

FACT SHEET

Consumer Fraud Restitution Fund

AARP urges lawmakers to create a state-level Consumer Fraud Restitution Fund (SF 447, Rest; Carlson; Koran; Klein; Dornink | HF 1392, Lee K.; Freiberg; Kozlowski; Mueller; Roach) to help victims of scams and fraud recover their financial losses. This fund would be financed by civil penalty payments currently collected by the Attorney General (AG) and directed to the state's general fund. Currently, public civil law enforcement tools, such as injunctions and monetary orders, are insufficient in stopping scam operations, and victims rarely recover their lost funds. Establishing this fund would motivate the AG to pursue scammers more aggressively and encourage more individuals to report financial crimes, knowing they could potentially recover their money.

Background

The rapidly growing fraud industry is stealing billions of dollars from U.S. consumers every year, with a particularly profound impact on older adults who are least able to recover financially. In the first three quarters of 2024, the Federal Trade Commission received more than **22,000 fraud reports from Minnesota** consumers, with **losses totaling nearly \$103 million**. Currently, there are few viable options for recovering money lost to scams. However, the Restitution Fund for Victims of Scams and Fraud aims to address this issue.

Help for Victims of Fraud

The Fund provides a strong incentive for the Attorney General (AG) to sue criminal scammers and for consumers to report scams. Currently, public civil law enforcement tools, such as injunctions and monetary orders, are insufficient in stopping scam operations. By returning money to victims, the Fund would motivate the AG to pursue scammers more aggressively and encourage more individuals to report financial crimes, knowing they might recover their money. To receive restitution funds, the AG must bring a public enforcement case and obtain a court order based on the AG's investigation, establishing that the person was defrauded.



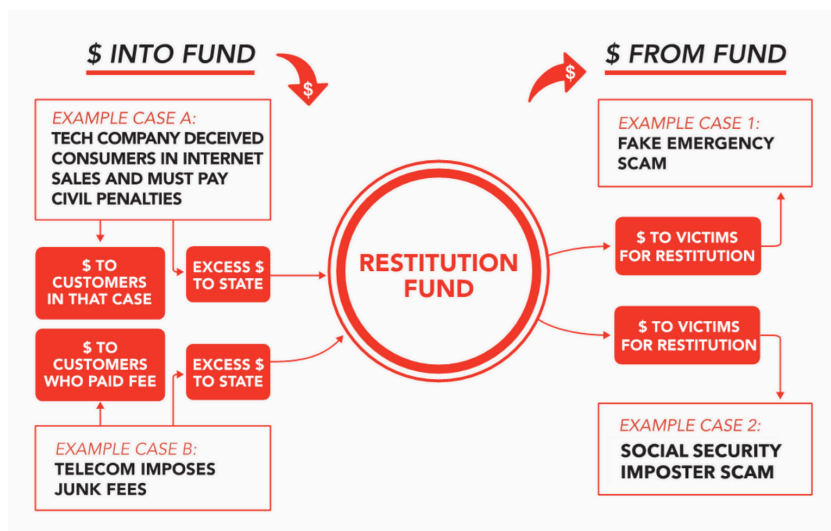
**4 in 5 U.S. adults
say fraud protection
is extremely or
very important**



**42% of U.S.
adults have been
victims of fraud**

Solution: Fraud Restitution Fund

This legislation proposes the creation of a state-level Consumer Fraud Restitution Fund to help victims of scams and fraud recover financially. Each year, the Attorney General collects various civil penalty payments from consumer fraud enforcement cases. For instance, if a tech company deceives consumers in internet sales, it must pay civil penalties. When victims are identified in a case, the money collected is used as restitution to compensate them. In most cases, any excess funds will go into the state's general fund.



If this legislation is passed, half of the excess money paid to the state would be directed to a new fund instead of the state's general fund. The Attorney General would then use these funds to pay restitution to consumers defrauded in cases where the AG could not collect money from scammers to make restitution to the consumers.

Sources: AARP, the Federal Trade Commission (FTC)



Minnesotans lost \$144.6 Million from scams and fraud



51% U.S. adults extremely or very concerned about being targeted by fraud in 2024

This marks a 15 percentage point increase from 2022 (36%).

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