

**AMENDMENT IN THE NATURE OF A SUBSTITUTE  
TO H.R. 5914  
OFFERED BY MR. GOTTHEIMER OF NEW JERSEY**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. SHORT TITLE.**

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

**4 SEC. 2. GRANTS TO ELIGIBLE ENTITIES FOR ENHANCED  
5 PROTECTION OF SENIOR INVESTORS AND  
6 SENIOR POLICYHOLDERS.**

7 (a) IN GENERAL.—Section 989A of the Investor Pro-  
8 tection and Securities Reform Act of 2010 (15 U.S.C.  
9 5537) is amended to read as follows:

**10 “SEC. 989A. GRANTS TO ELIGIBLE ENTITIES FOR EN-  
11 HANCED PROTECTION OF SENIOR INVES-  
12 TORS AND SENIOR POLICYHOLDERS.**

13 “(a) DEFINITIONS.—In this section:

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

16 “(A) the securities commission (or any  
17 agency or office performing like functions) of  
18 any State; and

1           “(B) the insurance department (or any  
2           agency or office performing like functions) of  
3           any State.

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

7           “(3) SENIOR FINANCIAL FRAUD.—The term  
8           ‘senior financial fraud’ means a fraudulent or other-  
9           wise illegal, unauthorized, or improper act or process  
10          of an individual, including a caregiver or a fiduciary,  
11          that—

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

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

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

20           “(4) TASK FORCE.—The term ‘task force’  
21           means the task force established under subsection  
22           (b)(1).

23           “(b) GRANT PROGRAM.—

24           “(1) TASK FORCE.—

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

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

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

7                   “(I) shall be appointed by the  
8                   Chairman of the Commission, in con-  
9                   sultation with the Commissioners of  
10                  the Commission; and

11                   “(II) may be a representative of  
12                  the Office of the Investor Advocate of  
13                  the Commission, the Division of En-  
14                  forcement of the Commission, or such  
15                  other representative as the Commis-  
16                  sion determines appropriate.

17                   “(ii) If the Chair is not a representa-  
18                  tive of the Office of the Investor Advocate  
19                  of the Commission, a representative of  
20                  such Office.

21                   “(iii) If the Chair is not a representa-  
22                  tive of the Division of Enforcement of the  
23                  Commission, a representative of such Divi-  
24                  sion.

1                   “(iv) Such other representatives as  
2                   the Commission determines appropriate.

3                   “(C) DETAIL OF EXECUTIVE AGENCY EM-  
4                   PLOYEES.—Upon the request of the Commis-  
5                   sion, the head of any Federal agency may de-  
6                   tail, on a reimbursable basis, any of the per-  
7                   sonnel of that Federal agency to the Commis-  
8                   sion to assist it in carrying out its functions  
9                   under this section. The detail of any such per-  
10                  sonnel shall be without interruption or loss of  
11                  civil service status or privilege.

12                  “(2) GRANTS.—The task force shall carry out  
13                  a program under which the task force shall make  
14                  grants, on a competitive basis, to eligible entities,  
15                  which—

16                         “(A) may use the grant funds—

17                                 “(i) to hire staff to identify, inves-  
18                                 tigate, and prosecute (through civil, admin-  
19                                 istrative, or criminal enforcement actions)  
20                                 cases involving senior financial fraud;

21                                 “(ii) to fund technology, equipment,  
22                                 and training for regulators, prosecutors,  
23                                 and law enforcement officers, in order to  
24                                 identify, investigate, and prosecute cases  
25                                 involving senior financial fraud;

1           “(iii) to provide educational materials  
2           and training to seniors to increase aware-  
3           ness and understanding of senior financial  
4           fraud;

5           “(iv) to develop comprehensive plans  
6           to combat senior financial fraud; and

7           “(v) to enhance provisions of State  
8           law to provide protection from senior fi-  
9           nancial fraud; and

10          “(B) may not use the grant funds for any  
11          indirect expense, such as rent, utilities, or any  
12          other general administrative cost that is not di-  
13          rectly related to the purpose of the grant pro-  
14          gram.

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

17                 “(A) may consult with staff of the Com-  
18                 mission; and

19                 “(B) shall make public all actions of the  
20                 task force relating to carrying out that para-  
21                 graph.

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

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

4                   “(A) an identification of the scope of the  
5           problem of senior financial fraud in the applica-  
6           ble State;

7                   “(B) a description of how the proposed ac-  
8           tivities would—

9                           “(i) protect seniors from senior finan-  
10           cial fraud, including by proactively identi-  
11           fying victims of senior financial fraud;

12                           “(ii) assist in the investigation and  
13           prosecution of those committing senior fi-  
14           nancial fraud; and

15                           “(iii) discourage and reduce cases of  
16           senior financial fraud; and

17                   “(C) a description of how the proposed ac-  
18           tivities would be coordinated with other State  
19           efforts; and

20           “(2) any other information that the task force  
21           determines appropriate.

22           “(d) PERFORMANCE OBJECTIVES; REPORTING RE-  
23           QUIREMENTS; AUDITS.—

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

1           “(A) may establish such performance ob-  
2           jectives and reporting requirements for eligible  
3           entities receiving a grant under this section as  
4           the task force determines are necessary to carry  
5           out and assess the effectiveness of the program  
6           under this section; and

7           “(B) shall require each eligible entity that  
8           receives a grant under this section to submit to  
9           the task force a detailed accounting of the use  
10          of grant funds, which shall be submitted at  
11          such time, in such form, and containing such  
12          information as the task force may require.

13          “(2) REPORT.—Not later than 2 years, and  
14          again not later than 5 years, after the date of the  
15          enactment of the Empowering States to Protect Sen-  
16          iors from Bad Actors Act, the task force shall sub-  
17          mit to the Committee on Financial Services of the  
18          House of Representatives and the Committee on  
19          Banking, Housing, and Urban Affairs of the Senate  
20          a report that—

21                 “(A) specifies each recipient of a grant  
22                 under this section;

23                 “(B) includes a description of the pro-  
24                 grams that are supported by each such grant;  
25                 and

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

3                   “(3) AUDITS.—The task force shall annually  
4                   conduct an audit of the program under this section  
5                   to ensure that eligible entities to which grants are  
6                   made under that program are, for the year covered  
7                   by the audit, using grant funds for the intended pur-  
8                   poses of those funds.

9                   “(e) MAXIMUM AMOUNT.—The amount of a grant to  
10                  an eligible entity under this section may not exceed  
11                  \$500,000, which the task force shall adjust annually to  
12                  reflect the percentage change in the Consumer Price Index  
13                  for All Urban Consumers published by the Bureau of  
14                  Labor Statistics of the Department of Labor.

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

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

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

23                  “(g) AUTHORIZATION OF APPROPRIATIONS.—There  
24                  are authorized to be appropriated to carry out this section  
25                  \$10,000,000 for each of fiscal years 2023 through 2028.”.



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

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

