

Opening Statement
Senator Susan M. Collins
“Stopping Senior Scams”
March 7, 2018

Good afternoon. This Committee’s ongoing commitment to fighting fraud against older Americans is raising awareness and making a real difference. Just two weeks ago, the Department of Justice announced the largest coordinated, nationwide sweep of elder fraud cases in our history. Involving more than 250 defendants who victimized more than one million Americans, the elder fraud schemes charged in this effort caused losses of more than half a billion dollars.

The criminal, civil, and forfeiture cases stemming from this sweep are related to a variety of fraud schemes, ranging from mass mailings, telemarketing and investment frauds, to incidences of identity theft and abuse by guardians. In his remarks, Attorney General Sessions thanked the Aging Committee for our longstanding work to shed light on the widespread issue of fraud targeting our seniors. While important progress is being made, we must not let up on our efforts to educate seniors, their families, and their caregivers about these scams.

The stakes are extremely high. According to the Government Accountability Office, America’s seniors lose a staggering \$2.9 billion a year to an ever-growing array of financial exploitation schemes and scams. In Maine – the state with the oldest population by median age – about 33,000 seniors each and every year are the victims of some kind of elder abuse, ranging from financial fraud to physical abuse, and neglect.

Today, our Committee is releasing its updated Fraud Book for 2018. This book, like the ones we have published in the past, lists the 10 most prevalent scams that are reported to our Committee’s Fraud Hotline. Our investigators on our Fraud Hotline received more than 1,400 calls from residents from all over the country last year. But once again, a familiar scam tops the list.

For the past three years, the IRS impersonation scam has been the most consistently reported to our hotline. In this scam, a con artist pretending to represent the IRS calls demanding money for supposedly past due taxes. The criminals often demand payment in the form of gift cards, and they threaten their victims with arrest if they don’t pay up immediately. In this scam, fraudsters use fear to threaten their victims and steal their money.

The perpetrators of the IRS scam are sophisticated and ruthless. They often “spoof” the telephone number so that the caller-ID reads the “Department of Treasury” or the “Internal Revenue Service,” ensuring that the recipient of the call will answer it. And, if the victim doesn’t agree to pay up - the money - then the next call often will appear to be from the local police department threatening to arrest the senior immediately.

Other scams on our top 10 list include robocalls, lottery scams, grandparent scams, computer tech support scams, romance scams, and elder financial abuse – to name just a few.

Our hotline not only has helped us identify the most common scams but also in some cases to stop them in their tracks. For example, as a result of a tip that came into our hotline in 2016, the Treasury Inspector General for Tax Administration arrested five individuals in connection with the IRS impersonation scam. The Inspector General's investigation ultimately led to the identification and indictment of an additional ten suspects related to this case last year. The Inspector General believes that these 15 individuals victimized nearly 8,000 people and stole approximately \$9 million from unsuspecting Americans.

In a similar but unrelated case, 56 individuals and five call centers in India were indicted in October 2016 for their involvement in the IRS impersonation scam. The Committee's own data show that these arrests had a real impact. Prior to these arrests, nearly three out of every four calls to our hotline involved the IRS impersonation scam. In the three months after the arrests, reports of the scam dropped by an incredible 94 percent. Moreover, in 2017, the Committee saw an overall 77 percent reduction in the number of IRS impersonation scams reported to our hotline compared to the previous year. Clearly, law enforcement actions serve as deterrent to scammers. And that is why I'm so pleased that the Department of Justice is now focusing on this issue, making it a priority, and asking the U.S. Attorney's office to designate an individual who will be in charge of going after scams that are targeting our seniors. Nevertheless, I have to report to you that the IRS scheme remains the most persistent scam reported, and we always see a peak during tax season.

In a more recent case, last month, a woman from Alabama contacted our Committee's hotline to report that her 60-year-old mother-in-law had become the victim of an online romance scam. The woman told us that this con artist, pretending to love her mother-in-law, told her that he wanted to marry her and had her open a joint checking account in both their names. She wanted to deposit her retirement savings into the account because the scammer told her that he would also deposit \$23,000 into it. Furthermore, the victim purchased a plane ticket to Nigeria and was scheduled to depart on February 19 so that she could be with this man who supposedly loved her.

Fearing that her mother-in-law would get on the plane, and that she would never see her again, this woman contacted our Committee's hotline seeking assistance. Fraud Hotline investigators contacted the Department of Homeland Security and asked that they intervene. Agents quickly reached out to both the caller and the victim and provided information on a variety of scams including romance scams, Nigerian scams, and scams that trick seniors into being, without their knowledge, international drug smugglers. After speaking with Homeland Security officials, the victim understood that she was being drawn in to this scheme and she agreed not to fly to Nigeria.

As our 2018 Fraud Book makes clear, while we are making progress, far too many victims are still losing money and, far too often, their entire retirement savings. Law enforcement, consumer protection groups, the AARP, Area Agencies on Aging, and financial institutions play vital roles, but alert citizens are our first and best line of defense.

Today, we will hear about innovative ways to increase the public's awareness of these scams. I am particularly pleased to welcome two of my constituents, Stephen and Rita Shiman from Saco, Maine. They are going to tell us about their own experience with a common scam, the

grandparent scam, and I so appreciate their willingness to speak out because by their coming forward, they will help others to prevent them from becoming victims themselves.

I am very proud of our work in exposing scams that are targeting our seniors. The more that seniors know about these scams, the less likely they are to fall victim. We give many examples of common scams, as well as tips for how to avoid becoming a victim.

I want to end by saying that we are dedicated to helping our older Americans become more aware and better informed, but this can happen to anyone of any age and I think it's important that acknowledge that as well. We are putting criminals on notice that they will be stopped and they will be brought to justice.