

Statement of David McNally
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Albany, New York
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Senator Gillibrand, thank you for the opportunity to testify before the committee today. My name is David McNally, I am the Manager of Advocacy for AARP New York. It's my pleasure to share with you today the depth of work that AARP is involved with to help Americans fight back against criminal scammers as well as the places where we feel Congressional action is warranted.

Scammers steal billions of dollars from unsuspecting consumers every year. The impact on victims and their families is wide reaching and can be financially and emotionally devastating, especially for older Americans. Last year consumers reported \$5.9 billion in fraud losses to the Federal Trade Commission (FTC). Unfortunately for most of these victims the chance of restitution is slim because many criminals exist outside of the U.S., laws are outdated, and law enforcement can be reluctant to prosecute.

With more people at home, shopping online and isolated the COVID-19 pandemic has created a perfect storm for criminals. In New York the amount of money reported lost in 2019 was \$84 million. Last year that number was \$281 million – a more than 3-fold increase in 2 years.

The impact of fraud on communities of color is also troubling. For example, [AARP research](#) revealed that fake job postings and romance scams against Black and Latino adults far outrank whites and other racial groups.

AARP is committed to fighting fraud against people of all ages through the AARP [Fraud Watch Network](#), the [Fraud Watch Helpline](#) and AARP BankSafe. We are offering important educational tools to consumers from coast to coast, helping financial institutions and retailers learn how to intervene when they see a potential victim and providing support to more than 100,000 victims each year.

Through our years of work in this space one thing has become clear. We cannot educate our way out of this crisis. We need to have interventions, systematic changes and continue to discover other ways to tackle these crimes

The criminal enterprises, often international, that support these scams simply move too fast. With technology and tactics changing at a blinding pace there is no way for any consumer to stay ahead of every possible scam. In fact, we don't even know the full extent of the problem in our country because reporting is difficult and often fruitless.

We need to strengthen our laws at both the federal and state level specifically in the areas of prevention, intervention and recovery. Prevention includes policy changes to strengthen

protections for consumers to thwart victimization. Intervention focuses on policy changes that encourage action by institutions in a position to stop frauds from being perpetrated. Recovery policies provide a way for victims to recoup their financial losses and to hold perpetrators accountable.

Many of these principles are included in your bipartisan bill the Senior Financial Empowerment Act that we are proud to support. Most notably this bill includes provisions to

- Centralize services for consumer education and data on scams and fraud targeting seniors;
- Improve reporting of suspected instances of elder financial abuse; and
- Educate entities that could potentially be in a position to intervene about elder financial abuse;

This is a nationwide epidemic that impacts people of all ages. AARP surveys have found that 90% of Americans have been targeted with a scam and 1 out of 6 have fallen victim.

There are some trends that are particularly troubling that Congress should be paying attention to. These are problems that cut across different scams and demographics. They are the backbone behind most criminal schemes. Addressing these problems could be the most effective way to stop these criminals.

Gift Cards – According to an AARP survey conducted earlier this year 1 in 3 adults said they or someone they know had been asked at some point to purchase a gift card to pay a bill, fee or some other debt or obligation or to claim a prize. About one in four adults who were contacted reported they bought the cards - approximately 13 million U.S. adults ages 18 and older. The availability of gift cards, the relatively high limits on the amount of money that can be added to one and the ability to access these funds instantly make them a weapon of choice for criminal scammers.

Cryptocurrency – Cryptocurrency scams are accelerating at a concerning pace. Last year \$750 million was lost to crypto scams. That amount for 2021 has already topped \$1 billion, according to the FTC. The vast majority of these losses come from scammers asking their victims to pay with crypto – something that has been made easier by the proliferation of crypto ATMs which can be found in grocery stores and gas stations in every community in the country.

Internet Safety – Consumers appear to be especially vulnerable online. According to 2021 FTC data, approximately 19% of scams where the report included a point of contact came from online ads or social media. However, 64% of these targets resulted in the victim losing money. Comparatively only 9% of reported phone call scams resulted in the loss of money.

These scams range from fraudulent products, to fake websites to online imposters. However, they all rely on an app, social media platform or search engine to reach their victim and the ease and relatively low cost of advertising on these platforms adds fuel to the criminal fire.

Thank you again Senator Gillibrand for coming to Albany to bring attention to this critical issue and for authoring the Senior Financial Empowerment Act. I appreciate the opportunity to provide testimony on behalf of AARP.