

STATEMENT OF FRANK ABAGNALE, AUTHOR AND CONSULTANT, ABAGNALE
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Chairman Thune and members of the Committee, I am honored to be invited to testify before you today on the seriousness of identity theft and financial fraud against the elderly and all American citizens and the need for education to prevent individuals from falling victim to these multiple scams.

I am Frank Abagnale, subject of the book and movie "Catch Me If You Can." I have a unique perspective, having committed fraud as a teenager some 50 years ago, and having spent the last 41 years of my life teaching at the FBI Academy and field offices of the FBI. Over the past four decades, I have conducted over 3,000 lectures and written four books on these subjects. During this time, I have worked to try to prevent fraud, forgery, cybercrimes, embezzlement, identity theft and other scams perpetrated against consumers and small businesses.

Serious issues we face are fraud and scams which are perpetrated against American citizens of all ages. These can be perpetrated by family members, financial advisers, home healthcare providers, friends, scam artists, and others. Let me share with you some statistics that speak volumes as to why we need initiatives to help prevent these frauds against consumers.

A new survey by Javlin Strategy & Research shows a 16% growth in fraud incidence in 2016. Fraud effected over 6% of U.S. consumers - the highest on record.

The Consumer Sentinel Network, which collects consumer complaints from the Federal Trade Commission, state law enforcement agencies and other federal agencies, received over 3 million complaints in 2016.

- Almost 1.3 million of those complaints were fraud-related.
- Consumers reported paying over \$744 million in those fraud complaints.
- The FBI's Internet Crime Complaint Center (IC3) issues an annual report based on reported complaints of internet crime. The 2015 report (the latest available) shows that -
- The center received nearly 270,000 online crime complaints in 2014 with a loss of about \$800 million.
- State - by - state complaint data shows the largest losses are from individuals age 50+.

These are probably low estimates because many times consumers are too embarrassed to admit that they have been defrauded, and therefore it goes unreported. Their families may not even be told. Identity theft, investment fraud and scams rob millions of Americans of their hard-earned money every year. To help combat this threat, for the last three years I have joined forces with AARP's Fraud Watch Network as their ambassador. The goal of the Fraud Watch Network is to arm Americans with the tools they need to spot and avoid fraud and scams so they can

protect themselves and their families. Last year through my relationship with the Fraud Watch Network we reached more than 43 million people through state office sponsored events, social media, email alerts and online advertising. We held more than 1200 events on the topic of fraud in 2016 alone. In 2017, I will be appearing in more than one dozen cities across America to help educate people about current scams, their risks and most important of all, how to protect themselves and their families from being victimized.

What is truly amazing to someone like me is that what I did 50 years ago, as a teenager is 4,000 times easier to do today due to technology. Unfortunately, technology breeds crime, always has and always will. At the same time, there is no technology, nor will there ever be any technology that can prevent social engineering. Socially engineered crimes can only be prevented through education. There will always be individuals who will use technology in a negative, self-serving way.

Throughout my career, I have always believed that education is the best prevention. If you educate and explain to people their risks, in most cases they are smart enough to take that information and reduce their risks. I believe education is the only approach to help eliminate consumer fraud. Education is not only important for our seniors, but it also helps bring awareness to all citizens so they can recognize the signs of fraud and know how to protect themselves.

I have always believed that the government should take the lead in education to combat these horrendous crimes. Consumers are hungry for information but do not know about legitimate resources where they can turn for help. Over the last two years, I've given my time to film public service announcements for both the U.S. Department of Justice and numerous state attorneys general to help with public awareness.

As the committee is aware, there is very little prosecution for these crimes and almost no restitution. Once you lose your money, your chance of getting it back is extremely slim. Unfortunately, many of these criminals are operating from other countries where we do not have legal authority to make an arrest and follow through with prosecution. I believe that law enforcement and the Federal Trade Commission need to take these crimes against consumers more seriously and push for arrests and convictions of criminals making victims of innocent people when there is enforcement power to do so.

Thank you.