

Opening Statement
Hearing on “Protecting Americans’ Money: Combatting Scams and Frauds Against
Seniors and Savers”
Chair Sherrod Brown
September 12, 2024

I call this hearing to order and welcome our witnesses.

As we begin, I’d like to take this opportunity to welcome Senator Helmy to the Banking and Housing Committee. We’re excited for him to join us, and I look forward to working together.

Welcome, Senator Helmy.

In the Old Testament, Jacob tricked Isaac and took Esau’s birthright. The American public first heard of Charles Ponzi in the 1920s.

So scams and frauds are nothing new.

But in the last few years, what used to be a trickle of scams – a suspicious email now and then – has started to feel like a flood.

These scams can start with a simple text from what seems like just a wrong number. Or they can be more devious – a call disguised to look like it's from a friend or the local bank. The most manipulative ones use artificial intelligence to disguise their voice or to mimic a family member.

Once they've made contact, the scammers go to work.

They might claim to have something in common with you, or be a law enforcement agent who needs help cracking a case. They might claim to be interested in a romantic relationship, or even say a child or grandchild is in trouble and needs help.

The scammers will use information found online or the dark web to customize their scams to their target – an American who has worked hard and saved for their retirement and their family's future.

The messages may be quick and urgent; or they may be intermittent, with the conversation stretching on for months as the scammer builds a relationship.

But they always end the same way: a con that drains as much of someone's savings as possible.

Today, the data backs up what Americans have experienced – scams and frauds have never been more pervasive. And criminals will use any means they can to steal Americans' hard-earned money—wire fraud, peer-to-peer platforms, check fraud.

In Ohio alone in 2023, more than \$126 million dollars were reported lost to fraud. \$126 million.

The stories are heartbreaking:

A senior in Warren lost \$127,000 lost to criminals posing as bank employees.

A man in Mayfield Heights lost \$80,000 to a fake investment scam.

One group running romance scams laundered nearly \$12 million in Central Ohio.

And it's happening across America. According to the Federal Trade Commission, \$10 billion were

reported lost to fraud nationwide in 2023 – an increase of over \$1 billion from the previous year.

In 2023, consumers around the country lost at least \$270 million through wire fraud.

And those are just the scams that are reported. We know that many people are reluctant to come forward and report their losses – embarrassed to admit they were conned.

They shouldn't be. These scammers are professionals using all kind of new technology to be harder and harder to detect, even if you try to be vigilant. And these criminals want those they target to feel ashamed and scared to come forward...so they can continue scamming others.

While these scams can – and do – affect Americans of all ages, seniors face the greatest threat.

It's not just that they may be less familiar with some new technologies – they're the biggest target because of their retirement savings.

I have spent my career fighting for working Ohioans' pensions. But fewer employers offer pensions, and more and more seniors have been forced to rely on personal retirement savings accounts, built over a lifetime of hard work.

These accounts are particularly enticing targets for scammers. Americans over 60 represented more than half of the dollars lost to fraud in Ohio in 2023.

Seniors are also especially reluctant to come forward. They may blame themselves. They don't want to be seen as unable to manage their own finances.

But no American, young or old, should ever blame themselves for being defrauded by organized crime.

Scammers use new technologies to stay a step ahead of law enforcement. They plan complex, sophisticated frauds that often stretch out over months. They'll use fake websites that are impossible to distinguish from real ones.

And worst of all, they exploit our best instincts—to trust one another, to keep our families safe, to act quickly in an emergency.

No wonder their schemes all too often succeed.

We also know that many scams are now perpetrated by organized networks overseas – some managed by Chinese criminal gangs using slave labor.

These criminals have kidnapped thousands of people, locked them in compounds in Southeast Asia, and forced them – under threat of torture – to execute these scams against Americans.

It's organized crime, human trafficking, and modern-day slavery come together with one sinister goal: to steal the nest eggs Americans have worked their whole lives to build.

Individual Americans cannot fight this threat alone. And they shouldn't have to.

Federal, state, and local law enforcement must work together, and they must have the tools and resources they need to fight back.

But the private sector must also step up and do more to protect people.

Many of these scams begin on social media. Tech companies must work to prevent these scams from taking root on their platforms.

And when payment platforms fail to protect their customers from scams, it's on them to reimburse the scammed consumers.

Payment platforms like Zelle, Venmo, and Cash App need to take responsibility for keeping their customers' money safe and secure, and reimburse more consumers who have been scammed on their platforms.

Big banks, with all their vast resources and tools at their disposal, also need to do more to identify scams and stop consumers from losing their life savings through wire fraud.

And with the rise in wire fraud, the Consumer Financial Protection Bureau needs to use its authorities to ensure big banks follow the law and protect consumers from wire fraud.

Wall Street firms and tech companies see the same scams over and over. We know when something threatens their own profits, these big banks spare no expense to try to take it down.

They ought to dedicate the same effort – I'd argue, a lot more effort – into protecting the money that customers entrust to them.

Senators Hagerty and Tester have also introduced a bill to strengthen protections against financial exploitation for seniors by extending protections that exist for brokerage accounts to mutual funds. I appreciate their attention to this issue and look forward to working together.

In communities across the country, state and local officials have been on the front lines in the fight against scams. Groups like AARP have also

mobilized to protect seniors and consumers. And we all know that raising awareness about these types of scams helps stop them.

One leader in these efforts is Ohioan Sheryl Harris, Director of the Cuyahoga County Department of Consumer Affairs.

Today, we're fortunate to be able to hear from her about our work to protect Ohioans, and to hear from all our witnesses about the evolving threat from scams and frauds.

I look forward to continuing to work with my colleagues to protect workers' savings.