To amend the Investor Protection and Securities Reform Act of 2010 to provide grants to States for enhanced protection of senior investors and senior policyholders, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. GOTTHEIMER introduced the following bill; which was referred to the Committee on __________________________

A BILL

To amend the Investor Protection and Securities Reform Act of 2010 to provide grants to States for enhanced protection of senior investors and senior policyholders, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Empowering States to Protect Seniors from Bad Actors Act”.

(Original Signature of Member)
SEC. 2. GRANTS TO ELIGIBLE ENTITIES FOR ENHANCED PROTECTION OF SENIOR INVESTORS AND SENIOR POLICYHOLDERS.

(a) In General.—Section 989A of the Investor Protection and Securities Reform Act of 2010 (15 U.S.C. 5537) is amended to read as follows:

"SEC. 989A. GRANTS TO ELIGIBLE ENTITIES FOR ENHANCED PROTECTION OF SENIOR INVESTORS AND SENIOR POLICYHOLDERS.

"(a) Definitions.—In this section:

"(1) Eligible entity.—The term ‘eligible entity’ means—

"(A) the securities commission (or any agency or office performing like functions) of any State; and

"(B) the insurance commission (or any agency or office performing like functions) of any State.

"(2) Senior.—The term ‘senior’ means any individual who has attained the age of 62 years or older.

"(3) Senior financial fraud.—The term ‘senior financial fraud’ means a fraudulent or otherwise illegal, unauthorized, or improper act or process of an individual, including a caregiver or a fiduciary, that—
“(A) uses the resources of a senior for monetary or personal benefit, profit, or gain;

“(B) results in depriving a senior of rightful access to or use of benefits, resources, belongings, or assets; or

“(C) is an action described in section 1348 of title 18, United States Code, that is taken against a senior.

“(4) TASK FORCE.—The term ‘task force’ means the task force established under subsection (b)(1).

“(b) GRANT PROGRAM.—

“(1) TASK FORCE.—

“(A) IN GENERAL.—The Commission shall establish a task force to carry out the grant program under paragraph (2).

“(B) MEMBERSHIP.—The task force shall consist of the following members:

“(i) A Chair of the task force, who—

“(I) shall be appointed by the Chairman of the Commission, in consultation with the Commissioners of the Commission; and

“(II) may be a representative of the Office of the Investor Advocate of
the Commission, the Division of Enforcement of the Commission, or such other representative as the Commission determines appropriate.

“(ii) If the Chair is not a representative of the Office of the Investor Advocate of the Commission, a representative of such Office.

“(iii) If the Chair is not a representative of the Division of Enforcement of the Commission, a representative of such Division.

“(iv) Such other representatives as the Commission determines appropriate.

“(C) DETAIL OF EXECUTIVE AGENCY EMPLOYEES.—Upon the request of the Commission, the head of any Federal agency may detail, on a reimbursable basis, any of the personnel of that Federal agency to the Commission to assist it in carrying out its functions under this section. The detail of any such personnel shall be without interruption or loss of civil service status or privilege.

“(2) GRANTS.—The task force shall carry out a program under which the task force shall make
grants, on a competitive basis, to eligible entities, which—

“(A) may use the grant funds—

“(i) to hire staff to identify, investigate, and prosecute (through civil, administrative, or criminal enforcement actions) cases involving senior financial fraud;

“(ii) to fund technology, equipment, and training for regulators, prosecutors, and law enforcement officers, in order to identify, investigate, and prosecute cases involving senior financial fraud;

“(iii) to provide educational materials and training to seniors to increase awareness and understanding of senior financial fraud;

“(iv) to develop comprehensive plans to combat senior financial fraud; and

“(v) to enhance provisions of State law to provide protection from senior financial fraud; and

“(B) may not use the grant funds for any indirect expense, such as rent, utilities, or any other general administrative cost that is not di-
rectly related to the purpose of the grant program.

“(3) AUTHORITY OF TASK FORCE.—In carrying out paragraph (2), the task force—

“(A) may consult with staff of the Commission; and

“(B) shall make public all actions of the task force relating to carrying out that paragraph.

“(c) APPLICATIONS.—An eligible entity desiring a grant under this section shall submit an application to the task force, in such form and in such a manner as the task force may determine, that includes—

“(1) a proposal for activities to protect seniors from senior financial fraud that are proposed to be funded using a grant under this section, including—

“(A) an identification of the scope of the problem of senior financial fraud in the applicable State;

“(B) a description of how the proposed activities would—

“(i) protect seniors from senior financial fraud, including by proactively identifying victims of senior financial fraud;
“(ii) assist in the investigation and
prosecution of those committing senior fi-
nancial fraud; and

“(iii) discourage and reduce cases of
senior financial fraud; and

“(C) a description of how the proposed ac-
tivities would be coordinated with other State
efforts; and

“(2) any other information that the task force
determines appropriate.

“(d) PERFORMANCE OBJECTIVES; REPORTING RE-
QUIREMENTS; AUDITS.—

“(1) IN GENERAL.—The task force—

“(A) may establish such performance ob-
jectives and reporting requirements for eligible
entities receiving a grant under this section as
the task force determines are necessary to carry
out and assess the effectiveness of the program
under this section; and

“(B) shall require each eligible entity that
receives a grant under this section to submit to
the task force a detailed accounting of the use
of grant funds, which shall be submitted at
such time, in such form, and containing such
information as the task force may require.
“(2) REPORT.—Not later than 5 years after the date of the enactment of the Empowering States to Protect Seniors from Bad Actors Act, the task force shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report that—

“(A) specifies each recipient of a grant under this section;

“(B) includes a description of the programs that are supported by each such grant; and

“(C) includes an evaluation by the task force of the effectiveness of such grants.

“(3) AUDITS.—The task force shall annually conduct an audit of the program under this section to ensure that eligible entities to which grants are made under that program are, for the year covered by the audit, using grant funds for the intended purposes of those funds.

“(e) MAXIMUM AMOUNT.—The amount of a grant to an eligible entity under this section may not exceed $500,000, which the task force shall adjust annually to reflect the percentage change in the Consumer Price Index.

“(f) SUBGRANTS.—An eligible entity that receives a grant under this section may, in consultation with the task force, make a subgrant, as the eligible entity determines is necessary or appropriate—

“(1) to carry out the activities described in subsection (b)(2)(A); and

“(2) which may not be used for any activity described in subsection (b)(2)(B).

“(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2023 through 2028.”.

(b) CONFORMING AMENDMENT.—The table of contents in section 1(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act is amended by striking the item relating to section 989A and inserting the following:

“Sec. 989A. Grants to eligible entities for enhanced protection of senior investors and senior policyholders.”.