

Ranking Member Tim Scott (R-S.C.)  
Opening Statement  
Full Committee Hearing  
February 1, 2023 at 10:00 AM

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Thank you, Mr. Chairman.

I'll start off by saying, I guess Steven Spielberg was on to something when he named the movie "Catch Me If You Can."

Recently, I saw a movie called the Beekeeper, which starts off about financial scams that led to the grandmother's suicide. Now financial scams may not today lead to suicide, but without any question, they certainly kill your hopes, your dreams, and your sense of financial security.

The impact of financial scams – especially on our senior citizens – is undeniable. Having been the Ranking Member on the Aging Committee, we've had many, many hearings about the devastation of retirement savings lost. Lives changed. Grandmothers looking for a place to call home – moving back in with their kids or their grandkids.

The devastation is so real – and so often – goes unreported in some instances. And certainly, the investigations leave many wanting.

Even in a largely digital age, more traditional forms of fraud continue to flourish.

We think about the fact that whether it's check fraud, wire fraud, or mail fraud, we've seen a resurgence of criminal activity in these spaces – in addition to of course the new types of fraud that comes along with the technological advancements that we've seen around our country – and certainly the innovations around the world.

Not only do I think of my own mother – who celebrates a birthday this weekend as a senior citizen – I think of every single South Carolinian who trusts that their money is safe when they write a check and place it in the mail, or transfer money to their grandkids.

Mr. Benda, I thank you for bringing your expertise and talking about the different kinds of fraud that can impact American consumers.

Protecting consumers and preventing fraud are critical pillars of our financial system and, frankly, what our society deserves.

For many families, becoming a victim to these scams is equivalent to wiping out a lifetime of savings.

And not just the dollars in the account, but the thought that you are no longer safe to transact business anywhere, in any form.

For many, it is the worry that their identity is compromised, that their credit score is impacted, and they struggle to realize just how will they survive and afford – whether it's their rent, or mortgage, or even simply groceries.

Which in today's inflationary economy is even harder than it was before.

Speaking of dollars, let's just count the costs – \$9 billion in 2022 is the cost of financial fraud. A staggering number.

Unfortunately, these criminal acts of fraud and theft are not new, and criminals like these continue to prey on the vulnerable.

This is precisely why our financial institutions and financial industry participants should - and do - spend billions of dollars developing and implementing innovative technologies to strengthen security that will protect families and businesses from fraud.

But on the other side of the coin, we haven't seen the same commitment from our federal regulators.

Recently, our regulators seem to be more focused on political grandstanding than promoting innovative solutions, protecting consumers, and increasing efforts that support financial education.

And instead of focusing on real crimes and holding criminals responsible, this administration seems intent on tying up financial institutions with ever increasing amounts of Washington red tape.

Recently, the CFPB has continued its deceptively named “junk fee” campaign, targeting legitimate, contractually agreed upon payment incentives.

In its latest proposals, the CFPB uses legal gymnastics to turn penalty fees into loans while slapping the label “abusive” on any practice it just doesn’t like.

The CFPB is sending a clear message: it is willing to stretch the law beyond its limits to suit Director Chopra’s political agenda.

And every dollar spent navigating Washington red tape is a dollar less on initiatives that actually help families and protect businesses.

It’s a dollar less for bolstering a firm’s cyber defenses in the investment world that may prevent or even catch fraud before it happens.

Unfounded, bureaucratic regulations take resources away from financial innovation and education, both of which can help lift up the underserved and minority communities.

What concerns me even more than all of this, is recent allegations that suggest that federal law enforcement and financial regulators may be expending their resources to target Americans for their political and religious beliefs.

Instead of targeting Americans for purchasing bibles or shopping at the Bass Pro Shops, our government should focus on doing its job – protecting our families and prosecuting actual criminals, including those behind financial scams.

Unfortunately, these examples are part of a larger trend we have seen from this administration of putting politics first.

For example, banking regulators were so focused on climate change, that they failed to identify the key risk factors leading to the second, third, and fourth largest bank failures in our nation’s history last spring.

And again, if the CFPB wasn’t so focused on building a public pressure campaign against so-called “junk fees,” maybe it could do its job and

actually protect consumers from the real harm that comes from being a victim of financial crime.

One of the best tools any of us have to fight back against financial crimes is to become better educated, both about the financial products and protections that are available to us and about the scams and methods criminals are using against us.

In fact, I have long championed the idea that financial education and financial literacy is one of the most important and most critical tools for climbing the ladder of success in America.

It's why I've worked so hard to incorporate financial literacy in my work here on this committee, and financial literacy is a core pillar of two of my initiatives – both the ROAD to Housing and Capital Markets framework.

And I was so proud to work across the aisle with Senator Reed last Spring to pass a resolution declaring April financial literacy month.

As we discuss the very real issues of financial fraud and crime, we must take a holistic approach.

Our financial institutions must do their part to protect, to serve, and educate customers.

And our regulators must do their job and implement the law Congress enacted, not their political wish list.

We must all work together to gain a better understanding of the options before us so that we are able to best serve our communities, our constituents, and our nation.

I look forward to hearing from each of the three witnesses.