

**United States Senate**  
**Washington, D.C. 20510**

August 10, 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/H.R. 7620, 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 June 9, 2020, the agency has received over 91,000 scam reports related to COVID-19 and Americans have reported losing over \$59 million dollars to fraud.<sup>1</sup>

Unfortunately, the FTC is but one of many federal agencies warning of COVID-19 scams. In July, the U.S. Department of Health and Human Services Office of Inspector General issued a fraud alert, noting that scammers are offering COVID-19 tests to Medicare beneficiaries in exchange for personal details, including Medicare information.<sup>2</sup> The Department of Homeland Security has likewise warned that fraud schemes related to COVID-19 are targeting Social beneficiaries.<sup>3</sup>

On July 21, 2020, the Senate Commerce Subcommittee on Manufacturing, Trade, and Consumer Protection held a hearing titled, “Protecting Americans from COVID-19 Scams,” and multiple senators highlighted the direct connection between COVID-19 and senior fraud. In response to a question from Senator Baldwin on COVID-19 scammers targeting seniors, Kansas Attorney General Derek Schmidt said that this issue “keeps him up at night right now” and that he is “very worried” that seniors are now separated in this public health crisis from de facto early warning systems for senior fraud, such as doctor’s visits or social engagements.<sup>4</sup>

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.

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<sup>1</sup> <https://www.ftc.gov/news-events/press-releases/2020/06/ftc-makes-more-state-level-data-available-about-covid-19-related>

<sup>2</sup> <https://oig.hhs.gov/coronavirus/fraud-alert-covid19.asp>

<sup>3</sup> <https://www.dhs.gov/homeland-security-careers/blog/2020/06/16/avoiding-covid-19-scams>

<sup>4</sup> <https://www.commerce.senate.gov/2020/7/subcommittee-to-hold-hearing-on-covid-19-scams>

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 help victims of senior fraud recoup some of their stolen money 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 –which includes senior fraud-- 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, be included in COVID-19 relief legislation. Congress should ensure that state victim compensation programs have the opportunity to be reimbursed by the Crime Victims Fund when they compensate victims of senior fraud.

Edith’s Bill was created in response to 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 money that was stolen from them.<sup>5</sup> 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.<sup>6</sup>

Interpersonal violence such as domestic violence, elder abuse, child abuse, trafficking, and sexual assault is exacerbated by COVID-19 for a variety of reasons, including victim isolation and an increase in children’s internet use. It is critical that the non-taxpayer funded Crime Victims Fund can continue to assist victims throughout the country during this time. Deposits into the Crime Victims Fund have dropped precipitously in the last several years from a high of \$6.6 billion to less than \$500 million in each of the last two years. As a result, grants to states to serve victims of crime were cut by 25% between Fiscal Year 2019 and Fiscal Year 2020, and future and potentially even more catastrophic cuts are likely. An amendment to increase deposits into the Crime Victims Fund is vital.

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.<sup>7</sup> State compensation programs are payers of last resort and many have existing caps on the amount of compensation crime victims can receive. We support increasing the percentage of funds, from 60 to 75, at which the Crime Victims Fund reimburses state compensation programs to ensure that these critical programs can continue to serve victims.

Because senior fraud is not included under VOCA as an expense eligible for reimbursement, many states do not include senior fraud in their Victim Compensation Programs. However,

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<sup>5</sup> <https://www.tmj4.com/news/local-news/federal-bill-introduced-after-i-teams-consumer-investigation>

<sup>6</sup> <https://www.consumerfinance.gov/about-us/blog/financial-institutions-report-widespread-elder-financial-abuse/>

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.<sup>8</sup> Importantly, our bill would not mandate that states provide compensation to senior fraud victims but incentivizes 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/H.R. 7620, the Edith Shorougian 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.

Sincerely,



Tammy Baldwin  
United States Senator



Lindsey O. Graham  
United States Senator



Richard Blumenthal  
United States Senator



Bill Cassidy, M.D.  
United States Senator

/s/

Robert P. Casey  
United States Senator

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<sup>8</sup> <https://www.wellsvilledaily.com/news/20171017/ny-state-expands-eligibility-for-certain-crime-victims-to-get-compensation>

