

**Suspend the Rules and Pass the Bill, H.R. 5914, With an Amendment**

**(The amendment strikes all after the enacting clause and inserts a new text)**

117<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5914

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.

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## IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 9, 2021

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

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## 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.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

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

1 **SEC. 2. GRANTS TO ELIGIBLE ENTITIES FOR ENHANCED**  
2 **PROTECTION OF SENIOR INVESTORS AND**  
3 **SENIOR POLICYHOLDERS.**

4 (a) IN GENERAL.—Section 989A of the Investor Pro-  
5 tection and Securities Reform Act of 2010 (15 U.S.C.  
6 5537) is amended to read as follows:

7 **“SEC. 989A. GRANTS TO ELIGIBLE ENTITIES FOR EN-**  
8 **HANCED PROTECTION OF SENIOR INVES-**  
9 **TORS AND SENIOR POLICYHOLDERS.**

10 “(a) DEFINITIONS.—In this section:

11 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-  
12 tity’ means—

13 “(A) the securities commission (or any  
14 agency or office performing like functions) of  
15 any State; and

16 “(B) the insurance department (or any  
17 agency or office performing like functions) of  
18 any State.

19 “(2) SENIOR.—The term ‘senior’ means any in-  
20 dividual who has attained the age of 62 years or  
21 older.

22 “(3) SENIOR FINANCIAL FRAUD.—The term  
23 ‘senior financial fraud’ means a fraudulent or other-  
24 wise illegal, unauthorized, or improper act or process  
25 of an individual, including a caregiver or a fiduciary,  
26 that—

1           “(A) uses the resources of a senior for  
2           monetary or personal benefit, profit, or gain;

3           “(B) results in depriving a senior of right-  
4           ful access to or use of benefits, resources, be-  
5           longings, or assets; or

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

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

12          “(b) GRANT PROGRAM.—

13                 “(1) TASK FORCE.—

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

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

19                                 “(i) A Chair of the task force, who—

20   “(I) shall be appointed by the  
21   Chairman of the Commission, in con-  
22   sultation with the Commissioners of  
23   the Commission; and

24   “(II) may be a representative of  
25   the Office of the Investor Advocate of

1 the Commission, the Division of En-  
2 forcement of the Commission, or such  
3 other representative as the Commis-  
4 sion determines appropriate.

5 “(ii) If the Chair is not a representa-  
6 tive of the Office of the Investor Advocate  
7 of the Commission, a representative of  
8 such Office.

9 “(iii) If the Chair is not a representa-  
10 tive of the Division of Enforcement of the  
11 Commission, a representative of such Divi-  
12 sion.

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

15 “(C) DETAIL OF EXECUTIVE AGENCY EM-  
16 PLOYEES.—Upon the request of the Commis-  
17 sion, the head of any Federal agency may de-  
18 tail, on a reimbursable basis, any of the per-  
19 sonnel of that Federal agency to the Commis-  
20 sion to assist it in carrying out its functions  
21 under this section. The detail of any such per-  
22 sonnel shall be without interruption or loss of  
23 civil service status or privilege.

24 “(2) GRANTS.—The task force shall carry out  
25 a program under which the task force shall make

1 grants, on a competitive basis, to eligible entities,  
2 which—

3 “(A) may use the grant funds—

4 “(i) to hire staff to identify, inves-  
5 tigate, and prosecute (through civil, admin-  
6 istrative, or criminal enforcement actions)  
7 cases involving senior financial fraud;

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

13 “(iii) to provide educational materials  
14 and training to seniors to increase aware-  
15 ness and understanding of senior financial  
16 fraud;

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

19 “(v) to enhance provisions of State  
20 law to provide protection from senior fi-  
21 nancial fraud; and

22 “(B) may not use the grant funds for any  
23 indirect expense, such as rent, utilities, or any  
24 other general administrative cost that is not di-

1           rectly related to the purpose of the grant pro-  
2           gram.

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

5                   “(A) may consult with staff of the Com-  
6                   mission; and

7                   “(B) shall make public all actions of the  
8                   task force relating to carrying out that para-  
9                   graph.

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

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

17                           “(A) an identification of the scope of the  
18                           problem of senior financial fraud in the applica-  
19                           ble State;

20                           “(B) a description of how the proposed ac-  
21                           tivities would—

22                                   “(i) protect seniors from senior finan-  
23                                   cial fraud, including by proactively identi-  
24                                   fying victims of senior financial fraud;

1                   “(ii) assist in the investigation and  
2                   prosecution of those committing senior fi-  
3                   nancial fraud; and

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

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

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

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

13                  “(1) IN GENERAL.—The task force—

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

20                         “(B) shall require each eligible entity that  
21                         receives a grant under this section to submit to  
22                         the task force a detailed accounting of the use  
23                         of grant funds, which shall be submitted at  
24                         such time, in such form, and containing such  
25                         information as the task force may require.

1           “(2) REPORT.—Not later than 2 years, and  
2           again not later than 5 years, after the date of the  
3           enactment of the Empowering States to Protect Sen-  
4           iors from Bad Actors Act, the task force shall sub-  
5           mit to the Committee on Financial Services of the  
6           House of Representatives and the Committee on  
7           Banking, Housing, and Urban Affairs of the Senate  
8           a report that—

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

11                   “(B) includes a description of the pro-  
12                   grams that are supported by each such grant;  
13                   and

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

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

22           “(e) MAXIMUM AMOUNT.—The amount of a grant to  
23           an eligible entity under this section may not exceed  
24           \$500,000, which the task force shall adjust annually to  
25           reflect the percentage change in the Consumer Price Index



1 for All Urban Consumers published by the Bureau of  
2 Labor Statistics of the Department of Labor.

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

7 “(1) to carry out the activities described in sub-  
8 section (b)(2)(A); and

9 “(2) which may not be used for any activity de-  
10 scribed in subsection (b)(2)(B).

11 “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
12 are authorized to be appropriated to carry out this section  
13 \$10,000,000 for each of fiscal years 2023 through 2028.”.

14 (b) CONFORMING AMENDMENT.—The table of con-  
15 tents in section 1(b) of the Dodd-Frank Wall Street Re-  
16 form and Consumer Protection Act is amended by striking  
17 the item relating to section 989A and inserting the fol-  
18 lowing:

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