



**Financial Literacy and Education Commission (FLEC) Public Meeting
MINUTES**

July 10, 2024, 1:00 PM – 2:45 PM (Eastern Time)

FLEC Members Meeting (virtual)

Treasury Webcast: [Link](#)

ATTENDING MEMBERS

1. Department of the Treasury (Treasury) (Chair)
 - Nellie Liang, Under Secretary for Domestic Finance, Designee for Secretary of the Treasury Janet Yellen
2. Consumer Financial Protection Bureau (CFPB) (Vice Chair)
 - Rohit Chopra, Director
3. Board of Governors of the Federal Reserve System (FRB)
 - Angelyque Campbell, Associate Director and Community Affairs Officer
4. Commodity Futures Trading Commission (CFTC)
 - Melanie Devoe, Associate Director, Customer Outreach, Customer Education and Outreach
5. Department of Agriculture (USDA)
 - Jessica Turner, Agricultural Economist/Program Specialist Community and Economic Development
6. Department of Defense (DoD)
 - Andrew Cohen, Director, Office of Financial Readiness
7. Department of Education (ED)
 - Cindy Marten, Deputy Secretary
8. Department of Health and Human Services (HHS)
 - Erin Kee, Aging Program Specialist, Office of Elder Justice and Adult Protective Services
9. Department of Housing and Urban Development (HUD)
 - David Berenbaum, Deputy Assistant Secretary, Housing Counseling
10. Department of Interior (DOI)
 - Thomas G. Reynolds, Director, Beneficiary Experience Office, Bureau of Trust Funds Administration
11. Department of Labor (DOL)
 - Ali Khawar, Principal Deputy Assistant Secretary, Employee Benefits Security Administration
12. Department of Veterans Affairs (VA)
 - Not Represented
13. Federal Deposit Insurance Corporation (FDIC)

- Martin Gruenberg, Chairman, Federal Deposit Insurance Corporation
- 14. Federal Emergency Management Agency (FEMA)
 - Leslie Klein, Chief (Acting), National Preparedness Program Branch, Individual & Community Preparedness Division
- 15. Federal Housing Finance Agency (FHFA)
 - Jessica Shui, Supervisory Economist
- 16. Federal Trade Commission (FTC)
 - Jennifer Leach, Associate Director, Division of Consumer and Business Education
- 17. General Services Administration (GSA)
 - Not Represented
- 18. National Credit Union Administration (NCUA)
 - Onjil McEachin, Director for the Division of Consumer Affairs
- 19. Office of the Comptroller of the Currency (OCC)
 - Michael Hsu, Acting Comptroller of the Currency
- 20. Office of Personnel Management (OPM)
 - Patricia Sapol, Senior HR Specialist, Benefits Officers Development and Outreach, Retirement Services
- 21. Securities and Exchange Commission (SEC)
 - Lori Schock, Director, Office of Investor Education and Advocacy
- 22. Small Business Administration (SBA)
 - Nicole LaRosa, Interagency Coordination Planning Specialist, Office of Disaster Recovery & Resilience
- 23. Social Security Administration (SSA)
 - Jeffrey Buckner, Acting Deputy Commissioner, Office of Communications
- 24. White House Domestic Policy Council (DPC)
 - Not Represented

PRINCIPAL REMARKS

- Martin Gruenberg, Chairman, FDIC
- Michael Hsu, Acting Comptroller of the Currency, OCC
- Ali Khawar, Principal Deputy Assistant Secretary, DOL
- Cindy Marten, Deputy Secretary, ED
- Jeffrey Buckner, Assistant Deputy Commissioner for Communications, SSA

PRESENTERS

Panel Discussion on “Recent Trends in Financial Fraud and Recourse Options for Consumers,” moderated by Michael Benardo, Associate Director, Division of Risk Management Supervision, FDIC

- Todd Conklin, Chief AI Officer and Deputy Assistant Secretary, Office of Cybersecurity and Critical Infrastructure Protection, Treasury
- Leslie Parrish, Deputy Assistant Director, Consumer Credit, Payments and Deposit Markets, CFPB
- Jennifer Leach, Associate Director, Division of Consumer and Business Education, FTC
- Melanie Devoe, Director, Office of Customer Education and Outreach, CFTC

Spotlight on “Innovative Financial Education Strategies to Address Consumer Fraud,” moderated by Tanya McInnis, Deputy Director, Office of Consumer Policy, Treasury

- Stakeholder Perspectives
 - Laura D’Alessandro, Director of Financial Health, Local Initiatives Support Corporation (LISC)
 - Jessica Endlich, Co-founder & President, Next Gen Personal Finance (NGPF)

GENERAL SESSION

Welcome and Overview

Suzanna Fritzberg, Deputy Assistant Secretary, Treasury’s Office of Consumer Policy, and Moderator, opened the meeting at approximately 1:00 PM and delivered opening remarks.

Nellie Liang, Under Secretary for Domestic Finance, Treasury, Designee for Secretary of the Treasury Janet Yellen, Chair

Under Secretary Liang noted that July is Military Consumer Month and underscored the financial challenges that servicemembers, veterans, and military families face and the need for consumer protections to ensure their financial readiness.

Under Secretary Liang noted the dramatic increase in fraud, theft, and scams in recent years, with losses in the United States exceeding \$10 billion in 2023, according to FTC data. She discussed Treasury’s Payment Integrity initiative and highlighted the Bureau of the Fiscal Service’s use of artificial intelligence (AI) to enhance fraud detection and ensure payment integrity.

Under Secretary Liang noted that Treasury is working with the private sector and other partners on key initiatives to address the challenges surrounding the use of AI in the financial sector, including cybersecurity and fraud risks, and the impact of AI on consumers and marginalized communities.

Rohit Chopra, Director, CFPB, Vice Chair

Director Chopra talked about the repercussions of fraud losses on public safety and household financial stability. He noted that scammers often contact consumers by text message or social media to establish a relationship, build trust over time, and take their money. He explained that consumer fraud is often perpetrated by organized criminal groups operating large-scale scam compounds around the world that rely on labor from victims of human trafficking.

Director Chopra raised concern about the growing use of generative AI to commit fraud by impersonating the victim using voice cloning and other methods. He also talked about the need to address existing vulnerabilities in U.S. payments systems and discussed vulnerabilities in the use of paper checks.

Director Chopra concluded his remarks by discussing certain regulatory and enforcement actions the United States government is undertaking to stop fraud. He underscored the importance of financial literacy and called on consumers to report when they have experienced fraud.

Martin Gruenberg, Chairman, FDIC

Chairman Gruenberg spoke about FDIC's efforts to combat deposit insurance misrepresentation. He noted that Federal law prohibits misusing the name or logo of the FDIC and making knowing misrepresentations about FDIC deposit insurance. He noted that in response to the growing misuse of the FDIC name and logo by nonbanks making false claims of consumer funds being protected, the FDIC had issued cease and desist letters to eight companies informing them of potential enforcement actions. He talked about *Know Your Risk, Protect Your Money*, the FDIC's national multimedia public awareness campaign of deposit insurance, and the FDIC portal that enables consumers to report misrepresentations regarding FDIC deposit insurance.

Chairman Gruenberg also spoke about the FDIC's Money Smart financial literacy materials which are available to the public for free and emphasized the *Money Smart for Older Adults* resources which were developed in collaboration with the CFPB and contain useful information on how to protect older adults from elder financial exploitation.

Michael Hsu, Acting Comptroller of the Currency, OCC

Acting Comptroller Hsu spoke about the importance of collaboration to protect consumers and said that the OCC is fully committed to that collaboration. He said that while AI and other new technologies are enabling more frequent and sophisticated fraud, fraudsters continue to use traditional methods for committing fraud, such as scams involving checks or wire transfers, and noted that once a wire transfer is complete, the funds cannot be retrieved.

Acting Comptroller Hsu also talked about banks' responsibilities for implementing strong controls, fraud monitoring capabilities, effective consumer identification processes at account opening and throughout the banking relationship, and processes for identifying suspicious activity and filing Suspicious Activity Reports (SARS), all of which protect both consumers and banks. He underscored the importance of prompt identification, investigation, and resolution of fraud concerns. He concluded by noting the importance of recognizing the human dimensions of fraud and its impact on people's financial and mental health.

Ali Khawar, Principal Deputy Assistant Secretary, DOL

Mr. Khawar noted that fraud not only has a direct impact on the victim's financial health, but it also undermines trust in the financial system. He discussed the DOL's Retirement Security Rule, which requires retirement financial advisors to provide advisory services that are free of misrepresentations, are provided at a reasonable fee, and are in the best interest of the client.

Cindy Marten, Deputy Secretary, ED

Ms. Marten spoke about ED's targeted outreach efforts to increase submissions of the Free Application for Federal Student Aid (FAFSA), including communication with state and local government officials, high school counselors and principals, and other community partners working with students.

Ms. Marten also spoke about actions ED is undertaking to protect students from fraud, such as actions to protect borrowers from fraudulent private companies that offer loan repayment assistance, also known as Third-Party Debt Relief (TPDR) companies. She stated that ED was working with their Office of the Inspector General and the FTC to expand investigations into other fraudulent activities and intended to issue a regulation that authorizes the Office of Federal Student Aid (FSA) to share information with oversight entities. Ms. Marten concluded her remarks by stressing that students do not have to pay for help with FAFSA or federal student

loan repayment assistance and should be mindful of related scams. She mentioned free resources that can be found at studentaid.gov.

Jeffrey Buckner, Assistant Deputy Commissioner for Communications, SSA

Mr. Buckner talked about information available at [SSA.gov/scams](https://ssa.gov/scams) to help consumers identify Social Security scams, common tactics scammers use, and how to report scams to the SSA Inspector General's office.

Mr. Buckner mentioned some red flags consumers should be aware of. He stated that SSA will never threaten a person with arrest or legal action for not making a payment immediately; SSA will not suspend an individual's Social Security number or request personal information or payment to activate a benefit increase; SSA will never pressure an individual to make a payment with a gift card, a prepaid or debit card, a wire transfer, cryptocurrency, or by mailing cash; and SSA will not direct message consumers on social media.

Panel Discussion on "Recent Trends in Financial Fraud and Recourse Options for Consumers," moderated by Michael Benardo, Associate Director, Division of Risk Management Supervision, FDIC

Panelists:

- Todd Conklin, Chief AI Officer and Deputy Assistant Secretary, Office of Cybersecurity and Critical Infrastructure Protection, Treasury
- Leslie Parrish, Deputy Assistant Director, Consumer Credit, Payments and Deposit Markets, CFPB
- Jennifer Leach, Associate Director, Division of Consumer and Business Education, FTC
- Melanie Devoe, Director, Office of Customer Education and Outreach, CFTC

Mr. Benardo introduced the panelists and moderated a discussion about recent trends in financial fraud, actions consumers can take to protect themselves, and how to report financial fraud.

Todd Conklin, Chief AI Officer and Deputy Assistant Secretary, Office of Cybersecurity and Critical Infrastructure Protection, Treasury

Mr. Conklin provided a definition of AI and machine learning (ML) and explained that while these technologies have existed for several decades, access to them has been limited until recently. He explained that access to generative AI tools, such as Chat GPT, which use large language models to create text, video, and audio, are now widely available to the public, including bad actors that use them to commit fraud.

Mr. Conklin noted that financial institutions are using AI, along with more traditional internal controls like geolocation tools and multiple layers of user authentication, to combat fraud. He discussed actions consumers can take to protect themselves, like exercise caution, or contact their bank or law enforcement agency, if they are being pressured into a financial transaction they don't want to undertake.

Leslie Parrish, Deputy Assistant Director, Consumer Credit, Payments and Deposit Markets, CFPB

Ms. Parrish spoke about the recent rise in fraud cases involving Peer-to-Peer (P2P) payment applications and described the two most common types: unauthorized fraud, where criminals

hack into a person's bank account and steal their money, and induced fraud, where the fraudster persuades the consumer to send money under false pretenses. She noted that consumers have few legal protections when they are victims of induced fraud as they are the ones initiating the transaction.

Ms. Parrish spoke about popular techniques used to commit fraud such as text messages, advertisements, or social media solicitations from entities posing as legitimate businesses, urging consumers to act quickly. She said that consumers can protect themselves by using two-factor authentication tools and taking the time to verify the authenticity of the communication before acting.

Jennifer Leach, Associate Director, Division of Consumer and Business Education, FTC

Ms. Leach talked about the recent surge in impersonator scams where victims are contacted by seemingly legitimate businesses or government agencies with an emergency request and urged to send money quickly. She also discussed investment scams, which she said made up half of the \$10 billion consumers reported losing last year according to FTC data.

Ms. Leach noted that data from the FTC showed that scammers are typically targeting adults under 69 years old through social media and those over 70 by phone. She explained that scammers may ask people to purchase gold or cryptocurrency, or simply put cash in a box and hand it over to the scammer, which she noted a legitimate actor would never do.

Ms. Leach also noted that while young people experience losses more often than other groups, older adults tend to lose more money to scams, and have more difficulty recovering from the loss. She closed her remarks by encouraging people to report scams to the FTC.

Melanie Devoe, Director, Office of Customer Education and Outreach, CFTC

Ms. Devoe talked about long-term confidence scams, also referred to as financial grooming fraud, which account for billions of dollars in losses every year. She explained that these are perpetrated by highly organized criminal groups around the world operating fraud farms that rely on the labor of human trafficking victims.

Ms. Devoe explained that these scams often start with a victim receiving a wrong number text message that quickly turns into a longer conversation and in some cases, a relationship of trust with the fraudster. She explained that over time, fraudsters lure victims to invest in cryptocurrency, Forex, or another commodity or equity, promising large gains and later disappearing with the money.

She noted that financial institutions can play an important role by detecting unusual patterns in consumer spending and reporting fraud cases. She also encouraged the public to report fraud to the FBI's Internet Crime Complaint Center (IC3), the American Association of Retired Persons (AARP) senior helpline, or other appropriate resources.

During the Q&A portion of the discussion, Director Chopra stressed the importance of reporting fraud and noted that reports made to the FTC are shared with other agencies in the Consumer Sentinel Network. He also stressed the importance of using language that encourages victims to come forward and reduces victim shame. He then asked Mr. Conklin to elaborate on the various types of account authentication consumers should use.

Mr. Conklin said that in addition standard authentication methods like soft biometrics and behavioral patterns, Treasury had proposed the use of hardware-based solutions and app-based pass keys. He encouraged consumers to activate multi-factor authentication on their accounts when possible.

Issue Spotlight: “Innovative Financial Education Strategies to Address Consumer Fraud,” moderated by Tanya McInnis, Deputy Director, Office of Consumer Policy, Treasury.

Stakeholder Perspectives:

- Laura D’Alessandro, Director of Financial Health, Local Initiatives Support Corporation (LISC)
- Jessica Endlich, Co-founder & President, Next Gen Personal Finance (NGPF)

Ms. McInnis introduced the panelists and moderated a discussion about common types of fraud and scams targeted at young people and the financial literacy skills they need to protect themselves from fraud and scams.

Ms. D’Alessandro noted that digital literacy skills such as using email and spreadsheets, or doing data entry, are necessary skills in everyday life. She discussed LISC’s financial coaching program where coaches help low wage earners acquire basic digital skills and financial literacy skills. She said that consumers can use the knowledge gained to avoid frauds and scams and know where to go when they need to report fraud.

Ms. Endlich noted that young people in general feel comfortable with technology and are therefore more likely to share their personal information online, take financial advice from social media influences, or use investment applications, making them susceptible to frauds, scams, and ID theft. She talked about the importance of teaching young people how to review a free copy of their credit report for inaccurate information. She concluded by stating that students should be encouraged to seek help from trusted adults if they are victims of fraud rather than feel ashamed about their situation.

Director Chopra concluded the discussions by reiterating the need to lead with empathy instead of faulting consumers for being victimized by scams and fraud. He also discussed the need for actionable policy solutions to address fraud and scams.

FLEC Member Updates

Suzanna Fritzberg, Treasury

Ms. Fritzberg stated that Treasury had initiated a FLEC Detailee program for FLEC agency staff members to provide ongoing support for FLEC work. She welcomed the inaugural FLEC detailee from the FTC.

Angelyque Campbell, FRB

Ms. Campbell encouraged consumers to visit the Federal Reserve Consumer Help site at www.federalreserveconsumerhelp.gov for resources on frauds and scams or to file a complaint. She also mentioned that the FRB was engaging in public-private partnerships to enhance cybersecurity and operational risk management, which she noted are critical to monitoring threats and vulnerabilities in the financial sector.

Conclusion

Ms. Fritzberg adjourned the meeting at approximately 2:45 PM.