



HB 1156 - Commercial Law - Consumer Wire Transfers - Liability (Elder Fraud Prevention Act of 2024)

Economic Matters Committee

February 23, 2024

SUPPORT

Chair Wilson, Vice-Chair Crosby and members of the committee, thank you for the opportunity to submit testimony in support of House Bill 1156. This bill will take provisions from the Electronic Funds Transfers Act (EFTA) and put them into Maryland's Uniform Commercial Code (UCC) to apply to consumer wire transfers, effectively holding banks adequately liable for the fraud and create a private right of action for victims to sue their banks.

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.**

CASH works with thousands of clients across the state of Maryland, including senior citizens. Seniors are often more vulnerable to financial scams. Scamming senior citizens is often accomplished by using unauthorized electronic wire transfers. Scammers manipulate seniors into sending them money (by pretending to be a child or grandchild in need of money urgently, e.g.) or get the senior's bank information (through phishing schemes or phone calls) and send themselves money. Most electronic transfers are covered under the federal Electronic Funds Transfers Act (EFTA). The EFTA includes a private right of action against the banks, which allows fraud victims to sue their bank for not questioning or stopping the transaction. However, EFTA does not cover wire transfers - it specifically exempts consumer wire transfers. This means that when seniors are the victims of fraud through wire transfers, they cannot sue the bank for failing to stop the transaction from going through. Their only chance of getting their money back is by finding the scammer (which can take a long time and often doesn't happen).

HB 1156 will take provisions from the EFTA and put them into Maryland's UCC to apply to consumer wire transfers. It will do this by copying and pasting parts of the federal statute into state law. This will include the application to consumer wire transfers, the private right of action, and the specific damages available to plaintiffs. This private right of action is important not only to help victims to get their money back but also to prevent future scams. If a bank knows that they could be sued if they let a fraudulent wire transfer go through, we hope they will choose to boost their own procedures for questioning potentially fraudulent wire transfers.

Thus, we encourage you to return a favorable report for HB 1156.

Creating Assets, Savings and Hope