



STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
HOUSE REPUBLICAN OFFICE  
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Assistant House Republican Leader

Good morning, Chair and members of the Committee. Thank you for the opportunity to speak in support of LD 714, n Act to Prevent State Income Tax from Being Collected on Money Stolen from Victims of Scams.

My name is Katrina Smith and I represent District 62 which encompasses China where Mr. Larry Cook, who — together with his wife Barbara — lost \$1.3 million of their life savings to an elaborate government-impersonation scam that unfolded over many months. They were convinced to convert retirement accounts to bitcoin and gold and to hand over cash and bullion — all while believing they were assisting a federal investigation. The scale of the loss and the methods used are documented in recent reporting about their case.

Mr. Cook did everything the scammers asked. He cooperated with law enforcement, provided records, and shared his painful story publicly so others would not repeat his mistake. Yet after the crime he remained legally harmed by our tax and benefit rules: the scammed disbursements were treated as income for state tax purposes, and even though the IRS ultimately agreed the Cooks should not owe federal income tax on those funds, the couple still faces state tax issues and a \$24,000 adjustment that is affecting their Medicare/Medicaid premiums. In short, the robbery didn't stop at bank loss — it kept taking through our tax and benefits systems.

What I ask the Committee to do is straightforward and humane: pass the bill that clarifies stolen funds from frauds like this will not be treated as taxable income and will not be used to increase benefit premiums or liabilities for victims who cooperated with authorities. This bill protects the most vulnerable among us — seniors with substantial but finite savings, people with limited technological familiarity, and anyone who falls prey to highly organized criminal schemes. When a person is a victim of convincing impersonation and turns their money over under duress and misrepresentation, it is unjust to force them to carry additional financial penalties from our tax code or from federal benefit offsets that assume the "income" was legitimate.

Passing this bill would do three things: (1) relieve immediate, documented hardship for victims like Mr. Cook; (2) align Maine law with common-sense fairness after fraud; and (3) send a clear message to scam victims that the state will not compound their harm.

I respectfully urge you to support the bill and to vote yes. Thank you for protecting Maine's elders and all Mainers who could be next.