

March 17, 2026

**Testimony for the Maine State Legislature's Taxation Committee
Regarding: Income Tax Forgiveness for Victims of Pig-Butchering Investment Fraud
Philip J Nadeau
Resident of Maine**

Chair, Vice Chair, and members of the Taxation Committee, thank you for the opportunity to speak today. My name is Phil Nadeau, and I have lived in Maine for sixty years. I am here as a resident and as someone who was preparing for retirement but can no longer do so because I became a victim of a pig-butchering investment scam.

Eight weeks was all it took for criminals to dismantle the financial security I had spent 40 plus years building. The scam began on Facebook, where someone approached me in what seemed like a normal, friendly interaction. Over time, that person built trust, created a sense of legitimacy, and eventually guided me into what I believed was a real investment opportunity. The platform they directed me to showed detailed account balances, profits, and tax obligations; The investment strategy was even tested for validation by using a much smaller sum of money. Everything appeared professional and authentic. In reality, every dollar I sent was stolen the moment it left my account.

By the time I realized what had happened, I had lost \$960,000.00 (nine hundred and sixty thousand dollars). That number is difficult to say out loud. It represents my retirement, my plans, and the stability I had worked for over four decades. The emotional impact was profound; Shame, disbelief, and the overwhelming fear of being judged for something I did not understand was a crime until it was too late.

The IRS now recognizes pig-butchering scams as a form of investment theft. Under the updated interpretation of IRC §165, these losses qualify as theft losses, meaning victims may deduct the full amount of their loss when it is clear the funds are gone and unrecoverable. This recognition is important, because it acknowledges that victims are not making reckless investment choices; but instead are being targeted and deceived by sophisticated criminal networks.

The State of Maine has not yet made the same recognition and that leaves people, like me, exposed to state-level tax obligations on income never actually received.

That is why this bill matters. It ensures that Maine residents who fall victim to these crimes are not taxed on monies that have been stolen through fraudulent investment scams. It prevents victims from being financially punished a second time. And it brings Maine's tax policy in line with the realities of modern cybercrime that is organized, international, and designed to exploit trust.

In my case, preliminary numbers calculated by my CPA, are that I will incur a tax bill in excess of \$80,000.00 (eighty thousand dollars). I no longer have that money available because it was stolen and I will be at the mercy of the MRS to develop a repayment plan. If provided with the proposed tax abatement and combined with the fact that I will work an extra 7 (seven) to 10 (ten)

years, I may be able to recreate a reasonable portfolio. Being required to pay this state tax obligation will most certainly eliminate that possibility from happening. As sad as it sounds it may put me in a position where I need to ask the state for assistance at that time.

I cannot recover what I lost. But the state can prevent further harm. This bill offers fairness, clarity, and compassion to people who have already endured life-altering financial and emotional trauma. I respectfully urge the Committee to support it.

Thank you for your time and for your commitment to protecting Maine residents.

Respectfully

Philip J. Nadeau

Maine Resident