

# Congress of the United States

## House of Representatives

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### Opening Statement of Chairman Stephen F. Lynch Hearing on “Protecting Military Servicemembers and Veterans from Financial Scams and Fraud” July 13, 2022

Good afternoon, everyone. In recognition of Military Consumer Month, today the Subcommittee on National Security will examine the pernicious and growing threat of financial scams and fraud targeting America’s servicemembers, veterans, and their families.

**According to a recent AARP survey, servicemembers and veterans are 40% more likely to be exploited by financial fraud—including robocalls, suspicious texts, and scam offers—than their civilian counterparts. Even more disturbing, four out of every five servicemembers and veterans surveyed in 2021 reported that they were targeted by scams directly related to their military service or benefits – with one in three reporting that they lost money as a result.**

Federal Trade Commission data further reveals that financial scams targeting servicemembers, veterans, and military families have increased dramatically - by 69% - from 2020 to 2021. Last year, more than 110,000 military consumers filed fraud reports with the agency and reported a collective loss of approximately \$267 million – that’s a 162% increase over the \$102 million lost to fraud in 2020.

As Chairman of the Task Force on Financial Technology on the Financial Services Committee, I can attest that the emergence of innovative financial technologies, alternative payment systems, and digital currencies has augmented this risk.

**Younger servicemembers and their families are especially susceptible to exploitation, given their relative financial inexperience and understandable need for assistance amid frequent relocations, overseas deployments, and their eventual transition to civilian life. Meanwhile, America’s veterans remain vulnerable to financial scams seeking to defraud them of the pension, disability, and other service-connected benefits that they have earned through their dedicated service to our nation. It is especially shameful that scammers will often prey upon their targets’ sense of duty and patriotism towards their fellow servicemembers and veterans in order to exploit them.**

The Biden Administration, as well as the Federal Trade Commission, the Federal Communications Commission, and the Consumer Financial Protection Bureau have all undertaken meaningful action to increase financial literacy among our military and veteran communities, as well as to assist military consumers in identifying and protecting themselves against financial scams. These efforts have been reinforced by private sector initiatives led by non-profit organizations such as AARP and the Cybercrime Support Network in partnership with our Veterans Service Organizations.

To better safeguard our servicemembers, veterans, and military families against financial fraud and other predatory activity, Congress has also enacted the Military Lending Act, the Servicemembers Civil Relief Act, and other statutes offering essential protections for military consumers. Last year, Congress passed, and President Biden signed, the American Rescue Plan, which eliminated what was known as the “90/10 loophole,” which incentivized for-profit colleges to aggressively, and sometimes deceptively, recruit prospective military students.

**In further support of robust public and private sector collaboration, this week I am introducing H.R. 8321, the Military Consumer Protection Task Force Act of 2022, and I am grateful to have the support of Ranking Member Grothman as the lead-Republican co-sponsor on this bill.**

**This legislation, which I have also introduced as an amendment to this year's National Defense Authorization Act, would establish a joint task force led by the Secretary of Defense and the Secretary of Veterans Affairs, in coordination with representatives from the Veteran Service Officer community and other non-government partners, to combat military consumer fraud. The task force would issue regular recommendations to Congress about how we can better warn servicemembers and veterans about the risks of financial scams and frauds, as well as strengthen our enforcement mechanisms and toughen criminal penalties for those who would seek to take advantage of our men and women in uniform.**

I look forward to hearing from our esteemed panel of witnesses about how we can advance our collective efforts to prevent military consumer fraud and protect the financial security and well-being of America's servicemembers, veterans, and their families.

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