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THE MARYLAND HOUSE OF DELEGATES
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**Testimony in Support of HB 332
Elder Fraud Prevention Act of 2025**
Testimony by Delegate Vaughn Stewart
January 28, 2025 • Economic Matters Committee

What the Bill Does

HB 332 closes a loophole by extending existing consumer protections related to electronic transactions to consumer wire transfers. The federal Electronic Funds Transfer Act (EFTA) applies certain protections to most electronic transactions, including debit card transactions, electronic withdrawals, transfers, and deposits. The EFTA applies to foreign wire transfers but whether the EFTA applies to domestic wire transfers is unclear and is being resolved in court. This bill would ensure protections to consumers who use a wire transfer to transfer money within the United States.

The EFTA provides consumers with a process to dispute unauthorized transfers from their bank accounts. It also limits consumers' liability for an unauthorized transfer or stolen debit card. Under the EFTA, financial institutions are required to keep track of consumer agreements, establish error resolution procedures, and reimburse account fees incorrectly charged to a consumer. If a consumer reports a problem within two business days of discovering an issue, their losses are capped at \$50. If you notify the bank after two days before 60 days have passed, the losses are capped at \$500.

Last week, a federal court in New York rejected Citibank's motion to dismiss a case from the New York Attorney General on this matter. The Consumer Financial Protection Bureau stated in an amicus brief to the NY court that they believe wire transfers are already covered under EFTA¹. The court's ruling has been submitted into the committee record. EFTA probably applies to wire transfers because they are on the internet or completed over the phone.

¹<https://www.pymnts.com/fraud-prevention/2025/judge-rules-new-york-lawsuit-against-citibank-can-proceed/>

This could eventually be the law of the land per judicial decree. But the road to that outcome is long and uncertain, and hundreds if not thousands of seniors in Maryland will be scammed in the meantime. We should not wait for the court case to work its way through the system. We should act now to protect Maryland seniors.

Why the Bill is Important

Our neighbors and constituents—especially senior citizens—are frequently scammed through unauthorized wire transfers. Scammers manipulate victims into sending them money in all kinds of ways. Sometimes they pretend to be the victim’s family member. Sometimes they use a phishing scheme with a fake link. Scammers are creative and are constantly inventing new ways to separate Marylanders from their money. But one common thread in many scams: the use of consumer wires.

Maryland has the fourth highest rate of fraud reports in the nation.² In 2023, Marylanders filed 43,000 fraud reports, almost 15,000 of which were from imposter scams (in which the fraudster impersonates a government official, a bank, or even a friend or family member of the victim). These scams resulted in reported losses of \$164.3 million,³ a 16% increase from 2022. The median loss to Maryland households in 2023 was \$562 - a drop in the bucket to some, but several paychecks to others.

Most electronic transfers are covered under the federal Electronic Funds Transfers Act (EFTA). However, the EFTA is unclear as to whether it covers wire transfers. Because they’ve historically not been covered under the EFTA, electronic wire transfers are covered under the Uniform Commercial Code (UCC). The UCC is state law, but most states have very similar versions. The UCC’s consumer protections are much weaker than federal law.

Why the Committee Should Vote Favorably

HB 332 helps consumers get some of their money back if they have been the victim of wire fraud. By taking certain provisions from the EFTA and inserting them into Maryland law to apply to consumer wire transfers, banks will beef up their procedures and work with consumers to prevent more fraud.

I urge a favorable report.

² <https://public.tableau.com/app/profile/federal.trade.commission/viz/FraudReports/FraudFacts>

³ [Fraud and scams cost Marylanders more than \\$164M last year - The Baltimore Banner](#)