

SB2_AndreSimmons_FAV

Uploaded by: Andre Simmons

Position: FAV

SB 2
Department of Human Services - Electronic Benefits Transfer Cards - Fraud
(Prevent Electronic Benefits Theft Act of 2023)
Hearing of the Senate Finance Committee
February 23, 2023

Position: SUPPORT

My name is Andre Simmons, and I am a Maryland resident currently residing at [REDACTED] [REDACTED] Baltimore, Maryland 21231. I am writing to support SB 2, Prevent Electronic Benefits Theft Act of 2023, which would require the Department of Human Services to refund SNAP, TCA and TDAP recipients whose benefits were stolen in EBT skimming theft. It would also require DHS to make EBT cards more secure to prevent future theft.

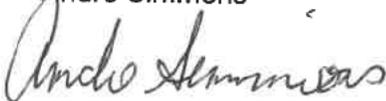
When my benefits were stole due to the theft it created a very stressful situation being on a fixed income so I needed to ask family and friends and also had to find places that fed the homeless in order to eat that month. I was able to get a new card but it seemed as though no one believed me or was willing to accept that even individual who use EBT could be swindled.

EBT important to me because without it I would be stressed and at this time in my life I am working on making amends in a lot of areas, having to go to my family and friends for financial support to eat would only add to the stress. Also as a result of being scammed I am dealing with being afraid it could happen again. All I want at this time is to be taken seriously that EBT is a blessing and a curse because scammers don't car who they hurt and losing the funding provided really hurts.

To receive refund for the money that was stolen can only help and my hope is whoever is in charge of making this happen would put themselves in my place, would you want your money stolen and not replaced? The Department of Human Services and local Department of Social Services should treat and respond to people who have their benefits stolen just like they would want to be treated, just because my situation makes me a little less fortunate I am still a human being and somebodies love one who just needs a helping hand. Just the mere fact you are trying to do something does show someone out there cares about me.

Thank you and I urge the Committee to please **vote YES on SB 2** to make Marylanders who have had their benefits stolen whole again.

Sincerely,
Andre Simmons



Maryland Legal Aid Testimony SB 2.pdf

Uploaded by: Cornelia Bright Gordon

Position: FAV



MARYLAND
LEGAL AID

Advancing
Human Rights and
Justice for All

The Honorable Senator Melony G. Griffith, Chair
Senate Finance Committee
Miller Senate Office Building
11 Bladen Street
Annapolis, Maryland 21401

RE: SB 2 - Department of Human Services, Electronic Benefits Transfer Cards, Fraud (Prevent Electronic Benefits Theft Act of 2023)

Dear Chairman Griffith and Members of the Committee:

Thank you for the opportunity to write in support of SB 2. This bill addresses the current Statewide increase in the theft of electronically issued government benefits. SB 2 requires the Department of Human Services (DHS) to reimburse a person who is a beneficiary of government funds and who has suffered a loss due to fraudulently stolen benefits from their electronic benefits transfer (EBT) account. Maryland issues multiple types of government benefits on EBT cards, including SNAP, Temporary Cash Assistance and Temporary Disability Assistance benefits. It has been well documented that theft of the benefits through various devices have increased substantially both in Maryland and nationwide.¹ DHS does not reimburse stolen benefits. Maryland Legal Aid (MLA) supports SB 2.

MLA is Maryland's largest civil non-profit law firm that provides free legal services to indigent residents. MLA assists individuals and families in every Maryland county with a wide array of civil legal issues, including protecting people from the epidemic of the loss of income security. This letter serves as notice that Cornelia Bright Gordon Esq., will testify on behalf of MLA in support of SB 2 at the request of Senator Fry Hester.

EBT funds are deposited on account by DHS upon approval for benefit programs that are designed to stabilize older adults, low-income families and disabled persons: SNAP provides assistance to purchase food, TCA supplements family income and provides health insurance, and TDAP issues a

¹ <https://www.wusa9.com/article/news/investigations/maryland-families-struggle-and-want-money-reimbursed-after-ebt-fraud/65-84e334bf-e32e-4467-adda-b4382585803f>

small amount of funds as cash for disabled single adults. The theft of EBT benefit funds has become rampant: as of November 2022, the total federal dollars reported as a loss from fraudulent transfers was \$1,056,651.22.² The 2022 federal omnibus spending bill, HR 2617, was recently signed into law by President Biden, and provides funds for States to reimburse victims of SNAP theft.³ The federal bill requires states to use their SNAP allocation to replace benefits that are determined to be stolen through card skimming, card cloning or similar fraudulent methods.⁴ State and federal funds issued on EBT cards are distributed to households with the lowest incomes in the State. Currently, despite reports of the thefts to DHS, and a subsequent investigation and finding of fraudulent activity, stolen benefits are not restored in Maryland. This terrible history is unacceptable and inappropriate. Clear direction at the federal level is now available for replacement of stolen SNAP benefits and should follow for all stolen State benefits.

SB 2 will address the inherent impropriety of proven acts of theft of State and federal benefits from the most vulnerable of Maryland residents. This is recognized as a statewide problem, despite Maryland State governmental refusal to reimburse those benefits to the vulnerable folks that rely on them. This impropriety affects struggling older adults, families with minor children, and disabled persons. EBT benefits can make the difference between homelessness and hunger, and advance beneficiaries along to a better state of housing and food security. The theft of EBT funds presents real dangers to Maryland citizens – reimbursement can help our low income neighbors remain housed and will assure that they have healthy food on their tables. MLA supports SB 2 and urges a favorable report and the passage of the bill.

Sincerely,

CBGordon
Director of Advocacy for Administrative Law
Maryland Legal Aid

²Id.

³H.R. 2617, Title IV § 501 (EBT Benefit Fraud Prevention) (signed 12/31/2023).
<https://ruppersberger.house.gov/news-room/press-releases/ruppersberger-funding-bill-will-require-states-reimburse-victims-snap>.

⁴ Id.

SB2_DarrelEvans_FAV

Uploaded by: Darrel Evans

Position: FAV

SB 2
Department of Human Services - Electronic Benefits Transfer Cards - Fraud
(Prevent Electronic Benefits Theft Act of 2023)
Hearing of the Senate Finance Committee
February 23, 2023

Position: SUPPORT

My name is Darryl Evans and I am a Maryland resident. I live in Baltimore City. I am writing to support SB 2, Prevent Electronic Benefits Theft Act of 2023, which would require the Department of Human Services to refund SNAP, TCA and TDAP recipients whose benefits were stolen in EBT skimming theft. It would also require DHS to make EBT cards more secure to prevent future theft.

The first time this happened, I went to the machine and there was nothing on my card. I told my brother and he didn't believe me. I went to my case manager and we called the EBT automated line and it told us the date and time my money was withdrawn from my card. I called the EBT customer service line and spoke to a representative. I cancelled my card. The EBT customer service representative referred me to create an account at the EBT website and to report it to the Baltimore City Department of Social Services (BCDSS). I found that my benefits were withdrawn at 1:46 a.m. on 9/2/22 from an ATM in Little Havana Miami, Florida (see attached). I went to BCDSS and they asked me what was going on. I told them that the TDAP was took of my card and I never received it. She asked me if I loaned my card and I told her no. She asked if I made a police report and I told them no. I showed her the printout from my EBT card withdrawals.

I asked the BCDSS worker if they could help me with my rent or phone bill and she said they don't do anything like that.

The second time happened on 1/2/23 at 2:02 a.m. This time my money was taken from an ATM in Tampa, Florida (see attached). Social Services was closed because of the holiday. I went to Social Services the next day. The lady said Social Services weren't going to give me back the money. I asked to see a manager and talked to another lady who said she was surprised it happened twice so quickly. They looked at the transactions and saw it was taken from Florida. They said there was nothing they could do to help me.

I felt sad that this kept happening to me. I felt bad and depressed about having to keep asking people for money. I didn't have a bus pass, couldn't pay my phone. Couldn't treat myself to anything to eat that my food stamps wouldn't cover like some Chinese food or a whopper, even a pizza. I do that once a month usually. People, my family, social services, didn't believe me, felt like everyone thought I was lying until I could show them the withdrawals. I couldn't buy the things I need for my house like toilet paper, soap powder, stuff to clean, just about everything.

[

SB 2 is important to me because it will relieve a lot of anxiety. I get nervous each month that my money won't be there. I don't know what to do to avoid this happening. Someone suggested trying to get to the ATM at 12:00 a.m. or so to withdraw all the money. That would not be safe

Thank you and I urge the Committee to please **vote YES on SB 2** to make Marylanders who have had their benefits stolen whole again.

Sincerely,

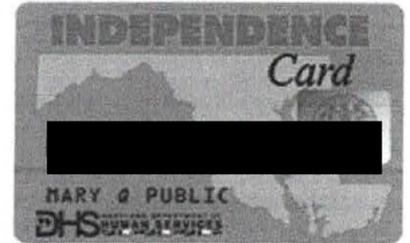
A handwritten signature in blue ink that reads "Darryl Evans". The signature is written in a cursive style with a long horizontal stroke at the end.

Darryl Anthony Evans

Electronic Transaction Activity

Requested Activity: 08/30/2022 ~ 09/02/2022

Electronic Benefit Card



Name: **DARRYL EVANS**
 Address: [REDACTED]
 City, State, Zip: **BALTIMORE, MD, 212311724**

FOR CUSTOMER SERVICE Call 1-800-997-2222. OPEN 24 HOURS A DAY, 7 DAYS A WEEK.

Card Number : [REDACTED] Date Range : **August 2022**

Food Supplement Credits : **\$0.00** **Cash** Credits : **\$373.00**
 Debits : **\$0.00** Debits : **\$360.00**

Transaction	Settlement	Retailer	Retailer Location	Card #	Type	Trans.Type	Debits	Credits
09/02/2022 01:46:48	09/03/2022	*LITTLE HAVANA	*LITTLE HAVANA MIAMI	[REDACTED]	CASH	ATM Cash Withdrawal	\$360.00	
08/31/2022 23:48:47	09/02/2022			[REDACTED]	CASH	Load Authorization		\$328.00
08/31/2022 23:48:47	09/02/2022			[REDACTED]	CASH	Load Authorization		\$45.00
Total Charges and Credits/Deposits :							\$360.00	\$373.00

Current Balance as of 09/02/2022 12:06 Food Supplement : **\$0.22**
 Cash : **\$13.01**

If you find transactions you believe to be in error, or you wish to dispute a specific transaction, please contact the Customer Service Center immediately.

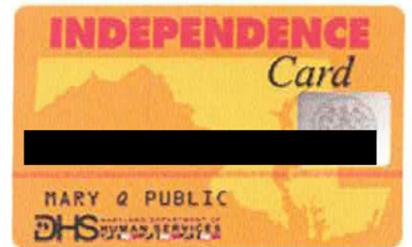
To have a two month statement mailed to you, please click on "Submit" **SUBMIT**

Electronic Transaction Activity

Requested Activity: 01/01/2023 ~ 01/05/2023

Electronic Benefit Card

Name: **DARRYL EVANS**
 Address: **[REDACTED]**
 City, State, Zip: **BALTIMORE, MD, 212311724**



FOR CUSTOMER SERVICE Call 1-800-997-2222. OPEN 24 HOURS A DAY, 7 DAYS A WEEK.

Card Number : **[REDACTED]** Date Range : **January 2023**

Food Supplement Credits : **\$0.00** Cash Credits : **\$373.00**
 Debits : **\$0.00** Debits : **\$372.50**

Transaction	Settlement	Retailer	Retailer Location	Card #	Type	Trans.Type	Debits	Credits
01/02/2023 08:26:04	01/02/2023	YORK PETROLEUM I	5101 YORK RD US Baltimore	[REDACTED]	CASH	TRANS Fee Debit	\$2.50	
01/02/2023 08:26:04	01/02/2023	YORK PETROLEUM I	5101 YORK RD US Baltimore	[REDACTED]	CASH	ATM Cash Withdrawal	\$10.00	
01/02/2023 02:02:48	01/03/2023	13304 BRUCE B DO	13304 BRUCE B DOWNS BLV TAMPA	[REDACTED]	CASH	ATM Cash Withdrawal	\$360.00	
12/31/2022 00:13:28	01/02/2023			[REDACTED]	CASH	Load Authorization		\$45.00
12/31/2022 00:13:28	01/02/2023			[REDACTED]	CASH	Load Authorization		\$328.00
Total Charges and Credits/Deposits :							\$372.50	\$373.00

Current Balance as of 02/22/2023 12:52 Food Supplement : **\$0.82**
 Cash : **\$0.54**

If you find transactions you believe to be in error, or you wish to dispute a specific transaction, please contact the Customer Service Center immediately.

To have a two month statement mailed to you, please click on "Submit" [SUBMIT](#)

SB 2 DHS EBT Card Fraud Prevent Electronic Benefit

Uploaded by: James Campbell

Position: FAV



One Park Place | Suite 475 | Annapolis, MD 21401-3475
1-866-542-8163 | Fax: 410-837-0269
aarp.org/md | md@aarp.org | twitter: @aarpm
facebook.com/aarpm

**SB 2 Department of Human Services - Electronic Benefits Transfer Cards - Fraud (Prevent
Electronic Benefits Theft Act of 2023)
FAVORABLE
Senate Finance Committee
February 23, 2023**

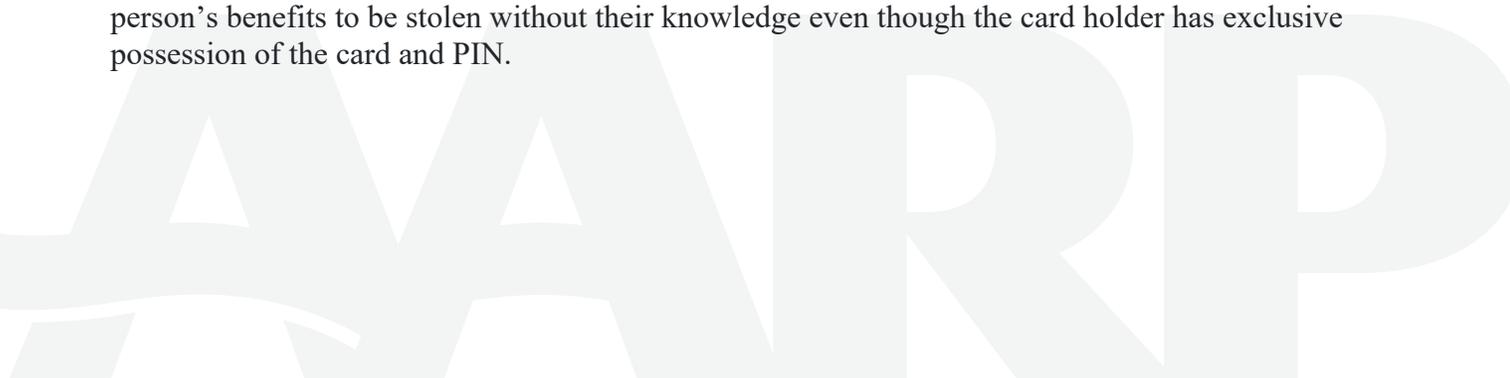
Good afternoon Chair Griffith and members of the Senate Finance Committee. Thank you for this opportunity to provide testimony in support of SB 2 sponsored by Senator Hester. My name is Jim Campbell, a former member of the House of Delegates now State President of AARP Maryland. AARP is one of the largest membership-based organizations in Maryland, encompassing more than 850,000 members.

AARP is a non-partisan, non-profit nationwide organization that helps people turn their goals and dreams into real possibilities, strengthen communities and advocates on those issues that matter to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse.

We urge support of SB 2 which requires the Department of Human Services to reimburse a beneficiary for benefits lost due to the fraudulent use of the recipient's Electronic Benefits Transfer card (EBT). As you may know recipients of the Supplemental Nutrition Assistance Program (SNAP formerly Food Stamps) are all issued and use an EBT card in order to get their monthly benefits.

SNAP serves one in seven U.S. residents and helps to ensure that low-income households have access to adequate food. Almost 870,000 Marylanders receive SNAP benefits, and 90,000 about one in three of the recipients are aged 60 and over.

In 2022, 2,334 Maryland households had benefits stolen totaling in excess of \$1.6 million. How is this done? It's easy. The fraud problem with EBT cards skyrocketed in the spring and summer last year. You may recall that it was reported that benefits most likely were stolen with "skimming" devices attached by thieves posing as customers to card processing machines at store checkouts. The skimmers take seconds to install, and law enforcement officials say they are often placed late at night when store employees are distracted. Those devices clone the data encoded on the cards and can also steal Personal Identification Number (PINs). If a skimming device is placed on an ATM or card swiping machine, the data on the card can be copied and the unauthorized user can copy the card and make a fake card. The use of this fake card can allow a person's benefits to be stolen without their knowledge even though the card holder has exclusive possession of the card and PIN.



This loss of food benefits causes tremendous hardships for families who struggle month to month to get by. The affected families must divert the limited cash they have to cover the cost of food, in addition to rent, utilities, and other personal items which adds to the experience of hunger and housing insecurity.

SB 2 provides retroactive benefits to victims and provides them with replacement benefits within two days. The bill aims to replace benefits to victims who would otherwise go hungry.

Although federal and state governments jointly fund SNAP, prior to passage of a new federal law, states could only use their own funds for reimbursement of stolen benefits. As a result, only a handful, including California, the District of Columbia, Michigan, Rhode Island and Wisconsin, reimbursed stolen benefits, according to the American Public Human Services Association.

SNAP serves one in seven U.S. residents and helps to ensure that low-income households have access to adequate food. Almost 870,000 Marylanders receive SNAP benefits, and 90,000 about one in three of the recipients are aged 60 and over.

AARP Maryland respectfully ask the Senate Finance Committee to issue a favorable report for SB 2. If you have questions, please call Tammy Bresnahan, Senior Director of Advocacy at 410-302-8451 or at tbresnahan@aarp.org .

MD Catholic Conference_FAV_SB0002.pdf

Uploaded by: MJ Kraska

Position: FAV



MARYLAND
CATHOLIC
CONFERENCE

February 23, 2023

SB 02

Department of Human Services - Electronic Benefits Transfer Cards - Fraud (Prevent Electronic Benefits Theft Act of 2023)

Senate Finance Committee

Position: Favorable

The Maryland Catholic Conference is the public policy representative of the three (arch)dioceses serving Maryland, which together encompass over one million Marylanders. Statewide, their parishes, schools, hospitals, and numerous charities combine to form our state's second largest social service provider network, behind only our state government.

Senate Bill 02 would require the Department of Human Services to reimburse a beneficiary for any benefits lost due to the fraudulent use of the beneficiary's Electronic Benefits Transfer card and require the State to give preference to certain vendors in the procurement process for electronic benefits distribution or administration; requiring the Department to establish a certain point of contact for investigating and identifying electronic benefits fraud.

Recently, social safety net fraud has skyrocketed within Maryland leaving our most vulnerable populations in need. The Conference strongly supports safeguards for poverty-reducing programs that protect vulnerable Marylanders. Senate Bill 02 seeks to support those who struggle to make ends meet by reimbursing stolen benefits to our most vulnerable populations in Maryland.

The Conference appreciates your consideration and, for these reasons, respectfully requests a **favorable** report on Senate Bill 02.

Phillip Osborne_SB2_Support_FIN.pdf

Uploaded by: Phillip Osborne

Position: FAV

.3SB 2
Department of Human Services - Electronic Benefits Transfer Cards - Fraud
(Prevent Electronic Benefits Theft Act of 2023)
Hearing of the Senate Finance Committee
February 23, 2023

Position: SUPPORT

My name is Phillip Osborne and I am a Maryland resident living in Baltimore City. I am writing to support SB 2, Prevent Electronic Benefits Theft Act of 2023, which would require the Department of Human Services to refund SNAP, TCA and TDAP recipients whose benefits were stolen in EBT skimming theft. It would also require DHS to make EBT cards more secure to prevent future theft.

I had quite a few problems getting approved for TDAP and I was glad when I started receiving them. I am disabled and unemployed. Because of my disability, my only income at present is TDAP. I was looking forward to getting my money for that month. I was completely astonished when I went to the ATM and discovered that my TDAP money was gone!

I instantly panicked also because I did not have any idea how I was going to pay my monthly debts. I owed my phone bill and knew that if my phone was shut off my problems would increase exponentially. I had to borrow money from a family member whom I still owe.

SB2 is important to me because I rely on my benefits to survive. If a refund of my stolen benefits is approved I can pay debts that are still outstanding.

I was totally taken aback when I found out that DHS would not do anything to rectify the situation. It seems that DHS doesn't care at all what kind of devastation it caused to all people that had their benefits stolen. Older people such as myself, women with children and people with disabilities which includes myself also rely on their benefits for housing, food and all the other necessities of basic existence and benefits being stolen causes such an enormous problem that I'm sure anyone can comprehend.

Thank you and I desperately urge the committee to please vote YES in SB2 to make Marylanders who had their benefits stolen whole again.

Sincerely,

Phillip Gene Osborne Jr.

MY NAME IS PHILLIP OSBORNE AND I AM A MARYLAND RESIDENT LIVING IN BALTIMORE CITY. I AM WRITING IN SUPPORT OF SB2 PREVENT ELECTRONIC BENEFITS THEFT ACT OF 2023 WHICH WOULD REQUIRE THE DEPT OF HUMAN SERVICES TO REFUND SNAP TCA AND TDAP RECIPIENTS WHOSE BENEFITS WERE STOLEN IN EBT SKIMMING THEFT. IT WOULD ALSO REQUIRE DHS TO MAKE EBT CARDS MORE SECURE TO PREVENT FUTURE THEFT.

I HAD QUITE A FEW PROBLEMS GETTING APPROVED FOR TDAP AND I WAS GLAD WHEN I STARTED RECEIVING THEM. I AM DISABLED AND UNEMPLOYED BECAUSE OF MY DISABILITY. MY ONLY INCOME AT PRESENT IS TDAP. I WAS LOOKING FORWARD TO GETTING MY MONEY FOR THAT MONTH. I WAS COMPLETELY ASTONISHED WHEN I WENT TO THE ATM AND DISCOVERED THAT MY TDAP MONEY WAS GONE!

I INSTANTLY PANICKED ALSO BECAUSE I DID NOT HAVE ANY IDEA HOW I WAS GOING TO PAY MY MONTHLY DEBTS. I HAD MY PHONE BILL AND KNEW THAT IF MY PHONE WAS SHUT OFF MY PROBLEMS WOULD INCREASE EXPONENTIALLY. I HAD TO BORROW MONEY FROM A FAMILY MEMBER WHOM I STILL OWE.

SB2 IS IMPORTANT TO ME BECAUSE I RELY ON MY BENEFITS TO SURVIVE. IF A REFUND OF MY STOLEN BENEFITS IS APPROVED I CAN PAY DEBTS THAT ARE

STILL OUTSTANDING

I WAS TOTALLY TAKEN ABACK WHEN I FOUND OUT THAT DHS WOULD NOT DO ANYTHING TO RECTIFY THE SITUATION! IT SEEMS THAT DHS DOESNT CARE AT ALL WHAT KIND OF DEVASTATION IT CAUSED TO ALL PEOPLE THAT HAD THEIR BENEFITS STOLEN, OLDER PEOPLE SUCH AS MYSELF, WOMEN WITH CHILDREN AND PEOPLE WITH DISABILITIES WHICH INCLUDES MYSELF ALSO RELY ON THEIR BENEFITS FOR HOUSING, FOOD AND ALL THE OTHER NECESSITIES OF BASIC EXISTENCE AND BENEFITS BEING STOLEN CAUSES SUCH AN ENORMOUS PROBLEM THAT IM SURE ANYONE CAN COMPREHEND

THANK YOU AND I DESPERATELY URGE THE COMMITTEE TO PLEASE VOTE YES ON SB2 TO MAKE MARYLANDERS WHO HAVE HAD THEIR BENEFITS STOLEN WHOLE AGAIN!

SINCERELY, PHILLIP GENE OSBORNE JR

Phillip Osborne

SB0002_CC_Vaughan_FWA.pdf

Uploaded by: Regan Vaughan

Position: FAV



Senate Bill 2
Department of Human Services – Electronic Benefit Transfer Cards – Fraud (Prevent Electronic Benefits Theft Act of 2023)

Senate Finance Committee
February 23, 2023

Support with Amendment

Catholic Charities of Baltimore strongly supports SB 2 with amendments, which requires the Department of Human Services (DHS) to reimburse Marylanders who have had their Electronic Benefits Transfer (EBT) card benefits stolen, and requires the Department to work with the EBT vendor to reduce the likelihood of future theft through improvements to the EBT card. The sponsor amendments will ensure the reimbursements are retroactive and that benefits are replaced quickly without burdening the family to secure investigatory materials related to the theft.

Inspired by the Gospel to love, serve and teach, Catholic Charities provides care and services to improve the lives of Marylanders in need. For 100 years, Catholic Charities has accompanied Marylanders as they age with dignity, obtain empowering careers, heal from trauma and addiction, achieve economic independence, prepare for educational success and feel welcome as immigrant neighbors.

As one of the largest human service providers in Maryland, we work every day with low-income families and see firsthand the challenges and difficulties they face when they lose their benefits. We know that public benefits are vitally important in the effort to assist low-income seniors and families meet their basic needs, as Marylanders use these benefits for food, housing and transportation. Our mental health clinicians have heard from countless families struggling with the trauma their families experience when their public benefits are stolen and there is no income to replace what's been lost. The unexpected loss of benefits means families have to frantically try to secure what little cash they may have to cover the costs of their monthly grocery, housing, and household budgets, ultimately exacerbating the experience of poverty and trauma.

Passing SB 2 will directly improve the economic security – and behavioral health - of low-income Marylanders. Rapidly replacing public benefits that have been stolen off EBT cards will ensure continued access to reliable food, housing, and income for the families we work with, building their overall economic security and reducing the various stressors that families face living in or near poverty. It is vitally important that the benefits are replaced without undue burden placed upon families to gather reports and materials related to the theft. Just like dollars are quickly replaced when credit cards are stolen, benefits must be quickly replaced when EBT benefits are stolen.

On behalf of the individuals and families we work with, Catholic Charities of Baltimore appreciates your consideration, and urges the committee to issue a favorable with amendments report for SB 2.

Submitted By: Regan Vaughan, Director of Advocacy

(2.23) SB 02 -Department of Human Services - Elect

Uploaded by: Robin McKinney

Position: FAV



SB 02 - Department of Human Services - Electronic Benefits Transfer Cards - Fraud (Prevent Electronic Benefits Theft Act of 2023)

Finance Committee

February 23rd, 2023

SUPPORT

Chairwoman Griffith, Vice-Chair and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 02. This bill will protect Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF/TCA) and Temporary Disability Assistance Program (TDAP) recipients who are victims of fraud.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000. **Last year, CASH helped 270 households access over \$230,000 in social benefits through our free benefits counseling program.**

Social safety net programs like SNAP, TANF/TCA, and TDAP exist to protect low-income families and mitigate the impacts of poverty. They ensure that low-income and disabled Marylanders can afford food, diapers, and other basic necessities. They help negate the effects of childhood poverty, help families weather economic downturns, and give families an opportunity to gain financial stability.

Thousands of recipients in Maryland are victims of Electronic Benefits Transfer (EBT) theft. Their information is stolen like how debit and credit card information is stolen- through skimming devices placed on an ATM or card-swiping machine, or phishing scams. However, under the Electronic Funds Transfer Act (EFTA), if a consumer's debit card number is stolen they have 60 days to report the fraudulent charges with no liability. If their credit card information is stolen, they are protected under the Fair Credit Billing Act (FCBA). **There are no protections for low-income families who are victims of EBT theft.** It is imperative that the funds stolen be reimbursed to the recipients. When their funds are taken it puts their entire family in turmoil. They depend on the TCA to pay their rent and monthly utilities. They use SNAP to supplement their household food costs because their wages are low and they need assistance.

SB 02 will protect low-income families who are victims of theft by:

- Providing victims of theft with replacement benefits,
- Providing retroactive benefits to victims of theft beginning January 2020 through July 2023
- Creating a requirement for the Department of Human Services to track theft of benefits, and
- Protecting families from future theft by enhancing security of EBT cards via chip technology, suspicious activity alerts, and card-locking mechanisms

Thus, we encourage you to return a favorable report for SB 02.

Creating Assets, Savings and Hope

SB2 - SponsorAmendment

Uploaded by: Senator Hester

Position: FAV



SB0002/183521/1

AMENDMENTS
PREPARED
BY THE
DEPT. OF LEGISLATIVE
SERVICES

23 FEB 23
12:04:55

BY: Senator Hester
(To be offered in the Finance Committee)

AMENDMENTS TO SENATE BILL 2
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, at the top of the page, insert “EMERGENCY BILL”; in line 2, strike “**Fraud**” and substitute “**Theft and Restoration of Benefits**”; strike beginning with the first “the” in line 5 down through “card;” in line 6 and substitute “theft; authorizing certain households to request a certain hearing under certain circumstances;”; in line 8, after “administration;” insert “requiring the Department to coordinate with Electronic Benefits Transfer vendors to include a certain microchip in Electronic Benefits Transfer cards and implement certain settings for Electronic Benefits Transfer cards;”; and strike beginning with “requiring” in line 8 down through “retroactively;” in line 12 and substitute “establishing the Benefit Theft Restitution Fund;”.

AMENDMENT NO. 2

On pages 1 and 2, strike in their entirety the lines beginning with line 22 on page 1 through line 4 on page 2, inclusive, and substitute:

“(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) (I) “PERSONAL IDENTIFYING INFORMATION” HAS THE MEANING STATED IN § 8-301 OF THE CRIMINAL LAW ARTICLE.

(II) “PERSONAL IDENTIFYING INFORMATION” INCLUDES AN ELECTRONIC BENEFITS TRANSFER CARD NUMBER OR PERSONAL IDENTIFICATION NUMBER.

(3) “SKIMMING PRACTICES” INCLUDES:

(I) USE OF A SKIMMING DEVICE, INCLUDING A SCANNER, SKIMMER, READER, OR OTHER ELECTRONIC DEVICE USED TO ACCESS, READ, SCAN, OBTAIN, MEMORIZE, OR STORE, TEMPORARILY OR PERMANENTLY, PERSONAL IDENTIFYING INFORMATION; OR

(II) ADDING MALICIOUS CODE ILLEGALLY TO A WEBSITE TO CAPTURE ELECTRONIC BENEFITS TRANSFER CARD DATA OR PERSONAL IDENTIFYING INFORMATION.

(4) "THEFT" INCLUDES:

(I) PHYSICAL THEFT OF AN ELECTRONIC BENEFITS TRANSFER CARD;

(II) IDENTITY FRAUD, AS DEFINED IN § 8-301 OF THE CRIMINAL LAW ARTICLE; AND

(III) THEFT THROUGH SKIMMING PRACTICES.

(5) "TWO-WAY FRAUD ALERT" MEANS THE CAPABILITY OF THE DEPARTMENT TO COMMUNICATE WITH HOUSEHOLDS, AND OF HOUSEHOLDS TO COMMUNICATE WITH THE DEPARTMENT, THROUGH TEXT MESSAGING REGARDING POTENTIAL FRAUDULENT USE OR THEFT OF AN ELECTRONIC BENEFITS TRANSFER CARD.

(B) (1) A HOUSEHOLD IS ENTITLED TO RESTORATION OF ANY BENEFITS LOST DUE TO THEFT.

(2) IF THE DEPARTMENT IS AWARE OF A HOUSEHOLD'S ENTITLEMENT TO THE RESTORATION OF BENEFITS UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE DEPARTMENT AUTOMATICALLY SHALL RESTORE THE BENEFITS WITHOUT REQUIRING FURTHER ACTION FROM THE HOUSEHOLD.

(3) AS SOON AS PRACTICABLE, BUT NOT LATER THAN 10 DAYS AFTER A HOUSEHOLD INFORMS THE DEPARTMENT OF THE LOSS OF BENEFITS DUE TO THEFT, THE DEPARTMENT SHALL:

(I) NOTIFY THE HOUSEHOLD IN WRITING OF THE DEPARTMENT'S DECISION AS TO WHETHER TO RESTORE BENEFITS, THE AMOUNT OF BENEFITS TO BE RESTORED, AND THE RIGHT TO AND METHOD OF REQUESTING A HEARING ON THE DEPARTMENT'S DECISION IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION;

(II) IF THE DEPARTMENT DETERMINES THAT THE HOUSEHOLD IS ENTITLED TO BENEFITS, RESTORE BENEFITS TO THE HOUSEHOLD IN THE AMOUNT OF BENEFITS THAT WAS LOST; AND

(III) PROVIDE THE HOUSEHOLD WITH A NEW ELECTRONIC BENEFITS TRANSFER CARD.

(4) THE DEPARTMENT MAY NOT:

(I) REQUIRE A HOUSEHOLD TO PROVIDE A POLICE REPORT AS A CONDITION OF RESTORATION OF BENEFITS; OR

(II) LIMIT THE NUMBER OF MONTHS IN WHICH A HOUSEHOLD CAN RECEIVE RESTORATION OF BENEFITS LOST DUE TO THEFT.

(C) (1) IF A HOUSEHOLD DISPUTES THE AMOUNT OF BENEFITS RESTORED OR THE DEPARTMENT'S DETERMINATION THAT NO RESTORATION IS DUE, THE HOUSEHOLD MAY REQUEST A HEARING WITH THE DEPARTMENT WITHIN 90 DAYS AFTER THE DATE OF THE DEPARTMENT'S DETERMINATION.

(2) IF A HOUSEHOLD REQUESTS A HEARING UNDER THIS SUBSECTION, THE DEPARTMENT SHALL RESTORE THE BENEFITS FOR WHICH THE HOUSEHOLD CLAIMS ENTITLEMENT WHILE THE HEARING IS PENDING.

(3) IF THE HEARING DECISION IS UNFAVORABLE TO THE HOUSEHOLD, ANY BENEFITS IMPROPERLY RESTORED UNDER PARAGRAPH (2) OF THIS SUBSECTION MAY BE RECOVERED BY THE DEPARTMENT BY REDUCING THE HOUSEHOLD'S BENEFIT AT A RATE THAT MAY NOT EXCEED THE LESSER OF \$10 OR 5% OF THE HOUSEHOLD'S MONTHLY ALLOTMENT OF BENEFITS.

(D) IF FEDERAL FUNDS ARE UNAVAILABLE FOR REIMBURSEMENT PURPOSES UNDER THIS SECTION, STATE FUNDS SHALL BE USED."

On page 2, in line 5, strike "(A)" and substitute "(E)"; in line 9, after "FOR" insert "IDENTITY"; in the same line, strike "IDENTITY"; in line 11, after "AGAINST" insert "IDENTITY"; and in the same line, after "FRAUD" insert "AND THEFT".

On pages 2 and 3, strike in their entirety the lines beginning with line 13 on page 2 through line 15 on page 3, inclusive.

On page 3, after line 15, insert:

“(F) THE DEPARTMENT SHALL COORDINATE WITH VENDORS TO TAKE AVAILABLE PRECAUTIONS TO REDUCE THE VULNERABILITY OF ELECTRONIC BENEFITS TRANSFER CARDS TO THEFT, INCLUDING:

(1) THE INCLUSION OF AN EMBEDDED MICROCHIP IN ALL ELECTRONIC BENEFITS TRANSFER CARDS ISSUED ON OR AFTER OCTOBER 1, 2023;

(2) THE USE OF TWO-WAY FRAUD ALERTS; AND

(3) CONNECTIVITY FOR UNIVERSAL BENEFITS CARDS.”;

in line 16, strike “(D)” and substitute “(G)”; in line 17, strike “THE MARYLAND STATE POLICE” and substitute “LOCAL LAW ENFORCEMENT AGENCIES IN THE STATE”; in line 23, strike “AND”; in line 25, after “YEAR” insert “;

(4) THE NUMBER OF HOUSEHOLDS REPORTING THEFT OF BENEFITS, BY JURISDICTION AND PROGRAM;

(5) THE NUMBER OF HOUSEHOLDS ELIGIBLE FOR EXPEDITED SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM BENEFITS THAT REPORTED LOSS OF BENEFITS DUE TO THEFT, BY JURISDICTION AND PROGRAM;

(6) THE TOTAL DOLLAR AMOUNT OF BENEFITS REPORTED LOST DUE TO THEFT, BY JURISDICTION AND PROGRAM;

(7) THE NUMBER OF DETERMINATIONS OF THEFT MADE BY THE DEPARTMENT, BY JURISDICTION;

(8) THE NUMBER OF DETERMINATIONS MADE BY THE DEPARTMENT THAT THEFT DID NOT OCCUR, BY JURISDICTION;

(9) THE NUMBER OF HOUSEHOLDS REIMBURSED FOR BENEFITS LOST DUE TO THEFT AND THE TOTAL DOLLAR AMOUNT OF BENEFITS RESTORED, BY JURISDICTION AND PROGRAM;

(10) THE AVERAGE AND MAXIMUM LENGTH OF TIME, IN DAYS, BETWEEN THE REPORT OF THEFT AND THE RESTORATION OF BENEFITS, BY JURISDICTION;

(11) THE NUMBER OF HEARINGS REQUESTED AND THE NUMBER OF HOUSEHOLDS THAT RECEIVED A RESTORATION OF BENEFITS AS AN OUTCOME OF A HEARING, BY JURISDICTION; AND

(12) DEMOGRAPHIC DATA ON HOUSEHOLDS THAT EXPERIENCED THEFT, INCLUDING RACE, GENDER, NUMBER OF HOUSEHOLDS WITH CHILDREN UNDER THE AGE OF 18 YEARS, AND NUMBER OF HOUSEHOLDS WITH A MEMBER AT LEAST 60 YEARS OLD”;

and after line 25, insert:

“5-610.

(A) THERE IS A BENEFIT THEFT RESTITUTION FUND.

(B) THE BENEFIT THEFT RESTORATION FUND SHALL BE USED TO:

(1) RESTORE BENEFITS TO ANY HOUSEHOLD THAT LOST BENEFITS DUE TO THEFT THAT OCCURRED BETWEEN MARCH 15, 2020, AND DECEMBER 31,

2021, BOTH INCLUSIVE, EVEN IF THE HOUSEHOLD IS INELIGIBLE TO RECEIVE BENEFITS AT THE TIME OF RESTORATION, PROVIDED THAT THE DEPARTMENT CONFIRMS THE HOUSEHOLD LOST BENEFITS DUE TO THEFT DURING THAT TIME PERIOD; AND

(2) ISSUE BENEFITS TO ANY HOUSEHOLD THAT LOST BENEFITS DUE TO THEFT THAT OCCURRED BETWEEN JANUARY 1, 2022, AND THE EFFECTIVE DATE OF CHAPTER (S.B. 2), BOTH INCLUSIVE, EVEN IF THE HOUSEHOLD IS INELIGIBLE TO RECEIVE BENEFITS AT THE TIME OF ISSUANCE.

(C) FOR FISCAL YEAR 2024, THE ANNUAL BUDGET BILL SHALL INCLUDE AN APPROPRIATION OF \$2,000,000 TO THE BENEFIT THEFT RESTORATION FUND.

(D) ON OR BEFORE SEPTEMBER 1, 2023, THE DEPARTMENT SHALL ISSUE BENEFITS TO HOUSEHOLDS ELIGIBLE TO RECEIVE FUNDS UNDER SUBSECTION (B) OF THIS SECTION.”

On pages 3 and 4, strike in their entirety the lines beginning with line 26 on page 3 through line 7 on page 4; in line 8, strike “5.” and substitute “2.”; and in lines 8 and 9, strike “this Act shall take effect October 1, 2023.” and substitute “it is the intent of the General Assembly that the Department of Human Services shall:

(1) strive to restore benefits to a household within 2 days; and

(2) provide healthy food to a household while the household awaits the restoration of benefits.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a ye and nay vote supported by three-fifths of all the members elected

(Over)

SB0002/183521/01
Amendments to SB 2
Page 8 of 8

Hester

to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted.”.

SB02 - FAV - MAP.docx.pdf

Uploaded by: Stacey Jefferson

Position: FAV



Member Agencies:

- 211 Maryland
- Baltimore Jewish Council
- Behavioral Health System Baltimore
- CASH Campaign of Maryland
- Energy Advocates
- Episcopal Diocese of Maryland
- Family League of Baltimore
- Fuel Fund of Maryland
- Job Opportunities Task Force
- Laurel Advocacy & Referral Services, Inc.
- League of Women Voters of Maryland
- Loyola University Maryland
- Maryland Center on Economic Policy
- Maryland Community Action Partnership
- Maryland Family Network
- Maryland Food Bank
- Maryland Hunger Solutions
- Paul's Place
- St. Vincent de Paul of Baltimore
- Welfare Advocates

Marylanders Against Poverty

Kali Schumitz, Co-Chair
P: 410-412- 9105 ext 701
E: kschumitz@mdeconomy.org

Mark Huffman, Co-Chair
P: (301) 776-0442 x1033
E: MHuffman@laureladvocacy.org

TESTIMONY IN SUPPORT OF SB 02

Department of Human Services - Electronic Benefits Transfer Cards - Fraud (Prevent Electronic Benefits Theft Act of 2023)

Senate Finance Committee
February 23, 2023

Submitted by Kali Schumitz and Mark Huffman, Co-Chairs

Marylanders Against Poverty (MAP) strongly supports with amendments SB 02, which provides retroactive benefits to victims who experienced cash or food benefit theft, creating reporting requirements for the Department of Human Services to track theft of benefits, and protect families from future theft by enhancing security of EBT cards via chip technology, suspicious activity alerts, and card-locking mechanisms.

Electronic Benefits Transfer (EBT) theft has been on the rise in the country over the last two years. This has affected at least 2,300 households in Maryland alone who have lost nearly \$2 million in Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) and cash benefits such as Temporary Assistance for Needy Families (TANF/TCA) and the Temporary Disability Assistance Program (TDAP).

Enacting this legislation will align Maryland with other states that are taking action to address the rise in benefit theft. Michigan, Massachusetts, and the District of Columbia have each enacted legislation or established pathways to restoring benefits and making families whole.

We recommend this bill be amended to reflect similar legislation in SB401. These amendments include not requiring the household to file a police report as evidence of theft, retroactively restoring benefits in a timely manner beginning January 1, 2020, and to allow recipients to dispute reimbursement requests that are denied following existing practices in place at the Department of Human Services.

MAP appreciates your consideration and urges the committee to issue a favorable report for SB 02.

Marylanders Against Poverty (MAP) is a coalition of service providers, faith communities, and advocacy organizations advancing statewide public policies and programs necessary to alleviate the burdens faced by Marylanders living in or near poverty, and to address the underlying systemic causes of poverty.

MSCAN - SB 2 - EBT Skimming - FWA.pdf

Uploaded by: Abby Snyder

Position: FWA



Maryland Senior Citizens Action Network

MSCAN

AARP Maryland

Alzheimer's
Association,
Maryland Chapters

Baltimore Jewish
Council

Catholic Charities

Central Maryland
Ecumenical Council

Church of the Brethren

Episcopal Diocese of
Maryland

Housing Opportunities
Commission of
Montgomery County

Jewish Community
Relations Council of
Greater Washington

Lutheran Office on
Public Policy in
Maryland

Maryland Association of
Area Agencies on Aging

Maryland Catholic
Conference

Mental Health
Association of Maryland

Mid-Atlantic LifeSpan

National Association of
Social Workers,
Maryland Chapter

Presbytery of Baltimore

The Coordinating
Center

MSCAN Co-Chairs:
Carol Lienhard
Sarah Mücke
410-542-4850

SB2

Department of Human Services – Electronic Benefit Transfer Cards – Fraud (Prevent Electronic Benefit Theft Act of 2023)

Senate Finance Committee
February 23, 2023

SUPPORT WITH AMENDMENT

The Maryland Senior Citizens Action Network (MSCAN) is a statewide coalition of advocacy groups, service providers, faith-based and mission-driven organizations that supports policies that meet the housing, health and quality of care needs of Maryland's low and moderate-income seniors.

MSCAN supports SB 2 with amendments, which requires the Department of Human Services (DHS) to reimburse Marylanders who have had their Electronic Benefits Transfer (EBT) card benefits stolen, and requires the Department to work with the EBT vendor to reduce the likelihood of future theft through improvements to the EBT card and system processes. The sponsor amendments will ensure the reimbursements are retroactive and that benefits are replaced quickly without burdening the family to secure investigatory materials related to the theft.

Many of our seniors are on fixed incomes and struggle with meeting their basic needs. Nearly one in five low-income seniors in Maryland struggles with hunger, resulting in Maryland having the 8th highest food insecurity rate among low-income seniors.¹ Tragically, at the same time, older adults are one of the fastest growing demographics of people experiencing homelessness. The pandemic has only exacerbated these issues, as seniors struggle to afford food, housing, medicines, and other basic necessities amongst rising costs of inflation.

If a senior loses SNAP or other public benefits due to EBT skimming, the loss of income is disastrous. Safety-net programs – like Supplemental Nutrition Assistance Program (SNAP) - provide vital resources to low-income older adults to purchase housing, food, transportation, and meet other basic needs. If a senior has their benefits stolen, rapidly replacing the income lost is key to continued economic security. Moreover, it is important that the benefits are replaced without undue burden placed upon older adults to gather reports and materials related to the theft. Just like dollars are quickly replaced when credit cards are stolen, benefits must be quickly replaced when EBT benefits are stolen to improve the health and safety of low-income older adults struggling to make ends meet.

For the reasons stated above, MSCAN urges a favorable report with amendments on SB 2. Thank you for your consideration.

¹ Maryland Hunger Solutions. 2019. Senior Hunger in Maryland.
http://mdhungersolutions.org/pdf/Senior_hunger_fact_sheet_OFFICIAL.pdf

SB2 - Prevent Electronic Benefits Theft Act of 202

Uploaded by: Abigail Snyder

Position: FWA

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 Baltimore Hebrew Congregation
 Baltimore Jewish Green and Just Alliance
 Baltimore Men's ORT
 Baltimore Zionist District
 Beth Am Congregation
 Beth El Congregation
 Beth Israel Congregation
 Beth Shalom Congregation of
 Howard County
 Beth Tfiloh Congregation
 B'nai B'rith, Chesapeake Bay Region
 B'nai Israel Congregation
 B'nai Jacob Shaarei Zion Congregation
 Bolton Street Synagogue
 Chevra Ahavas Chesed, Inc.
 Chevrei Tzedek Congregation
 Chizuk Amuno Congregation
 Congregation Beit Tikvah
 Congregation Tiferes Yisroel
 Federation of Jewish Women's
 Organizations of Maryland
 Hadassah
 Har Sinai - Oheb Shalom Congregation
 J Street
 Jewish Federation of Howard County
 Jewish Labor Committee
 Jewish War Veterans
 Jewish War Veterans, Ladies Auxiliary
 Jewish Women International
 Jews For Judaism
 Moses Montefiore Anshe Emenah
 Hebrew Congregation
 National Council of Jewish Women
 Ner Tamid Congregation
 Rabbinical Council of America
 Religious Zionists of America
 Shaarei Tfiloh Congregation
 Shomrei Emenah Congregation
 Suburban Orthodox Congregation
 Temple Beth Shalom
 Temple Isaiah
 Zionist Organization of America
 Baltimore District

Written Testimony

Senate Bill 2 - Prevent Electronic Benefits Theft Act of 2023
Senate Finance Committee – February 23, 2023

Support with Sponsor Amendments

Background: SB2 would require:

- the Department of Human Services (DHS) to reimburse an individual for any benefits fraudulently lost from their Electronic Benefits Transfer (EBT) card;
- the State to give preference to certain vendors in the procurement process for electronic benefits distribution or administration; and
- DHS to establish a certain point of contact for investigating and identifying electronic benefits fraud, including retroactive cases.

Written Comments: The Baltimore Jewish Council represents The Associated: Jewish Federation of Baltimore and all of its agencies. This includes Jewish Community Services (JCS), which provides social services to low-income Marylanders.

Maryland has one of the highest rates of poverty in the country, with almost 50% of those living in poverty being considered as living in *deep* poverty. A majority of these individuals receive either SNAP benefits or TCA benefits. According to data provided by the State, over \$1M of these benefits were stolen over the course of 2022.

It is imperative that the Department of Human Services take the necessary steps to restore all benefits fraudulently lost. These vulnerable families, who rely heavily on these programs to support their families, cannot be subjected to discrepancies in the amount available to them through their EBT cards.

In order to ensure that no Marylander is left behind, the Baltimore Jewish Councils asks for a favorable report on SB2 with the Sponsor's amendments.

The Baltimore Jewish Council, a coalition of central Maryland Jewish organizations and congregations, advocates at all levels of government, on a variety of social welfare, economic and religious concerns, to protect and promote the interests of The Associated Jewish Community Federation of Baltimore, its agencies and the Greater Baltimore Jewish community.

SB 2_PJC_FWA_FIN.pdf

Uploaded by: Ashley Black

Position: FWA



Ashley Black, Staff Attorney
Public Justice Center
201 North Charles Street, Suite 1200
Baltimore, Maryland 21201
410-625-9409, ext. 224
blacka@publicjustice.org

SB 2

Department of Human Services – Electronic Benefits Transfer Cards – Fraud
(Prevent Electronic Benefits Theft Act of 2023)
Hearing of The Senate Finance Committee
February 23, 2023
1:00 PM

FAVORABLE WITH AMENDMENTS

The Public Justice Center (PJC) is a not-for-profit civil rights and anti-poverty legal services organization which seeks to advance social justice, economic and racial equity, and fundamental human rights in Maryland. Our Health and Benefits Equity Project advocates to protect and expand access to healthcare and safety net services for Marylanders struggling to make ends meet. We support policies and practices that are designed to eliminate economic and racial inequities and enable every Marylander to attain their highest level of health. **PJC stands in strong support of SB 2 with the amendments described below.** SB 2 would require the Department of Human Services (DHS) to reimburse a beneficiary of any benefits lost due to fraudulent use of the beneficiary's Electronic Benefits Transfer (EBT) card. It would also require DHS to investigate and identify EBT fraud as well as give preference to certain vendors in the procurement process for EBT distribution or administration.

EBT skimming theft is a crisis that has devastated Maryland's low-income individuals and families receiving SNAP, TCA and TDAP. In Calendar Year 2022, at least 2,334 households receiving the Supplemental Nutrition Assistance Program (SNAP), Temporary Cash Assistance (TCA) and the Temporary Disability Assistance Program (TDAP) had over \$1.6 million in benefits stolen. More than 20 times as many households had their benefits stolen in 2022 as compared to Calendar Year 2021 (137 households). Individuals stealing benefits attach a skimming device to point-of-sales (POS) machines and PIN pads to steal EBT card numbers. These illegal devices look like they are part of the machine or pin pad, hard to identify and can be placed in less than one minute. When unsuspecting EBT cardholders swipe their cards in the POS, their card number and PIN can then be cloned and use to drain funds from their account from any state. This crime leaves the victims, including families with young children, seniors and individuals with disabilities, feeling violated. Their trauma is compounded further by DHS's policy decision to not replace these stolen benefits.

The loss of SNAP, TCA and TDAP benefits from a household means that the individual or family cannot afford food, rent and utilities. Additionally, victims accrue late fees for missed rent and utility bills, driving them deeper into poverty. Marylanders need immediate relief from this crisis and SB 2 would provide that relief.

The Public Justice Center is a 501(c)(3) charitable organization and as such does not endorse or oppose any political party or candidate for elected office.

Proposed Amendments

While we support the intention and spirit of SB 2, we have proposed amendments below to strengthen the legislation:

Reimbursement timeframe, information required from household, and appeal process for denials. DHS has failed to restore benefits on its own to individuals and families, even in instances where the card activity and withdrawals clearly indicate that fraud has occurred. Though benefits recipients have the right to appeal any agency decision, an aggressive timeframe for investigation, restoration of benefits and appeal rights are necessary. We propose amendments to:

- Require DHS to notify the household in writing of the local department's decision to restore benefits (and the amount restored) and their appeal rights within a short timeframe after the household notifies DHS of the loss of benefits due to theft. DHS should also be required to provide the household with a new EBT card by overnight mail or in person to meet the timeframe.
- When an appeal to a denial to restore benefits has been received, require DHS to automatically restore benefits for which the household claims entitlement while the hearing is pending. If the hearing decision is unfavorable to the household, any benefits improperly restored may be recovered by the local department by reducing the household's benefit at a rate that may not exceed the lesser of \$10 or 5% of the household's monthly allotment of benefits. This would allow households to meet urgent needs for food and pay rent and utilities without significant delays or financial hardship.
- Clarify that there will be no limitation on the number of months of stolen benefits that can be restored. This would ensure that households who experience repeated skimming theft are not locked into an arbitrary limitation on benefits to which they are entitled.
- Households should not be required to provide a police report. We appreciate that SB 2 does not require a household to file a police report but believe that there should be language in the bill that states explicitly that DHS and the local departments cannot require a police report as a condition for restoration of benefits.
- Require DHS to reimburse households that experienced EBT theft from 2020 to the bill effective date. This would allow individuals who experienced skimming theft when the initial spike occurred in 2020 to be reimbursed.

EBT Card Security Enhancements and Theft Prevention. EBT cards lack standard security features, such as embedded microchip technology and cardholder authorization options, that financial institutions provide to credit and debit cardholders. This lack of standard security measures that all consumers should be entitled to leaves benefits recipients vulnerable to repeated skimming theft as their card number and pin can be easily stolen through this crime even if they change the pin or receive a new card number. We propose the following amendments to address these issues:

- Require DHS to invest in EBT cards with embedded microchips and enhance cardholder security features. EBT cards are not secure and households will continue to experience skimming theft unless DHS prioritizes investing in security enhancements.

The Public Justice Center is a 501(c)(3) charitable organization and as such does not endorse or oppose any political party or candidate for elected office.

SB 2, with the amendments described above, would bring justice and important consumer protections to Marylanders who receive SNAP, TCA and TDAP. For these reasons, the Public Justice Center urges the committee to issue a **FAVORABLE** report for **SB 2 with the amendments above incorporated**. If you have any questions about this testimony, please contact Ashley Black at 410-625-9409 ext. 224 or blacka@publicjustice.org.

Written testimony SB 2 - Favorable with Amendments

Uploaded by: Emily Thompson

Position: FWA

Testimony in Support of SB 2

Prevent Electronic Benefits Theft Act of 2023

Hearing of the Senate Finance Committee, February 23, 2023
Maryland General Assembly
Senator Melony Griffith, Chair
Senator Katherine Klausmeier, Vice Chair

Honorable Members of the Senate Finance Committee:

Thank you for this opportunity to testify today in support of SB 2. My name is Emily Thompson, and I am a third-year law student at the University of Baltimore School of Law where I am enrolled as a Rule 19 Student attorney in the Civil Advocacy Clinic. The Clinic represents low-income individuals on a pro-bono basis, many of whom rely on public benefits such as SNAP and TCA. This legislation is critical because it protects society's most vulnerable citizens by preventing theft and establishing mechanisms for restoring benefits after theft. One particularly important element of this bill is that it does not require a police report to be filed by the victims of electronic benefit ("EBT") theft. I would like to emphasize three reasons why requiring a police report from victims of EBT theft would act as a barrier to receiving replacement benefits.

1. Many victims of EBT theft are hesitant to interact with police

This legislation will be less effective if police reports are mandatory because victims who are hesitant of interacting with police may out of fear not report the EBT theft, and therefore not be reimbursed. The majority of EBT card users in Maryland are residents who have incomes below the poverty line, which is predominately made up of Black and minority populations, women who have been victims of domestic violence, and families with children and elderly adults.¹

- Many people in this population are more fearful and distrustful of police because of their cultural backgrounds and past negative experiences with police.²
- People who have been victims of other crimes, such as domestic violence, can be re-traumatized by being forced to file a police report, and therefore may be prevented from receiving benefits if acquiring a police report is made mandatory.³

¹ *Maryland Supplemental Nutrition Assistance Program*, Ctr. on Budget and Pol'y Priorities (Feb. 13, 2023), https://www.cbpp.org/sites/default/files/atoms/files/snap_factsheet_maryland.pdf; Lauren A. Hall, *Maryland SNAP Household, 2021*, Univ. of Md. School of Social Work, Mar. 2022, at 13-19, <https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/supplemental-nutrition-assistance-program-snap/Maryland-SNAP-Households,-2021.pdf?&>; Andrea Hetling-Wernyj & Catherine E. Born, *Domestic Violence and Welfare Receipt in Maryland: Are domestic violence victims different from other welfare recipients?*, Univ. of Md. School of Social Work (Mar. 2002), <https://www.ssw.umaryland.edu/media/ssw/fwrtg/welfare-research/barriers-to-employment/domvio.pdf?&>.

² *Race, Trust and Police Legitimacy*, NIJ (Jan. 9, 2103), <https://nij.ojp.gov/topics/articles/race-trust-and-police-legitimacy>.

³ See *Glossary*, OFF. FOR VICTIMS OF CRIME, <https://ovc.ojp.gov/sites/g/files/xyckuh226/files/model-standards/6/glossary.html#:~:text=Re%2Dtraumatization%E2%80%94Intense%20physical%20and,re%2Dopening%20of%20the%20wounds> (Definition of "Re-traumatization").

- Victims fail to report crime for several reasons, including: fear of retaliation, prosecution, feeling less safe, that the police won't do anything, or concern about being scrutinized or blamed.⁴
- From January 2022 to August 2022 DHS has record of only 22 police reports that were filed by households that experienced EBT theft. This shows that many victims are hesitant or unable to report to police, especially since there were 2,334 incidents of EBT reported to DHS in 2022.⁵
- In extreme cases, victims may actually experience violence at the hands of police when trying to report a crime. For example, Patricia Rodney was trying to file a police report regarding her stolen glucometer at a precinct in New York, as was required by her insurance carrier. Ms. Rodney was denied the report, and when she refused to leave she was arrested and her elbow was broken.⁶

2. There are economics barriers involved with requiring a police report

There are economic barriers to filing a police report. Not only would the victims of EBT have to pay for transportation to the police station and likely be missing work or having to pay for childcare, but copies of the police reports can also cost money.⁷ Missing work can have serious repercussions for the Clinic's low-income clients, especially since these individuals have already had their public benefits stolen and cannot afford food or rent, let alone additional expenditures.

3. Police do not have the resources to investigate EBT theft

Even when police reports are filed, the police frequently lack the resources to properly investigate the issue.

- When Marylanders do report EBT theft, police frequently do not investigate. One Maryland woman investigated her own EBT theft when police were unable to help her and was still unable to recover her stolen benefits.⁸
- The police reports that are filed contain only the information provided by the victim and typically no officer is even assigned to investigate.⁹
- A self-affirming affidavit would achieve the same purpose as a police report without imposing unnecessary barriers on victims because it would be under penalty of perjury and would contain the same if not more information than a police report.

⁴ *Crime Survivors Speak 2022: National Survey of Victim's View on Safety and Justice*, ALL FOR SAFETY AND JUST., at 16, <https://allianceforsafetyandjustice.org/wp-content/uploads/2022/09/Alliance-for-Safety-and-Justice-Crime-Survivors-Speak-September-2022.pdf>.

⁵ Dep't of Hum. Serv., 22 Redacted Police Reports from 1/1/22-8/5/22; H.B. 502 Fiscal and Policy Note at 4.

⁶ *Officers broke woman's elbow in arrest at Brooklyn precinct: suit*, Spectrum News NY1 (May 12, 2022), <https://www.ny1.com/nyc/all-boroughs/news/2022/05/12/nypd-broke-woman-s-elbow-in-arrest-at-brooklyn-precinct-lawsuit>.

⁷ *See Obtain a Police Report*, Balt. Police Dep't, <https://www.baltimorepolice.org/obtain-police-report>.

⁸ *See generally* Brenna Smith, *One woman's quest for justice after almost \$3,000 of benefits were stolen*, THE BALTIMORE BANNER (Sept. 9, 2022), <https://www.thebaltimorebanner.com/community/criminal-justice/one-womans-quest-for-justice-after-almost-3000-of-benefits-were-stolen-LHIKMQZSNJBULC7LXCEIE264OA/> (woman received no assistance from the department of human resources or the police department in finding the people who stole her SNAP benefits from her EBT card).

⁹ *See* Dep't of Hum. Serv., *supra* note 5.

Conclusion:

Requiring a police report from EBT victims is not only unnecessary but also acts as a barrier for these victims to receive much needed reimbursement under this new legislation. It is absolutely crucial that SB 2 does not contain a police report requirement, and the Clinic urges a favorable report with amendments.

For More Information Call:

Emily Thompson, Third-Year Law Student, and Rule 19 Student Attorney
Emily Poor, Clinical Teaching Fellow and Supervising Attorney
University of Baltimore School of Law Clinical Law Offices
(410) 837-5706

(Varonis Systems) SB2 Letter (Support) Session 202

Uploaded by: Jason Bonasera

Position: FWA



Senate Bill 2
Department of Human Services - Electronic Benefits Transfer Cards - Fraud
(Prevent Electronic Benefits Theft Act of 2023)

Position:
FAVORABLE with AMENDMENTS

February 23, 2023

Dear Chairwoman Griffith & Senate Finance Committee Members:

On behalf of Varonis Systems, I would like to take this opportunity to thank you for the opportunity to submit this letter of support with amendments to Senate Bill 2, entitled: *Department of Human Services - Electronic Benefits Transfer Cards - Fraud (Prevent Electronic Benefits Theft Act of 2023)*.

If passed, Senate Bill 2, would require the Department of Human Services to reimburse a beneficiary for any benefits lost due to the fraudulent use of the beneficiary's Electronic Benefits Transfer card.

Last spring, DHS suffered an unfortunate incident that resulted in hundreds of Marylanders becoming the unfortunate victims of identity fraud and the loss of entitled SNAP benefits. Sadly, this occurrence could have been averted if certain safeguards were instituted from the beginning. Senate Bill 2 aims to also correct this mistake by mandating that the state's preferred vendor provide identity access protections.

Identity and Access (IA) is verifying that a user is the person they claim to be and determines which users can access which resources inside a network. Hackers and other cybercriminals are "automatons" who never stop hunting for common vulnerabilities in access controls. Instituting such protections promotes better cybersecurity within an organization. If these protections are not required onto the vendor, it will only be a matter of time before another attack occurs within the department.

Moreover, it is equally essential for the state to set forth a clear definition of IA standards to ensure that they are being applied and enforced at all times by the vendor (or if the vendor requires a 3rd party company to provide IA protections). Otherwise, it leaves potential interpretations and a nebulous understanding to the state's true intent on what degree of protections are required.

It is for these reasons, we respectfully submit the following language be adopted into SB2 to define "identity access protections". This provision expressly codifies the safeguards that must be established and maintained by an eligible vendor.

“Identity access protections” is shall:

- 1. Identify where EBT beneficiary data is being stored within the Department of Human Services data stores;**
- 2. Map out user permissions and audit every single file touch by a user/account within the Department of Human Services on data containing EBT beneficiary data and determine if the file access activity is normal/approved behavior;**
- 3. Leverage automation to ensure least-privilege protections are enforced within the Department of Human Services on EBT beneficiary data; and**
- 4. Leverage User Behavior Analytics of EBT beneficiary data to detect when EBT beneficiary data is being stolen, encrypted by Ransomware, or compromised for fraudulent behavior.**

Should the committee have any questions regarding these IA requirements, please don't hesitate to contact me at your earliest convenience.

Again, thank you for your consideration and we strongly encourage this committee to provide a **FAVORABLE** report with amendments for Senate Bill 2.

Sincerely,

Jason Bonasera
Varonis Systems, Inc.

SB02 - FAV - MD Hunger Solutions.docx.pdf

Uploaded by: JD Robinson

Position: FWA



Maryland Hunger Solutions

Ending hunger and promoting well-being

**Testimony in Support of SB02
Department of Human Services - Electronic Benefits Transfer Cards - Fraud
(Prevent Electronic Benefits Theft Act of 2023)
Senate Finance Committee
February 23, 2023**

Dear Chair Griffith, Vice-Chair Klausmeier, and Members of the Senate Finance Committee,

My name is JD Robinson. I am the Program Coordinator for SNAP of Maryland Hunger Solutions, a statewide, nonpartisan, nonprofit organization working to end hunger in Maryland by improving participation in the federal nutrition programs. Maryland Hunger Solutions strongly supports with amendments Senate Bill 02 - Department of Human Services - Electronic Benefits Transfer Cards - Fraud (Prevent Electronic Benefits Theft Act of 2023).

Electronic Benefits Transfer (EBT) theft has been on the rise in the country over the last two years. This has affected at least 2,300 households in Maryland alone who have lost nearly \$2 million in Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) and cash benefits such as Temporary Assistance for Needy Families (TANF/TCA) and the Temporary Disability Assistance Program (TDAP).

This theft occurs through the use of a skimming device placed on an ATM or card-swiping machine, or through phishing scams. Unlike credit or debit cards, funds stolen from EBT cards are not given federal protections and families that have experienced theft are left without recourse.

This bill has several key provisions and we recommend the following amendments, including:

- provide victims of theft with replacement benefits within two days after notifying the Department of Human Services (DHS),
- provide retroactive benefits to victims who experienced theft beginning January 2020 through July 2023, even if they are not currently eligible,
- create reporting requirements for DHS to track theft of benefits and notify households,
- protect families from future theft by enhancing security of EBT cards via suspicious activity alerts and card-locking mechanisms, and
- allow families to file claims for restoring benefits without a police report

This issue has been acknowledged and addressed at the federal level thanks to legislation allowing reimbursement through federal funds passed as part of last year's omnibus package. However, the reimbursement provided in this legislation is specific to only SNAP benefits, limits the reimbursements up to two months total, and is only effective between October 1, 2022 and September 30, 2024. Between January 2022 and October 2022, \$715,000 in food and cash benefits were stolen from families in Maryland. These benefits must be accounted for. This



Maryland Hunger Solutions

Ending hunger and promoting well-being

legislation will ensure that families are made whole by restoring cash benefits in addition to SNAP.

Since March 2020, SNAP benefits have been boosted thanks to a pandemic-era waiver called Emergency Allotments. Each eligible household received the maximum amount for their household size while this waiver was in place. This waiver will unfortunately end after this February, causing all SNAP households to see a decrease in their benefits. Families that are still contending with the unexpected loss of benefits due to theft will soon be faced with this additional challenge. Restoring these benefits will help alleviate the stress of food insecurity in the face of rising costs at the grocery store, utilities, and housing.

Our on-the-ground experience as an authorized SNAP outreach agency for the state of Maryland has given us a unique perspective on this issue. We have fielded multiple calls on our toll-free hotline from families in distress as they attempt to restore their benefits, but are told that nothing can be done. These families lost hundreds and even thousands of dollars due to benefit theft. Some who reported these thefts to their local police department have been told that they were unable to file a report. Additionally, obtaining a copy of police reports often comes with costs. There cannot be a requirement to obtain a police report in order to file a claim for restoring benefits.

Enacting this legislation not only makes families whole due to previous benefit theft, but builds safeguards for the future to ensure that no one has to face a similar crisis again.

In conclusion, we urge a favorable report for SB 02. Thank you for your time.

SB 2_MD Center on Economic Policy_FAV.pdf

Uploaded by: Kali Schumitz

Position: FWA

Protect Maryland's Low-income Families from Electronic Benefits Theft

Position Statement Supporting Senate Bill 2 with amendments

Given before the Senate Finance Committee

Social safety net programs such as the Supplemental Nutrition Assistance Program (SNAP) or the Temporary Cash Assistance program (TCA) serve as an economic lifeline for many Marylanders. With the rise of electronic benefits theft in Maryland, also known as skimming, many low-income families who rely on their public benefits are left scrambling and in need of additional support to stay afloat. **The Maryland Center on Economic Policy supports Senate Bill 2 with amendments because it will ensure that families victim to electronic benefits theft are reimbursed for their losses in a timely manner, and will provide additional support to prevent further theft.**

Theft of electronic benefits has impacted many across the nation, but has hit Maryland particularly hard. Recipients of programs like SNAP and TCA utilize Electronic Benefit Transfer (EBT) cards to access their benefits and make purchases, just as they would with a regular debit card. This method of accessing benefits have made them particularly vulnerable to theft, otherwise known as skimming, which happens when individuals place magnetic strips and or hidden cameras on ATM machines or other card readers at stores to collect personal information such as PIN numbers. Consequently, thieves are able to duplicate and use the stolen card, and ultimately strip recipients of the benefits on which they heavily rely for food and other basic essentials. In 2022, at least 2,334 households in Maryland reported their cash or food assistance stolen, and increase to about \$1.6 million in losses compared to \$92,000 in 2021.¹

Recent federal legislation has enabled states to use federal funds to replace SNAP benefits stolen through skimming between October 1, 2022 and September 30, 2024. While this is a great step to ensuring reimbursement for some Marylanders, many are left behind, including those who lose their cash benefits through the same fraudulent practice or those who had their benefits stolen prior to October 2022. Unlike financial institutions who try to resolve theft matters with their clients in a timely manner, public benefit recipients have to jump through hoops to report their theft and even more to be reimbursed, if they are able to get reimbursed at all. Currently, the Maryland Department of Human Services is not replacing benefits to victims even though they can. This leaves thousands of Marylanders and their families worrying if they'll have enough to eat or pay bills through no fault of their own.

Not only is it important that victims of skimming get their benefits replaced, it is also necessary to protect them from future theft. SB 2 goes a step further and requires the state to inform and educate the public on how to

prevent additional loss, warn them about potential fraud, and it also sets up a system through which victims can more readily access support and services to remedy their situation.

For these reasons, the Maryland Center on Economic Policy respectfully requests that the Finance Committee give a favorable report to Senate Bill 2 with the proposed sponsor amendments.

Equity Impact Analysis: Senate Bill 2

Bill summary

Senate Bill 2 requires the Maryland Department of Human Services (DHS) to reimburse recipients for any benefits lost due to the fraudulent use of their EBT cards; requires the state to give preference to certain vendors in the procurement process for electronic benefit distribution and administration; requires DHS to establish a point person for investigating and identifying fraud; requires DHS to notify recipients about fraud and provide assistance; and finally it applies certain provisions retroactively.

Background

With the rising cost of living and inflation driving the increase of prices for food and other material goods, it is likely that many families will continue to struggle in the foreseeable future. This is especially true for low-income families who rely on public benefits to sustain themselves. The inability to afford food or other basic necessities because of electronic benefits theft, or skimming, is an additional and rising concern for Marylanders. In 2022, at least 2,334 households in Maryland reported their cash or food assistance stolen, and increase to about \$1.6 million in losses compared to \$92,000 in 2021.

Currently, Maryland's Department of Human Services is not replacing benefits to victims, despite recent federal authorization allowing states to use federal SNAP funds to reimburse victims of fraud though only through certain time periods. Other states were already utilizing state funds to reimburse their residents, including Washington D.C.ⁱⁱ Maryland has the financial resources to support families in dire need of assistance.

Equity Implications

Policies in the past have led to a system of unequal opportunities for marginalized groups within Maryland. Although the most obvious racially discriminatory policies have long been overturned or mitigated, the impact of these policies continue to persist in both society and public policy and have led to significant racial and health disparities. People of color experience much higher rates of economic insecurity and poverty and are more likely to use SNAP and other economic relief programs to afford basic necessities. In particular, single-parent households, women, and children of color are overrepresented among families living in poverty.

Research shows that increasing economic security for households through programs like SNAP can help reduce overall poverty, child poverty, and racial and ethnic inequities.ⁱⁱⁱ Reimbursing families for loss of SNAP and TCA benefits through skimming will be a great economic relief to struggling recipients. Meeting these needs strengthens our economy and can dismantle the economic barriers that too often hold back Marylanders of color.

Impact

Senate Bill 2 would likely **improve racial and economic equity** in Maryland.

ⁱ “Maryland, Other States Scramble to replace ripped-off SNAP Benefits,” 2023, <https://www.marylandmatters.org/2023/02/13/maryland-other-states-scramble-to-replace-ripped-off-snap-benefits/>

ⁱⁱ “SNAP ‘Skimming’ Victims May Get Stolen Benefits Reimbursed,” 2022, <https://www.nbcnews.com/news/us-news/snap-skimming-victims-may-get-stolen-benefits-reimbursed-rcna62755>

ⁱⁱⁱ “Recent Increase in SNAP Purchasing Power Invests in Children’s Health and Well-Being,” Center on Budget and Policy Priorities, 2023, <https://www.cbpp.org/research/food-assistance/recent-increase-in-snap-purchasing-power-invests-in-childrens-health-and>; “The Anti-Poverty Effects of the Supplemental Nutrition Assistance Program,” Urban Institute, 2018, https://www.urban.org/sites/default/files/publication/96521/the_antipoverty_effects_of_the_supplemental_nutrition_assistance_program_4.pdf

Written testimony-SB 2 Favorable with amendments-J

Uploaded by: Katherine Jeffreys

Position: FWA

TESTIMONY IN SUPPORT OF SB 2

Prevent Electronic Benefits Theft Act of 2023

Hearing of the Senate Finance Committee, February 23, 2023
Maryland General Assembly
Senator Melony Griffith, Chair
Senator Katherine Klausmeier, Vice Chair

Honorable Members of the Senate Finance Committee:

My name is Katherine Jeffreys. I am a third-year law student at the University of Baltimore School of Law, where I am enrolled as a Rule 19 student attorney in the Civil Advocacy Clinic. The Clinic represents low-income clients on a pro bono basis, many of whom are using SNAP and TCA benefits and who are now dealing with the hardship and legal ramifications around skimming, such as an increase in lawsuits involving credit card debt and evictions.

This Legislation is critical because it provides a legal framework and protocol for the swift reimbursement of benefits lost due to skimming, and requires further fraud prevention and notification measures.

I wanted to highlight two reasons why the passage of the bill before you is imperative.

1. EBT cardholders are at or below the poverty line

To qualify for benefits provided on an EBT card such as SNAP and TCA benefits the beneficiary's income must meet certain financial measures that are tied to the poverty line.¹ In addition, 70% of SNAP benefits go to households with children.² If a person has their EBT card wiped clean due to skimming, they cannot buy groceries and other necessary living expenses. EBT skimming is an issue sweeping across America, but in Maryland alone, there was approximately \$1.7 million estimated in lost benefits in 2022, an increase from the previous year.³

2. EBT Cards vs. Credit/Debit Card Reimbursement

Any card that holds money can be subject to skimming or fraud, however, EBT fraud and theft prevention and reimbursement protocols drastically pale in comparison to security measures for credit/debit card theft.

¹ Center on Budget and Policy Priorities. <https://www.cbpp.org/research/food-assistance/a-quick-guide-to-snap-eligibility-and-benefits>

² Center on Budget and Policy Priorities. <https://www.cbpp.org/research/snap-plays-a-critical-role-in-helping-children>

³ SB2 Fiscal Note.

- Currently, if a person’s EBT card is stolen, they must report the fraud to DHS, and the department freezes or cancels the card, and at some point sends the person a new one. In the interim, the person loses valuable, life-sustaining benefits, and they are never reimbursed for the theft.
- By contrast, individuals who suffer credit card theft are notified by their credit card provider or by fraud alert that their card has been compromised. They are issued a new card and quickly reimbursed.⁴ Under the Fair Credit Billing Act, the cardholder is liable for a maximum of \$50, with some cards offering \$0 fraud liability for unauthorized charges.⁵

We have the technology and the means to have the same robust and efficient fraud prevention system currently in place for credit and debit cards that could be utilized for EBT cards. People who need the most protection are getting the least. This bill provides a way to level this inequality by reimbursing a beneficiary for all lost or stolen benefits within 1 week, educating cardholders on the risk of fraud, and notifying cardholders if fraud is suspected.

3. Amendments

We ask that you consider expanding this bill to require DHS to implement default settings on EBT cards. The following options will further expand fraud prevention:

- Send a household an immediate text alert after each EBT card transaction;
- Prevent an EBT card from being used outside of the state without prior authorization from the household; and
- Allow a household to prohibit an EBT card from being used during certain hours.

Conclusion:

EBT skimming affects low-income individuals and without this bill, there are no effective channels for quick reimbursement. Those with EBT cards cannot afford basic needs while they are waiting for a new card. Other states are already taking measures to prevent fraud and reimburse EBT cards. This bill addresses a gap and prioritizes skimming prevention for low-income Marylanders.

For these reasons the Clinic strongly urges a **FAVORABLE report on SB 2 with Amendments.**

For More Information Call:

Katherine Jeffreys, Third-Year Law Student, and Rule 19 Student Attorney
 Michele Gilman, Professor of Law and Supervising Attorney
 University of Baltimore School of Law Clinical Law Offices
 (410) 837-5706

⁴ 15 U.S.C. §§ 1693-1693r The Electronic Fund Transfer Act. The Act requires “financial institutions to adopt certain practices respecting such matters as transaction accounting, and error resolution, requires financial institutions and others to have certain procedures for preauthorized transfers, and sets liability limits for losses caused by unauthorized transfers.”

⁵ *Credit Card Fraud*. JUSTIA. 2023. <https://www.justia.com/consumer/deceptive-practices-and-fraud/credit-card-fraud/>

WA- SB 2 - EBT Skimming - FWA.pdf

Uploaded by: Lisa Klingenmaier

Position: FWA



Welfare Advocates

Founded 1979

228 W. Lexington Street — Suite 220 • Baltimore, Maryland 21201-3432

Phone: 667-600-3356 • Email: lklingenmaier@cc-md.org

Senate Bill 2

Department of Human Services – Electronic Benefits Transfer Cards – Fraud (Prevent Electronic Benefits Theft Act of 2023)

Senate Finance Committee

February 23, 2022

Favorable with Amendments

Welfare Advocates is a statewide coalition of social service organizations, advocacy groups, faith communities, and community members, whose mission it is to educate about and advocate for an adequate safety net and public policies that support families moving towards economic stability.

Welfare Advocates supports SB 2 with sponsor amendments, which requires the Department of Human Services (DHS) to reimburse Marylanders who have had their Electronic Benefits Transfer (EBT) card benefits stolen, and requires the Department to work with the EBT vendor to reduce the likelihood of future theft through improvements to the EBT card and system processes. The sponsor amendments will ensure the reimbursements are retroactive and that benefits are replaced quickly without burdening the family to secure investigatory materials related to the theft.

There is an alarming and escalating trend of public benefits being stolen off of EBT Cards through illegal practices like skimming. Social safety-net programs – like Supplemental Nutrition Assistance Program (SNAP) and Temporary Cash Assistance (TCA) - provide vital resources to low-income families. Families use benefits – which are loaded onto an EBT card - to purchase housing, food, transportation, and other basic needs. Particularly amidst record inflation, many Maryland families are struggling to make ends meet, and the benefits they receive each month on EBT cards are the difference between being housed or homeless, having food on the table or skipping meals. Individuals on public benefits live far below the federal poverty line, so if a household's benefits are stolen without replacement, it's catastrophic. Distressingly, there has been an escalating trend in skimming EBT cards – in 2022, at least 2,334 households in Maryland have had their benefits stolen, totaling over \$1.6 million in theft.

When low-income families have had their income stolen off their EBT cards, it is imperative the State immediately replace benefits without barriers. Just like dollars are quickly replaced when folks have their credit card number stolen, we must rapidly replace benefits for low-income families when their entire monthly income has been stolen. It is especially imperative that these funds be replaced without burdening the family to obtain police reports and other investigatory materials. Without replacement or if the processes is overly burdensome, families will be forced to survive the remainder of the month without food and income. Without a plan to make families whole when their benefits are stolen, the state is perpetuating the societal costs of hunger, homelessness, and poverty.

WA appreciates your consideration, and respectfully urges a favorable with amendments report on SB 2.

Submitted by Lisa Klingenmaier, Chair of Welfare Advocates

NASW Maryland - 2023 SB 2 FWA - EBT Theft Response

Uploaded by: Mary Beth DeMartino

Position: FWA

Senate Finance Committee

February 23, 2023

**Senate Bill 2: Department of Human Services - Electronic Benefits Transfer Cards - Fraud
Prevent Electronic Benefits Theft Act of 2023**

*****SUPPORT WITH AMENDMENTS*****

National Association of Social Workers, Maryland Chapter (NASW-MD) requests your support of SB 2 with the sponsor's amendments. The bill with the amendments will require the Department of Human Services (DHS) to replace benefits within two days of report of theft to victims, provides a clear dispute resolution process when they disagree with DHS's determination on reimbursement, and places affirmative responsibilities on DHS to reduce and prevent future theft of benefits.

NASW is the largest national organization of social workers representing over 120,000 social workers and over 16,000 of those are licensed here in the state of Maryland. The primary mission of the social work profession is to enhance human well-being and help meet the basic human needs of all people, with particular attention to the needs and empowerment of people who are vulnerable, oppressed, and living in poverty. A historic and defining feature of social work is the profession's focus on individual well-being in a social context and the well-being of society. Fundamental to social work is attention to the environmental forces that create, contribute to, and address problems in living.

This bill will help Marylanders who have been victims of fraud and will help in the investigating and reimbursing any benefits that have been lost. We know that an Electronic Benefits Transfer card helps in providing for food and financial assistance to our most vulnerable citizens here in Maryland on a daily basis. Social Workers work every day with many citizens who rely heavily on this card for their benefits. Social workers have been and will continue to be on the forefront of these efforts. Social workers are trained to be sensitive to cultural and ethnic diversity and are committed to ending discrimination, oppression, poverty, and other forms of social injustice particularly with displaced populations.

NASW-MD urges you to support SB 2 with the sponsor's amendments. Thank you for all you do to reach a stronger Maryland!

Mary Beth DeMartino, LCSW-C
Executive Director, NASW-MD

SB0002_FWA_Montgomery County Food Council.pdf

Uploaded by: Michelle Caruso

Position: FWA



February 23, 2023

**2023 SESSION SUPPORT TESTIMONY
SB0002: EBT Skimming**

BILL: SB0002: Department of Human Services - Electronic Benefits Transfer Cards - Fraud (Prevent Electronic Benefits Theft Act of 2023)

COMMITTEE: Finance

POSITION: Testimony in Support, with amendments, of Senate Bill 0002

BILL ANALYSIS: Requiring the Department of Human Services (DHS) to reimburse a beneficiary for any benefits lost due to the fraudulent use of the beneficiary's Electronic Benefit Transfer (EBT) card; requiring the State to give preference to certain vendors in the procurement process for electronic benefits distribution; requiring DHS to establish a point of contact for investigating and identifying electronic benefits fraud.

Dear Chair Griffith and members of the Senate Finance Committee:

The Montgomery County Food Council (MCFC) urges you to **SUPPORT, with Amendments, SB0002** to require the Department of Human Services to fully reimburse any beneficiary who is the victim of EBT fraud.

In 2022 the State of Maryland saw an exponential rise in cases of EBT skimming. At least 2,334 households in Maryland had their cash or food benefits, totalling more than \$1.6 million dollars, fraudulently taken from them with no recourse for reimbursement. This fraud is experienced by families who can least afford it - residents who are receiving food assistance through SNAP, or cash assistance through TCA and TDAP. Montgomery County has more than 70,000 residents on SNAP and with the imminent end of SNAP emergency allotments, it is important to ensure residents have access to all of their benefits.

As an authorized SNAP outreach agency for the state of Maryland, we have a unique perspective on this issue and have worked with many families who have been victims of this fraud. Being the direct messenger telling families at the check-out line of a grocery store that there is no recourse for this theft is truly heartbreaking. Based on our experience, we recommend the following improvements to this bill:



P.O. Box 32212 | Bethesda, MD 20814 | 310-637-7071
mocofoodcouncil.org | info@mocofoodcouncil.org

Suggested Amendments:

- Removal of the requirement for the filing of a police report in order for beneficiaries to receive their reimbursement.
- Specify a timeframe for victims to have their funds reimbursed, our recommendation is 2 days
- Include retroactive reimbursements, dating back to January 1st, 2020
- Ensure that steps are being taken to reduce the likelihood of future EBT fraud through increased card security measures, such as smart chips.

SBooo2, as currently written, has the potential to ensure that beneficiaries are able to use all of their entitled benefits. This bill can be made even more robust to ensure these important goals are met through the amendments recommended above. We appreciate that the bill ensures that victims are reimbursed for known fraud, and the potential fraud risks are shared in a way that is easy to understand, available in multiple languages, and includes instructions on how to change personal identification numbers online to avoid fraud in the future. This bill will also appoint a point of contact that will serve to support victims of EBT fraud. With the addition of the recommended amendments above, SBooo2 will ensure that all EBT fraud victims are able to receive full reimbursement for any lost funds.

We support, with the recommendations above, House Bill 0502. This bill is an important step to support the State of Maryland's most under-resourced populations. The State of Maryland has over 500,000 SNAP recipients and with so many disruptions to the SNAP process forthcoming, it is vital that systems are put into place to ensure that recipients are able to utilize all of their entitled benefits. **For these reasons, the Montgomery County Food Council supports SBooo2 with amendments and urges a FAVORABLE REPORT WITH AMENDMENTS for this bill.**

The Montgomery County Food Council is a nonprofit organization that serves as the primary connection point for businesses, nonprofits, government agencies, and residents around food system issues in our County. We bring together over 2,000 local and regional partners in community-wide education, advocacy, and capacity building initiatives. Our work cultivates a more resilient, sustainable, and equitable local food system by enhancing food access for the over 100,000 at risk for hunger, expanding food education opportunities for all residents, supporting our County's farms and food and beverage businesses, and addressing the impact of local food production, distribution, consumption and recycling on our natural resources

For more information, please contact Massa Cressall, Interim Executive Director, at the email and phone number below.



SB2_HPRP_FWA

Uploaded by: Michelle Madaio

Position: FWA



HOMELESS PERSONS REPRESENTATION PROJECT, INC.

201 North Charles Street, Suite 1104 Baltimore, MD 21201 (Headquarters)

P.O. Box 1787, Rockville, Maryland 20849 (Satellite Office)

(410) 685-6589 www.hprplaw.org

Favorable with Amendments – SB 2

Department of Human Services - Electronic Benefits Transfer Cards - Fraud (Prevent Electronic Benefits Theft Act of 2023)

Hearing of the Senate Finance Committee, February 23, 2023

Michelle S. Madaio, Homeless Persons Representation Project

The Homeless Persons Representation Project, Inc. (HPRP) is a non-profit civil legal services organization that provides free legal representation to people who are experiencing homeless or at risk of homelessness on legal issues that will lead to an end to homelessness. HPRP regularly represents individuals and families in accessing Supplemental Nutrition Assistance Program (SNAP), Temporary Cash Assistance (TCA), and Temporary Disability Assistance Program (TDAP) benefits through administrative appeals and advocacy. Over the last year HPRP, has worked with an unusually high number of individuals and families whose SNAP, TCA, and/or TDAP were electronically stolen from their Electronic Benefit Transfer (EBT) card through no fault of the family and despite the family maintaining exclusive possession of their EBT card and PIN. The Department has refused to replace benefits to these victims. This has resulted in individuals and families suffering months without the food and income they so desperately need and are entitled to receive. These increased financial, food, and housing insecurities are having a detrimental impact on the health and well-being of Maryland's most vulnerable families. HPRP supports SB 2 with amendments because we need to make families whole and take immediate action to prevent theft from happening in the future.

SB 2 makes low-income families whole by restoring benefits lost due to theft.

HPRP has worked with far too many families in the past year who have suffered irreparable harm through the theft of their benefits and the Department's refusal to replace benefits. SNAP, TCA, and TDAP are all entitlement programs, meaning if a family's total household income falls below a certain level they are entitled to receive basic food and/or cash assistance (as long as other program requirements are met). The purpose of these anti-poverty programs is to help families avoid hunger and prolonged periods of housing instability due to structural inequities. The families victim to this theft have had to send their children to school hungry. Single moms have given up their food to allow their children to eat. The stress of not knowing how to pay bills, receiving an eviction notice or utility shut off notice, has had a detrimental and irreversible impact on families' health and wellbeing. While you can't go back in time to feed your family, SB 2 is needed to restore benefits to victims in the past and future.

Card skimming disproportionately impacts people living in poverty and requires immediate action to strengthen security of EBT cards.

EBT cardholders do not have the same protections when theft occurs as compared to people whose money is on a bank debit or credit card. The magnetic strip on the EBT card, without the microchip technology and ongoing monitoring for suspicious activity, make it an inferior financial product

and more vulnerable to theft.¹ It is inequitable for families that receive SNAP, TCA and TDAP to be treated like inferior or second-class consumers compared to the rest of Marylanders. Low-income Marylanders living in poverty experienced an exponential rise in theft of benefits in 2022 compared to the prior year: at least 2,334 households had SNAP and cash benefits stolen, totaling \$1.7 million in stolen benefits. This is 18x more theft than occurred in 2021 (134 households) and demonstrates that electronic theft and card skimming are sophisticated crimes that are not being adequately addressed through the response thus far. SB 2, with amendments, would reduce the likelihood of future theft by enhancing security of EBT cards, including the use of smart chip technology that will make the card more difficult to tamper with through skimming and cloning.

HPRP supports SB 2 with amendments that would:

- (1) Require immediate response to: provide a new EBT card and restore benefits to households that experienced theft. A simple and fast timeframe with as few administrative barriers as possible is critical to ensure a family does not experience prolonged hunger, face eviction, receive utility shut off notices, accumulate late fees on past due bills, among other economic crises caused by gap in benefits. It also ensures the family does not experience an indefinite, unclear and bureaucratic run around after a theft occurs.
- (2) Create a dispute resolution process for a household if the Department determines no restoration is due, including a process for the household to receive their benefits pending the appeal to avoid the grave harm caused by gap in benefits. The appeal process in the bill is consistent with the Department's current appeal process for benefit terminations.
- (3) Prohibit the Department from requiring a police report as a condition of receiving restoration of benefits. This is consistent with federal guidance around reissuance of benefits, which does not require police reports, and consistent with the process identity fraud victims using self-affidavits. It also is trauma-informed, by giving families the option of whether they want to file a report and recognizes that not all families have safe and equal interactions with law enforcement, not to mention inaccessibility of police stations to some families with disabilities or in rural areas, cost-prohibitive fees associated with filing a report for victims of theft.
- (4) Makes victims whole by providing retroactive benefits from March 15, 2020 to the effective date of the bill;
- (5) Requires Department to invest in EBT cards with embedded microchips and enhance cardholder security features by October 1, 2023, among other critical protections that will reduce future theft.

HPRP strongly urges the Committee to issue a favorable report on HB 502. If you have any questions, please contact Michelle Madaio (she/her), Director – Economic Justice at (410) 716-0521 or mmadaio@hprplaw.org.

¹ Brian Krebs, Krebs on Security (October 18, 2022), available at <https://krebsonsecurity.com/2022/10/how-card-skimming-disproportionally-affects-those-most-in-need/>

Mya Brown Skimming Testimony (1).pdf

Uploaded by: Mya Brown

Position: FWA

Testimony in Support of SB 002 With Amendments

Department of Human Services - Electronic Benefits Transfer Cards - Fraud

(Prevent Electronic Benefits Theft Act of 2023)

Hearing of Senate Finance Committee, February 23, 2023

Testimony of Mya Brown

Baltimore City, Maryland

I, Mya Brown, am writing a letter in support of Senate Bill 002 with amendments

I want to express my concerns about skimming. I feel very confused as to why DHS cannot replenish my SNAP benefits if they were stolen from me. This is especially hard to understand because if my benefits are stolen, I cannot provide food for myself or my children. It's horrible to deny a family food, especially as I am a U.S. veteran trying to find suitable work so I can provide a better living space and safety for my family. We are currently living in a shelter. We are always hearing horror stories about people like me getting their food stamps stolen. I am a human being and a mother first: if I had my benefits stolen and DHS denies me, I would be furious and would want to take legal action.

I think this bill should be passed to replace stolen food stamps. Not everyone has a family to help them in situations like that. I know I don't: I am a single mother living in a shelter, which is scary by itself. So, to think I wouldn't have anyone to help me in a situation like that is horrible. It's stressful just to imagine, much less to experience. I strongly urge that SB 002 be passed.

Thank you for listening to me today.

SB 2_Renee Z_favorable with amendments.pdf

Uploaded by: Renee Z

Position: FWA

Dear Members of the Senate Finance Committee:

My name is Renee Z. In August 2022, I experienced over \$3,000 in Supplemental Nutrition Assistance Program (SNAP) benefits stolen from my Electronic Benefits Transfer (EBT) card. I shared my experiences with the Baltimore Banner and This American Life and the links are below. I support Senate Bill 2 because we need better security of EBT cards to prevent this from happening to other families. I had waited several months to receive SNAP due to agency errors in handling my case, only for my benefits to be stolen shortly after they were deposited on my card. I still have not been reimbursed. I know there is federal legislation to replace SNAP benefits, but I would not be covered by that since the replacement of benefits under federal legislation only begins October 1, 2022.

[The Runaround \(thisamericanlife.org\)](https://www.thisamericanlife.org)

[One woman's quest for justice after almost \\$3,000 of benefits were stolen - The Baltimore Banner](#)

Thank you for your time and consideration. Please vote in favor of SB 2, with amendments.

To whom it may concern,.pdf

Uploaded by: Desirea Lamartina

Position: INFO

To whom it may concern,

I wanted to let you know the ordeal I went through when my TCA benefits were stolen. On August 3, 2022 I woke up and realized I had my deposit for the month. I had just started getting TCA so I thought it came on the 4th of the month not the 3rd. But when I went to the atm to pull it off it was gone. I went straight to social services and they told me I had to make a police report and call the number on the back of my card. Dhs offered no help besides telling me to go to churches or food banks and community centers to help with school stuff and other household items. The woman at social services told me that their system has been hacked. So I called the independence card number to dispute it & filed a police report. I was told the money was stolen in Tampa, fl. I've haven't been to Florida in 15+years I don't even know anyone in Florida. I was told it would be investigated and I'd receive something in the mail. I did receive a letter stating they didn't find the transaction to be fraudulent so I wouldn't be reimbursed. \$780 was taken from me weeks before school started. I was floored. I said this can't be right and I put in for a hearing and again was told that dhs changed the rules a few months prior and no longer reimbursed stolen TCA. I had no choice but to borrow money from a few different people to pay my bills and get my children the rest of their school stuff. I still owe a couple of those people money because I haven't been able to catch up. This isn't fair to anyone it's happened to. Social services was aware of this issue as well as the state and the company that supplies the cards and distributes the funds. Yet no one has taken any action but to change the rules of reimbursement for stolen funds. Something has to be done. Some one is responsible. This isn't just card skimmers. It's either conduant or dhs. No one else would have the personal information for these cards to steal the money. Also Every couple months I've also gotten paperwork saying I put a change in and my benefit amount has changed. And each time it's lowered, yet I haven't submitted anything. Something is going on and I can only hope something is actually done.

SB0002_DHS_INFO.pdf

Uploaded by: Rachel Sledge

Position: INFO

Date: February 23, 2023

Bill number: SB0002

Committee: Senate Finance Committee

Bill Title: **Department of Human Services - Electronic Benefits Transfer Cards - Fraud (Prevent Electronic Benefits Theft Act of 2023)**

DHS Position: LETTER OF INFORMATION

The Maryland Department of Human Services (DHS) thanks the Committee for the opportunity to provide written information regarding Senate Bill 2.

On February 13, 2023, Delegate Peña-Melnyk convened a workgroup consisting of Senator Hester, Senate sponsor for Senate Bill 2; Senator Kramer, Senate sponsor for Senate Bill 401; Delegate R. Lewis, House sponsor for House Bill 502; Delegate Alston, House sponsor for House Bill 697; advocates from Public Justice Center, Maryland Hunger Solutions, and Homeless Persons Representation Project, La Sherra Ayala, Executive Director for the Family Investment Administration; and DHS Acting Secretary Rafael López to collaborate on a piece of legislation that would address the theft and fraudulent use of an individual's Electronic Benefit Transfer (EBT) benefits through card skimming.

Some of Maryland's most vulnerable population have become victims to a crime, which up until recently had very little recourse or option for replacement of stolen benefits. In the time since the original drafting of this Maryland legislation, The Consolidated Appropriations Act was signed by President Biden allowing for reimbursement of stolen Supplemental Nutrition Assistance Program (SNAP) benefits. DHS began to work on crafting a state plan for submission to the United States Department of Agriculture (USDA) Food and Nutrition Service (FNS) to replace stolen SNAP Electronic Benefit Transfer Benefits. After meeting with this workgroup, DHS received notification that Maryland is the first state in the nation to have submitted an EBT replacement plan.

Marylanders who have experienced such theft need to be made whole and the process for reimbursement needs to be one that takes into consideration the damage done. As such, DHS is committed to partnering with community advocates and organizations across the state, extensive communication efforts, community outreach, leveraging online presence, and wide windows for individuals to submit their theft claims to DHS. Already, DHS has worked with its current card vendor to enhance the EBT system to prevent clients from selecting simple PINs. DHS is also incorporating system flags or triggers associated with card cloning prevention and monitoring as a component of the in-progress Fraud Framework Implementation Grant (FFIG) project. Additional security enhancements planned for implementation in 2023 include EBT card locking capability. Clients will be able to lock their EBT card accounts. Nationwide, states are bound by the technological services offered primarily by two EBT vendors: Conduent EBT, aka Conduent State and Local Services, and Fidelity Information Services, LLC (FIS), as the host processor. Maryland is one of 23 states serviced by Conduent.

DHS appreciates the opportunity to offer the aforementioned information for the Committee's consideration during your deliberations. DHS welcomes continued collaboration with the Committee on Senate Bill 2.

