



Senate Industry Business Committee

**IN SUPPORT-SB 2325**

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Chairman Larsen and Members of the Senate Industry Business Committee-

My name is Janelle Moos, Associate State Director for Advocacy with AARP North Dakota. I'm here to provide support for SB 2325.

Consumer fraud is soaring. Reported losses to fraud skyrocketed to \$5.9 billion in 2021, an increase of more than 70 percent from a year earlier, according to the Federal Trade Commission, a consumer protection agency with little chance of restitution because many criminals exist outside of the U.S., laws are outdated, and law enforcement can be reluctant to prosecute. The massive disruption and digital revolution being seen in the financial industry is opening new doors for criminals to use new and different avenues for their crimes. Retailers are now selling financial products (gift cards, pre-paid debit cards) and offering financial services (check-cashing, wire transfers). Peer-to-peer payment services like PayPal, Zelle and Venmo make bank accounts, credit cards and other financial services just a few clicks away.

A recent AARP survey found that nine in 10 Americans 18-plus (229 million people) encountered a fraud attempt in the past year – and that one in six of them (33 million people) lost money as a result. A separate poll found that almost 60 million Americans lost money to phone scams last year. One out of five older adults are victims of financial exploitation, and the average victim loses \$120,000.

Older adults are often targeted because they are seen as having wealth in the form of retirement savings, perhaps a pension, a steady Social Security check and wealth wrapped up in their home. But we also know that when older adults are exploited, the impact can be especially severe. Con artists typically extract more money from their older targets. And these victims have reached a time of life when they are least able to recover financially.

Some of the most heartbreaking calls AARP receives are from people who fear that they or their parents have been scammed. Research shows that if someone hears about a scam, they are 80% less likely to engage with it and, if they do engage, they are 40% less likely to fall victim.

That is why AARP has put consumer education at the core of its approach to fraud prevention. AARP set up the Fraud Watch Network (FWN) in 2013, a nationally acclaimed program to help protect older adults and their loved ones. The response has been overwhelming. In 2019 alone, AARP experts fielded tens of thousands of calls from people seeking advice from the [Fraud Watch Network helpline](#). The network has reached out to consumers in many other ways, such as with a fully updated fraud resource and information center on the AARP website. It has also established critical links to federal and state law enforcement organizations, to make sure it is giving people the most up-to-date information. In addition to an impressive array of tools and resources, FWN is leading an initiative to change how people respond to fraud, with a focus on treating fraud as the crime that it is.

What makes this population vulnerable? They're good targets. Many live alone, making them vulnerable. They're more trusting and can have trouble spotting scams. To society, however, all crime victims are not alike. Our language blames people who lose money to a scam. We say "She fell for it." Or "He was duped." Or "You got scammed." These are words of judgment. Even victims – when they aren't too embarrassed to admit they fell victim – use harsh words to describe what happened to them. Yet the reality is that people who fall victim to scams and fraud are just that, victims, as with other crimes in our society. We are working to change this paradigm and SB 2325 is a step towards fully recognizing securities fraud for the crimes they perpetrate.

We also have strong relationships with local partners to educate and fight against securities and consumer fraud. Roughly ten states, including North Dakota have tapped into a national relationship with the influential International Association of Financial Crimes Investigators (IAFCI), whose members are police, detectives, federal agents, and private company fraud investigators. IAFCI members participate with state offices in community outreach events. About two thirds of state offices also have active relationships with the state Attorney General or consumer advocate. We also have collaborated with the ND Securities Office to highlight how to spot securities fraud, steps to report it and how securities fraud is investigated. Other state partners include elder justice coalitions, US Attorneys, local FBI offices, and many local nonprofits.

The impact on victims and their families is wide reaching and can be financially and emotionally devastating, especially for older Americans.

Consumers lose billions of dollars each year to financial fraud, including investment fraud. Older adults are targets because they often have sizable assets. Even when the investment is not outright fraudulent, investors may be unfairly manipulated or their money seriously mismanaged. State governments have the authority to protect investors against fraud and abuse.

AARP supports laws and regulations should strengthen and enhance consumer protection. Policymakers should enhance protections against unfair, deceptive, or abusive practices. Consumers should have access to remedies for violations of law. We need policies that encourage people to report when a crime has happened and ensure that they can see some sort of restitution, especially in cases where a judgement is awarded and there is no money to recompensate a victim. SB 2325 is a step in that direction for securities victims.

Fraud and other financial crimes, including securities fraud, create real financial devastation — billions of dollars are lost each year, and it's a crime we don't pay enough attention. More is needed to combat this problem. AARP supports protections against fraud and scams and urge you to support of SB 2325. Thank you.