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March 6, 2024

To: The Honorable Pamela Beidle
Chair, Finance Committee

From: Karen S. Straughn
Consumer Protection Division

Re: Senate Bill 930 – Consumer Law – Consumer Wire Transfers – Liability (Elder Fraud Prevention Act of 2024) (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of Senate Bill 930 submitted by Senator Rosapepe. This bill limits the liability of an individual for unauthorized wire transfers if proper timely notice is given.

Wire transfer fraud includes any bank fraud that involves electronic communication mechanisms instead of face-to-face communication at a financial institution. It also involves the fraudulent attainment of banking information, by way of false pretense, to gain access to another person's bank account. Because wire transfers are nearly instantaneous and extremely difficult to reverse, they present a preferred payment method for scammers. By the time victims realize they've been scammed, the fraudster is gone along with their money.

This bill seeks to limit the responsibility of an innocent consumer for an unauthorized wire transfer if proper timely notice is given. If the unauthorized transfer is discovered by transmittal of the account statement, then 60 days' notice to the financial institution is required to limit a consumer's liability to the lesser of \$50 or the amount of the transfer. If the financial institution is notified by the consumer of the loss of the means to initiate a transfer within 2 days of its loss or theft, then the consumer's liability is limited to the lesser of \$500 or the amount of the transfer. The financial institution is further required to conduct a good faith investigation with the burden of proof on the financial institution to show that the authorization was intentional. These safeguards place the onus on the financial institution to protect individuals who are less

savvy about these potential scams, and to ensure that wire transfers are not inadvertently intercepted. For these reasons, the Consumer Protection Division asks that the Finance Committee return a favorable report on this bill.

cc: The Honorable Jim Rosapepe
Members, Finance Committee