



January 28, 2025

The Honorable C.T. Wilson, Chair
House Economic Matters Committee
231 Taylor House Office Building
6 Bladen Street
Annapolis, MD 21401

Organization – MD|DC Credit Union Association

Bill – House Bill 332 -Electronic Funds Transfers – Regulations (Elder Fraud Prevention Act of 2025)

Position – Oppose

Chair Wilson, Vice Chair Crosby, and members of the Committee:

The MD|DC Credit Union Association is a trade association representing over 120 credit unions in Maryland, Delaware, and the District of Columbia, along with their more than 2.2 million members. While the Association greatly appreciates the goals of HB 322, we must respectfully oppose the bill, as it is likely to create a unique standard for Maryland financial institutions that differs from any other state.

Credit unions consistently go above and beyond to safeguard their members from fraud and provide critical support to those affected. By prioritizing personalized service and fostering trust within their communities, credit unions implement robust fraud prevention measures, including advanced security technologies, continuous monitoring, and proactive education programs to help members recognize and avoid scams. When fraud occurs, credit unions act swiftly to assist affected members, offering tailored guidance, efficient resolution processes to the extent possible, and a compassionate approach to ensure members feel supported and protected. This commitment to member-centric service positions credit unions as leaders in fraud prevention and consumer advocacy.

Fraud remains one of the most pressing issues for credit unions. They absorb significant fraud-related losses to the extent feasible while maintaining safety and soundness for all members.

However, credit unions cannot fully insure against all fraud, as the associated costs would be unsustainable.

HB 322 would authorize the Commissioner of Financial Regulation to adopt consumer protection regulations for financial institutions initiating domestic electronic funds transfers, consistent with protections outlined in 15 U.S.C. § 1693(a)(7). Notably, the application of 15 U.S.C. § 1693 versus UCC Article 4 in these transactions is currently being litigated in the United States District Court for the Southern District of New York (SDNY) in *The People of the State of New York ex rel. James v. Citibank, N.A.*, No. 24-CV-659 (JPO).



If the State of New York prevails in this case, it will provide the most recent interpretation of the law, potentially rendering this bill unnecessary. While we recognize that New York court decisions do not bind Maryland law and that Maryland falls under a different federal circuit, such a ruling would still set a significant precedent. However, the fact remains that credit unions would not be able to absorb these costs, and this precedent would be highly problematic.

While we fully support efforts to increase consumer protection for electronic fund transfers, however, it must be done in a way in which credit unions are able to comply, and are not disadvantaged for operating in Maryland. At the very least, we urge the Committee to delay this proposal until the courts clarify the current legal framework. For these reasons, we respectfully request an unfavorable report on HB 322.

Sincerely,

A handwritten signature in blue ink that reads "John Bratsakis". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

John Bratsakis
President/CEO
MD|DC Credit Union Association