

**STATEMENT OF CHAIRMAN GORDON H. SMITH**  
**Senate Special Committee on Aging Hearing**  
**“Not Born Yesterday: How Seniors Can Stop Investment Fraud”**  
**March 29, 2006**

Good morning, and welcome.

My thanks to Senator Kohl for his attention to this important topic. According to the Commerce Department, for the first time since the Great Depression, we have a negative personal savings rate in this country. Long-term care costs are escalating, and as we learned earlier this month at this Committee’s hearing on women and retirement, we have much work to do in this country regarding raising financial literacy.

Against this backdrop, it is no surprise that Americans routinely fall prey to investment scams. For older Americans, these crimes can be particularly devastating. According to Federal Trade Commission’s fraud complaint data for Americans age 50 and older, when looking at total dollars lost, investment fraud ranks number four out of the FTC’s 15 reporting categories. Clearly, retirement nest eggs are attractive targets for fraud, and once lost, the money often cannot be recovered.

Fortunately, a number of national, state and local organizations, including today’s witnesses, share a common goal to help seniors prevent and recover from investment fraud. Earlier this month, the Oregon Department of Consumer & Business Services warned investors about financial advisors holding themselves out as senior specialists. I hope that our witnesses will further inform the Committee about this and other recent trends in investment fraud. And I look forward to the panels’ recommendations on the work that remains to be done and what assistance Congress can provide.

Last fall Senators Kohl, Lincoln and I joined Senator Hatch in introducing the Elder Justice Act. Relevant to today’s hearing, the Act establishes grants for prevention, investigation and prosecution of financial fraud and exploitation. The Elder Justice Act also provides public awareness grants pertaining to financial schemes that target older Americans. I am pleased that our colleagues on this Committee, Senators Santorum and Clinton, have joined us in supporting this important legislation. I hope that the remainder of our colleagues will join us so we can advance this bill to the Senate floor for a vote.

From today’s hearing, I hope the message emerges that although we must combat investment scams and other types of financial fraud and abuse, we do not want to discourage Americans from saving and investing. To the contrary - we need to encourage them to save and invest more. Therefore, I am currently working on legislative proposals to increase Americans’ financial literacy so we can make more informed and prudent investment decisions. And I will continue this Committee’s collaboration with law enforcement and consumer protection groups to educate and protect older Americans.

I will now turn back to my colleague Senator Kohl. Thank you.