

Opening Statement
Chairman Bill Nelson
Senate Special Committee on Aging: Private Industry's Role in Stemming the Tide of Phone Scams
November 19, 2014

Good afternoon. When Senator Collins and I took over this Committee together, the first order of business was to go after fraudsters targeting the elderly. We focused in on the Jamaican phone scams, then moved on to tax identity theft, Social Security fraud, and grandparents scams, to name a few. We set up a fraud hotline, where we have received thousands of calls for help – here's that number (855) 303-9470.

And while we cannot stop fraud against seniors altogether, we are chipping away at it. Less than three weeks after our hearing on Jamaican phone scams, new legislation was finally passed and signed into law in Jamaica that spoke to the specific crimes that were being committed against our seniors for many years. While the Jamaican authorities have made more than 100 arrests, there have been only a handful of convictions. We will still press for extradition.

We have pushed agencies to coordinate their efforts to go after people taking advantage of our nation's seniors. We have encouraged law enforcement to actually prosecute these lawbreakers to scare away copycat criminals. And we have pressed private industry to be good corporate citizens. Today, Senator Donnelly and I introduced legislation to make it easier for seniors to actually know who is calling them, and give them tools to protect themselves from fraud. It's called the Phone Scam Prevention Act of 2014, and I encourage members to take a hard look at it.

The most common scams begin with fraudsters placing phone calls to unsuspecting individuals informing them that they have won a foreign lottery or that a grandchild has been injured or arrested. Fraudsters tell potential victims that they must make an advance payment to cover taxes and other fees before their lottery winnings can be released or that money is needed to help the grandchild.

The fraudster instructs the senior to go to a retail store to purchase a reload card. The victim will pay the cashier the amount of money that they wish to load onto the card, and, as soon as the transaction is complete, the reload card carries that value. Each reload card has a unique PIN that can be used to apply the card's funds to a prepaid debit card account. When a victim provides the PIN to a scammer, the scammer can immediately apply the reload card's funds to a debit card held by the scammer.

Recognizing the fraud associated with their products, many of these companies have acted without regulatory or legislative action. Two of the debit card companies here today – Green Dot and InComm – have announced plans to drop products favored by fraudsters. Even though these products *can* serve legitimate purposes, these two companies have decided to do the right thing, and I applaud them for that.

The third major debit card company, Blackhawk, has also tightened up its security measures on its similar reloadable debit card product. These companies have cited this Committee's work in fighting fraud as one of the reasons they made these changes.

What we have done here in this Committee shows that sometimes we can make a real difference in the lives of the American people.

So we will hear today from private industry – the debit card companies and the retailers – about why they have taken the actions they have taken and what they plan to do in the future. As we all know, fraud and scams are as old as time, and these criminals will simply adapt and find weaknesses to exploit.