



March 21, 2017

Staying a Step Ahead: Fighting Back Against Scams Used to Defraud Americans

Subcommittee on Consumer Protection, Product Safety, Insurance, and
Data Security, Committee on Commerce, Science and Transportation,
United States Senate, One Hundred Fifteenth Congress, First Session

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Statement of Federal Trade Commission Acting Chairman Maureen K. Ohlhausen

“Staying a Step Ahead: Fighting Back Against Scams Used to Defraud Americans”

Senate Committee on Commerce, Science, and Transportation
Subcommittee on Consumer Protection, Product Safety, Insurance, and Data Security

March 21, 2017

Chairman Moran, Ranking Member Blumenthal, and members of the Subcommittee. I am pleased to appear before you today alongside my colleague Commissioner Terrell McSweeney and the other panelists to discuss the importance of combatting consumer fraud.

Protecting America's consumers involves several factors, including market forces, private rights, and public law enforcement.¹

The first factor is a competitive marketplace in which consumers have adequate information and a variety of choices. In these circumstances, most companies will care about their reputation and their ability to attract repeat customers. Companies will therefore have incentives to be honest and keep the promises they make to consumers or else lose out to their competitors.

The second factor is private legal rights, as well as effective mechanisms to enforce those rights. The ability of consumers to bring legal action to enforce their rights in the face of, for example, a breach of contract is an important protection for consumers.

The third factor is public law enforcement by the FTC, state Attorneys General, and other entities. This is necessary in instances when a competitive marketplace and private litigation are not enough to protect consumers. A prime example of this is the subject of today's hearing: consumer fraud. A fraudster is often immune to market forces because it does not care about its reputation or attracting repeat customers. In addition, fraudsters will typically take steps to avoid detection of their scams or to

¹ See, e.g., Timothy J. Muris, Chairman, Fed. Trade Comm'n, The Federal Trade Commission and the Future Development of the U.S. Consumer Protection Policy (Aug. 19, 2003), <https://www.ftc.gov/public-statements/2003/08/federal-trade-commission-and-future-development-us-consumer-protection>.

dissipate assets making it difficult for consumers to vindicate their rights in the court system.

Many consumers are thus left without a viable recourse against fraudulent practices. In these circumstances, the FTC, as the nation's primary consumer protection agency, must step in. As Acting Chairman, I have instructed Commission staff to focus our law enforcement efforts on stopping fraudulent practices, particularly those that are causing the largest consumer harm. Doing so will ensure that the Commission is using its resources for the maximum benefit of consumers.

I would like to touch briefly today on two populations in particular: military consumers and small businesses.

Military consumers are an attractive target for fraudsters. They receive a regular paycheck, change addresses frequently, and belong to a close-knit community.² In calendar year 2016, the FTC's Consumer Sentinel Network database received over 103,000 complaints from military and veteran consumers, the vast majority of which were about imposter scams, identity theft, and other frauds.³ Protecting those consumers who are protecting our country is of paramount importance, but clearly there is still work yet to do.

² See Major Cindie Blair, *Solutions for Victims of Identity Theft: A Guide for Judge Advocates to Assist Servicemembers in Detering, Detecting, and Defending Against this Growing Epidemic*, 2011-JUN Army Law. 24, 26-29 (2011).

³ Fed. Trade Comm'n, Consumer Sentinel Network Report (2016), <https://www.ftc.gov/enforcement/consumer-sentinel-network/reports>.

Small businesses are also attractive targets for fraud. The Better Business Bureau reports that thousands of small businesses are the targets of scams each year.⁴ Fraudsters often take advantage of the fact that many small businesses lack a sophisticated recordkeeping system and are thus more susceptible to fake invoices, phishing attacks, and marketing scams.⁵ Frauds targeting small businesses, many of which are scrambling just to make ends meet, can have a stifling effect on innovation and competition in the marketplace.

The Commission also actively works to help consumers recognize frauds before they fall victim. The Commission produces websites, brochures, and other materials to educate the public on common scams and how to avoid them. Often, these materials are geared towards frequently targeted groups, such as seniors, Spanish-speakers, and the two groups I mentioned: military consumers and small businesses. For example, we have a website, military.consumer.gov, devoted to educating military consumers about consumer fraud issues. I have also directed Commission staff to create a webpage for small businesses on which we will provide a one-stop shop for all of our guidance to small businesses on how to avoid scams. I invite the Subcommittee to consider linking to our materials for the benefit of your constituents.

I am proud of the work the FTC has done to combat fraud, but we cannot become complacent or distracted from that core mission. Fraudsters are always thinking up new

⁴ Better Business Bureau, Scams that Target Small Businesses (2017), <http://www.bbb.org/wisconsin/news-events/news-releases/2017/01/scams-that-target-small-businesses>.

⁵ See *id.*; see also Fed. Trade Comm'n, Small Business Scams, <https://www.ftc.gov/tips-advice/business-center/guidance/small-business-scams>.

Statement of Acting Chairman Maureen K. Ohlhausen

scams, and the Commission must be and will be at the forefront of protecting America's consumers. Thank you and I look forward to your questions.

Testimony of Commissioner Terrell McSweeney

Before the Committee on Commerce, Science, and Transportation

Subcommittee on Consumer Protection, Product Safety, and Data Security

March 21, 2017

Chairman Moran, Ranking Member Blumenthal: thank you for holding this important hearing. I am Terrell McSweeney, and along with Acting Chairman Ohlhausen, we are the current members of the Federal Trade Commission.

The work of protecting American consumers from frauds and scams is bipartisan – in fact, I would call it non-partisan. For more than 100 years, the FTC has protected consumers from dishonest practices, although the particular scams we see in the marketplace change over time.

In 2016, we received more than three million consumer complaints and the top three categories were debt collection, impostor frauds, and identity theft. Since not all victims file complaints, these statistics understate the problem. The FTC's most recent national survey of fraud victimization estimated that 10.8% of all Americans over age 18 – or 25.6 million people – had been a victim of fraud in 2011.

The growth in impostor scam complaints is striking; they surpassed the number of identity theft complaints for the first time ever last year. In impostor scams someone poses as a friend, family member, romantic interest, legitimate company, or government agency, in order to obtain money or personal information.

Government impostor scams – the most common type of impostor scam reported last year – run the gamut from callers claiming to be from the IRS and demanding payment for back taxes to debt collectors claiming to be from a law enforcement agency.

Other impostors purport to be calling on behalf of a company such as Microsoft or Apple. They convince consumers that their computers are infected with malware. In reality no virus exists, but consumers pay for costly “technical support” services with little, if any, value.

We are taking action to stop these scams. Last year we brought multiple cases against tech support scams, as well as an action against an entity that was impersonating the Department of Transportation.

Stopping fraud is a core FTC priority. This includes not just pursuing bad actors who are directly perpetrating the frauds, but also others whose facilitate scams. One example is our recent case

against Western Union, which paid \$586 million to settle charges that it failed to stop scammers from using its money transfer system to collect payments for numerous types of fraud.

Protecting consumers is too big a job for the FTC to do alone. That's why we partner with other government agencies, states, and civic organizations in our anti-fraud work -- and why we invest in consumer and business education.

Educating American consumers is one of the best ways we can combat fraud. We produce materials in multiple languages for almost every demographic and make them available across platforms to reach the broadest possible audience. We hold Ethnic Media Roundtables around the country to help diverse communities highlight frauds affecting them.

We also have a campaign to help older people learn about common scams and pass that information on to their peers. And we work closely with the Department of Defense and others to help the military community avoid fraud.

It is vital that we continue this important outreach -- and ensure that we have the resources to meet the demand for our materials. This is especially true for our educational materials for parents and children, which help parents keep their kids safe online. It's critical that we keep these materials relevant and up to date, including optimizing them for mobile platforms.

The FTC must continue to stay abreast of emerging consumer protection issues. Our always-on, always-connected digital world is full of marvelous innovations - but it also creates some new opportunities for bad actors.

I'm particularly concerned about the growth in ransomware attacks. Ransomware attacks on computers -- both for individuals and businesses -- are unfortunately already well known. But I worry that attacks on connected consumer devices will soon become more common -- especially given wide-ranging industry data security practices. In the not-too-distant future a consumer might turn on her smart TV only to see a message that asks for \$50 in Bitcoin if she wants to watch television again.

In a world of new cyber threats, the FTC must keep pace with changing technology. We have been doing that by engaging with stakeholders -- and, most importantly, bringing technologists on board. The FTC's Office of Technology Research and Investigation, or OTech, is in its second year.

OTech is a talented inter-disciplinary team of lawyers and computer scientists who provide us with in-house research capabilities and the expertise to understand cutting-edge technology -- like cross-device tracking, or how algorithms impact consumer choice. As more of these technologies come into the marketplace, it is vital that the FTC continue to expand these capabilities.

Unlike many other enforcement agencies, the Federal Trade Commission sends refund checks to individual consumers who are harmed by unfair and deceptive business practices. Last year, we obtained orders that will return more than \$11 billion in redress to consumers.

Our enforcement actions not only provide American consumers with justice, they help to strengthen consumer trust in the marketplace, strengthening the dynamism of the American economy itself.

Thank you again for holding this hearing. I look forward to answering your questions.

TESTIMONY AS PREPARED
OHIO ATTORNEY GENERAL MIKE DEWINE
U.S. SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
SUBCOMMITTEE ON CONSUMER PROTECTION,
PRODUCT SAFETY, INSURANCE, AND DATA SECURITY
WASHINGTON, DC
MARCH 21, 2017

Thank you Chairman Thune, Subcommittee Chairman Moran, and Ranking Member Blumenthal for holding this important hearing today to discuss how scams are affecting families in my home state of Ohio and families all across our country.

I have served now as Ohio Attorney General for just over six years. One of the things I am continually amazed by is both the number of scams that constituents report to my office and the increasing creativity of the scammers! As you all know, there have always been scam artists and cons. But, what is different today is that they now have the long arm of both the Internet and phones!

The Internet and social media have transformed the world we live in and the way we communicate. For example, grandparents who live miles apart from their grandkids, can now see them with the touch of a button on their mobile devices. Unfortunately, scammers also use these modern conveniences to commit fraud and satisfy their greed.

“Grandparent scams” are one of the most frequently reported -- and most gut-wrenching -- scams my office receives. My wife Fran and I are the parents of eight children -- and now grandparents of 22 grandchildren. Like any grandparent, there is nothing we wouldn’t do for our grandkids. And that is exactly the mentality that the scammers prey upon.

The scam often begins with a phone call telling grandparents that one of their grandchildren has been in a car accident, caught with drugs, or put in jail. The caller pretends either to be the grandchild, an attorney, or a law enforcement officer and tells the grandparent to send money to have the charges dismissed, to cover court costs, or to allow the grandchild to return home.

There is always a sense of urgency with these scams. The grandparent is told to go to the store right away, to buy several gift cards, and to read the card numbers over the phone. Using this information, the scammer then drains the funds on the cards almost instantly.

As part of the scheme, grandparents often are instructed not to talk to other people (such as the grandchild’s parents) about the problem. Callers may even threaten to shoot or harm the grandchild if the grandparent refuses to pay.

And, if grandparents pay once, they likely will receive additional calls seeking more money, supposedly for attorney’s fees or other unexpected costs. Eventually, grandparents discover that their grandchild was not truly in trouble. But by then, it is too late. The average loss to an

individual Ohioan because of this scam is \$5,309. And that's just based on the cases reported to my office. Because so many go unreported, that figure is likely much higher.

Another popular scam is the "romance scam!" In a typical romance scam, the con artist "meets" the victim online through a dating or social networking site. The scammer often claims to live in the United States, but says he or she is temporarily located overseas due to a military assignment, business trip, or personal vacation.

One common theme of this scam is that the victim never actually meets the scammer face-to-face. Instead, the scammer may spend months developing a relationship with the victim online. Eventually, he or she asks the victim to send money to help cover some type of cost, such as airfare to visit the victim, medical expenses, or fees associated with military leave. The scammer often asks the victim to send the money via wire transfer or prepaid money card. Not surprisingly, once the money is sent, it is nearly impossible to recover. The average loss to an individual Ohioan for this scam is \$26,518! And again, that number is just based on cases reported to my office. It, too, is likely much higher.

As Attorney General, I have been committed to treating these scams as what they are -- crimes. In 2011, I established an Economic Crimes Unit in my Consumer Protection Section. The unit includes seasoned prosecutors and investigators tasked with holding these fraudsters accountable and assisting local law enforcement and prosecutors in identifying, investigating, and prosecuting consumer fraud of a criminal nature. The unit consists of three attorneys and four investigators who are dedicated solely to criminal investigations.

To assist even more in the fight against scams, my office sought additional investigative power from the Ohio General Assembly in 2012. The result was new telecommunications fraud subpoena authority that our investigators and lawyers use every day to obtain financial and electronic evidence that furthers investigations and leads to arrests and prosecutions. This subpoena power is crucial in investigating scams that are exclusively Internet or phone-based.

Telephone and electronic communication are the major tools that scammers use to initiate contact with consumers. Unlike in the past, phone numbers are no longer a reliable indicator of where a call is coming from or who is making it. Voice over Internet Protocol (VoIP) phones allow callers to use area codes and phone numbers linked to a particular city or state, even though the person making the call is nowhere near there.

These services use a computer or smartphone to make calls through the Internet. Calls can be made using WiFi hot spots commonly found in airports, restaurants, coffee shops, and libraries. Criminals use the perceived legitimacy these phone numbers provide to help persuade unsuspecting victims into sending them money. We commonly see this tactic being used in IRS scams where the call appears to be originating from Washington, DC or Northern Virginia, but is instead coming from overseas.

Changes in how money is transferred have created additional challenges. Money transfer services, such as Western Union and Moneygram, were the traditional methods scammers used

to get money. While those methods are still in use, we've learned that scammers now rarely receive the money directly. They tend to use "Money Mules," who are people who've often been duped into thinking they're "Secret Shoppers" or getting an advance for a babysitting job or think they have a job processing payroll to receive the money and send it on -- often to someone overseas. These multiple steps are used to frustrate law enforcement and throw them off the trail. Also, people picking money up are required to provide very little, if any, formal identification, which further impedes our efforts to identify them.

Criminals have discovered another tool for moving money -- prepaid gift cards and reloadable debit cards. Scam victims are instructed to purchase prepaid or reloadable cards, most recently iTunes cards. They then provide the unique identifying number from the back of the card to the scammer, and the money is transferred from the prepaid card or reload card to the scammer's account almost immediately, leaving the victim holding nothing but a useless piece of plastic.

My office recently spoke with a victim who received a call telling her that her grandson had been in a car accident and that the judge would drop the charges if she paid \$4,500 to an insurance company to cover the damage to a rented vehicle. The victim purchased prepaid cards, provided the card numbers to the scammer over the phone, and then was told to mail the cards themselves to an "insurance office" in Columbus, Ohio. My investigators found the address. As you would suspect, there was no insurance company.

Separate, but related, it's probably no surprise to you that many scam victims are targeted solely because of their age. To address this issue, my office created the Elder Justice Initiative and assigned staff to work with law enforcement, prosecutors, Adult Protective Services, and communities to identify, investigate, and prosecute elder abuse cases. We also host forums in local communities to educate seniors about how to protect themselves from cons.

As much as we try to educate consumers about potential scams, these cons are good at what they do and continue to rip off the vulnerable. Though many times, our investigations lead to dead ends, sometimes our work pays off in getting these bad guys. In 2013, for example, my office indicted and convicted 18 defendants for a national telemarketing ring that stole more than \$2 million from thousands of victims in 41 states over a five-year period. That group used dozens of VoIP phone numbers, seasoned telemarketers, false websites, elaborate lies, and multiple businesses in Ohio and Florida to prey on owners of vacant, nearly worthless land throughout the desert southwest.

Also in 2013, attorneys from our Special Prosecutions Section convicted John Donald Cody of running a charity scam that stole millions of dollars intended for Navy veterans. Cody, who had assumed the identity of a man named Bobby Thompson, was sentenced in an Ohio courtroom to 28 years in prison and ordered to pay more than \$6.3 million in fines.

Just last month, my office partnered with local law enforcement and indicted a 66 year-old-woman for her role in an alleged romance scam. According to investigators, the suspect lied to people about needing money for various reasons, such as claiming she had a serious illness or that she was at risk of losing her home. The victims, who included the suspect's family and

friends, believed her. Although the suspect generally promised to pay people back promptly, investigators determined that she sent the funds overseas to a man she had been communicating with online. This person's lies and deception cost her friends and family over \$730,000!

This case comes on the heels of a 2014 investigation that my office initiated that led to a federally-convicted drug dealer pleading guilty to a running a romance scam that robbed over \$1.1 million from unsuspecting victims across the country. The case began when my office received a complaint from an Ohio resident who had lost over \$800,000 to a man she met online. My investigators tracked our victim's money to accounts in Maryland. We then reached out to local law enforcement, shared what we had learned, and provided evidence linking a convicted drug dealer to the scheme.

The drug dealer was the ringleader to a group of scammers who used a number of false stories and promises to convince the victims to give money, including stories about investing in fake gold that required payments for shipping and storage, fictitious sick family members who needed money, fake hospital bills, and fake plane trips to visit the victims. To help conceal the scheme and by using false documents, the conspirators were able to convince the victims to mail checks to a corporation that one of the cons had created and controlled or to wire money into bank accounts held in the name of that corporation.

Because of that single lead, we were able to develop that case into a federal investigation. It is that kind of state and federal cooperation that has brought justice not only to our Ohio victim, but also to victims throughout the United States.

As we approach April, IRS scams become more prevalent. The IRS scams and tax preparer frauds pose special challenges for law enforcement. Because of federal law, the Internal Revenue Service cannot and will not share tax or taxpayer information with our state criminal investigators. Let me tell you why that's important.

Our investigators will receive a complaint about someone who is doing taxes and is alleged to be stealing part of the taxpayer's refund by personally diverting the money. This single taxpayer can get his or her own records and provide them to us, but our investigators have no way of knowing how much larger the crime may be or how many more people may be being victimized because the IRS can't tell us anything at all. State subpoenas won't work, so our investigation ends up at a dead end.

The individual loss for this type of scam is generally less than \$2,500.00. But, because we can't get access to information about other potential victims, that's where the case stops.

Whenever we receive an allegation of tax preparer fraud, IRS scam calls, or refund theft, we tell the consumer to contact the Treasury Inspector General for Tax Administration (TIGTA). Very few of these cases are ever likely to meet the dollar threshold required to get the attention of an IRS inspector, let alone a U.S. Attorney. Giving state and local law enforcement the ability to obtain the information needed to effectively investigate and prosecute tax preparer fraud, IRS scams, and refund theft wouldn't just protect taxpayers, it would conserve valuable federal resources and help ensure the integrity of our tax collection program.

There is strength in numbers. When multiple agencies put their resources, intelligence, and ingenuity together, great things can happen.

Ohio is a home rule state, with 88 counties and 88 county sheriffs and prosecutors acting independently from the other 87. That local control ensures that those elected officials are accountable to the people in their communities. It also ensures that these sheriffs and prosecutors know what's happening in their counties.

But, there are also challenges. A law enforcement officer in Jackson County, for example, may know about the three people who were ripped off in that county, but may not know about the three people who were victimized in Greene County, or the two people who were victimized in Clark County, or the person who was conned out of her life savings in Ashtabula County. Imagine how much bigger that problem gets when you start talking about victims in multiple states and victims who are hundreds or even thousands of miles away.

One of the reasons our Economic Crimes Unit has been successful is that we're able to see patterns of conduct occurring across multiple counties, make connections with law enforcement and victims, and show the true scope of a criminal enterprise. We need to apply that same logic to scams and economic crime nationwide. To be successful, we need to break down barriers to communication, sharing information, and resources and work together to combat crime on the national and international level.

We've seen that model work in Project JOLT, where the U.S. Department of Homeland Security has partnered with the Jamaican Constabulary Force, industry, and other law enforcement agencies to take down Jamaican lottery scammers -- a number of whom have recently been extradited to the United States to face federal charges. Now is the time to apply those lessons to others scams and crimes.

I am very proud of the work my office has undertaken to go after the scammers that prey on Ohio families. My office will continue to provide support for local law enforcement in an ongoing effort to hold scammers accountable. We're also committed to providing Ohioans with the information and education they need to avoid being victims in the first place. By doing these things, we are making a difference.

Thank you, again, for the opportunity to testify here today. I'm happy to answer any questions.

STATEMENT OF FRANK ABAGNALE, AUTHOR AND CONSULTANT, ABAGNALE
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Chairman Thune and members of the Committee, I am honored to be invited to testify before you today on the seriousness of identity theft and financial fraud against the elderly and all American citizens and the need for education to prevent individuals from falling victim to these multiple scams.

I am Frank Abagnale, subject of the book and movie "Catch Me If You Can." I have a unique perspective, having committed fraud as a teenager some 50 years ago, and having spent the last 41 years of my life teaching at the FBI Academy and field offices of the FBI. Over the past four decades, I have conducted over 3,000 lectures and written four books on these subjects. During this time, I have worked to try to prevent fraud, forgery, cybercrimes, embezzlement, identity theft and other scams perpetrated against consumers and small businesses.

Serious issues we face are fraud and scams which are perpetrated against American citizens of all ages. These can be perpetrated by family members, financial advisers, home healthcare providers, friends, scam artists, and others. Let me share with you some statistics that speak volumes as to why we need initiatives to help prevent these frauds against consumers.

A new survey by Javlin Strategy & Research shows a 16% growth in fraud incidence in 2016. Fraud effected over 6% of U.S. consumers - the highest on record.

The Consumer Sentinel Network, which collects consumer complaints from the Federal Trade Commission, state law enforcement agencies and other federal agencies, received over 3 million complaints in 2016.

- Almost 1.3 million of those complaints were fraud-related.
- Consumers reported paying over \$744 million in those fraud complaints.
- The FBI's Internet Crime Complaint Center (IC3) issues an annual report based on reported complaints of internet crime. The 2015 report (the latest available) shows that -
- The center received nearly 270,000 online crime complaints in 2014 with a loss of about \$800 million.
- State - by - state complaint data shows the largest losses are from individuals age 50+.

These are probably low estimates because many times consumers are too embarrassed to admit that they have been defrauded, and therefore it goes unreported. Their families may not even be told. Identity theft, investment fraud and scams rob millions of Americans of their hard-earned money every year. To help combat this threat, for the last three years I have joined forces with AARP's Fraud Watch Network as their ambassador. The goal of the Fraud Watch Network is to arm Americans with the tools they need to spot and avoid fraud and scams so they can

protect themselves and their families. Last year through my relationship with the Fraud Watch Network we reached more than 43 million people through state office sponsored events, social media, email alerts and online advertising. We held more than 1200 events on the topic of fraud in 2016 alone. In 2017, I will be appearing in more than one dozen cities across America to help educate people about current scams, their risks and most important of all, how to protect themselves and their families from being victimized.

What is truly amazing to someone like me is that what I did 50 years ago, as a teenager is 4,000 times easier to do today due to technology. Unfortunately, technology breeds crime, always has and always will. At the same time, there is no technology, nor will there ever be any technology that can prevent social engineering. Socially engineered crimes can only be prevented through education. There will always be individuals who will use technology in a negative, self-serving way.

Throughout my career, I have always believed that education is the best prevention. If you educate and explain to people their risks, in most cases they are smart enough to take that information and reduce their risks. I believe education is the only approach to help eliminate consumer fraud. Education is not only important for our seniors, but it also helps bring awareness to all citizens so they can recognize the signs of fraud and know how to protect themselves.

I have always believed that the government should take the lead in education to combat these horrendous crimes. Consumers are hungry for information but do not know about legitimate resources where they can turn for help. Over the last two years, I've given my time to film public service announcements for both the U.S. Department of Justice and numerous state attorneys general to help with public awareness.

As the committee is aware, there is very little prosecution for these crimes and almost no restitution. Once you lose your money, your chance of getting it back is extremely slim. Unfortunately, many of these criminals are operating from other countries where we do not have legal authority to make an arrest and follow through with prosecution. I believe that law enforcement and the Federal Trade Commission need to take these crimes against consumers more seriously and push for arrests and convictions of criminals making victims of innocent people when there is enforcement power to do so.

Thank you.

Michael Schwanke

KWCH 12 Eyewitness News

Wichita, KS

March 21st, 2017 testimony

Subcommittee on Consumer Protection, Product Safety, Insurance, and Data Security

“Staying a Step Ahead: Fighting Back Against Scams Used to Defraud Americans”

Testimony

Chairman Moran, ranking member Blumenthal, and committee members—I thank you for this incredible opportunity to talk about an issue that affects all Americans.

My name is Michael Schwanke with KWCH TV in Wichita, Kansas. In my 17 years as a journalist and investigative reporter I have focused much of time on helping victims of scams and educating the public so they don't fall victim.

I'm honored to be invited here today by Senator Moran. The Senator and I go back almost two decades to my days as a bureau reporter in Dodge City. Then Congressman Moran would routinely stop by my office and talk about the issues affecting Kansans.

But, the issue we are addressing today doesn't stop at a state line. Scams and those who perpetrate them, stop at nothing. No person is immune, and even in our darkest times scammers wait to take advantage.

This month Kansas experienced the largest wildfire event in the state's history. Homes and livestock were lost. While Kansans and surrounding Midwest states came together to help each other, shockingly there were those who saw an opportunity to steal.

Instead of solely focusing on protecting lives and property, Reno County Sheriff Randy Henderson had to warn his residents about a scam. During a time of disaster, victims of the fire were receiving calls from someone offering free federal grants. All they had to do was send in an application fee. The scam was underway before some victims of the fire were even allowed back in to survey what they'd lost.

Scammers don't see tragedy, they see opportunity like when Wichita Police officer Brian Arteburn was critically injured last month. He was run over by a fleeing suspect. Within days we had to warn viewers of telephone scam collecting money in his name.

Our seniors are most at risk, because they often have the most to lose. They feel there is no one to protect them. Much of my time is spent in churches or senior organizations trying to educate.

Those in our most trusting generation rarely go a single day without someone trying to trick them, scam them and ultimately steal the money they've worked a lifetime to earn.

I know, because we talk them. My producer now receives up to a dozen calls from victims every week. Last week that number grew to more than 20.

I personally have told the stories of those who have wired away their entire life savings. The money usually goes overseas never to be seen again. The scammer then starts again, with another unsuspecting American.

I could be here for hours sharing stories of victims—like the Wichita woman in her 70's we interviewed who was taking care of her elderly mother. She was targeted by a scammer who took advantage of her willingness to help others. She had about 25,000 dollars left to care for her mother and lost it all.

There was another couple who fell for what's commonly referred to as the grandparent scam. Thinking he was helping his granddaughter in distress, the 88-year-old walked into two Wichita grocery stores and purchased 13,000 dollars in I-Tune cards. The money was gone. The man's wife told me she had just seen me do a story on this very scam. The scammers were so convincing and she was so scared, she fell for it anyway. The same scam has been used on military families in Kansas.

What's more concerning are those we don't know about—those who are embarrassed and afraid they will lose their financial freedom if they share their stories. I often get calls from victims who want to share their story to protect others, but ask that I shield their identity.

We often hear about seniors falling victim, but even one of our investigative stories found that millennials may be even more likely to fall for scams. The Better Business Bureau backs that up, releasing a study this month that found consumers 18-24 years old are most likely to lose money in a scam.

Alex Cook is one of them. The 19-year-old called me after she fell victim to a scam on Care.com. The teen, who was working three jobs at the time, lost 2,600 dollars. It set her back six months.

Even our county government and area businesses have lost hundreds of thousands to scams.

The estimated loss to the American economy is in the billions. Some estimates show as many as one in 10 Americans will lose money to a phone scam every year.

Just last year the Better Business Bureau worked with more than 5,000 victims...who lost more than 42 million dollars.

(Insert Media)

The top scams reported to the BBB last year include tax collection, debt collection, lottery and online purchase scams.

And what happens when they report it? Usually nothing.

Our District Attorney's Consumer Protection Division fields about 2,000 calls a year. So many the office had to develop a new system to handle the calls because they were overwhelmed. There is one attorney in the consumer protection division.

The Wichita Police Department has four detectives in its financial crimes division. Each one has up to 60 active cases at any given time.

In 2015 they were 3,800 cases. Last year 7,000.

Rarely can local law enforcement or prosecutors do anything because the cases take them out of their jurisdiction or they simply don't have the resources. By the time police are able to obtain proper warrants or subpoenas, the scammers have moved on.

In closing, what we have found in our reporting is many times scammers use fear and intimidation to steal from victims. Law enforcement and prosecutors can do little to stop it. The best weapon we have at this point is education, but it has to be consistent. Tomorrow there will be a new scam, new tactics and Americans will lose money.

Again, I thank you for the invitation to be here today and look forward to any questions you may have.