



NASAA

NORTH AMERICAN SECURITIES ADMINISTRATORS ASSOCIATION, INC.

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April 22, 2026

The Honorable Rick Scott (R-FL)
Chairman
U.S. Senate Special Committee on Aging
Washington, DC 20510

The Honorable Kirsten Gillibrand (D-NY)
Ranking Member
U.S. Senate Special Committee on Aging
Washington, DC 20510

RE: NASAA Letter Regarding the Congressional Hearing Entitled, “Empowering Seniors through Financial Literacy: Tools to Protect Savings, Prevent Fraud, and Promote Independence”

Dear Chairman Scott and Ranking Member Gillibrand:

On behalf of the U.S. Members of the North American Securities Administrators Association, Inc. (“NASAA”),¹ I submit this letter in response to the April 15, 2026, hearing entitled, “Empowering Seniors through Financial Literacy: Tools to Protect Savings, Prevent Fraud, and Promote Independence.” NASAA appreciates the continued bipartisan, bicameral effort to address fraud that disproportionately affects seniors. As the U.S. Senate Special Committee on Aging (this “Committee”) continues to review proposals and study outcomes of efforts to build seniors’ financial literacy and fight fraud, we urge that it consider state regulators as an invaluable resource for improving financial literacy and as partners with our federal counterparts in the fight against fraud.

As you will read, we outline in this letter important resources prepared by NASAA and its members that can be leveraged and supported by Congress and federal regulators in the effort to improve seniors’ financial literacy and resilience against fraud. We also offer tools to evaluate proposed and adopted anti-fraud strategies to date. In short, we urge that any strategy be evaluated on its effective inclusion of state regulators. 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 and Seniors 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 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. State Efforts to Improve Financial Literacy and Raise Awareness of Scams Targeting Seniors

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.⁶ 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.⁷

These coordinated campaigns underscore the critical role of public education in preventing financial fraud, alongside enforcement and regulatory actions. As Congress considers

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

⁷ See NASAA, [Don’t Let Scammers Steal Your Holiday Spirit: NASAA Unveils the Top 12 Investment Threats](#) (Dec. 10, 2025).

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.

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

In a letter dated April 14, 2026, we detail several legislative proposals to raise awareness about scams that could be improved by ensuring that state securities and commodities regulators are properly integrated. NASAA stands ready to work with Congress to ensure that state securities and commodities regulators are properly integrated into legislative proposals.⁸

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

NASAA steadfastly believes that supporting seniors requires an effective federal response to fraud. Further, we believe that 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

⁸ See NASAA, [NASAA Letter for the Record for the Congressional Hearing Entitled, “Safeguarding Main Street: Combatting Fraud and Exploitation in Our Capital Markets”](#) (April 14, 2026), at 12. These include S. 1699/H.R. 7151, the Artificial Intelligence Public Awareness and Education Campaign Act, and S. 1666/H.R. 5345, the Improving Social Security’s Service to Victims of Identify Theft Act.

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

A. Build Upon 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.¹¹ 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

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 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.

¹¹ See White House, [Combating Cybercrime, Fraud, and Predatory Schemes Against American Citizens](#) (Mar. 6, 2026).

partners,¹² 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 country, 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.¹³

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 and seniors 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—similar to prior efforts focused on financial technology and AI.

¹² *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.”)

¹³ 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.

B. 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, including S. 3355, the National Strategy for Combating Scams Act of 2025, are commendable and represent meaningful progress toward strengthening consumer and investor protections.

In our April 14 letter, we detail ways that several of these proposals could be improved by explicitly including state securities and commodities regulators as formal participants in the task force structure.¹⁴ 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.

In every case, NASAA strongly supports the spirit of creating fraud-fighting task forces. As this Committee reviews such task forces, it should consider whether they have fully harnessed state regulators and coordination between local, state, and federal authorities.

¹⁴ *Supra* note 8 at 6-8.

C. 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 (3) years while Arkansas has received over 300 reports in the same period. 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.¹⁵
- 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.¹⁶

¹⁵ See Treasury Department, [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.").

¹⁶ 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

Separately but relatedly, NASAA is monitoring federal efforts to prevent bad actors from reaching investors in the first place. For example, on August 1, 2025, Chair Scott introduced S. 2670, the Strengthening Targeting of Organized Predatory Scammers Act. S. 2670 would direct the Treasury Department to freeze the assets of so-called “Foreign Financial Threat Organizations” and take steps to prohibit them from contacting Americans. The bill is silent on state participation.¹⁷ As with report-and-hold laws, NASAA supports the spirit of attempts to prevent scammers from harming Americans and continues to urge Congress to include state regulators in any strategy.

D. 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.

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.¹⁸

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

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.

¹⁷ See Congress.gov, [S. 2670](#).

¹⁸ 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.¹⁸ 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.

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.

In our April 14 letter, we detail several proposals that are complementary to state programs. Among them are S. 2544, the Guarding Unprotected Aging Retirees from Deception (“GUARD”) Act, which 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.¹⁹ NASAA urges this Committee to consider complementary proposals like the GUARD Act as successful templates with which to build and evaluate future strategies.

IV. Summary of NASAA’s Initial Recommendations for this Committee

We express our sincere appreciation to the Committee for its leadership and sustained attention to supporting seniors’ financial literacy and addressing fraud.

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.

Congress should elevate public awareness and investor education as central pillars 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.

Further, as this Committee continues to review proposals and study outcomes of efforts to improve seniors’ financial literacy and fraud resilience, it should consider the following as table stakes to ensure that any strategy is operating as efficiently as possible:

- **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.

¹⁹ *Supra* note 8 at 10.

- **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.

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