EMPOWERING STATES TO PROTECT SENIORS FROM BAD ACTORS ACT

MAY 10, 2022.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Ms. Waters, from the Committee on Financial Services, submitted the following

REPORT

[To accompany H.R. 5914]

The Committee on Financial Services, to whom was referred the bill (H.R. 5914) to amend the Investor Protection and Securities Reform Act of 2010 to provide grants to States for enhanced protection of senior investors and senior policyholders, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:
Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.
This Act may be cited as the “Empowering States to Protect Seniors from Bad Actors Act”.

29–006
SEC. 2. GRANTS TO ELIGIBLE ENTITIES FOR ENHANCED PROTECTION OF SENIOR INVESTORS AND SENIOR POLICYHOLDERS.

(a) In GENERAL.—Section 989A of the Investor Protection and Securities Reform Act of 2010 (15 U.S.C. 5537) is amended to read as follows:

"SEC. 989A. GRANTS TO ELIGIBLE ENTITIES FOR ENHANCED PROTECTION OF SENIOR INVESTORS AND SENIOR POLICYHOLDERS.

"(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE ENTITY.—The term ‘eligible entity’ means—

"(A) the securities commission (or any agency or office performing like functions) of any State; and

"(B) the insurance department (or any agency or office performing like functions) of any State.

"(2) SENIOR.—The term ‘senior’ means any individual who has attained the age of 62 years or older.

"(3) SENIOR FINANCIAL FRAUD.—The term ‘senior financial fraud’ means a fraudulent or otherwise illegal, unauthorized, or improper act or process of an individual, including a caregiver or a fiduciary, that—

"(A) uses the resources of a senior for monetary or personal benefit, profit, or gain;

"(B) results in depriving a senior of rightful access to or use of benefits, resources, belongings, or assets; or

"(C) is an action described in section 1348 of title 18, United States Code, that is taken against a senior.

"(4) TASK FORCE.—The term ‘task force’ means the task force established under subsection (b)(1).

"(b) GRANT PROGRAM.—

"(1) TASK FORCE.—

"(A) IN GENERAL.—The Commission shall establish a task force to carry out the grant program under paragraph (2).

"(B) MEMBERSHIP.—The task force shall consist of the following members:

"(i) A Chair of the task force, who—

"(I) shall be appointed by the Chairman of the Commission, in consultation with the Commissioners of the Commission; and

"(II) may be a representative of the Office of the Investor Advocate of the Commission, the Division of Enforcement of the Commission, or such other representative as the Commission determines appropriate.

"(ii) If the Chair is not a representative of the Office of the Investor Advocate of the Commission, a representative of such Office.

"(iii) If the Chair is not a representative of the Division of Enforcement of the Commission, a representative of such Division.

"(iv) Such other representatives as the Commission determines appropriate.

"(C) DETAIL OF EXECUTIVE AGENCY EMPLOYEES.—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of that Federal agency to the Commission to assist it in carrying out its functions under this section. The detail of any such personnel shall be without interruption or loss of civil service status or privilege.

"(2) GRANTS.—The task force shall carry out a program under which the task force shall make grants, on a competitive basis, to eligible entities, which—

"(A) may use the grant funds—

"(i) to hire staff to identify, investigate, and prosecute (through civil, administrative, or criminal enforcement actions) cases involving senior financial fraud;

"(ii) to fund technology, equipment, and training for regulators, prosecutors, and law enforcement officers, in order to identify, investigate, and prosecute cases involving senior financial fraud;

"(iii) to provide educational materials and training to seniors to increase awareness and understanding of senior financial fraud;

"(iv) to develop comprehensive plans to combat senior financial fraud; and

"(v) to enhance provisions of State law to provide protection from senior financial fraud; and

"(B) may not use the grant funds for any indirect expense, such as rent, utilities, or any other general administrative cost that is not directly related to the purpose of the grant program.

"(3) AUTHORITY OF TASK FORCE.—In carrying out paragraph (2), the task force—
(A) may consult with staff of the Commission; and
(B) shall make public all actions of the task force relating to carrying out that paragraph.

(c) APPLICATIONS.—An eligible entity desiring a grant under this section shall submit an application to the task force, in such form and in such a manner as the task force may determine, that includes—

(1) a proposal for activities to protect seniors from senior financial fraud that are proposed to be funded using a grant under this section, including—

(A) an identification of the scope of the problem of senior financial fraud in the applicable State;
(B) a description of how the proposed activities would—

(i) protect seniors from senior financial fraud, including by proactively identifying victims of senior financial fraud;
(ii) assist in the investigation and prosecution of those committing senior financial fraud; and
(iii) discourage and reduce cases of senior financial fraud; and
(C) a description of how the proposed activities would be coordinated with other State efforts; and
(2) any other information that the task force determines appropriate.

(d) PERFORMANCE OBJECTIVES; REPORTING REQUIREMENTS; AUDITS.—

(1) IN GENERAL.—The task force—

(A) may establish such performance objectives and reporting requirements for eligible entities receiving a grant under this section as the task force determines are necessary to carry out and assess the effectiveness of the program under this section; and
(B) shall require each eligible entity that receives a grant under this section to submit to the task force a detailed accounting of the use of grant funds, which shall be submitted at such time, in such form, and containing such information as the task force may require.

(2) REPORT.—Not later than 2 years, and again not later than 5 years, after the date of the enactment of the Empowering States to Protect Seniors from Bad Actors Act, the task force shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report that—

(A) specifies each recipient of a grant under this section;
(B) includes a description of the programs that are supported by each such grant; and
(C) includes an evaluation by the task force of the effectiveness of such grants.

(3) AUDITS.—The task force shall annually conduct an audit of the program under this section to ensure that eligible entities to which grants are made under that program are, for the year covered by the audit, using grant funds for the intended purposes of those funds.

(e) MAXIMUM AMOUNT.—The amount of a grant to an eligible entity under this section may not exceed $500,000, which the task force shall adjust annually to reflect the percentage change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.

(f) SUBGRANTS.—An eligible entity that receives a grant under this section may, in consultation with the task force, make a subgrant, as the eligible entity determines is necessary or appropriate—

(1) to carry out the activities described in subsection (b)(2)(A); and
(2) which may not be used for any activity described in subsection (b)(2)(B).

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2023 through 2028.

(b) CONFORMING AMENDMENT.—The table of contents in section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the item relating to section 989A and inserting the following:

“Sec. 989A. Grants to eligible entities for enhanced protection of senior investors and senior policyholders.”

PURPOSE AND SUMMARY

On November 9, 2021, Representative Gottheimer introduced H.R. 5914, the “Empowering States to Protect Seniors from Bad Actors Act”, which would move the responsibility for administering the Senior Investor Protection Grant Program established by Sec. 989A of the Dodd-Frank Wall Street Reform and Consumer Protec-
tion Act (Dodd-Frank Act) from the Consumer Financial Protection Bureau to the Securities and Exchange Commission. The bill would establish an interdivisional task force within the SEC to review grant applications and oversee the administration of the program. The bill would authorize $10 million annually in appropriations for the program for the period of FY 2023–2028. The bill would provide that the entities that would be eligible to apply for grants under the program are state securities regulators and state insurance regulators, and would cap the amount of grant funding that could be awarded to any single “eligible entity” at $500,000.

BACKGROUND AND NEED FOR LEGISLATION

Section 989(A) of the Dodd-Frank Act established a grant program within the Consumer Financial Protection Bureau (CFPB) to provide state regulators with funding for technology, equipment, and training to increase the successful prosecution of salespersons and advisers who target seniors for fraud. The grants are also permitted to be used to fund educational materials and training to raise awareness and understanding of misleading or fraudulent marketing practices among seniors.

To date, the Senior Investor Protection Grant Program has not been established because it has not received an appropriation from Congress. By moving the Senior Investor Protection Grant program from the CFPB to the SEC, the legislation would reconstitute the program within the primary federal agency charged with investor protection. Moreover, because the SEC is funded by an annual appropriation from Congress, such a change would allow Congress to review the program and funds the grants annually, as it deems appropriate.

The bill is strongly supported by North American Securities Administrators Association, Consumer Federation of America, Healthy Markets Association, Public Citizen, and Americans for Financial Reform.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

• This section establishes the short title of the bill as “The Empowering States to Protect Seniors from Bad Actors Act of 2021.”

Section 2.

• Defines the universe of “eligible entities” that may apply for grants;
• Establishes the scope of activities for which the SEC may award grants;
• Establishes an interdivisional task force within the SEC for purposes of carrying out the grant program and specifies the authorities of the task force; authorizes other federal Executive Branch agencies to detail personnel to the SEC for purposes of helping to administer the program;
• Establishes certain procedures for eligible entities that wish to apply for the grants;
• Establishes certain performance objectives and performance and auditing requirements;
• Directs the SEC “task force” to make certain reports to Congress regarding the program;
• Provides that no eligible entity may receive more than $500,000 in grant funding; and
• Authorizes to be appropriated $10 million for each of the fiscal years 2023 through 2028.

HEARINGS

For the purposes of section 3(c)(6) of House rule XIII, the Committee on Financial Services' Subcommittee (or Full Committee) held a hearing on October 5, 2021 to consider H.R. 5914 entitled, Oversight of the U.S. Securities and Exchange Commission: Wall Street’s Cop Is Finally Back on the Beat.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on November 16, 2021 and ordered H.R. 5914 to be reported favorably to the House with an amendment in the nature of a substitute by a voice vote, a quorum being present.

COMMITTEE VOTES AND ROLL CALL VOTES

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the Committee advises that the following roll call votes occurred during the Committee’s consideration of H.R. 5914: An amendment in the nature of a substitute, no. 6, offered by Mr. Gottheimer was AGREED TO by voice vote.
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<th>Present</th>
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- **Ms. Waters, Chairwoman**
- **Mrs. Matsui**
- **Ms. Velázquez**
- **Mr. Sherman**
- **Mr. Moe**
- **Mr. Scott**
- **Mr. Green**
- **Mr. Cao**
- **Mr. Perlmutter**
- **Mr. Honda**
- **Mr. Foster**
- **Mrs. Beatty**
- **Mr. Vargas**
- **Mr. Gottheimer**
- **Mr. Gonzalez (TX)**
- **Mr. Lawson**
- **Mr. San Nicolas**
- **Ms. A vex**
- **Mr. Coto**
- **Ms. Pressley**
- **Mr. Torres**
- **Mr. Lynch**
- **Ms. Adams**
- **Ms. Tasho**
- **Ms. Dean**
- **Ms. Ocasio-Cortez**
- **Mr. Garcia (FL)**
- **Mr. Garcia (TX)**
- **Ms. Williams**
- **Mr. Auchincloss**

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STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee’s oversight findings and recommendations are reflected in the descriptive portions of this report.

STATEMENT OF PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause (3)(c) of rule XIII of the Rules of the House of Representatives, the goals of H.R. 5914 would be to move the responsibility for administering the Senior Investor Protection Grant Program established by Sec. 989A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) from the Consumer Financial Protection Bureau to the SEC; establish an interdivisional task force within the SEC to review grant applications and oversee the administration of the program; authorize $10 million annually in appropriations for the program for the period of FY 2023–2028; and provide that the entities that would be eligible to apply for grants under the program are state securities regulators and state insurance regulators, and would cap the amount of grant funding that could be awarded to any single “eligible entity” at $500,000.

NEW BUDGET AUTHORITY AND CBO COST ESTIMATE

Pursuant to clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, and pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has requested an estimate from the Director of the Congressional Budget Office. CBO was unable to provide an estimate in a timely manner.

COMMITTEE COST ESTIMATE

Clause 3(d)(1) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison of the costs that would be incurred in carrying out H.R. 5914. After careful review, including discussions with the Congressional Budget Office, the Committee estimates that H.R. 5914 would have an insignificant impact on spending.

UNFUNDED MANDATE STATEMENT

Pursuant to Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, Pub. L. 104–4), the Committee adopts as its own the estimate of federal mandates regarding H.R. 5914, as amended, prepared by the Director of the Congressional Budget Office.

ADVISORY COMMITTEE

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.
APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Pursuant to section 102(b)(3) of the Congressional Accountability Act, Pub. L. No. 104–1, H.R. 5914, as amended, does not apply to terms and conditions of employment or to access to public services or accommodations within the legislative branch.

EARMARK STATEMENT

In accordance with clause 9 of rule XXI of the Rules of the House of Representatives, H.R. 5914 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as described in clauses 9(e), 9(f), and 9(g) of rule XXI.

DUPICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of H.R. 5914 establishes or reauthorizes a program of the Federal Government known to be duplicative of another federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title.—This Act may be cited as the “Dodd-Frank Wall Street Reform and Consumer Protection Act”.

(b) Table of Contents.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE IX—INVESTOR PROTECTIONS AND IMPROVEMENTS TO THE REGULATION OF SECURITIES

Subtitle I—Public Company Accounting Oversight Board, Portfolio Margining, and Other Matters

Sec. 989A. Senior investor protections.
Sec. 989A. Grants to eligible entities for enhanced protection of senior investors and senior policyholders.
TITLE IX—INVESTOR PROTECTIONS 
AND IMPROVEMENTS TO THE REGULATION OF SECURITIES

SEC. 901. SHORT TITLE.
This title may be cited as the “Investor Protection and Securities Reform Act of 2010”.

Subtitle I—Public Company Accounting 
Oversight Board, Portfolio Margining, 
and Other Matters

[SEC. 989A. SENIOR INVESTOR PROTECTIONS.
[(a) DEFINITIONS.—As used in this section—
[(1) the term “eligible entity” means—
[(A) a securities commission (or any agency or office performing like functions) of a State that the Office determines has adopted rules on the appropriate use of designations in the offer or sale of securities or the provision of investment advice that meet or exceed the minimum requirements of the NASAA Model Rule on the Use of Senior-Specific Certifications and Professional Designations (or any successor thereto);
[(B) the insurance commission (or any agency or office performing like functions) of any State that the Office determines has—
[(i) adopted rules on the appropriate use of designations in the sale of insurance products that, to the extent practicable, conform to the minimum requirements of the National Association of Insurance Commissioners Model Regulation on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities (or any successor thereto); and
[(ii) adopted rules with respect to fiduciary or suitability requirements in the sale of annuities that meet or exceed the minimum requirements established by the Suitability in Annuity Transactions Model Regulation of the National Association of Insurance Commissioners (or any successor thereto); or
[(C) a consumer protection agency of any State, if—
[(i) the securities commission (or any agency or office performing like functions) of the State is eligible under subparagraph (A); or
[(ii) the insurance commission (or any agency or office performing like functions) of the State is eligible under subparagraph (B);
[(2) the term “financial product” means a security, an insurance product (including an insurance product that pays a re-
the term “misleading designation”—
(A) means a certification, professional designation, or other purported credential that indicates or implies that a salesperson or adviser has special certification or training in advising or servicing seniors; and
(B) does not include a certification, professional designation, license, or other credential that—
(i) was issued by or obtained from an academic institution having regional accreditation;
(ii) meets the standards for certifications and professional designations outlined by the NASAA Model Rule on the Use of Senior-Specific Certifications and Professional Designations (or any successor thereto) or by the Model Regulations on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities, adopted by the National Association of Insurance Commissioners (or any successor thereto); or
(iii) was issued by or obtained from a State;
(4) the term “misleading or fraudulent marketing” means the use of a misleading designation by a person that sells to or advises a senior in connection with the sale of a financial product;
(5) the term “NASAA” means the North American Securities Administrators Association;
(6) the term “Office” means the Office of Financial Literacy of the Bureau;
(7) the term “senior” means any individual who has attained the age of 62 years or older; and
(8) the term “State” has the same meaning as in section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).
(b) GRANTS TO STATES FOR ENHANCED PROTECTION OF SENIORS FROM BEING MISLED BY FALSE DESIGNATIONS.—The Office shall establish a program under which the Office may make grants to States or eligible entities—
(1) to hire staff to identify, investigate, and prosecute (through civil, administrative, or criminal enforcement actions) cases involving misleading or fraudulent marketing;
(2) to fund technology, equipment, and training for regulators, prosecutors, and law enforcement officers, in order to identify salespersons and advisers who target seniors through the use of misleading designations;
(3) to fund technology, equipment, and training for prosecutors to increase the successful prosecution of salespersons and advisers who target seniors with the use of misleading designations;
(4) to provide educational materials and training to regulators on the appropriateness of the use of designations by salespersons and advisers in connection with the sale and marketing of financial products;
(5) to provide educational materials and training to seniors to increase awareness and understanding of misleading or fraudulent marketing;
(6) to develop comprehensive plans to combat misleading or fraudulent marketing of financial products to seniors; and
(7) to enhance provisions of State law to provide protection for seniors against misleading or fraudulent marketing.

(c) APPLICATIONS.—A State or eligible entity desiring a grant under this section shall submit an application to the Office, in such form and in such a manner as the Office may determine, that includes—

(I) a proposal for activities to protect seniors from misleading or fraudulent marketing that are proposed to be funded using a grant under this section, including—

(A) an identification of the scope of the problem of misleading or fraudulent marketing in the State;
(B) a description of how the proposed activities would—

(i) protect seniors from misleading or fraudulent marketing in the sale of financial products, including by proactively identifying victims of misleading and fraudulent marketing who are seniors;
(ii) assist in the investigation and prosecution of those using misleading or fraudulent marketing; and
(iii) discourage and reduce cases of misleading or fraudulent marketing; and

(C) a description of how the proposed activities would be coordinated with other State efforts; and

(2) any other information, as the Office determines is appropriate.

(d) PERFORMANCE OBJECTIVES AND REPORTING REQUIREMENTS.—The Office may establish such performance objectives and reporting requirements for States and eligible entities receiving a grant under this section as the Office determines are necessary to carry out and assess the effectiveness of the program under this section.

(e) MAXIMUM AMOUNT.—The amount of a grant under this section may not exceed—

(1) $500,000 for each of 3 consecutive fiscal years, if the recipient is a State, or an eligible entity of a State, that has adopted rules—

(A) on the appropriate use of designations in the offer or sale of securities or investment advice that meet or exceed the minimum requirements of the NASAA Model Rule on the Use of Senior-Specific Certifications and Professional Designations (or any successor thereto);
(B) on the appropriate use of designations in the sale of insurance products that, to the extent practicable, conform to the minimum requirements of the National Association of Insurance Commissioners Model Regulation on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities (or any successor thereto); and

(C) with respect to fiduciary or suitability requirements in the sale of annuities that meet or exceed the minimum requirements established by the Suitability in Annuity Transactions Model Regulation of the National Association of Insurance Commissioners (or any successor thereto); and
(2) $100,000 for each of 3 consecutive fiscal years, if the recipient is a State, or an eligible entity of a State, that has adopted—
(A) rules on the appropriate use of designations in the offer or sale of securities or investment advice that meet or exceed the minimum requirements of the NASAA Model Rule on the Use of Senior-Specific Certifications and Professional Designations (or any successor thereto); or
(B) rules—
(i) on the appropriate use of designations in the sale of insurance products that, to the extent practicable, conform to the minimum requirements of the National Association of Insurance Commissioners Model Regulation on the Use of Senior-Specific Certifications and Professional Designations in the Sale of Life Insurance and Annuities (or any successor thereto); and
(ii) with respect to fiduciary or suitability requirements in the sale of annuities that meet or exceed the minimum requirements established by the Suitability in Annuity Transactions Model Regulation of the National Association of Insurance Commissioners (or any successor thereto).
(f) SUBGRANTS.—A State or eligible entity that receives a grant under this section may make a subgrant, as the State or eligible entity determines is necessary to carry out the activities funded using a grant under this section.
(g) REAPPLICATION.—A State or eligible entity that receives a grant under this section may reapply for a grant under this section, notwithstanding the limitations on grant amounts under subsection (e).
(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, $8,000,000 for each of fiscal years 2011 through 2015.

SEC. 989A. GRANTS TO ELIGIBLE ENTITIES FOR ENHANCED PROTECTION OF SENIOR INVESTORS AND SENIOR POLICY- HOLDERS.
(a) DEFINITIONS.—In this section:
(1) ELIGIBLE ENTITY.—The term “eligible entity” means—
(A) the securities commission (or any agency or office performing like functions) of any State; and
(B) the insurance department (or any agency or office performing like functions) of any State.
(2) SENIOR.—The term “senior” means any individual who has attained the age of 62 years or older.
(3) SENIOR FINANCIAL FRAUD.—The term “senior financial fraud” means a fraudulent or otherwise illegal, unauthorized, or improper act or process of an individual, including a caregiver or a fiduciary, that—
(A) uses the resources of a senior for monetary or personal benefit, profit, or gain;
(B) results in depriving a senior of rightful access to or use of benefits, resources, belongings, or assets; or
(C) is an action described in section 1348 of title 18, United States Code, that is taken against a senior.
(4) TASK FORCE.—The term “task force” means the task force established under subsection (b)(1).

(b) GRANT PROGRAM.—

(1) TASK FORCE.—

(A) IN GENERAL.—The Commission shall establish a task force to carry out the grant program under paragraph (2).

(B) MEMBERSHIP.—The task force shall consist of the following members:

(i) A Chair of the task force, who—

(I) shall be appointed by the Chairman of the Commission, in consultation with the Commissioners of the Commission; and

(II) may be a representative of the Office of the Investor Advocate of the Commission, the Division of Enforcement of the Commission, or such other representative as the Commission determines appropriate.

(ii) If the Chair is not a representative of the Office of the Investor Advocate of the Commission, a representative of such Office.

(iii) If the Chair is not a representative of the Division of Enforcement of the Commission, a representative of such Division.

(iv) Such other representatives as the Commission determines appropriate.

(C) DETAIL OF EXECUTIVE AGENCY EMPLOYEES.—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of that Federal agency to the Commission to assist it in carrying out its functions under this section. The detail of any such personnel shall be without interruption or loss of civil service status or privilege.

(2) GRANTS.—The task force shall carry out a program under which the task force shall make grants, on a competitive basis, to eligible entities, which—

(A) may use the grant funds—

(i) to hire staff to identify, investigate, and prosecute (through civil, administrative, or criminal enforcement actions) cases involving senior financial fraud;

(ii) to fund technology, equipment, and training for regulators, prosecutors, and law enforcement officers, in order to identify, investigate, and prosecute cases involving senior financial fraud;

(iii) to provide educational materials and training to seniors to increase awareness and understanding of senior financial fraud;

(iv) to develop comprehensive plans to combat senior financial fraud; and

(v) to enhance provisions of State law to provide protection from senior financial fraud; and

(B) may not use the grant funds for any indirect expense, such as rent, utilities, or any other general administrative cost that is not directly related to the purpose of the grant program.
(3) AUTHORITY OF TASK FORCE.—In carrying out paragraph
(2), the task force—
(A) may consult with staff of the Commission; and
(B) shall make public all actions of the task force relating
to carrying out that paragraph.
(c) APPLICATIONS.—An eligible entity desiring a grant under this
section shall submit an application to the task force, in such form
and in such a manner as the task force may determine, that in-
cludes—
(1) a proposal for activities to protect seniors from senior fi-
nancial fraud that are proposed to be funded using a grant
under this section, including—
(A) an identification of the scope of the problem of senior
financial fraud in the applicable State;
(B) a description of how the proposed activities would—
(i) protect seniors from senior financial fraud, in-
cluding by proactively identifying victims of senior fi-
nancial fraud;
(ii) assist in the investigation and prosecution of
those committing senior financial fraud; and
(iii) discourage and reduce cases of senior financial
fraud; and
(C) a description of how the proposed activities would be
coordinated with other State efforts; and
(2) any other information that the task force determines ap-
propriate.
(d) PERFORMANCE OBJECTIVES; REPORTING REQUIREMENTS; AU-
DITS.—
(1) IN GENERAL.—The task force—
(A) may establish such performance objectives and report-
ing requirements for eligible entities receiving a grant
under this section as the task force determines are nec-
essary to carry out and assess the effectiveness of the pro-
gram under this section; and
(B) shall require each eligible entity that receives a grant
under this section to submit to the task force a detailed ac-
counting of the use of grant funds, which shall be sub-
mitted at such time, in such form, and containing such in-
formation as the task force may require.
(2) REPORT.—Not later than 2 years, and again not later than
5 years, after the date of the enactment of the Empowering
States to Protect Seniors from Bad Actors Act, the task force
shall submit to the Committee on Financial Services of the
House of Representatives and the Committee on Banking, Hous-
ing, and Urban Affairs of the Senate a report that—
(A) specifies each recipient of a grant under this section—
(B) includes a description of the programs that are sup-
ported by each such grant; and
(C) includes an evaluation by the task force of the effec-
tiveness of such grants.
(3) AUDITS.—The task force shall annually conduct an audit
of the program under this section to ensure that eligible entities
to which grants are made under that program are, for the year
covered by the audit, using grant funds for the intended pur-
poses of those funds.
(e) **Maximum Amount.**—The amount of a grant to an eligible entity under this section may not exceed $500,000, which the task force shall adjust annually to reflect the percentage change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.

(f) **Subgrants.**—An eligible entity that receives a grant under this section may, in consultation with the task force, make a subgrant, as the eligible entity determines is necessary or appropriate—

1. to carry out the activities described in subsection (b)(2)(A); and
2. which may not be used for any activity described in subsection (b)(2)(B).

(g) **Authorization of Appropriations.**—There are authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2023 through 2028.

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