

PREVENTING CRIMES AGAINST VETERANS ACT OF 2017

MARCH 14, 2018.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. GOODLATTE, from the Committee on the Judiciary,
submitted the following

R E P O R T

[To accompany H.R. 506]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Judiciary, to whom was referred the bill (H.R. 506) to amend title 18, United States Code, to provide an additional tool to prevent certain frauds against veterans, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The Amendment

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Preventing Crimes Against Veterans Act of 2017”.

SEC. 2. ADDITIONAL TOOL TO PREVENT CERTAIN FRAUDS AGAINST VETERANS.

(a) IN GENERAL.—Chapter 63 of title 18, United States Code, is amended by adding at the end the following:

“§ 1352. Fraud regarding veterans’ benefits

“(a) Whoever knowingly executes, or attempts to execute, any scheme or artifice to defraud an individual of veterans’ benefits, or in connection with obtaining veteran’s benefits for that individual, shall be fined under this title, imprisoned not more than five years, or both.

“(b) In this section—

“(1) the term ‘veteran’ has the meaning given that term in section 101 of title 38; and

“(2) the term ‘veterans’ benefits’ means any benefit provided by Federal law for a veteran or a dependent or survivor of a veteran.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 63 of title 18, United States Code, is amended by adding at the end the following new item:

“1352. Fraud regarding veterans’ benefits.”.

Purpose and Summary

H.R. 506 creates a new section 1352 in chapter 63 of title 18, United States Code, to penalize fraudsters that knowingly execute, or attempt to execute, a scheme or artifice to defraud a veteran of his or her benefits, or in connection with obtaining that veteran’s benefits, by imposing a fine, imprisonment of up to five years, or both.

Background and Need for the Legislation

Under current law, only agents or attorneys who have met all standard qualifications and standards prescribed by the U.S. Department of Veterans Affairs may charge a small fee to assist a veteran or claimant in an appeals case.¹ A person who is not a VA-approved agent or attorney is prohibited from charging any fee for assisting a veteran in filing a claim or appeal with the VA. However, there is no criminal or financial penalty for breaking this law.

Consequently, in recent years financial predators across the country have targeted veterans, many of whom are elderly and live in low-income housing. These criminals offer to help veterans with their cases, claim to get their benefits approved in record time, charge fees that are often in the thousands of dollars, and then provide them with little or no assistance. This specific conduct—holding in-person seminars or meetings at a veteran’s home or assisted living facility—probably does not fall within the confines of the mail or wire fraud statutes, as it would if the fraudster called a veteran on the phone, sent them an email, or mailed them a letter with the intent to defraud.

The introduced version of H.R. 506 addressed this problem by creating a new section 1041 in chapter 47 of title 18, U.S. Code, to penalize fraudsters who knowingly *engage* in a scheme to defraud a veteran of his or her benefits, or in connection with obtaining that veteran’s benefits, by imposing a fine, imprisonment of up to five years, or both.

During markup, the Committee adopted a manager’s amendment, offered by Chairman Goodlatte, which made two major

¹ 38 U.S.C. § 5904.

changes to the bill. The manager’s amendment was developed following technical assistance provided by the Department of Justice. First, the amendment replaced the phrase “engages in a scheme or artifice to defraud” with the phrase “executes or attempts to execute a scheme or artifice to defraud.” That latter phrase, “executes,” is more commonly understood by the courts and is well-defined in case law. In contrast, the term “engage” is vague and could lead to unnecessary litigation. The term “executes” is also the term currently used in existing fraud offenses. This change was made for clarity and to ensure consistent application of the statute.

Second, the amendment placed the new criminal statute in chapter 63, “Mail Fraud and Other Fraud Offenses,” rather than in title 47, which is home to false statement crimes. This change will promote consistency in title 18, by ensuring the statute (which will be section 1352 of title 18) is appropriately placed alongside other offenses criminalizing fraudulent conduct.

Hearings

The Committee on the Judiciary held no hearings on H.R. 506. However, nearly identical legislation passed the full House in the 114th Congress, by a vote of 411–0.

Committee Consideration

On January 12, 2018, the Committee met in open session and ordered the bill (H.R. 506) favorably reported, with an amendment, by voice vote, a quorum being present.

Committee Votes

In compliance with clause 3(b) of rule XIII of the Rules of the House of Representatives, the Committee advises that there were no recorded votes during the Committee’s consideration of H.R. 506.

Committee Oversight Findings

In compliance with clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee advises that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

New Budget Authority and Tax Expenditures

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives is inapplicable because this legislation does not provide new budgetary authority or increased tax expenditures.

Congressional Budget Office Cost Estimate

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the Committee sets forth, with respect to H.R. 506, the following estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
 CONGRESSIONAL BUDGET OFFICE,
 Washington, DC, January 18, 2018.

Hon. BOB GOODLATTE,
 Chairman, Committee on the Judiciary,
 U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 506, the Preventing Crimes Against Veterans Act of 2017.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Mark Grabowicz.

Sincerely,

KEITH HALL.

Enclosure.

cc: Honorable Jerrold Nadler
 Ranking Member

H.R. 506—Preventing Crimes Against Veterans Act of 2017

As ordered reported by the House Committee on the Judiciary on
 January 10, 2018

H.R. 506 would establish a new federal crime against defrauding individuals of veterans' benefits. As a result, the government might be able to pursue cases that it otherwise would not be able to prosecute. CBO expects that the bill would apply to a relatively small number of offenders, however, so any increase in costs for law enforcement, court proceedings, or prison operations would not be significant. Any such spending would be subject to the availability of appropriated funds.

Because those prosecuted and convicted under H.R. 506 could be subject to criminal fines, the federal government might collect additional fines under the bill. Criminal fines are recorded as revenues, deposited in the Crime Victims Fund, and later spent without further appropriation action. CBO expects that any additional revenues and direct spending would not be significant because the legislation would probably affect only a small number of cases.

Because enacting H.R. 506 would affect direct spending and revenues, pay-as-you-go procedures apply. However, CBO estimates that any such effects would be insignificant in any year.

CBO estimates that enacting H.R. 506 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 506 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Mark Grabowicz. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

Duplication of Federal Programs

No provision of H.R. 506 establishes or reauthorizes a program of the Federal government known to be duplicative of another Fed-

eral program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

Disclosure of Directed Rule Makings

The Committee finds that H.R. 506 contains no directed rule making within the meaning of 5 U.S.C. § 551.

Performance Goals and Objectives

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee states that H.R. 506 creates a new section in title 18, United States Code, to penalize fraudsters who knowingly execute, or attempt to execute, a scheme or artifice to defraud a veteran of his or her benefits, or in connection with obtaining that veteran’s benefits.

Advisory on Earmarks

In accordance with clause 9 of rule XXI of the Rules of the House of Representatives, H.R. 506 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of rule XXI.

Section-by-Section Analysis

The following discussion describes the bill as reported by the Committee.

Section 1. Short Title. This section cites the short title of the bill as the “Preventing Crimes Against Veterans Act of 2017.”

Sec. 2. Additional Tool to Prevent Certain Frauds Against Veterans. This section creates a new section in the “Mail Fraud and Other Fraud Offenses” chapter of title 18, United States Code, to prevent certain frauds against veterans, i.e.:

“1352. Frauds regarding veterans’ benefits.

“(a) Whoever knowingly executes, or attempts to execute, any scheme or artifice to defraud a veteran of veterans’ benefits, or in connection with obtaining veteran’s benefits for that veteran, shall be fined under this title, imprisoned not more than five years, or both.

“(b) In this section—

“(1) the term ‘veteran’ has the meaning given that term in section 101 of title 38; and

“(2) the term ‘veterans’ benefits’ means any benefit provided by Federal law for a veteran.”.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 63 of title 18, United States Code, is amended by adding at the end the following new item:

“1352. Frauds regarding veterans’ benefits.”.

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic

and existing law in which no change is proposed is shown in roman):

TITLE 18, UNITED STATES CODE

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PART I—CRIMES

* * * * *

CHAPTER 63—MAIL FRAUD AND OTHER FRAUD OFFENSES

Sec.

1341. Frauds and swindles.

* * * * *

1352. *Fraud regarding veterans' benefits.*

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§ 1352. *Fraud regarding veterans' benefits*

(a) Whoever knowingly executes, or attempts to execute, any scheme or artifice to defraud an individual of veterans' benefits, or in connection with obtaining veteran's benefits for that individual, shall be fined under this title, imprisoned not more than five years, or both.

(b) In this section—

(1) the term "veteran" has the meaning given that term in section 101 of title 38; and

(2) the term "veterans' benefits" means any benefit provided by Federal law for a veteran or a dependent or survivor of a veteran.

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