



June 16, 2020

The Honorable Emanuel Cleavers
Chairman
House Committee on Financial Services
Subcommittee on National Security
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable French Hill
Ranking Member
House Committee on Financial Services
Subcommittee on National Security
2129 Rayburn House Office Building
Washington, DC 20515

Re: “Senior Investor Pandemic and Fraud Protection Act” (Discussion Draft)

Dear Chair Cleavers and Ranking Member Hill:

Americans for Financial Reform writes to express support for the “Senior Investor Pandemic and Fraud Protection Act” (also known as the “Empowering States to Protect Seniors from Bad Actors Act”). This legislation is noticed for discussion as part of the “Cybercriminals and Fraudsters: How Bad Actors Are Exploiting the Financial System During the COVID-19 Pandemic” hearing in the Subcommittee on National Security, International Development and Monetary Policy today. The draft bill would enhance the ability of state regulators to protect seniors from financial exploitation by clarifying the funding mechanism for the program and ensuring that it does not compete with other CFPB funding needs.

The step is particularly timely now as seniors and vulnerable adults are increasingly being targeted by opportunistic scammers that prey on the confusion and fear of the COVID-19 pandemic. Congress has repeatedly recognized that seniors are especially susceptible to fraud and agree on a bipartisan basis regarding the need to enhance resources to educate and protect senior investors. Congress has also recognized that state regulators are an essential part of the effort to combat senior financial exploitation because they serve on the front lines and are often the first to respond to those affected.

We support the proposed legislation that would implement a targeted retail investor protection program, which was originally envisioned and authorized by Section 989(A) of the Dodd-Frank Act, but never put into effect. The “Senior Investor Pandemic and Fraud Protection Act” will enable qualifying states and state regulators to receive up to \$500,000 annually in grant funding to combat financial fraud of seniors and vulnerable adults for a maximum of 2 consecutive years, for a total of \$1 million. State regulators will be able to use the funds for such purposes as hiring staff to investigate cases involving fraudulent marketing, funding technology, equipment, and training for prosecutors to increase the prosecution of salespersons who target seniors and vulnerable adults, and providing educational materials to seniors and vulnerable adults to raise awareness of misleading or fraudulent marketing.

As we continue to battle the COVID-19 pandemic, we ask Congress to provide state financial regulators with the tools necessary to effectively combat financial exploitation of those most vulnerable during this crisis and ensure that their savings are financially protected during this uncertain time.

Sincerely,

Americans for Financial Reform