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TO: The Honorable Pamela Beidle, Chair
Finance Committee

FROM: Steven M. Sakamoto-Wengel
Consumer Protection Counsel for Regulation, Legislation and Policy

RE: Senate Bill 834 – Consumer Protection – Scam Awareness Pilot Program
– Establishment (SUPPORT)

We are writing to express the support of the Consumer Protection Division of the Office of the Attorney General for Senate Bill 834, sponsored by Senator Hester, which would establish a Scam Awareness Pilot Program in the Division, require the Division to engage relevant stakeholders to provide input, and require the Division to develop and disseminate consumer safety messages to help individuals identify and avoid scams. The Division regularly receives complaints from Marylanders who have been the victims of telephone, online, or e-mail scams, or whose family members have been the victims of such scams. We are also regularly contacted by individuals who, fortunately, recognized an attempted scam before falling victim and wanted to report the scam to the Division.

As described in the attached Baltimore Banner article, the Federal Trade Commission reported that Marylanders lost more than \$164 million to fraud and scams in 2023, many of which involved “impostor scams” with scammers impersonating law enforcement, government agencies, businesses, or even the victim’s relatives or acquaintances. Phishing emails and text messages and scam websites remarkably resemble those from legitimate businesses and, with the advent of Artificial Intelligence, will do so even more. Sadly, once the money is paid to the scammer, it is virtually impossible for the victim to recover it. Although the Division regularly engages in consumer education in an effort to educate Maryland consumers how to spot and avoid scams, too many Marylanders still become scam victims.

Senate Bill 834 provides for the Scam Awareness Pilot Program to “develop consumer safety messages that will effectively help individuals in the State identify common scams and

mitigate the risks posed by common scams; and disseminate consumer safety messages . . .using relevant channels of communication.” Any such consumer education campaign, however, will require significant resources in order to be effective and reach those Marylanders who are most likely to be victims of such scams. Based upon prior education campaigns by the Division and other agencies, the Division estimates that an effective campaign could require \$1 million or more to develop, produce and disseminate. The Division also notes that SB 834 provides that funds appropriated in support of the Pilot Program may only be used for dissemination of the consumer safety messages. However, designing an effective education campaign and producing the consumer safety messages also involve significant costs. The Division understands that the sponsor has agreed that the provision should be amended so that any funds appropriated may be applied to all stages of the consumer safety education campaign.

Accordingly, the Consumer Protection Division respectfully requests that the Senate Finance Committee give Senate Bill 834 a favorable report with the understanding that the Division’s ability to implement the Scam Awareness Pilot Program will be dependent upon adequate resources being appropriated.

cc: Members, Finance Committee
The Honorable Katie Fry Hester