup> 2024 IC3 Annual Report, available at [https://www.ic3.gov/AnnualReport/Reports/2024\\_IC3Report.pdf](https://www.ic3.gov/AnnualReport/Reports/2024_IC3Report.pdf).

<sup>2</sup> Protecting Older Consumers 2024–2025 A Report of the Federal Trade Commission, available at [https://www.ftc.gov/system/files/ftc\\_gov/pdf/P144400-OlderAdultsReportDec2025.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/P144400-OlderAdultsReportDec2025.pdf).

elder financial exploitation in a single year.<sup>3</sup> Investment scams, the category most likely to touch a brokerage account, were the leading driver of losses among older adults, and they are accelerating. These are not abstract statistics. Behind every number is a retired teacher, a widowed grandmother, or a veteran who served this country. Americans who did everything right, saved for decades, and had it taken from them.

Older Americans are being targeted at unprecedented levels by increasingly sophisticated fraud schemes. Fraudsters go where the money is, and the wealth of the retirees in this country is held at FINRA-member brokerage firms. The national focus must therefore be the responsibilities of these institutions. They hold the assets, employ the personnel, and operate the surveillance systems best positioned to detect and prevent exploitation before it causes irreversible harm. When a senior investor loses a lifetime of savings, it is the brokerage firm with the clearest opportunity to intervene. They must be held accountable to that opportunity.

Financial exploitation of the elderly is not limited to the unsophisticated or uninformed. Members of our organization represent doctors, engineers, lawyers, business owners, and executives. Many of these individuals had successful careers and built businesses. Yet, they too fall victim to modern financial scams. The reason is simple: the fraudsters have evolved. Today's schemes are technologically advanced, emotionally manipulative, and highly coordinated. They exploit fear, isolation, urgency, and trust. They impersonate government officials, romantic partners, cryptocurrency experts, financial institutions, and even family members. They use spoofed phone numbers, artificial intelligence, and convincing documentation and replicated platforms that look like the real thing. The result is devastating. Lifetimes of savings can disappear in days or even minutes.

When seniors lose money to financial exploitation, the harm is not solely economic. It strips them of independence, dignity, and security. It can force delayed retirement, diminished healthcare options, and reliance on family members. In some cases, it leads to depression, severe emotional distress, and suicide. In this national crisis, FINRA must rise to meet the challenge head-on, have the courage to be bold, and put American's retirement savings squarely at the forefront of FINRA's policy initiatives and its rule proposals.

### **Temporary Disbursement Hold**

PIABA's primary concern with the FINRA Rules relating to protecting senior and vulnerable investors remains the permissive language of a brokerage firm's duty to freeze transaction(s) when it has a reasonable belief that a third party is directing fraudulent transactions. The rule allows a brokerage firm to place a temporary hold on certain disbursements if it has a reasonable belief that financial exploitation has occurred, is occurring, or will be attempted.

---

<sup>3</sup> Interagency Statement on Elder Financial Exploitation, available at <https://www.fdic.gov/interagency-statement-elder-financial-exploitation.pdf>.

This approach is insufficient. Many of today's most devastating schemes (pig butchering, crypto fraud, imposter scams) are orchestrated overseas. Once funds leave the brokerage account, they are often gone permanently. This is a compelling argument for why the *hold* or some other protective measure must happen at the firm level *before* funds are disbursed when firms know or reasonably believe financial exploitation is taking place.

Firms have an affirmative duty to protect their clients from third party frauds when red flags present themselves to the brokerage firm under existing rule frameworks. *See, e.g.* FINRA Rules 3110, 2010, and 2090. A firm's affirmative duty to delay a disbursement or take other protective actions for their customers when it suspects fraud or abuse, must be more explicit. Such a requirement would not be without precedent. It would bring FINRA into alignment with a growing body of state law that already imposes mandatory reporting obligations on broker-dealers and investment advisers. Most states have enacted laws specifically requiring broker-dealers and investment advisers to report suspected elder financial exploitation and authorizing them to temporarily delay disbursements. The NASAA Model Act, which has served as the foundation for much of this state-level legislation, goes further than FINRA's current framework by mandating qualified individuals, including broker-dealer agents and compliance personnel, promptly notify both Adult Protective Services and the state securities regulator upon a reasonable belief of exploitation. Congress has also recognized the value of incentivizing reporting through the Senior Safe Act, which provides immunity to firms that report suspected exploitation in good faith. It would be incongruous to allow the federal self-regulatory framework governing these same firms to remain purely permissive when states, NASAA, and Congress have all moved in the direction of affirmative obligation. FINRA should follow that lead.

Such bold actions are appropriate in light of the additional elder abuse training and personnel dedicated by brokerage firms on this investor protection issue. Our members frequently represent clients whose losses could have been prevented and/or largely mitigated had brokerage firms been required to place holds and contact trusted persons regarding suspected fraudulent transactions or take other protective measures, as it would allow customers or their agents to have the time and information to make informed decisions.

### **"Emergency" Contact**

In regards to FINRA's proposal to use the terms "emergency contact" or "trusted contact," it would be helpful for members to inform customers that it uses the terms interchangeably. So long as the firms are consistent with the application of those terms, it should not make a difference to the investing public.

FINRA also sought comment on whether there were unintended consequences for allowing a trusted contact to be designated across several accounts (including future accounts), or the consequences of doing so on an account-by-account basis. There should not be any harm, in most instances, for having the same trusted or emergency contact person on all customer accounts. However, this should be reviewed on an annual basis to address whether there are changes in the customer's circumstances. For example, a trusted or

emergency contact may change due to a divorce, death of family member, marriage, or other major life events that frequently occur. On the flip side, the primary concern with having customers do this on an account-by-account basis is whether the customer or advisor forgets to include a trusted contact on each account. If that happens, one account could be left without a trusted contact and could be vulnerable. As such, it makes sense to have one trusted contact for all of the customer's accounts, but it would still be helpful to have flexibility to change the contact for different accounts if the client desires to do so. In line with FINRA's existing obligations to know their customers under FINRA Rule 2090, understanding and communicating with a customer about their trusted contacts need to become a routine part of a firm's processes and procedures.

FINRA also sought comment on the propriety of increasing the maximum hold period to 145 days, instead of 55 days under current Rule 2165. The proposed 145-day period is way too long. Our members have already had cases where firms have frozen customers' accounts for more than 55 days without any extension from a state regulator or court order for unreasonable beliefs that the customer is being defrauded. Extending this period for another 90 days would only exacerbate this problem. As such, we believe that the 55-day maximum hold period is enough time for a firm to determine whether an elderly customer is being defrauded, and that should give the firm enough time to seek further extensions from a state regulator or court as necessary. The current rule balances the time sensitivities of the pending and potential customer harm with customer autonomy, PIABA does support allowing firms to obtain such extensions from a federal regulator as well if there are truly exceptional cases that require such an extended hold.

FINRA itself has acknowledged in its past reports that "Trusted Contact Persons" were a concern as part of the "Regulatory Obligations and Related Considerations."<sup>4</sup> FINRA emphasized the importance of firms establishing "an adequate supervisory system, including WSPs, related to seeking to obtain and using the names and contact information" in addition to training representative of the "importance" of both collecting and *using* Trusted Contacts.<sup>5</sup> FINRA should continue to make it clear that the obligation to obtain a trusted contact is inherently linked to the utilization of the trusted contacted. Trusted contacts that remain on the shelf are nothing more than window dressing. Firms can frequently stamp out scams, fraud, and exploitation with quick communication to trusted contacts. However, PIABA's experience representing victims of fraud is that all too often the firms might obtain the Trusted Contact but fail to utilize it.

FINRA also seeks comment to proposed Rule 2166, which would allow the firm to temporarily delay a transaction by five business days for any customer, not just elderly or vulnerable customers. This appropriately recognizes the reality that *anyone* can be the

---

<sup>4</sup> See FINRA, 2022 Report on FINRA's Examination and Risk Monitoring Program (Feb. 2022), available at <https://www.finra.org/sites/default/files/2022-02/2022-report-finras-examination-risk-monitoring-program.pdf>.

<sup>5</sup> *Id.*

victim of scams, fraud, abuse, or exploitation. FINRA's proposed rule also recognizes that FINRA members should both keep a sharp eye out for any fraud, abuse, or exploitation regardless of the client's age or sophistication. PIABA supports the inclusion of this new rule, as it seems to be reasonable in time and can prevent harm to the customer. This would give the firm more than enough time to contact the customer and/or trusted contact to verify the customer's desires, needs, and circumstances with regards to the particular transaction and protect against possible fraud. The proposed five-day delay is sufficient and that ten days is too long, as we don't want this rule to delay ordinary business transactions.

FINRA also seeks comments on whether the safeguards are appropriately tailored for Rule 2165. A member firm should be required to place a temporary delay or implement other reasonable responses to protect customers in cases of both fraud and abuse. Sometimes, the underlying misconduct qualifies as both fraudulent and abusive. Other times, however, our members encounter issues where elder investors are being abused by family members, especially in cases involving neurodegenerative disease. Should a brokerage firm have a reasonable belief that its elderly customer is being financially abused, member firms likewise should be required to place a temporary hold or take other appropriate actions to protect the customer. This position aligns with the current rule's provisions and tenets underlying Rule 2010.

As for additional safeguards, the notification requirement for member firms should be in writing as opposed to oral. FINRA acknowledges that the rules implicating senior investors are heightened, so it is reasonable that documentation and notification for important matters such as fraud notifications are likewise elevated to a higher standard.

As for the costs and benefits of the economic impact for investors, the extended hold times pose an untenable burden for seniors who often times need access to their liquidity for daily needs. Asking investors to wait months or even potentially a year or longer because of response time issues between regulators and brokerage firms is an inversion of the principle of customer autonomy. Customers have little leverage to expedite an investigation, and providing additional weeks of time to give regulatory cover to brokerage firms does not serve seniors. What serves senior investors is prioritized communication and expedited business decisions from brokerage firms during what is likely the scariest financial experience for everyday investors.

Finally, PIABA is seriously concerned at the disconnect between FINRA enforcement actions and the amount of criminal fraud impacting investors. According to PIABA's analysis of FINRA Enforcement actions to date, there has not been one public enforcement proceeding by FINRA levied against a brokerage firm for a member firm's role in failing to respond to red flags of financial exploitation affecting their customers and involving their brokerage platform. In fact, there has not even been an enforcement action regarding firm's failure to reasonably attempt to obtain or utilize Trusted Contacts. This is despite the fact that FINRA made exam findings in the past that firms were making "No Reasonable Attempt

to Obtain TCP Information.”<sup>6</sup> If FINRA wants to be taken seriously and if its platitudes about taking real steps to protect Americans from this raging wave of fraud are to be believed, then FINRA’s enforcement priorities need to change too. Many brokerage firms are unlikely to take the obligations to detect fraud and scams and protect their customers from this type of misconduct until FINRA shows willingness to hold these firms accountable to these obligations.

PIABA commends FINRA for its focus on addressing the serious threat of fraud to the American investing public and encourages FINRA to continue to focus on how to better implement investor protection and safeguards for customers. PIABA thanks the Commission and FINRA for the opportunity to comment on this proposal.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "Michael C. Bixby". The signature is fluid and cursive, with a prominent initial "M" and a long, sweeping underline.

Michael C. Bixby  
President, Public Investors Advocate Bar  
Association

---

<sup>6</sup> *Id.* at 20.