



TZEDEK DC

Legal Help for People in Debt

Written Testimony by John Blake, Staff Attorney, Tzedek DC to the Committee on The Judiciary and Public Safety in Support of the “Expanding Supports for Crime Victims Amendment Act of 2021” B24-0075 (May 21, 2020).

Tzedek DC is an independent, public-interest center headquartered at the UDC David A. Clarke School of Law with the mission to safeguard the financial health and legal rights of DC residents with lower incomes facing debt-related legal crises. The majority of Tzedek DC’s clients are women, and nearly all are from DC’s communities of color. Through Tzedek DC’s Economic Exploitation and Fraud Prevention Project (EEFPP), we provide direct legal services to the District’s residents in consumer cases who are victims of crime. As a part of this project, we assist crime victims in applying for compensation through the Crime Victim’s Compensation Fund. The fund is an important tool for assisting crime victims in recovering from their experiences as victims, and also would benefit from reforms. We believe the changes proposed by the Expanding Supports for Crime Victims Amendment Act of 2021 introduce improvements to ensure that the Crime Victim’s Compensation Fund serves a broader number of victims of crime and, as discussed further below, have additional recommendations.

Tzedek DC supports B24-0075’s expansion of the qualifying crimes that establish a victim’s eligibility for Crime Victim Compensation. However, Tzedek DC proposes the further expansion of qualifying crimes to include financial crimes. In 2020, U.S. consumers lost \$3.3 billion in fraud, an increase of \$1.5 billion dollars more from 2019.¹ While it is difficult to calculate the specific loss of District victims of fraud, the number of District residents coming to Tzedek DC’s Economic Exploitation Prevention Project has sharply increased. Similarly, the DC Office of the Attorney General also reported a 50% increase in consumer complaints in 2020.²

Fraud can have a devastating impact on the stability of a victim and their family, particularly victims in lower income households like those served by our EEFPP, for whom fraud can create a cascading impact on a victim. It can be incredibly difficult for victims of fraud to identify who perpetrated the crime against them, as technology and the increasing prevalence of remote transactions means that scammers are often not within the District or even within the United States. This means that recovering from the perpetrator of the fraud can be nearly impossible, as perpetrators of fraud cannot be located to prosecute or sue for recovery.

Residents spend countless lost hours from work whether unpaid or paid to contact banks, follow up with credit reporting agencies, and working with regulators such as the DC Office of Attorney General or the FTC to resolve these issues. Survivors of financial crime also experience trauma that would benefit from therapy, but many residents are unable to access deeply necessary treatment due to the cost.

¹ Press Release, *New Data Shows FTC Received 2.2 Million Fraud Reports from Consumers in 2020*, (Feb. 4, 2021).

² Karl A. Racine, *Consumer Complaint Report: January through December 2020*, 3 (March 2021).



TZEDEK DC

Legal Help for People in Debt

One recent Tzedek DC client example is illustrative. Sarah³, an elderly Ward 7 resident who supports her grandniece and infant great grandnephew on her fixed retirement income, was defrauded by someone who obtained access to her bank account. Sarah not only lost the money she had in her account, but ended up with a debt owed to the bank for thousands of dollars of overdraft. Sarah's direct deposit went into the overdrawn account before she realized what was happening, leading to her missing her car payment, becoming behind on rent, and falling behind in her family's essential bills. Although Sarah was not physically attacked, this crime left Sarah in dire straits, and will have a lasting financial and emotional impact on her family's life. Expanding qualifying crimes to victims of economic crimes like Sarah's will ensure that families are not destabilized because they were targeted by perpetrators of fraud and scams and related economic crimes.

Tzedek DC supports B24-0076's expansion of the compensation amounts caregivers can obtain and the addition that "facts of the crime" be allowed to be used to determine eligibility for compensation. Tzedek DC joins the DC Coalition Against Domestic Violence's recommendation that the bill be amended to include additional alternatives for eligibility such as certifications from victims' service providers.

The Expanding Supports for Victims of Crime Amendment Act of 2021 increases the resources available for victims of crime in a number of important ways. Tzedek DC, along with our recommendation noted above, urges the Council to pass this bill.

³ A pseudonym was used to protect our client's privacy.