



www.[silverlaw.com](http://www.silverlaw.com)

11780 W. Sample Road
Coral Springs, FL 33065
Tel: (954) 755-4799
Fax: (954) 755-4684

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The Honorable Rick Scott
United States Senate
716 Hart Senate Office Building
Washington, D.C. 20510
Email to:
jackie_schutz-zeckman@rickscott.senate.gov
jon_foltz@rickscott.senate.gov

***RE: Edith Shorougian Senior Victims of Fraud Compensation Act of 2020 (S.3487)
Request for inclusion in the next COVID-19 relief package***

Dear Senator Scott,

I am submitting this letter on behalf of myself and Silver Law Group. For over twenty years, I have dedicated myself to representing investors in FINRA arbitration claims. I am an active member of PIABA and the Co-Chair of the Securities and Investment Fraud Group of the American Association of Justice. My full bio is available on www.silverlaw.com. Over the course of my career, I have seen countless examples of investors being defrauded or being sold investments which are characterized as safe and conservative when, in reality, the fund's design is risky and speculative.

I am writing to you as a concerned constituent and also as an elder financial fraud attorney who has represented elderly investors who have been defrauded of their retirement funds. My firm and I routinely represent defrauded senior investors in south Florida and nationwide. Unfortunately, we frequently speak to investors whose money has been stolen by fraudsters who have no assets left to collect. In the recent past, we have been contacted by elderly investors who have lost life savings to unregistered financial advisors, one-person broker-dealers and uninsured insurance agents amongst others. Florida is home to a large retirement community and we unfortunately have many fraudsters in our midst who brazenly abuse our seniors robbing them of their money and their dignity. That leaves these aggrieved investors with no recourse many times and often results in hard-working retirees becoming dependent on the government for assistance as their retirement savings is lost. Sadly, the COVID-19 pandemic has only highlighted the incredible risk elder investors and their life savings face during times of crisis

During this COVID-19 pandemic, fraudsters have been exposed at an alarming rate. Since February 2020, the SEC suspended trading in the securities of over 30 issuers in connection with COVID-19, and brought several emergency enforcement actions alleging fraud based on COVID-19 claims.¹ The Department of Homeland Security warns of coronavirus-related charity scams, fraudsters targeting Social Security benefits, and other financial crimes.² We are seeing a rise in cases involving "free lunch"

¹ See <https://www.sec.gov/sec-coronavirus-covid-19-response>

² <https://www.dhs.gov/homeland-security-careers/blog/2020/06/16/avoiding-covid-19-scams>

seminars, Ponzi schemes, cold calls and cases against seniors involving undue influence or duress resulting in losses of millions of dollars.

I recently learned of the Edith Shorougian Senior Victims of Fraud Compensation Act of 2020 (S.3487), commonly called by many “Edith’s Bill”. This bipartisan bill will help to provide a recovery pool for defrauded elderly investors. The provisions contained in Edith’s Bill would amend the Victims of Crime Act of 1984 (“VOCA”) to establish eligibility for seniors victimized by financial fraud to be reimbursed from the Crimes Victim Fund and fill a dreadful gap for victims. The legislation establishes eligibility for compensation where no comparable financial assistance presently exists by including individuals over 60 years of age in state Victim Compensation Programs. This important legislation is needed now more than ever.

Sadly, even before the COVID-19 pandemic, our elderly investors were often the target of fraudsters. Older Americans are typically at the peak of their wealth accumulation phase, making them a prime target for fraudsters. The SEC’s Office of the Investor Advocate published a report highlighting the urgency of this issue, describing elder financial exploitation as “‘a burgeoning public health crisis’ and ‘a virtual epidemic.’”³ In 2018 alone, members of the North American Securities Administrators Association (“NASAA”) brought enforcement actions that involved over 750 senior victims.⁴ The enforcement actions concerned unregistered securities, traditional securities, variable annuities, affinity fraud, equity-indexed annuities, and viatical or life settlements.⁵ Looking back at NASAA’s enforcement statistics over the past five years, these products have consistently been connected with senior investor protection issues.⁶ The COVID-19 pandemic has only increased the urgency of these issues.

Based on the above as well as many years of experience working with defrauded investors, I fully support and ask that you also support including the full provisions of Edith’s Bill in the next COVID-19 relief package. This bipartisan bill has the support of both Republicans and Democrats in both houses as well as the AARP. It is important that both the provisions in Edith’s Bill adding to the funds available to the Victims of Crime fund as well as provisions making defrauded elderly investors eligible to receive compensation from those funds be included in legislation.

Our attorneys will continue to represent senior investors in claims for securities and investment fraud and raise awareness to help prevent future misconduct. We frequently work with the SEC Whistleblower Office and other federal regulators to prevent ongoing misconduct. However, more can be done to help those that have been defrauded and Edith’s Bill is a step in the right direction.

As the COVID-19 pandemic continues as well as the national crisis for many retirees not having

³ See STEPHEN DEANE, U.S. SEC. & EXCH. COMM’N OFFICE OF THE INV’R ADVOCATE, ELDER FINANCIAL EXPLOITATION (June 2018), <https://www.sec.gov/files/elder-financial-exploitation.pdf>.

⁴ NASAA, NASAA 2019 ENFORCEMENT REPORT 8 (2019) <https://www.nasaa.org/wp-content/uploads/2019/11/2019-Enforcement-Report-Based-on-2018-Data-FINAL.pdf>.

⁵ *Id.*

⁶ See, e.g., NASAA, NASAA 2017 ENFORCEMENT REPORT (2017), <https://www.nasaa.org/wp-content/uploads/2017/09/2017-Enforcement-Report-Based-on-2016-Data.pdf>; NASAA, NASAA 2015 ENFORCEMENT REPORT (2015), https://www.nasaa.org/wp-content/uploads/2011/08/2015-Enforcement-Report-on-2014-Data_FINAL.pdf.

sufficient funds to have the dignified retirement they so richly deserve, Edith's Bill is incredibly timely legislation that hopefully everyone in Washington can support. Edith's' Bill will give states like Texas expanded tools to help protect their most vulnerable citizens from financial fraud, abuse, and scams, and provide critical restitution funds to help senior victims recover their financial security.

Respectfully submitted,



Scott L. Silver

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