

August 20, 2012

Bureau of Consumer Financial Protection

Meredith Fuchs  
Chief of Staff, Bureau of Consumer Financial Protection

Monica Jackson  
Office of the Executive Secretary  
1700 G Street NW, Washington, DC 20552

Re: Request for Information Regarding Senior Financial Exploitation  
Docket # CFPB-2012-0018

Dear Ms. Fuchs and Jackson:

Thank you for the opportunity to provide information regarding the Bureau's request in connection with senior financial exploitation. We applaud the efforts of the Bureau to monitor designations of financial advisors who serve seniors and alert the SEC and state regulators of certifications or designations that contribute to misleading or abusive marketing practices.

### **Introduction**

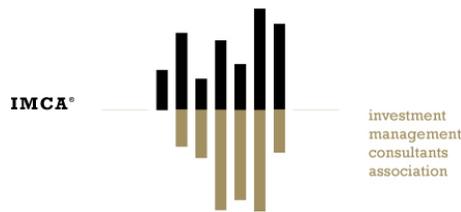
Investment Management Consultants Association<sup>®1</sup> ("IMCA<sup>®</sup>") is a professional association for investment consultants and wealth management professionals. IMCA's mission is to administer certifications for and deliver education to investment consulting and wealth management professionals. Inasmuch as thousands of wealth advisors and managers cater to older Americans approaching or in retirement, the regrettable abusive practices of a small minority negatively affect the reputation of the many honest and dedicated financial advisors in our industry. As such, IMCA is concerned with the reputational issues that may reflect negatively on those advisors and managers with legitimate credentials. We therefore reiterate our appreciation for this opportunity to comment, keeping in mind the much broader public policy concern with Americans facing significant difficulties in achieving financial independence upon retirement.

Older Americans can experience financial losses in one of several different ways or in combination: systemic market risk, fraudulent activities, or incompetent advice. Our comments focus principally on the latter concern, in which the delivery of incompetent financial advice to the public can result in significant losses over time.

IMCA's Certified Investment Management Analyst<sup>®</sup> ("CIMA<sup>®</sup>") certification denotes advanced competency in investment consulting. The CIMA professional integrates a complex body of

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<sup>1</sup> <http://www.IMCA.org>



investment knowledge to provide objective investment advice and guidance to individuals and institutions. That knowledge is applied systematically and ethically to assist clients in making prudent investment decisions or in managing their retirement assets.<sup>2</sup>

### **ANSI Accreditation as a Standard for Legitimacy, Value, and Authenticity of Credentials**

IMCA is fully in support of the August 15, 2012, comment letter submitted by the American National Standards Institute and our comments here are intended to supplement ANSI's response. Our specific comments that follow address Question No. 1.

*Question No. 1: "What resources do seniors have for determining the legitimacy, value, and authenticity of credentials held by their financial advisors and planners? What sources have been found most helpful, accurate, and thorough? Among other things, comments could address issues such as state or organizational level review standards, evaluation practices, or selection criteria to determine the validity of proposed senior certifications or designations."*

In their comment letter, ANSI succinctly states that the best manner in which to determine the legitimacy, value, and authenticity of credentials is through a national or international standard designed for organizations that certify individuals. If the certification program is not accredited in this manner, it is more difficult for the consumer to determine the quality of the credential. Anyone can develop a personnel certification program in the United States and self-declare the quality of their program. Surprisingly, fewer than 5% of personnel certification programs in financial services have gone through this rigorous process of accreditation.

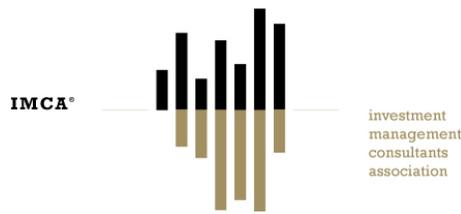
In the United States, several federal agencies including the Department of Defense, Department of Energy, FDA, and OSHA rely on ANSI accreditation under ANSI/ISO/IEC 17024: *General requirements for bodies operating certification of persons to identify quality certifications*. Moreover, with respect to identifying the authenticity of financial designations, as you are probably aware the North American Securities Administrators Association ("NASAA") also relies on ANSI accreditation as a screening mechanism in its own model rule on the subject.<sup>3</sup>

IMCA's CIMA certification is currently the only financial services certification in the United States to meet the ANSI/ISO 17024 standard for personnel certification. In following a prescribed process that is applied across industries, ANSI's accreditation process offers assurance that the end-user receives a quality personnel certification service delivered by a quality certification body that is designed to meet a given need.

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<sup>2</sup> Collectively, IMCA members manage approximately \$1.6 trillion in assets on behalf of 1.3 million clients, the vast majority of whom are within 10 years of retirement or have already entered their retirement years. IMCA members work within nearly every type of business model: full-service brokerage firms, national and regional independent brokerage firms, independent registered investment advisory firms, banks, trust companies, asset management firms, independent institutional consultants, and many combinations of the above. In contrast to many other financial services organizations, IMCA is not registered to lobby on the state or federal level and takes no advocacy positions on legislation or agency rulemakings except in connection with issues directly affecting its marks.

<sup>3</sup> NASAA Model Rule on the Use of Senior-Specific Certifications and Professional Designations, Adopted March 20, 2008, at [http://www.nasaa.org/wp-content/uploads/2011/07/3-Senior\\_Model\\_Rule\\_Adopted.pdf](http://www.nasaa.org/wp-content/uploads/2011/07/3-Senior_Model_Rule_Adopted.pdf) (August 2012).



IMCA pursued ANSI accreditation because ANSI administers an international standard (ISO 17024) that involves a rigorous process of initial and ongoing accreditation.

To earn and to maintain accreditation of a certification, IMCA, through its CIMA certification program, is required to successfully meet ANSI standards in the following areas:

- (1) General requirements regarding the legal and contractual matters, responsibility for the decision on certification, *management of impartiality* [emphasis added], and finance and liability
- (2) Structural requirements of the certification body
- (3) Resource requirements
- (4) Records and information requirements
- (5) Certification schemes (validated conceptual framework for the certification)
- (6) Certification process requirements that includes recertification, appeals, and complaints
- (7) Management system requirement, including ongoing system to ensure continual improvement of their certification program.

ANSI will conduct surveillance of IMCA on a yearly basis with on-site visits at years one, three, and five of a five-year accreditation cycle. Re-accreditation occurs at the fifth year. These ongoing re-accreditation standards are significantly more thorough than other personnel certification accreditations.

### **IMCA's efforts to Meet ANSI Standards for Personnel Certification**

IMCA makes great efforts to manage its policies, processes, and procedures to minimize or eliminate conflicts of interest between certification operations and membership or education offerings. As an example, IMCA separates the requirements for certification and ongoing continuing education requirements from the business or commercial interests of IMCA. In contrast to other designations that might promote marketing of product sales over education content, IMCA promotes the knowledge and skills and the necessary competencies required by advisors who serve in an investment advisor or consulting role. Seniors and other consumers of financial advice can be assured that their advisor was certified by an objective, fair, transparent, valid, and high-quality process.

Over the past five years, IMCA has invested considerable time and resources into making changes to meet ANSI accreditation standards:

- Modification of IMCA's governance structure to allow the Certification Commission of IMCA to set standards for certification and recertification independently and completely separate from IMCA's business activities.
- Separation of education from certification functions, and of membership from recertification requirements.



- Establishment of objective standards for registered education providers, allowing for open competition between educational institutions and review providers, rather than eliminating outside providers and requiring candidates to use IMCA review or education materials.
- Implementation of changes to exam development and delivery to ensure that the examination standard appropriately sorts qualified from nonqualified candidates.

With respect to ethical behavior, IMCA revised its disciplinary and appeals process so that it may revoke credentials using a peer-reviewed, due process when there is evidence that an individual may have engaged in unethical or incompetent behavior. Regulators are notified when terminations have been administered.

With respect to assisting consumers in better understanding financial designations, IMCA makes available in hard copy and on its website educational materials that include questions consumers should ask about financial credentials.<sup>4</sup>

### **Other Standards for Personnel Certification Programs in Financial Services**

There are other nationally recognized certification bodies in the financial services industry who meet standards designed for personnel certification programs. For example, the Certified Financial Planner Board of Standards administers a certification program (CFP® Certification) that is accredited by the National Commission of Certifying Agencies (“NCCA”). We applaud the efforts of the CFP Board in earning and maintaining this national standard, and we encourage other certification bodies in the financial services industry to follow suit. Unfortunately, the vast majority of credentialing programs meet no third-party standard. A significant number of credentialing programs apply accreditation standards that are not relevant to personnel certification.

Just as licensing and regulatory systems perform different functions than voluntary certification, there are significant differences between “certificate programs,” “university degrees,” and “certification programs.” Each type of program evaluates competencies and knowledge in different ways, but of these three general types, certification programs—when administered properly—are the most effective way for seniors (or any other consumer) to determine legitimacy, value, and competency of their advisor. That is because certification programs focus on competencies.

By definition, educational certificate programs focus on educational topics. Many of these certificate programs allow the advisor to use a designation after their name upon completion. This is a valuable service for advisors because these programs often deliver important areas of content and knowledge, but they are not the same as certification programs and should not be treated as such. Many certificate programs in financial services are delivered by accredited institutions of higher education. When a higher education accrediting body such as the Middle States Association of Colleges and Schools or a government agency such as the Department of

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<sup>4</sup> [http://www.imca.org/cms\\_images/file\\_38.pdf](http://www.imca.org/cms_images/file_38.pdf)



Education recognizes an educational institution, that recognition places more emphasis on resources and process than on the assessment tools to measure competencies. Although this recognition is an important process for educational institutions, it is not an appropriate measure of legitimacy, value, and authenticity for a personnel certification program that issues a credential. It only evaluates the framework that is in place to facilitate good educational outcomes.

Organizations that assess and offer accreditation of education providers do not assess the certification capabilities of these institutions, though they are important in ensuring that the certificate program is delivered using standardized educational outcomes and processes.

### **Summary**

In light of the proliferation of numerous financial credentials that exacerbate consumer confusion, IMCA believes that the ANSI process contributes to investor protection of seniors and other consumers of financial services by helping to qualify certification programs using national and international standards and best practices. Viewed in that context, ANSI and other reputable accrediting organizations can serve as an important adjunct to enforcement efforts of financial service regulators.

Thank you very much for the opportunity to submit these supplemental comments. We can be reached at 303.770.3377 if you have any questions or comments regarding this submission.

Sincerely,

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