

United States Senate
Washington, D.C. 20510

June 16, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Charles Schumer
Democratic Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

Dear Leader McConnell and Leader Schumer:

We write to request the inclusion of S. 3487, the Edith Shorougian Senior Victims of Fraud Compensation Act, in the next COVID-19 relief package. The Federal Trade Commission (FTC) reports that as of April 15, 2020, the agency has received over 18,000 scam reports related to COVID-19 and Americans have reported losing over \$13.44 million dollars to fraud.¹ Scammers view the pandemic as an opportunity to exploit anxiety over this public health crisis and particularly target seniors who are physically separated from their support networks. We need to protect seniors who are especially vulnerable to fraud and abuse by bad actors, and protect the retirement savings they worked so hard over a lifetime to build. When seniors get scammed, they should be paid back and that's what our bipartisan legislation does.

Our bipartisan legislation amends the Victims of Crime Act of 1984 (VOCA) to add senior financial fraud and abuse as an eligible item for reimbursement, allowing states to pay back victims of senior fraud and be reimbursed by the federal Crime Victims Fund. Additionally, our bill amends VOCA so that payments from deferred and non-prosecution agreements – agreements often used by the Department of Justice to go after white collar criminals – be deposited into the Crime Victims Fund. It is critical that the entirety of the legislation, both the provision to add senior fraud as an eligible item and the provision to supplement the Crime Victims Fund with funds from white collar crime, be included in COVID-19 relief legislation. By including possible additional funding, but not expanding eligibility, Congress would be spending money gained from prosecuting white collar crime—which includes senior fraud scams—but not making the actual victims of such scams eligible for repayment.² Therefore, we do not support a piecemeal effort that includes only the revenue portion and not the eligibility portion of our bill.

We took action after learning the story of Edith Shorougian and her family, who were scammed out of more than \$80,000 by their longtime financial adviser and fear they will never get back the

¹ <https://www.consumer.ftc.gov/blog/2020/04/covid-19-scam-reports-numbers>

² <https://www.aarp.org/money/scams-fraud/info-2017/wells-fargo-financial-fraud-fd.html>

money that was stolen from them.³ Unfortunately, the vast majority of seniors never see any compensation after they've been swindled by fraudsters stealing money earned over a lifetime of hard work. A 2019 Consumer Financial Protection Bureau analysis of financial institution reports found that senior fraud victims aged 70 to 79 lose on average more than \$45,000 – a devastating loss for individuals on fixed incomes.⁴

The U.S. Department of Health and Human Services Office of Inspector General warned this March that COVID-19 scams are targeting Medicare beneficiaries.⁵ And a growing number of media reports, including a Fox News article on April 10, 2020, note that experts and government agencies are warning that COVID-19 scammers are targeting seniors.⁶ We know that seniors are especially vulnerable to predators due to their accumulated income and assets, potential cognitive decline, and dependency on others to care for them – including family members and trusted friends who have access to their finances. Further, a growing body of research is showing that changes in seniors' brains make them more susceptible to fraud – even if they're not suffering from diseases like dementia.⁷

The Crime Victims Fund reimburses states for 60 percent of funds distributed to constituents who are victims of crimes, but only for certain eligible items such as medical bills, lost wages and funeral and burial costs.⁸ State compensation programs are payers of last resort and many have existing caps on the amount of compensation crime victims can receive.

Because senior fraud is not included under VOCA as an expense eligible for reimbursement, states have no incentive to include senior fraud in their Victim Compensation Programs—and few do so. However, recognizing the seriousness of this issue, in 2017, the State of New York enacted legislation allowing vulnerable elderly fraud victims to receive up to \$30,000 in compensation.⁹ Importantly, our bill would not mandate that states provide compensation to senior fraud victims, but incentivize them to do so by including senior fraud as eligible for reimbursement under VOCA.

It is unconscionable that bad actors actively seek to defraud seniors who have contributed so much to our country. Robbing them of their life savings during their golden years is a tragedy and one that has taken on greater urgency as scammers seek to profit off the headlines and anxiety produced by this pandemic. We urge you to include S. 3487, the Edith Shoroguan Senior Victims of Fraud Compensation Act, in the next COVID-19 relief package and thank you for your continued leadership and support on this issue.

³ <https://www.tmj4.com/news/local-news/federal-bill-introduced-after-i-teams-consumer-investigation>

⁴ <https://www.consumerfinance.gov/about-us/blog/financial-institutions-report-widespread-elder-financial-abuse/>

⁵ <https://oig.hhs.gov/coronavirus/fraud-alert-covid19.asp>

⁶ <https://www.foxnews.com/us/coronavirus-scams-targeting-senior-citizens>

⁷ <https://www.acpjournals.org/doi/10.7326/M15-0882?doi=10.7326%2FM15-0882>

⁸ <https://www.ovc.gov/grants/cvfa2020.html>

⁹ <https://www.wellsvilledaily.com/news/20171017/ny-state-expands-eligibility-for-certain-crime-victims-to-get-compensation>

Sincerely,

Handwritten signature of Tammy Baldwin in blue ink.

Tammy Baldwin
United States Senator

Handwritten signature of Bill Cassidy, M.D. in blue ink.

Bill Cassidy, M.D.
United States Senator