



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

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April 14, 2026

The Honorable French Hill (R-AR)
Chairman
U.S. House Committee on Financial Services
Washington, DC 20515

The Honorable Maxine Waters (D-CA)
Ranking Member
U.S. House Committee on Financial Services
Washington, DC 20515

The Honorable Ann Wagner (R-MO)
Chairman
U.S. House Committee on Financial Services
Subcommittee on Capital Markets
Washington, DC 20515

The Honorable Brad Sherman (D-CA)
Ranking Member
U.S. House Committee on Financial Services
Subcommittee on Capital Markets
Washington, DC 20515

RE: NASAA Letter for the Record for the Congressional Hearing Entitled, “Safeguarding Main Street: Combatting Fraud and Exploitation in Our Capital Markets”

Dear Chairmen Hill and Wagner, and Ranking Members Waters and Sherman:

On behalf of the U.S. Members of the North American Securities Administrators Association, Inc. (“NASAA”),¹ I submit this letter in connection with the April 15, 2026, hearing entitled, “Safeguarding Main Street: Combatting Fraud and Exploitation in Our Capital Markets.” As you will read, we urge Congress to (i) prioritize the mitigation of online scams through a national strategy, (ii) establish integrated local-state-federal, public-private task forces for scam prevention, detection, and enforcement, and (iii) preserve and leverage local and state governments’ authorities, including their report-and-hold laws and laws establishing state restitution funds for securities fraud victims. State securities and commodities regulators stand ready to work with Congress and the rest of the federal government to fight against the online scam epidemic.

I. The Urgent Threat to Americans of Scams

Scams—including digital asset fraud, cryptocurrency scams, social media fraud, impersonation schemes, “pig butchering,” and artificial intelligence (“AI”)-enabled scams—reached epidemic proportions several years ago. According to NASAA’s 2025 Enforcement Report, state regulators conducted 8,833 active investigations in 2024, resulting in more than \$259 million in restitution and fines. These scams mostly occurred through social media platforms, crypto kiosks, messaging apps, and blockchain-based financial instruments, highlighting the evolving and technology-driven nature of the threat.²

¹ NASAA’s membership includes state securities and commodities regulators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and Guam, as well as regulators from Canada and México.

² See NASAA, [Enforcement Report](#) (Oct. 2025).

Other sources of data tell a similar story. According to the Federal Bureau of Investigation’s (“FBI”) Internet Crime Complaint Center (“IC3”), public financial losses from internet crime exceeded \$20.88 billion in 2025. This marks a 25.7% increase over reported losses in 2024. Losses from investment scams, perennially the costliest crime tracked by the IC3, rose from \$6.57 billion in 2024 to \$8.65 billion in 2025, marking an increase of 31.7%.³

AI has become a key driver of this growing scam risk. The accessibility and sophistication of AI tools allow bad actors to create more convincing, scalable, and targeted fraudulent schemes, increasing both the reach and effectiveness of online scams.

Regulators have identified AI-enabled fraud as a leading and rapidly growing threat to investors. In 2024, NASAA, the U.S. Securities and Exchange Commission (“SEC”), and the Financial Industry Regulatory Authority (“FINRA”) issued a joint investor alert warning that bad actors were using AI to lure victims into scams.⁴ In 2025, NASAA reinforced this assessment when our members identified the misuse of AI as a top threat to retail investors.⁵

II. The President’s March 2026 Executive Order to Combat Cybercrime, Fraud, and Predatory Schemes

Since 2025, NASAA has called for a whole-of-government approach to address the evolving and growing scam epidemic. Because many online scams originate overseas and are operated by transnational criminal organizations, we cannot fully mitigate these threats without strong coordination with—and support from—our federal partners.

To begin, NASAA supports provisions in the March 2026 Executive Order, *Combating Cybercrime, Fraud, and Predatory Schemes Against American Citizens* designed to strengthen collaboration.⁶ The Executive Order recognizes the need for a coordinated public-private response to cyber-enabled fraud while directing a whole-of-government strategy to combat foreign-based scam centers and transnational criminal organizations.

The Executive Order also establishes key operational mechanisms to carry out this strategy. It requires national security, law enforcement, and agencies of the U.S. Department of the Treasury (“Treasury Department”) to review existing frameworks and develop an action plan, including the creation of an operational cell within the National Coordination Center to detect, disrupt, and deter cyber-enabled criminal activity. It further calls for expanded information sharing, improved tracking of bad actors, enhanced support for state and local

³ See FBI IC3, [Internet Crime Report](#) (2025), at 4; 8.

⁴ See NASAA, [NASAA Investor Alert: Artificial Intelligence \(“AI”\) and Investment Fraud](#) (Jan. 25, 2024).

⁵ See, e.g., NASAA, [NASAA Urges Congress to Oppose a Federal Ban on State Artificial Intelligence Laws](#) (Dec. 5, 2025). NASAA has therefore opposed federal proposals this Congress that could undermine states’ ability to enforce AI-related laws. Preserving state enforcement authority is critical to protecting investors, as weakening these powers would increase Americans’ exposure to increasingly sophisticated online scams.

⁶ See White House, [Combating Cybercrime, Fraud, and Predatory Schemes Against American Citizens](#) (Mar. 6, 2026).

partners,⁷ and the development of a proposed Victims Restoration Program to return seized funds to victims.

While the federal government has made meaningful progress in this area, additional opportunities remain to strengthen coordination by more explicitly incorporating a substantive role for state regulators early and throughout goal setting and implementation processes. Across the United States, states are recognizing the threat posed by online scams by establishing task forces charged with studying the epidemic and delivering solutions for constituents. As an illustrative example, Mississippi (“MS”) recently signed into law HB 1719, which establishes an intrastate, interagency study committee tasked with researching means to prevent financial fraud and scams and improving investor education. The study committee will include state lawmakers, the MS Secretary of State and MS Attorney General or their designee, the Commissioner of the Department of Banking and Consumer Finance, the Executive Directors of the Department of Human Services and the Veteran’s Affairs Office, the Commissioner of the Insurance Department, and the Superintendent of Education. Mississippi’s Securities Division resides in the Secretary of State’s office. Connecticut, Massachusetts, and New Jersey have recently considered similar proposals.⁸

States look forward to continued collaboration with the federal government as both develop and strengthen their respective coordination functions and processes to combat cybercrime, fraud, and predatory schemes targeting Americans throughout the United States. We both have expertise and resources that can be of assistance to each other.

At the same time, NASAA urges Congress not to delay and to build on the Executive Order by more fully leveraging the expertise of state regulators, including state securities and commodities regulators. In particular, NASAA supports the creation of a coordinated national anti-scam strategy led by a local-state-federal task force embodying a cooperative approach where representatives of local and state governments would serve on the task force and not solely in an advisory or similar capacity to the task force.

As Congress considers legislation to codify or expand upon the Executive Order, members of Congress should ensure that local and state partners are formally integrated into these efforts. The Executive Order does not explicitly address the role of local and state governments within the National Coordination Center, creating an opportunity for Congress to clarify and strengthen local and state participation.

Congress may also consider whether new or existing structures should be adapted to better address online scams targeting investors. This could include establishing dedicated bodies—such as a task force within the U.S. House Financial Services Committee (“HFSC”)—similar to prior efforts focused on financial technology and AI.

⁷ *Id.* (“To the maximum extent permitted by law, the Secretary of Homeland Security, acting through the Director of the Cybersecurity and Infrastructure Security Agency, shall partner with the NCC to provide training, technical assistance, and resilience building to support State, local, Tribal, and territorial (SLTT) partners, including to expand defensive capacity, share threat intelligence, and harden SLTT partners’ critical infrastructure systems against cybercrime exploitation by TCOs.”)

⁸ See Connecticut, [HB05315](#). See also Massachusetts, [S749](#). See also New Jersey, [S3274](#).

Finally, NASAA applauds the Executive Order’s call for a Victims Restoration Program but notes that it does not explicitly contemplate roles for local and state governments. As Congress considers similar initiatives, it should draw on the extensive experience of state regulators in securing restitution for victims of securities fraud, as outlined below, to ensure such programs effectively deliver meaningful financial recovery.

III. The State Securities and Commodities Perspective on Next Steps to Mitigate the Online Scam Epidemic

An effective federal response to fraud must fully integrate state securities and commodities regulators as essential partners in prevention, detection, and enforcement. Congress should ensure that state regulators are formally included in any federal fraud-fighting structures, including task forces and coordination centers. A coordinated framework that leverages both federal and state expertise will strengthen enforcement, close information gaps, and better reflect how fraud is actually identified and stopped in practice.

Separately but relatedly, federal crypto market structure legislation must preserve state authority to protect investors in rapidly evolving and high-risk financial markets. These markets are frequently used to facilitate scams targeting retail investors, and any federal framework that weakens state authority would create dangerous regulatory gaps. Preserving state anti-fraud powers is essential to maintain strong, responsive oversight and prevent harm to investors.

This Congress, NASAA has consistently advanced reforms to ensure that state regulators retain critical authorities to combat fraud and abuse in the digital assets markets. These requests to Congress are not intended to expand registration authority over products, but instead to preserve the existing allocation of regulatory responsibilities as our markets evolve. They include maintaining parity between tokenized and non-tokenized securities, preserving state authority over investment contracts and other tokenized and non-tokenized securities consistent with the National Securities Markets Improvement Act of 1996, and eliminating provisions that would allow federal agencies to alter foundational securities laws without congressional approval.⁹

State regulators also play a broader and equally critical role in fraud prevention, industry oversight, and victim recovery. Through close relationships with financial firms, they help identify and stop scams early. Through enforcement actions and restitution programs, they help victims recover financial losses.¹⁰ Federal policy should reinforce these efforts and ensure strong

⁹ See NASAA, [NASAA Urges Congress to Preserve Essential Regulatory Jurisdiction and Make Targeted Improvements to Preserve Cooperative Federalism and State Authority in Federal Market Structure Proposals](#) (Feb. 23, 2026). As further context, we understand from our membership that transnational criminal enterprises are using stablecoins for transactions and stablecoin issuers are not always complying with law enforcement requests to freeze, seize, or return stolen funds. Congressional action is necessary to support local, state, and federal law enforcement striving to help victims of crime.

¹⁰ See NASAA, [2025 Enforcement Report](#) (Oct. 2025) (“In 2024, state and provincial securities regulators continued their mission to protect investors from financial harm through robust enforcement efforts. Regulators in the United States received 8,309 tips and complaints from the public, reflecting a year-over-year increase, along with 1,685 referrals from external agencies. The largest sources of referrals included the Financial Industry Regulatory

coordination with state-led public awareness campaigns and investor education initiatives, which remain a trusted and effective first line defense against fraud.

A. Coordinate the Local-State-Federal Responses from the Outset

NASAA strongly supports federal interagency task forces to combat complex and evolving threats such as online scams. These initiatives represent an important step toward improving coordination across federal agencies and strengthening investor protection.

Effective task forces, however, must be designed from the outset to include local and state representatives as full task force participants. This includes state securities and commodities regulators, who should not be treated as optional partners but as core members of the effort. Excluding them at the design stage risks weakening coordination and overlooking critical expertise.

State securities and commodities regulators play an essential “boots-on-the-ground” role in protecting Americans and detecting fraud. They are often the first to identify warning signs, respond to consumer complaints, and pursue enforcement actions under state anti-fraud laws. Their proximity to local markets and victims allows them to act quickly and effectively in ways that complement federal enforcement.

Strong local-state-federal collaboration is necessary to ensure task forces operate efficiently and achieve maximum impact. Without the early and active participation of state regulators, federal efforts risk duplication, gaps in enforcement, and reduced protection for victims. Inclusion from the beginning ensures a more complete and coordinated response.

Since January 2025, members of Congress have introduced several bipartisan proposals aimed at addressing the growing epidemic of online scams through the creation of dedicated task forces. These efforts are commendable and represent meaningful progress toward strengthening consumer and investor protections.

These proposals would be significantly strengthened by explicitly including state securities and commodities regulators as formal participants in the task force structure. Doing so would improve coordination across jurisdictions and ensure that federal efforts fully leverage the on-the-ground expertise of state regulators in combating fraud. Limiting states to a purely consultative role—or omitting them altogether—risks undermining the effectiveness of the initiative from the outset.

NASAA stands ready to work with Congress to ensure that state securities and commodities regulators are properly integrated into legislative proposals. In most cases, this can be achieved simply by adding the following language into any relevant bill: “State securities commissions (or any agency or office performing like functions)”.

Authority (“FINRA”) (559), state and local law enforcement and prosecutorial agencies (241), and the [SEC] (163).”). This is key because federal regulators need state support.

The following are examples of proposals, which were referred to either HFSC or the U.S. Senate Committee on Banking, Housing, and Urban Affairs (“SBC”), for which we are eager to provide technical or other support:

- **Honesty in Your Promotions and Endorsements (“HYPE”) Act of 2026 (H.R. ___):**¹¹ This legislation would establish an interagency taskforce on “finfluencers” to study and make recommendations as to the proper regulation thereof, and to promote investor education about finfluencers. The task force includes state regulators in a consultative role.
- **National Scam Prevention Coordination Act (H.R. 6681):**¹² This bill would create a National Fraud and Scam Prevention Office within the White House to unify federal efforts, advise the President, and drive a national strategy to combat and educate the public about fraud. H.R. 6681 was also referred to the House Committee on Energy and Commerce (“House Energy and Commerce”), the House Committee on Foreign Affairs (“House Foreign Affairs”), and the House Committee on the Judiciary (“House Judiciary”). The bill is silent on state participation.
- **National Strategy for Combating Scams Act of 2025 (H.R. 6425 and S. 3355):**¹³ This legislation would create a task force composed of federal agencies to create a coordinated plan to fight scams. The task force would work in consultation with industry, consumer advocates, and state, local, and tribal government officials. H.R. 6425 was also referred to House Energy and Commerce and House Judiciary. The task force is directed to consult with state agencies.
- **Preventing Deep Fake Scams Act (H.R. 1734 and S. 2117):**¹⁴ This legislation would establish a dedicated task force on AI in financial services. The task force would include representatives from financial services regulatory agencies, financial institutions, third-party vendors, and AI experts to explore the use of AI in the financial sector to combat and detect fraud. The legislation is silent on state participation.
- **Senior Security Act of 2025 (H.R. 1469 and S. 4055):**¹⁵ This legislation would establish the Senior Investor Taskforce within the SEC to report on topics relating to investors over the age of 65, including industry trends and serious issues impacting such investors, and make recommendations for legislative or regulatory actions, and would also direct the Government Accountability Office to report on the financial exploitation of senior citizens. The legislation would direct the task force to consult with state securities and law enforcement authorities, as well as state insurance regulators and other federal agencies.

¹¹ See HFSC, [H.R. _____](#), the [HYPE Act of 2026](#).

¹² See Congress.gov, [H.R. 6681](#).

¹³ See Congress.gov, [H.R. 6425](#). See also Congress.gov, [S. 3355](#).

¹⁴ See Congress.gov, [H.R. 1734](#). See also Congress.gov, [S. 2117](#).

¹⁵ See Congress.gov, [H.R. 1469](#). See also Congress.gov, [S. 4055](#).

- **Stop Scams Act (H.R. 7215):**¹⁶ This legislation would create a strategy to combat scams by tasking the Federal Bureau of Investigation with organizing a coordinated, government-wide effort to prevent and respond to scams. It would also align inter-agency actions, definitions, and data regarding scams. H.R. 7215 was also referred to House Energy and Commerce and House Judiciary. The bill is silent on state participation.
- **Strengthening Agency Frameworks for Enforcement of Cryptocurrency (“SAFE Crypto”) Act (S. 3428):**¹⁷ This legislation would establish a federal task force to combat cryptocurrency scams and foster collaboration among Treasury Department, SEC, the U.S. Commodity Trading Futures Commission, law enforcement, and the private sector. This bill would carve out a role on the task force for representatives of federal, state, and local law enforcement, as well as at least one (1) representative of a state bank regulatory authority, but could be further enhanced by including a role for state securities and commodities regulators.
- **Taskforce for Recognizing and Averting Payment Scams (“TRAPS”) Act (H.R. 4936 and S. 2019):**¹⁸ This legislation would create a task force to combat digital payment scams. The task force — composed of federal regulators, financial institutions, and consumer advocates — would analyze fraud trends and develop strategies to enhance protections in consultation with state, local, and tribal agencies, in addition to other stakeholders.

The following are examples of proposals that were not referred to either the HFSC or the SBC. These bills would enhance investor protection, and we stand ready to provide technical or other support as needed.

- **Dismantle Foreign Scam Syndicates Act (H.R. 5490):**¹⁹ This bill would establish a federal task force to coordinate a whole-of-government strategy to dismantle overseas scam compounds, disrupt the criminal networks behind them, and hold corrupt foreign officials accountable. The bill is silent on state participation.
- **Foreign Robocall Elimination Act (H.R. 6152 and S. 2666):**²⁰ This legislation would establish an interagency task force led by federal regulators to study call volumes, identify high-risk countries, evaluate consumer harm, and promote global adoption of call authentication technologies. The bill is silent on state participation.
- **Scam Compound Accountability and Mobilization (“SCAM”) Act (S. 2950):**²¹ This bill would bring together federal agencies, law enforcement, and international partners to develop and implement a comprehensive strategy to counter foreign scam compounds. The bill is silent on state participation.

¹⁶ See Congress.gov, [H.R. 7215](#).

¹⁷ See Congress.gov, [S. 3428](#).

¹⁸ See Congress.gov, [H.R. 4936](#). See also Congress.gov, [S. 2019](#).

¹⁹ See Congress.gov, [H.R. 5490](#).

²⁰ See Congress.gov, [H.R. 6152](#). See also Congress.gov, [S. 2666](#).

²¹ See Congress.gov, [S. 2950](#).

- **STOP Scams Against Seniors Act (H.R. 6426):**²² This bill would allow state and local law enforcement agencies to draw on grants from the Edward Byrne Memorial Justice Assistance Grant (“JAG”) Program to support Elder Justice Task Forces designed to combat elder financial abuse. The bill allows the U.S. Attorney General to determine whether states may be included on eligible task forces.
- **Strategic Task Force on Scam Prevention Act (H.R. 5967):**²³ This bill would direct the U.S. Department of Justice and the U.S. Federal Trade Commission (“FTC”) to convene a federal interagency task force, coordinate with banks, tech platforms, and law enforcement, and develop national consumer education campaigns. This bill would direct the task force to consult with local law enforcement and state regulators, including state securities regulators.
- **Veterans Scam and Fraud Evasion (“VSAFE”) Act of 2025 (H.R. 1663 and S. 2501):**²⁴ This legislation would establish a Veterans Scam and Fraud Evasion Officer within the Department of Veterans Affairs (“VA”). This dedicated official would serve as a centralized leader responsible for preventing, identifying, and responding to scams targeting veterans, improving coordination across VA offices and enhancing collaboration with other federal agencies. On January 20, 2026, H.R. 1663 passed the House by voice vote. The legislation is silent on state participation.

In every case, NASAA strongly supports the spirit of creating fraud-fighting task forces. Additional consideration to the role of state regulators and coordination between local, state, and federal authorities will only help these task forces be more effective.

B. Preserve and Build on the States’ Longstanding Efforts to Work with Industry to Identify and Stop Scams and Fraud

State securities and commodities regulators are the frontline defense in protecting investors from financial exploitation, particularly vulnerable adults. Through proactive oversight and enforcement, they work to stop fraud before it occurs rather than simply responding after harm has happened. This prevention-focused mission has made state regulators uniquely effective in identifying and interrupting suspicious financial activity at its earliest stages.

State report-and-hold laws demonstrate the effectiveness of state-led investor protection frameworks. Adopted in 42 jurisdictions based on or inspired by NASAA’s Model Act to Protect Vulnerable Adults from Financial Exploitation (“NASAA model act”), these laws require or permit financial professionals to report suspected financial exploitation and impose temporary holds on transactions when abuse is suspected. An additional two (2) jurisdictions adopted laws that inspired and informed the NASAA model act. Real-world results underscore their impact: Texas securities regulators have received more than 4,900 reports of potential financial exploitation in just three years while Arkansas has received over 300 reports in the same period.

²² See Congress.gov, [H.R. 6426](#).

²³ See Congress.gov, [H.R. 5967](#).

²⁴ See Congress.gov, [H.R. 1663](#). See also Congress.gov, [S. 2501](#).

These figures highlight how state regulators are not only responsive but actively detecting and preventing harm at scale.

NASAA is monitoring federal efforts to create report-and-hold frameworks. The following are notable developments:

- On March 7, 2026, the Treasury Department released a report to Congress that in part includes provisions offering a safe harbor to institutions that temporarily and voluntarily hold digital assets involved in suspected illegal activity during an investigation. State regulators were not mentioned in the report or the recommendation.²⁵
- For several years now, Congress has considered the Financial Exploitation Prevention Act (H.R. 2478 and S. 2840). This legislation would allow registered open-end investment companies (mutual funds) and transfer agents (typically a bank or trust company that acts as an intermediary between a company (or fund) and its investors) to delay the redemption of securities when there is a reasonable belief that the request was made due to financial exploitation of an investor. NASAA has long supported this legislation among other reasons because it would benefit investors and have no adverse effect on the authorities of state securities and commodities regulators—rather, it would complement those authorities.²⁶

C. Provide Relief and Other Support to Victims, Including Investment Fraud Victims

State regulators are essential enforcers of securities and commodities laws who not only punish fraud but also pursue meaningful recovery for victims. Through investigations and enforcement actions, they hold bad actors accountable for violations and deter future misconduct in the marketplace. Importantly, their role extends beyond punishment, as they work to restore losses and make harmed investors whole, reinforcing trust in the financial system.

²⁵ See U.S. Department of the Treasury, [Report to Congress from the Treasury of the Secretary on Innovative Technologies to Counter Illicit Finance Involving Digital Assets](#) (Mar. 2026), at 27 (“Congress should consider enacting a digital asset-specific “hold law” that offers a safe harbor to institutions that temporarily and voluntarily hold digital assets involved in suspected illegal activity during a short-duration investigation. Such a law should consider transparency when an asset is frozen and consumer protection measures. Such a law would be particularly useful for countering illicit finance involving permitted payment stablecoins.”).

²⁶ See Congress.gov, [H.R. 2478](#). See also Congress.gov, [S. 2840](#). The legislation would require registered open-end investment companies and the transfer agents who serve those companies, including mutual funds, to contact customers who hold non-institutional accounts directly with the company to request information for a trusted contact who can be notified if the company or transfer agent identifies possible financial exploitation. Further, it would allow the company or transfer agent in limited circumstances to postpone the date of payment upon redemption of any redeemable security. Among other requirements, the company or transfer agent must reasonably believe the redemption was requested through the financial exploitation of a security holder. Also, the security holder must be (i) an individual age 65 or older or (ii) an adult who the company or agent reasonably believes cannot protect their own interests due to the adult’s mental or physical impairment. In addition, it would require the SEC, in consultation with NASAA and other policymakers, to submit a report to Congress that includes recommendations regarding the regulatory and legislative changes necessary to address the financial exploitation of security holders who are specified adults.

State-administered restitution assistance programs provide a proven and effective mechanism for helping victims recover from securities fraud. At least seven (7) states – Florida, Indiana, Maine, Montana, North Dakota, Ohio, and Vermont – have established dedicated funds and structured claims processes that deliver direct financial assistance to victims who might otherwise be left without meaningful recourse. NASAA’s Model Act to Create Restitution Assistance Funds for Victims of Securities Fraud has served as the legislative model for most of these restitution funds programs.²⁷

Congress should preserve state authority to create and operate restitution assistance funds because these programs are a critical component of investor protection. As federal policymakers consider broader fraud-fighting or restitution initiatives, they should avoid preempting or otherwise complicating successful state systems that already function effectively.

Instead, Congress should build upon state experiences by encouraging coordination and ensuring that federal efforts incorporate input from NASAA and its members who have direct expertise in administering victim compensation programs too. The following proposals are illustrative of efforts that would be complementary to state systems:

- **Guarding Unprotected Aging Retirees from Deception (“GUARD”) Act (H.R. 2978 and S. 2544):**²⁸ This legislation would provide state, local, and tribal law enforcement with federal grants to hire and train staff and secure specialized software and other tools to improve their capacity to conduct fraud investigations. H.R. 2978 was also referred to the House Judiciary.
- **Quashing Unwanted and Interruptive Electronic Telecommunications (“QUIET”) Act (H.R. 1027 and S. 3354):**²⁹ This legislation would double financial penalties for those who fraudulently use AI to impersonate individuals, commit fraud, or obtain valuables under false pretenses while also requiring robo-callers to disclose when AI is used to imitate human voices in calls or text messages. The legislation is silent on state regulators.
- **Safeguarding Consumers from Advertising Misconduct Act (“SCAM Act”) (H.R. 7548 and S. 3774):**³⁰ This legislation would establish anti-fraud requirements for platforms that host paid advertising by mandating advertiser verification, preventing the use of stolen or synthetic identities, and implementing both automated and human fraud-

²⁷ In 2021, NASAA adopted the NASAA Model Act to Create Restitution Assistance Funds for Victims of Securities Fraud (“Restitution Model Act”) to make it easier for additional states to establish a restitution fund.²⁷ The Restitution Model Act is designed to provide a framework for states to establish a state-level program that would provide monetary assistance to victims who have been harmed by securities law violations. The fund would provide financial assistance to eligible victims who have been unable to recover their losses through other means. The Restitution Model Act outlines the criteria for eligibility, the process for applying for restitution, and the responsibilities of the fund administrator. The Restitution Model Act is intended to be a flexible framework that can be adapted by individual states to meet their specific needs and circumstances. To date, seven (7) jurisdictions have adopted laws inspired by, or serving as the inspiration for, the Restitution Model Act.

²⁸ See Congress.gov, [H.R. 2978](#). See also Congress.gov, [S. 2544](#).

²⁹ See Congress.gov, [H.R. 1027](#). See also Congress.gov, [S. 3354](#).

³⁰ See Congress.gov, [H.R. 7548](#). See also Congress.gov, [S. 3774](#).

detection systems. The legislation would require platforms to provide an accessible toll for users to report scam ads, investigate reports within 72 hours, notify the reporting user within 24 hours of completing the investigation, and remove confirmed scam ads within 24 hours. Further, the FTC would be required to issue implementing regulations within one year, update them annually, and enforce violations as unfair or deceptive practices under the FTC Act. The legislation would also authorize State Attorneys General to take action against non-compliant platforms and would create a private right of action for consumers harmed by fraudulent ads.

- **Tax Relief for Victims of Crimes, Scams, and Disasters Act (H.R. 3469 and S. 1773):**³¹ This legislation would amend the Internal Revenue Code to reinstate the casualty and theft loss deduction, allowing victims of scams to deduct certain losses from their federal taxes. The legislation is silent on state regulators.

D. Coordinate Public Awareness and Investor Education Campaigns

NASAA, in coordination with its partners, has launched a range of public education campaigns designed to increase investor awareness of the growing fraud epidemic. These efforts demonstrate the importance of proactive education as a core pillar of investor protection, and Congress should support and build upon these initiatives as a critical tool for reducing harm caused by fraudsters.

Coordinated state and federal outreach efforts have proven highly effective in warning the public about emerging scam tactics. As an illustrative example, on February 10, 2025, state and federal regulators, along with nonprofit organizations, jointly launched a nationwide campaign to alert the public to relationship investment scams targeting victims through text messages, dating apps, and social media platforms.³² Similarly, NASAA’s 2025 annual list of top investor threats—developed using intelligence from state securities regulators on the front line—highlighted persistent dangers such as affinity fraud, “pig-butcher” schemes, AI-enabled scams, and digital asset fraud that continue to cause widespread investor harm.³³

These coordinated campaigns underscore the critical role of public education in preventing financial fraud, alongside enforcement and regulatory actions. As Congress considers additional tools to combat the online scam epidemic, it should prioritize and expand public awareness initiatives modeled on successful NASAA and state-led efforts. Strengthening investor education at the federal level – by improving coordination with the states – will help reduce fraud exposure and empower consumers to recognize and avoid increasingly sophisticated scams.

³¹ See Congress.gov, [H.R. 3469](#). See also Congress.gov, [S. 1773](#).

³² See CFTC, [‘Dating or Defrauding?’ a Joint Effort to Alert Online Daters, Social Media Users of Relationship Investment Scams](#) (Feb. 10, 2025).

³³ See NASAA, [Don’t Let Scammers Steal Your Holiday Spirit: NASAA Unveils the Top 12 Investment Threats](#) (Dec. 10, 2025).

Separately, in recent years, most NASAA leaders have participated in a satellite media tour to raise awareness across the United States of pig butchering and other scams. This year, I completed 26 interviews focused on romance scams ahead of Valentine's Day.

As with all the proposals described in this letter, NASAA stands ready to work with Congress to ensure that state securities and commodities regulators are properly integrated into legislative proposals. The following are examples of public education proposals that would benefit from additional changes to ensure the benefits of local-state-federal coordination are fully realized:

- **Artificial Intelligence Public Awareness and Education Campaign Act (H.R. 7151 and S. 1699):**³⁴ This legislation would launch a public awareness, education, and consumer literacy campaign to educate consumers about the prevalence of AI in their daily lives. The U.S. Secretary of Commerce is directed to consult with state, local, and tribal governments and industry participants to coordinate the campaign.
- **Improving Social Security's Service to Victims of Identity Theft Act (H.R. 5345 and S. 1666):**³⁵ This legislation would amend the Social Security Act to create new procedures ensuring that victims of identity fraud have within the Social Security Administration a single point of contact with whom to coordinate issue resolution. These single points of contact would directly and indirectly benefit state regulators trying to help these American navigate related fraud. The bill is silent on state participation.

IV. Summary of NASAA's Initial Legislative and Oversight Recommendations for the HFSC Subcommittee on Capital Markets

We express our sincere appreciation to the Subcommittee for its leadership and sustained attention to combatting fraud and protecting investors.

The United States is facing an unprecedented surge in online scams that demands a coordinated, whole-of-government response. State securities and commodities regulators remain on the front lines of this crisis, bringing enforcement expertise, local market insight, and proven prevention tools that are essential to stopping fraud early and protecting investors. Congress should continue to advance a national strategy that prioritizes combating online scams and ensures state and local regulators are fully integrated into federal efforts from the outset.

As illustrated herein, a broad range of bipartisan legislative proposals reflects strong momentum to address scam prevention through federal task forces, coordination centers, and interagency initiatives. These efforts represent meaningful progress and should be further strengthened by explicitly incorporating state and local regulators as core participants at the design stage. Every bill establishing a task force or coordination body should be reviewed to ensure inclusion of state securities regulators, state commodities regulators, and relevant local authorities, so that federal efforts fully reflect the realities of how fraud is detected and stopped in practice.

³⁴ See Congress.gov, [H.R. 7151](#). See also Congress.gov, [S. 1699](#).

³⁵ See Congress.gov, [H.R. 5345](#). See also Congress.gov, [S. 1666](#).

Key considerations for all fraud-fighting task force and coordination proposals include:

- **State and local inclusion from the outset:** State securities and commodities regulators must be embedded as full participants in any federal task force, coordination center, or interagency body.
- **No optional partnership status:** State regulators should not be treated as advisory-only participants but as operational partners with defined roles.
- **Information sharing parity:** States must have timely access to relevant intelligence and data comparable to federal counterparts.
- **Cross-jurisdictional coordination:** Federal frameworks should reflect how fraud is actually detected and stopped, leveraging state “boots-on-the-ground” enforcement capacity.
- **Avoiding statutory gaps:** All proposals should be reviewed to ensure they do not unintentionally preempt or weaken existing state authority.

Congress should also preserve and build upon the states’ longstanding leadership in frontline fraud prevention and victim protection. State regulators have developed effective tools—including report-and-hold laws and restitution assistance funds—that allow them to intervene early, stop fraud, and help victims recover losses. These systems should be reinforced—not displaced—as Congress considers federal market structure legislation and other evolving fraud-prevention frameworks.

Finally, Congress should elevate public awareness and investor education as a central pillar of the national anti-fraud strategy. NASAA and its members have led successful nationwide and state-level campaigns warning investors about AI-enabled fraud, impersonation schemes, “pig butchering,” and digital asset scams. Federal efforts should build on this foundation by expanding coordinated education initiatives and ensuring consistent, trusted messaging across federal, state, and local partners to help investors recognize and avoid increasingly sophisticated scams.

V. Conclusion

We stand ready to work with Congress, federal agencies, and the private sector to protect Americans from fraud and financial exploitation, particularly seniors, vulnerable adults, and participants in the rapidly evolving digital economy. Should you or your colleagues have any questions, please do not hesitate to contact Kristen Hutchens, NASAA’s Director of Policy and Government Affairs, and Policy Counsel, at khutchens@nasaa.org.

Sincerely,



Marni Rock Gibson
NASAA President