

[Securities Regulation Daily Wrap Up, NASAA NEWS AND SPEECHES— NASAA strongly supports senior victim and investor choice bills, \(Jun. 26, 2020\)](#)

Securities Regulation Daily Wrap Up

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By [Jay Fishman, J.D.](#)

Passing these bills would further protect seniors from financial exploitation and investors from unfair disadvantage in their broker-dealer/investment adviser disputes, NASAA contends.

The North American Securities Administrators Association (NASAA) through its current President and New Jersey Securities Bureau Director, Christopher Gerold, expressed strong support for two Senate bills: (1) the Edith Shorougian Senior Victims of Fraud Compensation Act (S. 3487); and (2) the Investor Choice Act of 2019 (S. 2992). Gerold said that NASAA looks forward to working with Sens. Tammy Baldwin and Bill Cassidy on S. 3487 and Sen. Jeff Merkley on S. 2992 to get both bills passed.

Edith Shorougian Senior Victims of Fraud Compensation Act. Regarding this first bill, known as "Edith's Bill," Gerold explained that the bill would amend the Victims of Crime Act of 1984 (VOCA) to [enable](#) eligible seniors victimized by financial fraud to be reimbursed from the Crimes Victim Fund. This legislative allowance, he said, would compensate seniors where no comparable financial assistance currently exists, by including individuals over 60 years of age in state victim compensation programs.

Gerold emphasized that enacting this bill has never been more timely in light of COVID-19 because the pandemic has placed many seniors at an elevated risk of financial fraud while they spend more time in isolation to protect themselves from infection. Moreover, this isolation has prevented seniors' relatives and friends from visiting, causing the seniors to rely on the Internet for socialization, online shopping, banking and electronic payments. These "senior lifestyle changes" unfortunately present opportunities for fraudsters to prey on them.

Investor Choice Act of 2019. This second bill would [allow](#) investors to have their disputes with broker-dealers and investment advisers resolved in a forum the investors choose. Gerold proclaimed that currently when investors enter into contracts with broker-dealers or investment advisers, they are required to abide by pre-dispute clauses mandating the disputes be resolved in a FINRA arbitration forum. Unlike other customer disputes, which can be resolved in court or through alternative dispute resolution processes, disputes with broker-dealers and investment advisers unfairly disadvantage retail investors by requiring that the disputes be resolved by only FINRA arbitration, Gerold stated. Gerold emphasized that retail investors will be much more likely to participate in the securities marketplace if they trust it. And one important way to gain that trust would be to permit the investors to choose the forum for resolving their broker-dealer and investment adviser disputes.

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