



Testimony to the Economic Matters Committee

HB332 Commercial Law - Consumer Wire Transfers - Liability (Elder Fraud Prevention Act of 2025)

Position: Favorable

01/28/2025

The Honorable C.T. Wilson, Chair
House Economic Matters Committee
Room 231, House Office Building
Annapolis, Maryland 21401
cc: Members, House Economic Matters

Honorable Chair Wilson and members of the committee:

Economic Action Maryland Fund (formerly the Maryland Consumer Rights Coalition) is a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action provides direct assistance today while passing legislation and regulations to create systemic change in the future.

As a part of our work, Economic Action's Securing Older Adult Resources program, or SOAR, works with older adults across the state to assist them in securing financial resources and provide educational tools for financial security and safety. Although in theory it is easy to teach older adults about the warning signs of online crypto scams, scammers are constantly changing their strategy and modernizing their techniques, making it difficult to keep up. Now, in the era of artificial intelligence and deep fakes, where a scammer can copy a loved-ones voice and use it to ask for money over the phone, it is important to ensure that older adults are protected from multiple angles, through education and through law.

According to the FTC, Americans lost \$343.7 million in 2023 on wire transfer fraud alone.¹ Most other types of electronic transfer are covered under the federal Electronic Funds Transfers Act (EFTA), which includes a private right of action against the banks, this allows fraud victims to sue their bank for not questioning/stopping the transaction. Because wire transfers are not currently covered by EFTA, victims of wire fraud can only get their money back if they can track down the scammer, which is a long process that is often fruitless, especially if that money has already been spent. This process also makes it difficult for older adults without the resources or ability to go after the scammer themselves. Banks have an obligation to protect their customers. HB332 would protect victims of wire fraud by holding banks adequately liable for the fraud and would create a private right of action for victims to sue their banks. This would ensure that banks are vigilant when it comes to wire transfers, hopefully preventing more of this fraud from occurring in the future.

For these reasons, we urge your favorable report on HB332

Sincerely,
Zoe Gallagher, Policy Associate

¹ https://www.ftc.gov/system/files/ftc_gov/images/CSN-1pager-2023.png