

SB0834 - MBA - FAV - GR24.pdf

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Position: FAV



**SB 834 - Consumer Protection - Scam Awareness Pilot Program - Establishment
(Don't Scam Maryland Act of 2024)**

Committee: Senate Finance Committee

Date: March 6, 2024

Position: Favorable

The Maryland Bankers Association (MBA) **SUPPORTS** SB 834. This legislation establishes the Scam Awareness Pilot Program within the Division of Consumer Protection of the Office of the Attorney General. The Division is responsible for engaging stakeholders to identify common types of scams and develop messaging for Marylanders that can assist them in identifying scams.

According to the Federal Trade Commission's Consumer Sentinel Network [2023 Data Book](#), Maryland saw the 5th highest amount of fraud per 100,000 residents in the United States. 84,353 reports of fraud were filed with the Commission, resulting in over \$164 million in total fraud losses.

Banks that operate in Maryland continually distribute information on prevalent scams to not only their customers, but the communities they serve as well. Tools such as the American Bankers Association's [Banks Never Ask That Campaign](#) provide consumers with up-to-date resources on scams and how to properly report them to their financial institutions and law enforcement.

The Maryland Bankers Association is an active participant in several organizations that aim to combat fraud, such as Project SAFE, and looks forward to being a stakeholder as the Division of Consumer Protection fulfills the requirements of the legislation.

Accordingly, the MBA urges issuance of a **FAVORABLE** report on SB 834.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing more than 26,000 Marylanders and holding more than \$209 billion in deposits in over 1,200 branches across our State. The Maryland banking industry serves customers across the State and provides an array of financial services including residential mortgage lending, business banking, estates and trust services, consumer banking, and more.

SB0834_JHU_Carrigan.pdf

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Position: FAV

Joseph Carrigan

Senior Security Engineer, Johns Hopkins University Information Security Institute

Recently, The Maryland Cybersecurity Council, The Johns Hopkins University Information Security Institute, and the National Cryptologic Foundation collaborated in conducting a study of the cybersecurity awareness and practices of Maryland residents. The result of the study that I found most shocking was that approximately 25 percent of the respondents indicated that they have been the victim of an online scam where they lost money.

We asked respondents to quantify their losses. The largest group of losses was under \$100, But there were responses as high as \$100,000, with a surprising number of responses in the range of thousands of dollars and 10s of thousands of dollars.

\$100,000 may seem like an outlier but there is no shortage of people who have lost amounts of this size. For example, a recent [story](#) from WMAR's Mallory Sofastaii reported that 7 Marylanders lost a total of 3.8 million between May and December of last year. That's an average of over half a million dollars each. These statistics come from the FBI's Internet Crime Complaint center.

These scams are elaborate. They play on people's ignorance of banking and law enforcement systems. SB0834 will be a good first step to filling the knowledge gap that leads to these kinds of losses. Informing people of the tactics used in these and other scams protects people by allowing them to identify a scam at the beginning. An awareness program could let people know that it's okay to just hang up or that law enforcement will never ask for payment in gold, cryptocurrency, or gift cards. I ask for a favorable finding for SB0834.

Link:

<https://www.wmar2news.com/matterformallory/elaborate-scam-involves-gold-bars-and-couriers-cost-a-maryland-woman-2-million>

SB834_AARP_Morgan_FAV.pdf

Uploaded by: Karen Morgan

Position: FAV



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**SB 834 –Consumer Protection – Scam Awareness Pilot Program – Establishment (Don’t Scam Marylanders Act of 2024)
FAVORABLE
Senate Finance Committee
March 6, 2024**

Good afternoon, Chairman Beidle and Members of the Senate Finance Committee. I am Karen Morgan, a member of the Executive Council for AARP Maryland. As you may know, AARP Maryland is one of the largest membership-based organizations in the Free State, encompassing almost 850,000 members. We thank Senator Hester for sponsoring this legislation.

AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities, and fights for the issues that matter most to families such as health care, employment and income security, retirement planning, affordable utilities, and protection from financial abuse.

This bill would establish, on a pilot basis, a program to identify the most common scams, and their transmission methods, to foster development and dissemination of consumer safety messages so that consumers will have additional information and tools to prevent victimization by these scams.

Make no mistake – we are at war. We are in a war against fraud. Fraud strikes at the very heart of our financial survival and victimizes people of all ages from babies to the most senior among us. A big hurdle in taking on this nemesis is the absence of real-time information. We don’t know how much fraud occurs in Maryland. We have estimates and we can make our best guesses on where and how fraud occurs. But we don’t really know because so much fraud goes unreported.

One of the best sources for fraud reporting is the Consumer Sentinel Data Book from the Federal Trade Commission. According to the latest data book, in 2023, Maryland ranked fifth highest for reported incidences of fraud, with over \$164 million in total reported fraud losses. Maryland ranked 11th highest in the country for identity theft. These rankings are generally based on self-reported data, with amplification from those people who make reports to law enforcement agencies. This is hard enough to process, but what is even more distressing is that the state rankings based on these reports are only a fraction of the problem. We haven’t helped address this problem because family, friends, complete strangers, and even the media are so busy mocking, ridiculing, and blaming the victims instead of the criminals, where the ridicule and blame rightly belong, that many people are ashamed to admit to being victimized by fraud – let alone talking about it in public or reporting it to state and federal agencies.

We need to change this dynamic – and fast. We need to talk about this scourge, stop victim shaming, and actively discuss ways to stop these financial predators. The proposed pilot program

in SB 834 can help the state of Maryland do that. Under the bill, the Division of Consumer Protection in the Office of Attorney General would be charged with identifying the most common types of methods used to scam people. The division would be charged with developing consumer safety messages to help people spot and prevent scams. At AARP, we often say, “if you can spot a scam, you can stop a scam.” The consumer safety messages required by the bill would let people know that they are not alone and that they are not powerless in the war against fraud.

Fraud can affect anyone, regardless of age, education, or life station. That’s why we must take this crime much more seriously than we have up to this point. The development and dissemination of anti-fraud and consumer safety messages required by this bill could help Maryland citizens take steps to protect themselves and their families.

This bill would also require the Division of Consumer Protection to identify and engage relevant stakeholders to provide input on the pilot program, including those in the nonprofit sector. As one of the nonprofit organizations actively engaged in fraud prevention, AARP Maryland stands ready to help the Division accomplish the goals of this bill.

AARP supports SB 834 and respectfully requests the Senate Finance Committee to issue a favorable report. For questions, please contact Tammy Bresnahan, Director of Advocacy for AARP Maryland at tbresnahan@aarp.org or by calling 410-302-8451.

Cyber Survey Presentation 2023-06-15(1).pptx.pdf

Uploaded by: Katie Fry Hester

Position: FAV

Maryland Resident Cybersecurity Awareness and Practices Survey

Anton Dahbura, Joseph Carrigan, Jamie Stelnik and Mohammed Khalid
The Johns Hopkins University Information Security Institute

June 15, 2023

AntonDahbura@jhu.edu

*Funding for this work was provided by the National Cryptologic Foundation
and the Johns Hopkins University Information Security Institute.*

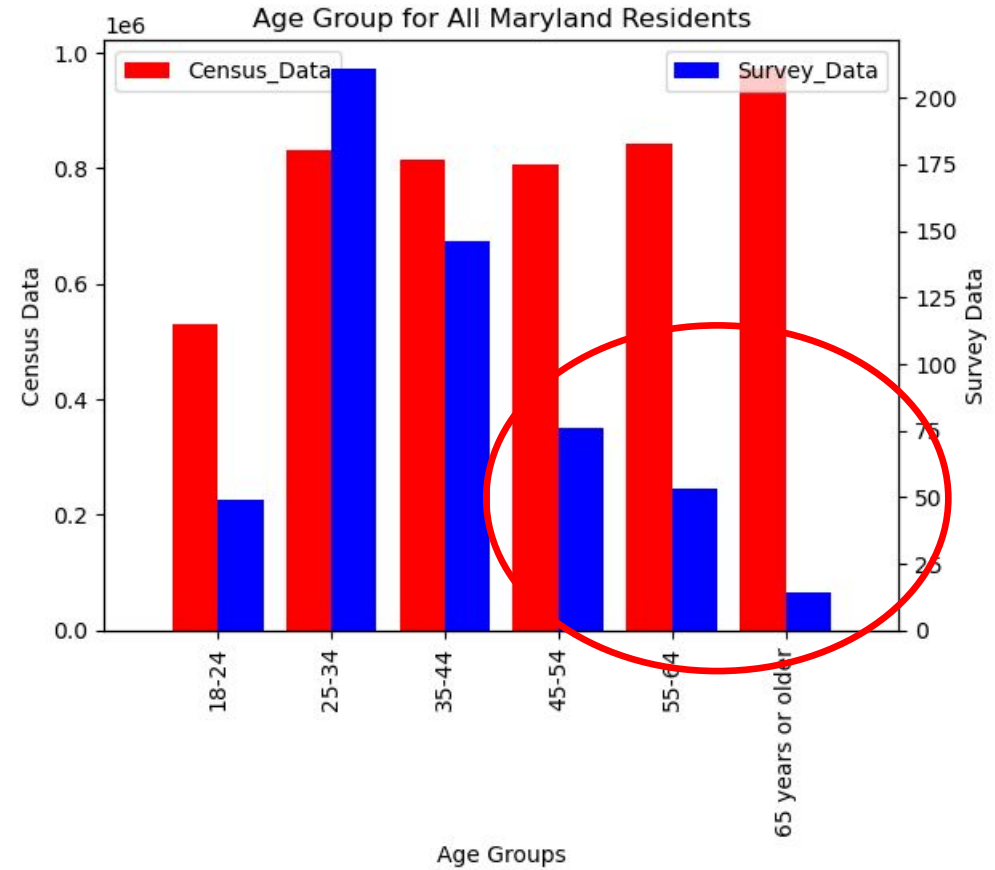
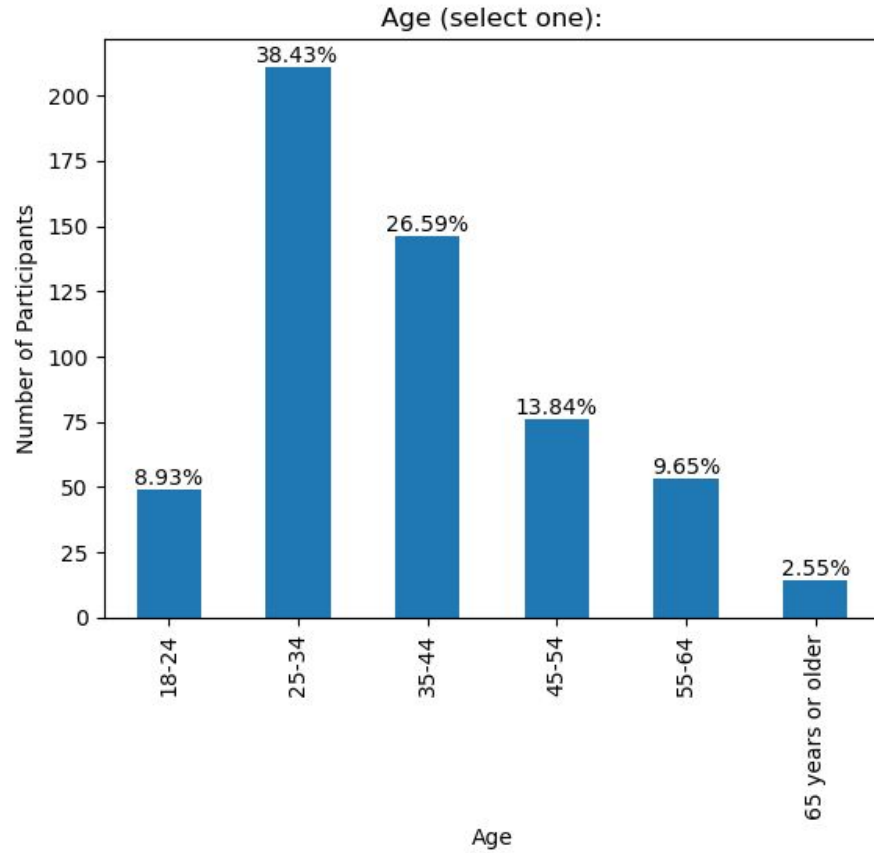
Background

- The survey was been conducted by member of the Johns Hopkins University Information Security Institute (ISI).
- Purpose: Survey Maryland residents to assess their familiarity with cybersecurity concepts and threats and to determine the extent to which they're using best practices to prevent cyberattacks.
- The survey allows participants to respond regarding their personal practices or their practices at their work, without distinguishing between the two.

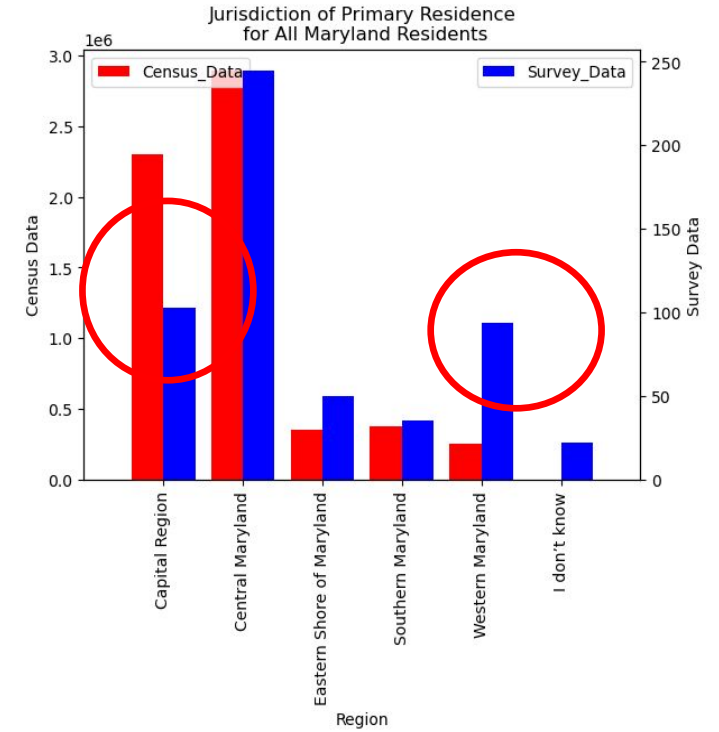
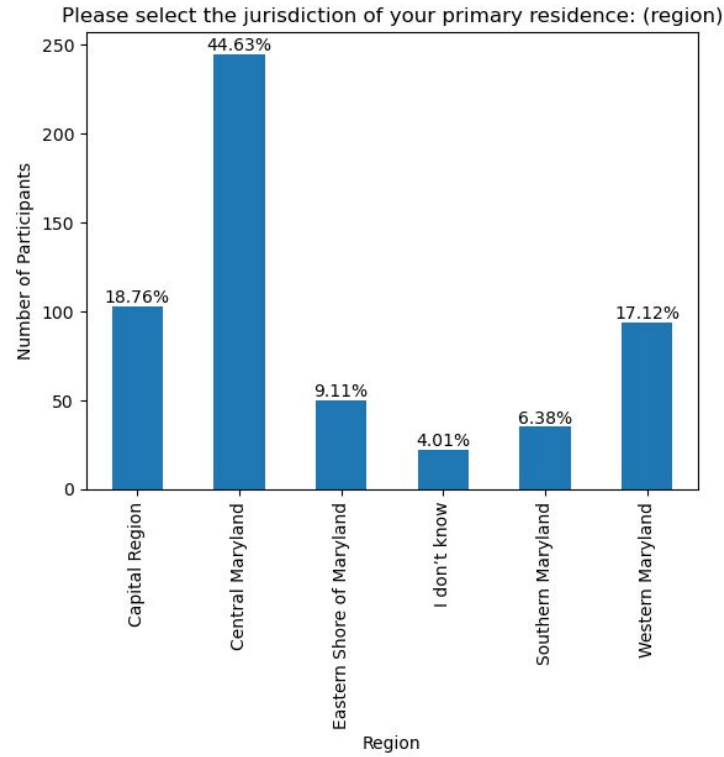
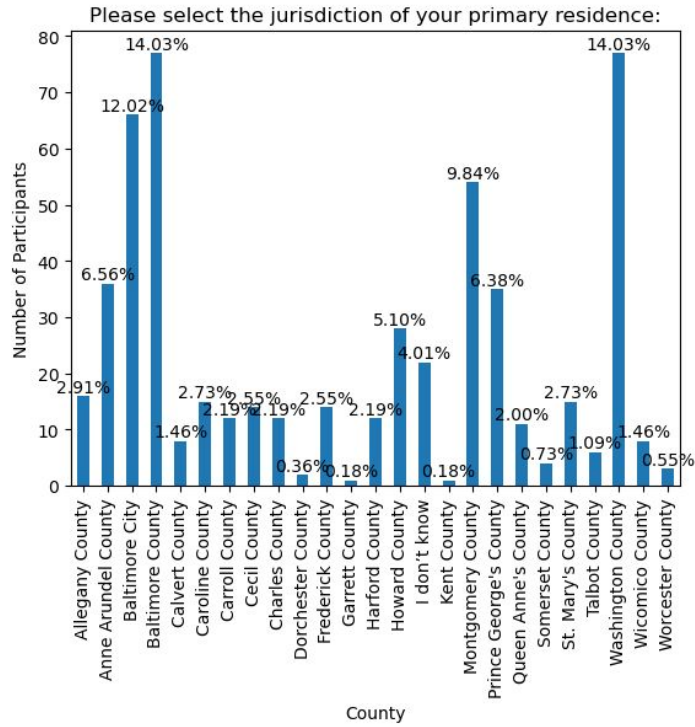
Background (cont.)

- The **Amazon Mechanical Turk (MTurk)** platform, a crowdsourcing website, was used to recruit participants, conduct the survey, and gather results.
- The survey was conducted on MTurk from October 2022 through February 2023.
- 549 participants completed the survey and were paid \$5 each.
- The survey was listed as “Survey About Your Cybersecurity Habits” and participants were told that the survey would require approximately 10 minutes to complete.

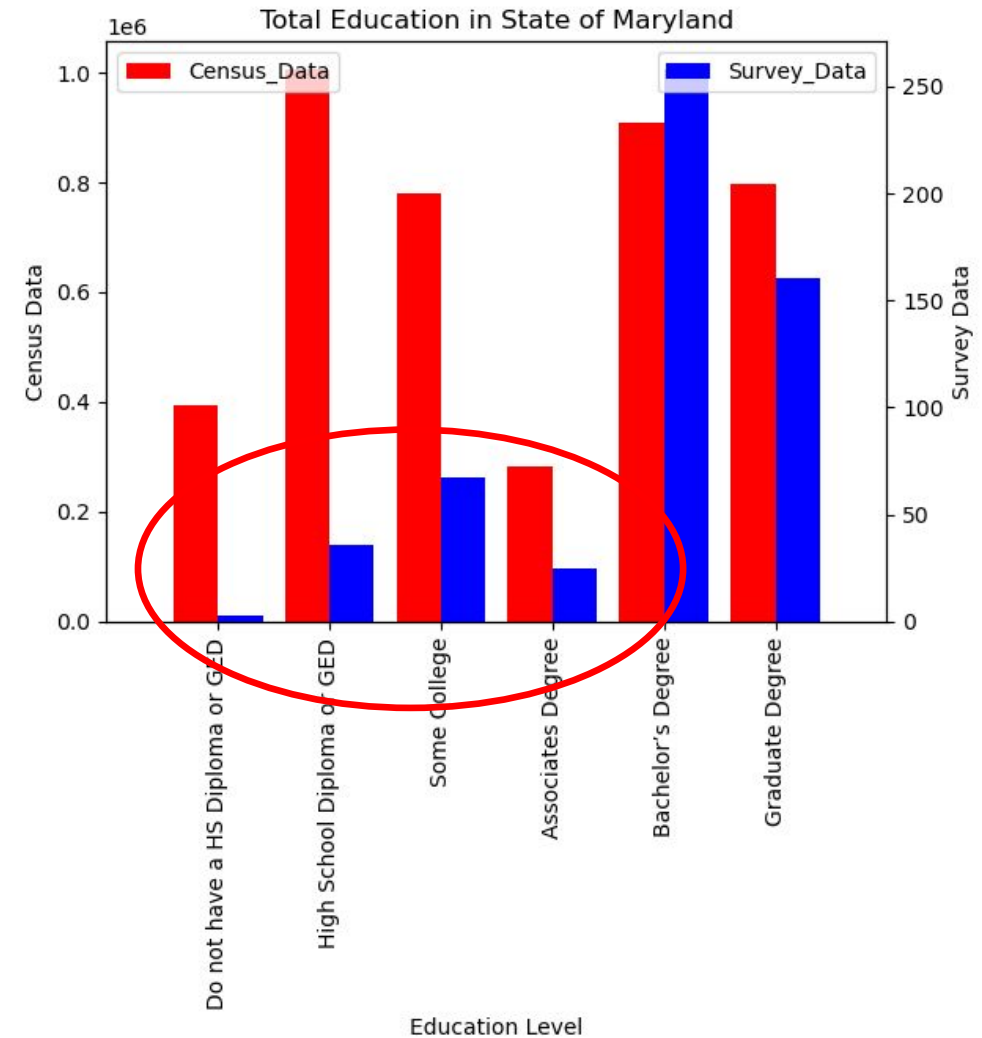
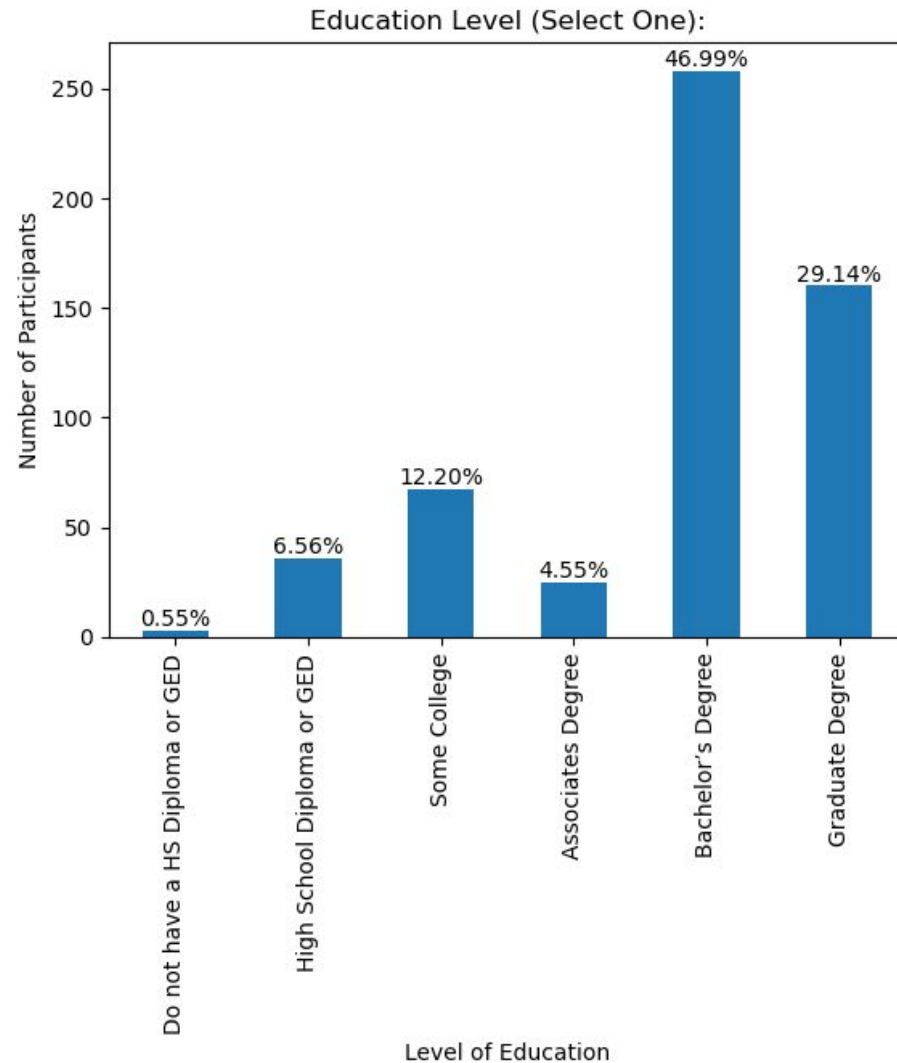
Participant Demographics- Age



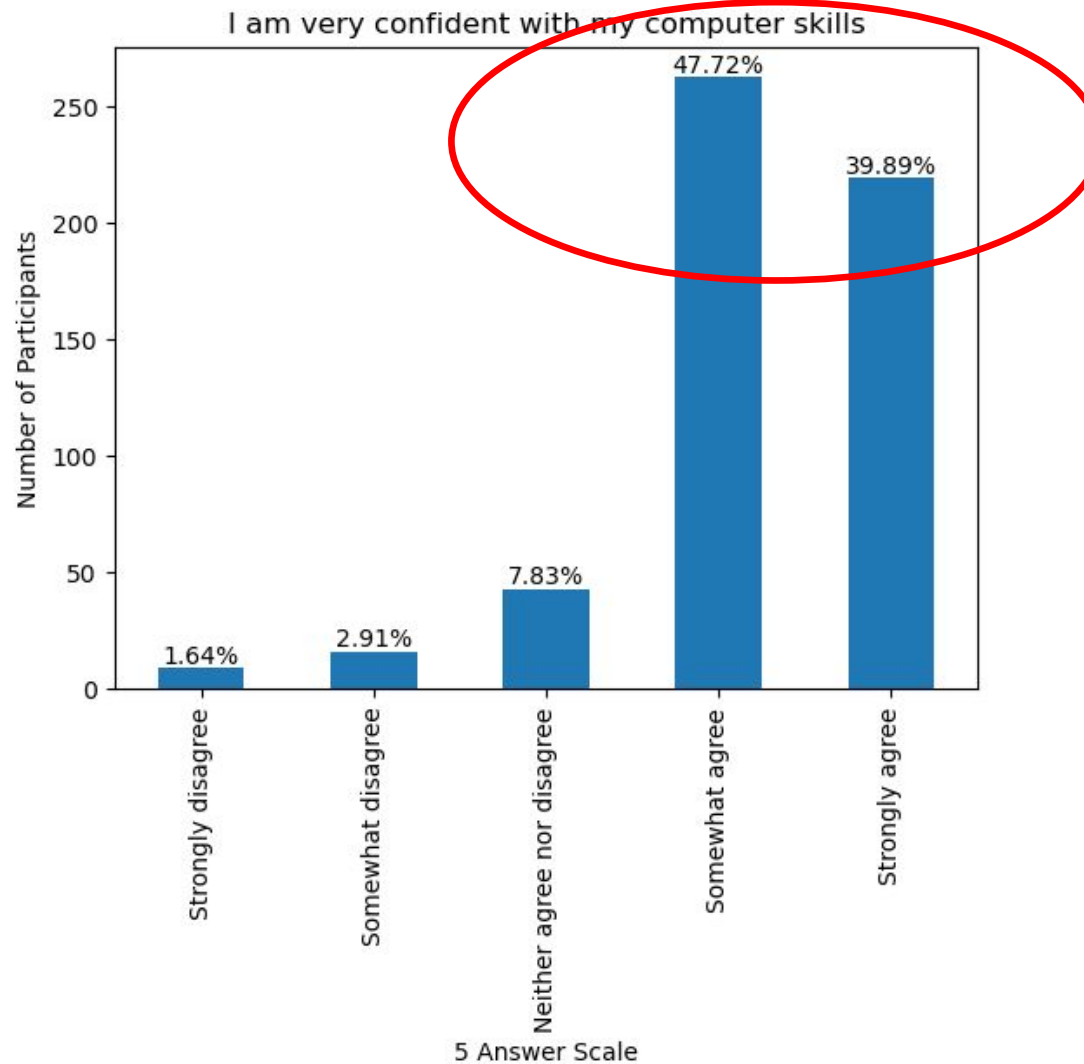
Participant Demographics- Location



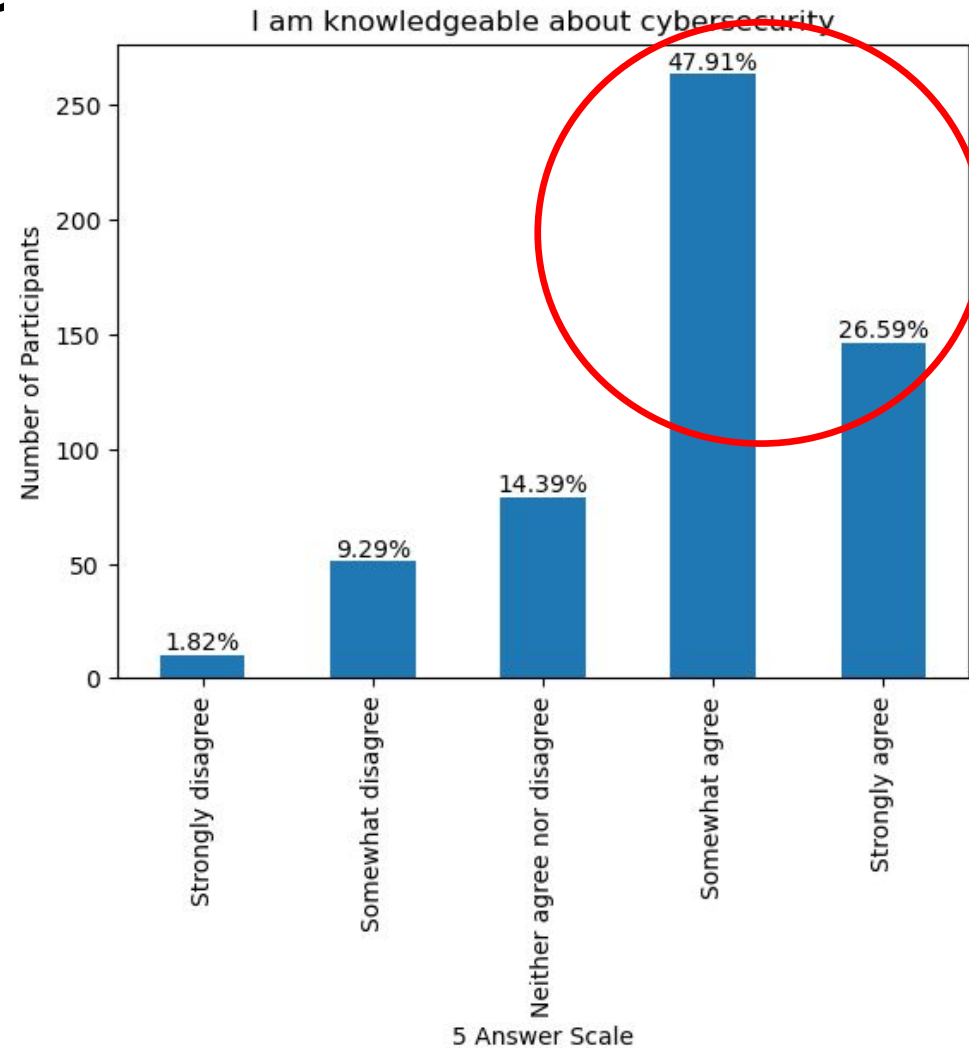
Participant Demographics- Education



Demographics- Self-Assessed Computer Skills

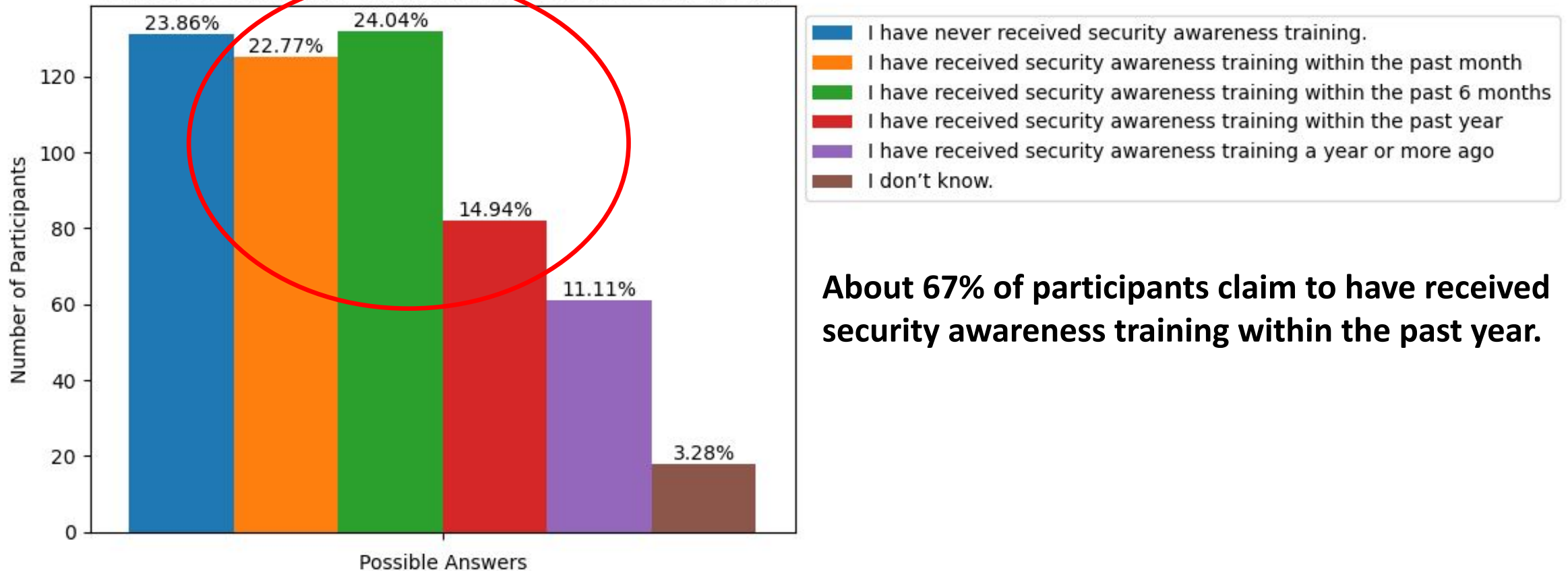


Demographics- Self-Assessed Cybersecurity Knowledge



Demographics- Cybersecurity Awareness Training

When have you ever received security awareness training at your place of employment or through other means such as a community organization or an advocacy group?



About 67% of participants claim to have received security awareness training within the past year.

Key Takeaways Part I

Backups

1. While nearly 40% of participants use a cloud service for back-ups, over 20% of participants back up their files on the same computer.
2. The vast majority of participants claim to have checked their backups within the last year.
3. Of people who do not back up their data, about 67% have not received security awareness training within the past year.

Passwords

1. Over 20% of participants use the same password for most of their accounts and another 40% use passwords that are similar. About 30% write their passwords down and 30% use a password manager.
2. Participants fared poorly on 4 multiple choice questions (social engineering, spear phishing, phishing and MFA). No one got all 4 correct and over 12% answered all four incorrectly

Takeaways Part II

Cybersecurity Knowledge

- Participants fared poorly on 4 multiple choice questions (social engineering, spear phishing, phishing and MFA). **No one** got all 4 correct and over 12% answered all four incorrectly.

Scam Victims

1. Nearly 20% of participants claim to have been a victim of a ransomware attack and another 13% “don’t know”.
2. Only 44% of participants believe that their personal information has been disclosed to unauthorized persons.
3. 25% of respondents have lost access to an on-line account due to someone else taking it over.
4. Over 23% of participants have been a victim of an on-line scam where they lost money.

If so, about how much money did you lose as a victim of this scam
(enter 0 if you have not lost any money)?
(not including \$0)



Interesting Findings

- Even participants that self-assessed as knowledgeable about computers and cybersecurity had mixed cyber-hygiene practices and fared poorly on the basic knowledge questions.
- An alarming number of Maryland residents have:
 - been victims of ransomware
 - been scammed for significant amounts of money
 - had their on-line accounts taken over
 - been victims of other scams/attempts
- Younger participants (18-24) are more confident about avoiding being a victim of a cyber scam.

Recommendations

- **The State of Maryland needs to invest in more cybersecurity awareness and training for all of its residents!**
Participation with the private sector? School system?
- For a future survey:
 - change some of the questions
 - use interviews to obtain more accurate answers
 - collect gender data
 - if on Mturk (not recommended), find out more about Mturk participants
 - Partner with an organization that specializes in surveys
- Compare with surveys from other states and perhaps build a regional or national alliance.

SB834 - Testimony.docx.pdf

Uploaded by: Katie Fry Hester

Position: FAV

KATIE FRY HESTER
Legislative District 9
Howard and Montgomery Counties

Education, Energy, and
Environment Committee

Chair, Joint Committee on
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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Testimony in Support of SB 834: Scam Awareness Pilot Program

March 6, 2024

Chair Beidle, Vice-Chair Klausmeier, and members of the Finance Committee:

Thank you for your consideration of Senate Bill 834, which establishes the Scam Awareness Pilot Program to safeguard Maryland residents by raising public awareness of the pervasive and potent threat that online, SMS, and telephone-based scams pose.

Earlier this year, the largest example of a successful SMS scam caused a Kansas bank to fail. What started as a seemingly innocuous text to Heartland Tristate Bank's CEO, Sean Haines, culminated in the transfer of over \$50 million into a fraudulent holding account. This scam, coordinated over several months, caused the bank to go under. This type of scam is called pig butchering¹ because it is designed to "bleed victims dry." Scams are not happening to people who are careless and lack online cyber personal awareness. Sophisticated online scams are highly effective, targeted, and increasingly common, indicating a new trend in tactics.

Scams, particularly those conducted online and via telephone channels, pose a significant threat to Maryland residents, jeopardizing their financial stability and sense of security. In a study by the Johns Hopkins Information Security Institute, 549 participants disclosed that they had collectively lost \$436,098 over the previous several years as a result of online scams. If we extrapolate that sample size to the rest of Maryland, there is an estimated \$3.8 billion in losses in online scams that have occurred over the last several years. From what we do know in reported losses, which is likely to be under-representative because it is self-reported, Maryland residents lost a collective \$164.3 million to various frauds in 2023 alone². The potential tax loss represented here could be between \$4.9 million and \$8.2 million in a single year (assuming an average state tax between 3 and 5%).

¹ A type of scam that takes place over a long-period of time and relies on the scammer building a relationship and trust with the victim, convincing them to invest through a fraudulent business, website, or app. The scammer then severs ties after enough money is collected from the victim. This scam takes place entirely over text and the internet.

² <https://www.thebaltimorebanner.com/politics-power/national-politics/scam-fraud-rates-AXV2SIAQKNCTHIHWYLG4KTTHHI/>

Further data reveals a troubling reality. For example:

- Pig butchering scams, like the scam that brought down the Heartland Tristate Bank, account for \$429 million in losses a year nationally, according to the National Internet Crime Complaint Center.
- Online romance scams cost individuals \$3.3 billion a year nationally.
- The prevalence and success of phishing have grown as AI technology has become more sophisticated.
- While internet crime victims have not massively increased over the past years, the amount of money swindled has. This suggests that fraudsters are working smarter, not harder, selecting their targets more carefully, and stealing about twice as much per successful attempt.

To address the troubling rise in scams, the Communication Subcommittee of the Maryland Cybersecurity Council recommended the creation of the Scam Awareness Program. This bill establishes a two-year pilot for this program, housed in the Consumer Protection Division of the Office of the Attorney General. The Scam Awareness Program Pilot will focus on increasing public awareness of common threats and scams. The program has three key objectives:

1. Identifying the most common types of e-mail, SMS, and telephone scamming methods used against individuals in Maryland;
2. Developing consumer safety messages to help individuals identify common scams and mitigate associated risks; and
3. Disseminating these safety messages effectively through relevant communication channels to reach a wide audience.

To ensure the success of the pilot program, Senate Bill 834 encourages partnerships between the Consumer Protection Division and the academic, nonprofit, and business sectors. These stakeholders will provide valuable input to inform the development of messaging and outreach through their individual networks.

This bill is urgently needed to combat the escalating threat of financial loss posed to Maryland residents by deceptive scam tactics. The Scam Awareness Program Pilot will equip vulnerable individuals with the knowledge to recognize and withstand scams. By supporting this bill, you both demonstrate a commitment to protecting Maryland residents and contribute to the resiliency of our community as we learn to navigate an increasingly complex digital landscape.

For these reasons, I respectfully request a favorable report on Senate Bill 834.

Sincerely,



Senator Katie Fry Hester

Howard and Montgomery Counties

Chair of the Joint Committee on Cybersecurity, Information Technology and Biotechnology

Fraud and scams cost Marylanders more than \$164M I

Uploaded by: Steven M. Sakamoto-Wengel

Position: FAV

Fraud and scams cost Marylanders more than \$164M last year

Cody Boteler

2/17/2024 5:30 a.m. EST



(D3sign/Getty Images/Getty Images)

Consumers in Maryland lost millions of dollars to fraud and scams last year, as the nation as a whole hit a new benchmark for fraud losses: more than \$10 billion in 2023.

Marylanders made 43,433 fraud reports in 2023, according to [data released by the Federal Trade Commission](#). Most of the reports — 14,968 — were for [imposter scams](#), where a scammer impersonates a government or business

official, or even a personal contact, to earn a person's trust or intimidate them to get them to send money.

In total, consumers in Maryland reported losing \$164.3 million to fraud in 2023, with a median loss of \$562. In 2022, Marylanders reported a total loss of \$138.8 million and a median loss of \$741.

Samuel Levine, director of the FTC's Bureau of Consumer Protection, said digital tools are "making it easier than ever" to target people for fraud. "The FTC is working hard to take action against those scams," Levine said in a statement earlier this month.

Fraud and other scams continue to be a costly risk for people in Maryland and across the US.

The FTC said consumers nationwide reported losing \$10 billion to fraud in 2023, with investment scams accounting for more than \$4.6 billion in losses, more than any other type of scam. The second biggest fraud category was imposter scams, with losses of more than \$2.7 billion, according to the agency.

The FTC "saw significant increases in reports of both business and government impersonators" between 2022 and 2023. A scam that involved both business and government impersonators was the subject of a [viral column published this week in The Cut](#).

In the column, the author — who is The Cut's financial advice columnist — describes getting a phone call from "Amazon" who transfers her to the "FTC" and eventually the "CIA." The "government agents" described a crime she was connected with and came up with a plan to keep her money safe. Instead, the author ended up losing \$50,000 in cash to the scammers.

The column has set off intense discussion online — with a lot of people [ridiculing the author](#) for believing [such a far-fetched scheme](#). But the column has also renewed conversations around the need for education about how to identify and avoid scams and what to do if being targeted by a fraud scheme.

Lina Khan, the chair of the FTC, weighed in too.

Lina Khan
@linakhanFTC · [Follow](#)

1. Being the victim of a scam can be devastating.

A reminder that nobody from @FTC will ever give you a badge number, ask you to confirm your Social Security number, ask how much money you have in your bank account, transfer you to a CIA agent, or send you texts out of the blue.

4:34 PM · Feb 15, 2024

4.8K Reply Share

[Read 42 replies](#)

The Federal Trade Commission's consumer advice website has information on common scams and frauds, tips on how to [avoid becoming a victim](#) and guidelines on [what a person should do](#) if they fall for a scam.

Cody Boteler

cody.boteler@thebaltimorebanner.com



Cody Boteler a reporter on The Banner's Express Desk, reporting on breaking news, trending stories and interesting things in and around Baltimore. His work has appeared in The Baltimore Sun, USA TODAY, Baltimore magazine and others.



MORE FROM CODY BOTELER

'Ocean City is Not For Sale': Mayor rejects payment from offshore wind company

Mar 04, 2024

U. of Maryland says fraternities, sororities ‘threatened the safety’ of campus community

Mar 02, 2024

SB 834 - Scam Awareness - CPD - Support.pdf

Uploaded by: Steven M. Sakamoto-Wengel

Position: FAV

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CAROLYN A. QUATTROCKI
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LEONARD J. HOWIE III
Deputy Attorney General

CHRISTIAN E. BARRERA
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Chief, Equity, Policy, and Engagement

PETER V. BERNS
General Counsel



WILLIAM D. GRUHN
Chief
Consumer Protection Division

ANTHONY G. BROWN
Attorney General

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

Writer's Direct Dial No.
(410) 576-6307

March 6, 2024

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

SB834 Written FAV.pdf

Uploaded by: Zoe Gallagher

Position: FAV



Testimony to the Senate Finance Committee
SB834: Don't Scam Maryland Act of 2024
Position: Favorable

March 5, 2024

The Honorable Pamela Beidle, Chair
Senate Finance Committee
3 East
Miller Senate Office Building
Annapolis, Maryland 21401

cc: Members, Senate Finance Committee

Honorable Chair Beidle and members of the committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances economic rights and equity for Maryland families through research, education, direct service, and advocacy. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

I am writing today to urge your favorable consideration on SB834, the Don't Scam Maryland Act of 2024.

[According to the Federal Trade Commission](#), in 2022, consumers across the nation lost \$8.8 billion due to fraud, a 30% increase from 2021. With the rise of AI technology in scams, this number is likely to increase unless there is swift and effective policy intervention.

Economic Action Maryland's Securing Older Adult Resources, or SOAR, program has published and distributed materials on common scams to the older adults we work with. However, our scope is limited due to budget constraints and our ability to reach out to a limited number of clients. This bill would expand scam prevention information and help more older adults across the state protect their money.

Additionally, despite the stereotype that older adults are the majority of scam victims, Gen Z Americans are [three times](#) more likely to get caught up in an online scam than boomers. Many young people think they are savvy enough to avoid scams, but the data proves otherwise. We should be ensuring that young people learn how to protect themselves online, especially considering how much time younger generations spend on the internet.

For these reasons, we urge a favorable report.

Sincerely,
Zoe Gallagher, Policy Associate