

111TH CONGRESS
2D SESSION

H. R. 3040

IN THE SENATE OF THE UNITED STATES

JULY 30, 2010

Received

AUGUST 5, 2010

Read twice and referred to the Committee on the Judiciary

AN ACT

To prevent mail, telemarketing, and Internet fraud targeting seniors in the United States, to promote efforts to increase public awareness of the enormous impact that mail, telemarketing, and Internet fraud have on seniors, to educate the public, seniors, their families, and their caregivers about how to identify and combat fraudulent activity, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Senior Financial Em-
5 powerment Act of 2010”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds as follows:

8 (1) The proportion of the population of the
9 United States age 60 years or older is predicted to
10 drastically increase in the next 30 years as more
11 than 76,000,000 Baby Boomers approach retirement
12 and old age.

13 (2) It is estimated that between 500,000 and
14 5,000,000 seniors in the United States are abused,
15 neglected, or exploited each year.

16 (3) Abuse, neglect, and exploitation of seniors
17 crosses racial, social class, gender, and geographic
18 lines.

19 (4) Each year millions of individuals in the
20 United States are victims of financial exploitation,
21 including mail, telemarketing, and Internet fraud.
22 Many of those who fall prey to such exploitation are
23 seniors.

24 (5) It is difficult to estimate the prevalence of
25 fraud that targets seniors because cases are severely

1 underreported and national statistics on senior fraud
2 do not exist.

3 (6) The Federal Bureau of Investigation notes
4 that seniors in the United States are less likely to
5 report fraud because they do not know to whom to
6 report, they are ashamed to have been a victim of
7 fraud, or they do not know that they have been a
8 victim of fraud. In some cases, a senior who has
9 been a victim of fraud may not report the crime be-
10 cause he or she is concerned that relatives may con-
11 clude that the senior no longer has the mental ca-
12 pacity to take care of his or her own financial af-
13 fairs.

14 (7) According to a 2009 report by the MetLife
15 Mature Market Institute, the annual financial loss
16 by victims of senior financial abuse is estimated to
17 be at least \$2,600,000,000.

18 (8) Perpetrators of mail, telemarketing, and
19 Internet fraud frequently target seniors because sen-
20 iors are often vulnerable and trusting people.

21 (9) As victims of such fraudulent schemes,
22 many seniors pay a financial cost, having been
23 robbed of their hard-earned life savings, and fre-
24 quently pay an emotional cost, losing their self-re-
25 spect and dignity.

1 (10) Perpetrators of fraud targeting seniors
2 often operate outside the United States, reaching
3 their victims through the mail, telephone lines, and
4 the Internet.

5 (11) The Deceptive Mail Prevention and En-
6 forcement Act increased the power of the United
7 States Postal Service to protect consumers against
8 persons who use deceptive mailings, such as those
9 featuring games of chance, sweepstakes, skill con-
10 tests, and facsimile checks.

11 (12) During fiscal year 2007, Postal Inspection
12 Service analysts prepared more than 27,000 letters
13 and informative postcards in response to mail fraud
14 complaints. During that same year, postal inspectors
15 investigated 2,909 mail fraud cases in the United
16 States and arrested 1,236 mail fraud suspects, of
17 whom 1,118 were convicted. Postal inspectors also
18 reported 162 telemarketing fraud investigations,
19 with 83 arrests and 61 convictions resulting from
20 such investigations.

21 (13) In 2000, the United States Senate Special
22 Committee on Aging reported that consumers lose
23 approximately \$40,000,000,000 each year to tele-
24 marketing fraud, and estimated that approximately
25 10 percent of the Nation's 14,000 telemarketing

1 firms were fraudulent. Some researchers estimate
2 that only one in 10,000 fraud victims reports the
3 crime to the authorities.

4 (14) A 2003 report by AARP found that,
5 though the crime of telemarketing fraud is grossly
6 underreported among seniors who have been victims
7 of such fraud, seniors who are properly counseled by
8 trained peer volunteers are less likely to fall victim
9 to fraudulent practices.

10 (15) The Federal Bureau of Investigation re-
11 ports that the threat of fraud to seniors is growing
12 and changing. This is largely due to the fact that
13 many younger Baby Boomers have considerable
14 computer skills and criminals have responded by tar-
15 geting seniors through online scams like phishing
16 and email spamming, in addition to traditional tele-
17 phone calls and mass mailings.

18 (16) The Internet Crime Complaint Center
19 (hereinafter referred to in this paragraph as “IC3”)
20 is a partnership between the National White Collar
21 Crime Center and the Federal Bureau of Investiga-
22 tion that serves as a vehicle to receive, develop, and
23 refer criminal complaints regarding cybercrime. The
24 IC3 processed more than 219,553 complaints of
25 Internet crime in 2007. From these submissions, the

1 IC3 referred 90,008 complaints of Internet crime,
2 representing a total dollar loss of \$239,090,000, to
3 Federal, State, and local law enforcement agencies
4 in the United States for further consideration.

5 (17) Consumer awareness is the best protection
6 from fraud.

7 **SEC. 3. CENTRALIZED SERVICE FOR CONSUMER EDU-**
8 **CATION ON MAIL, TELEMARKETING, AND**
9 **INTERNET FRAUD TARGETING SENIORS.**

10 (a) CENTRALIZED SERVICE.—

11 (1) REQUIREMENT.—The Federal Trade Com-
12 mission, after consultation with the Attorney Gen-
13 eral, the Secretary of Health and Human Services,
14 the Postmaster General, the Chief Postal Inspector
15 for the United States Postal Inspection Service, and
16 the Director of the Bureau of Consumer Financial
17 Protection, shall—

18 (A) periodically disseminate to seniors, and
19 families and caregivers of seniors, general infor-
20 mation on mail, telemarketing, and Internet
21 fraud targeting seniors, including descriptions
22 of the most common fraud schemes;

23 (B) periodically disseminate to seniors, and
24 families and caregivers of seniors, information

on methods available to report fraud targeting seniors, such as—

(i) referring complaints to law enforcement agencies, including the Director of the Federal Bureau of Investigation and State attorneys general; and

(ii) calling a national toll-free telephone number established by the Federal Trade Commission for reporting mail, telemarketing, and Internet fraud;

(C) in response to a specific request by a party to the Federal Trade Commission inquiring about any history of fraud committed by a particular entity or individual, provide to such party any publically available information on any record of law enforcement action for fraud against such entity or individual—

(i) by the Federal Trade Commission;

and

(ii) by any other agency that reports such actions to the Federal Trade Commission; and

(D) maintain a website to serve as a resource for information for seniors, and families and caregivers of seniors, regarding mail, tele-

1 marketing, and Internet fraud targeting sen-
2 iors.

3 (2) PROCEDURES AND COMMENCEMENT.—The
4 Federal Trade Commission shall establish and im-
5 plement procedures to carry out the requirements of
6 paragraph (1), including procedures—

7 (A) with respect to the frequency and
8 mode of dissemination of information under
9 subparagraphs (A) and (B) of such paragraph;
10 and

11 (B) that provide for the implementation of
12 the requirements of such paragraph not later
13 than one year after the date of the enactment
14 of this Act.

15 (b) AUTHORIZATION OF APPROPRIATIONS.—There is
16 authorized to be appropriated to carry out this section
17 \$10,000,000 for each of the fiscal years 2011 through
18 2015.

19 **SEC. 4. GRANTS TO PREVENT MAIL, TELEMARKETING, AND**
20 **INTERNET FRAUD.**

21 (a) GRANT PROGRAM AUTHORIZED.—Subject to the
22 availability of funds authorized to be appropriated under
23 this section, the Attorney General, after consultation with
24 the Secretary of Health and Human Services, the Post-
25 master General, the Chief Postal Inspector for the United

1 States Postal Inspection Service, and the Director of the
2 Bureau of Consumer Financial Protection, shall establish
3 and administer a competitive grant program to award
4 grants to eligible organizations to carry out mail, tele-
5 marketing, and Internet fraud prevention education pro-
6 grams for seniors.

7 (b) ELIGIBLE ORGANIZATIONS.—The Attorney Gen-
8 eral may award grants under this section to State Attor-
9 neys General, State and local law enforcement agencies
10 and groups, senior centers, and other local nonprofit orga-
11 nizations that provide assistance to seniors, as determined
12 by the Attorney General.

13 (c) AUTHORIZATION OF APPROPRIATIONS.—There is
14 authorized to be appropriated to carry out this section
15 \$20,000,000 for each of the fiscal years 2011 through
16 2015.

17 **SEC. 5. SENSE OF THE CONGRESS RELATED TO NATIONAL**
18 **SENIOR FRAUD AWARENESS WEEK.**

19 It is the sense of the Congress that—

20 (1) there is a need to increase public awareness
21 of the enormous impact that mail, telemarketing,
22 and Internet fraud have on senior citizens in the
23 United States;

(3) the people of the United States should observe National Senior Fraud Awareness Week with appropriate educational activities; and

(4) the President is encouraged to issue a proclamation supporting increased public awareness of the impact of, and the need to prevent, fraud committed against seniors.

Attest: LORRAINE C. MILLER,
Clerk.