

SB0659_Elder_Fraud_Prevention_Act_MLC_FAV.pdf

Uploaded by: Cecilia Plante

Position: FAV



TESTIMONY FOR SB0659
Consumer Protection – Electronic Funds Transfers – Regulations (Elder Fraud Prevention Act of 2025)

Bill Sponsor: Senator Ready

Committee: Finance

Organization Submitting: Maryland Legislative Coalition

Person Submitting: Cecilia Plante, co-chair

Position: FAVORABLE

I am submitting this testimony in strong support of SB0659 on behalf of the Maryland Legislative Coalition. The Maryland Legislative Coalition is an association of activists - individuals and grassroots groups in every district in the state. We are unpaid citizen lobbyists and our Coalition supports well over 30,000 members.

We all get them – messages from our bank asking us if we’ve made a charge on our credit card because they are checking for fraud. The fraud monitoring for credit cards is generally top notch. However, for wire transfers, there are few questions asked. This weakness has become a favorite of scammers to exploit and many people, particularly seniors, have been manipulated by them into transferring money through a wire transfer. In some cases, the scammer pretends to be a relative that desperately needs money. In other cases, the scammer just gets the victim’s bank information and transfers money out of their account. Once the money has been transferred, the victim has no recourse.

This bill, if enacted, allows the victim to get all of their money back if the transaction was fraudulent. It holds the bank liable for the fraud and would create a private right of action for the victim to sue the bank. This will also cause the banks to increase their own security around the wire transfer process, and hopefully prevent fraud before it happens.

We strongly support this bill and recommend a **FAVORABLE** report in committee.

sb 659 ElderFraud.pdf

Uploaded by: Justin Ready

Position: FAV

JUSTIN READY
Legislative District 5
Carroll County

MINORITY WHIP
Finance Committee



James Senate Office Building
11 Bladen Street, Room 315
Annapolis, Maryland 21401
410-841-3683 · 301-858-3683
800-492-7122 Ext. 3683
Justin.Ready@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 20, 2025

SB 659
Elder Fraud Prevention Act of 2025
Consumer Protection - Electronic Funds Transfers – Regulations

Chair Beidle, Vice Chair Hayes and member of the Finance Committee:

As amended, SB 659 is bipartisan legislation aimed at closing a loophole by extending existing consumer protections related to electronic transactions to consumer wire transfers. Currently Maryland has fourth highest rate of fraud reports in the nation¹. In 2023, Maryland filed 43,000 fraud reports resulting in a loss of \$264.3 million, up 16% from 2022². The median loss was \$562.

Scamming senior citizens is often accomplished by using unauthorized electronic wire transfers. Scammers manipulate seniors into sending them money (by pretending to be a child or grandchild in need of money urgently, e.g.) or get the senior's bank information (through phishing schemes or phone calls) and send themselves money. Banks often don't ask questions on these transactions.

Currently, consumer wire transfers aren't covered under Federal law (Electronic Funds Transfers Act - EFTA), they're covered under the Maryland Uniform Commercial Code (UCC) which is much weaker. The UCC doesn't limit liability, and doesn't require the same kinds of preventative measures as EFTA. For fraud victims of this type, there's no way to get the money back other than finding the scammer (which can take a long time and often doesn't happen).

The loophole that exists in the EFTA is that that consumer wire transfers to domestic parties are not covered, yet EFTA covers most consumer electronic transactions: debit cards, withdrawals, deposits, etc. EFTA does cover consumer wire transfers only when a consumer transfers money to a foreign party. Consumer wire transfers to a domestic party are specifically exempt in EFTA.

¹ [Fraud Reports | Tableau Public](#)

² [Fraud and scams cost Marylanders more than \\$164M last year - The Baltimore Banner](#)

Closing this loophole would provide would be good for the consumer as it would establish a process for consumers to dispute transfers. It would limit liability (losses are capped at \$500), require financial institutions to take preventative and responsive measures (keep track of consumer agreements, establish error resolution procedures, reimburse certain fees, and establish a private right of action for fraud victims.

Senate Bill 659 would take provisions from the EFTA and put them into Maryland's UCC to apply to consumer wire transfers. I respectfully request a favorable on Senate Bill 659.

SB 659_FIN_Morgan.pdf

Uploaded by: Karen Morgan

Position: FAV



One Park Place | Suite 475 | Annapolis, MD 21401-3475
1-866-542-8163 | Fax: 410-837-0269
aarp.org/md | md@aarp.org | twitter: @aarpm
facebook.com/aarpm

SB 659 – Consumer Protection – Electronic Funds Transfers – Regulation (Elder Fraud Prevention Act of 2025)

FAVORABLE
Senate Finance Committee
February 20, 2025

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 Ready 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.

SB 659 brings to the forefront a very serious problem regarding the security of financial transactions. We are here in support of SB 659 because state laws and regulations need to be substantially strengthened to protect consumers from fraud when they rely on their financial institutions to initiate an electronic funds transfer.

Criminals are increasingly targeting older adults for fraud using a variety of financial products and services such as gift cards, electronic payments, wire transfers, and cryptocurrencies. The Federal Bureau of Investigation found that in 2021, nearly 168,000 people age 50 and older reported being victims of fraud, losing a total of nearly \$3 billion. The average amount lost by a person age 50 and older was over \$17,500.

The federal Electronic Funds Transfer Act creates significant protections for consumers who transfer funds through automated means. The Act covers funds transfers initiated by telephone, automated teller machines, computers, and other electronic means. If a person finds a charge for \$100 on their credit card that they did not make, they most likely will get every penny of the bogus charge credited back to their account. A person who finds a charge against their debit card that they did not make will likely get all of that amount restored – maybe minus \$50, depending on the notification to the financial institution. However, the reality is that even if federal law authorizes financial institutions to refund all but \$50, that person will likely get all of their money back. A consumer has the right to expect that using banks and other financial institutions in the United States is much safer than carrying around bags of cash.

The bill leverages the significant federal protections for electronic funds transfers and specifically incorporates these protections into Maryland law. The bill provides specific authority for the

Commissioner of Financial Regulation to require that financial institutions do more to protect consumers when they are initiating transfers of their hard-earned funds.

This is especially important with regard to wire transfers of money. If a person wants to buy a house, they will most likely have to use a wire transfer to complete the purchase. But wire transfers – the type of transaction most likely to involve thousands, or even hundreds of thousands of dollars -- are more at risk due to fraud than credit card and debit card transactions. How is it that there are more protections around transactions of relatively modest amounts – a hundred dollars, for example, but when that same person initiates a life-changing wire transfer for hundreds of thousands of dollars because they want to buy a house, all the protections supposedly afforded by these financial institutions suddenly fall away?

If a consumer reasonably thinks that the hundreds of thousands of dollars that they are sending by wire transfer to buy a house is going to the correct settlement agent or company, and all that money ends up somewhere else – not through negligence on the part of the prospective homebuyer, but because they were deceived into believing that the money was going to the correct party – why is that consumer then told that nothing can be done? This, even though the person is earnestly trying to do the right thing by engaging with a complex, confusing, financial system where adherence to deadlines and attention to detail are paramount. This, when the deception can be truly life changing and devastating.

These criminals don't have to hack a consumer's email or cell phone account. For example, scammers can insert themselves into the email or text accounts of title companies, real estate agents, and real estate attorneys to spread their devastation. They can find a treasure-trove of information in public records and through social media. Scammers find it relatively easy to interfere in the chain of communications to misdirect a wire transfer. There are even wire fraud "as-a-service" software kits that scammers can buy on the Dark Web. So, the scammer doesn't even have to be a computer expert to perpetrate this crime.

It is not acceptable for the financial professionals involved in these complex transactions to just disengage and say that outside of a few feeble attempts to claw back a transfer, nothing can be done. *More must be done.* SB 659 would require the adoption of regulations to make sure that financial institutions act more proactively so that financial transactions may be conducted safely. Consumers are at an unacceptable disadvantage as they are whipsawed back and forth between financial institutions, attorneys, agents, and all kinds of other professionals, trying to make sense of confusing, complex information. The consequences of fraudulent financial transactions are all too real and can be life-changing, even devastating for consumers – especially those who are planning for retirement and are ages 50 and older – the core AARP constituency.

AARP believes policymakers should conduct robust oversight and enforcement related to scams and fraud. They should also consider new protections on electronic payments to prevent fraud. Likewise, the private sector should establish policies and procedures to prevent scams and fraud, particularly against older adults.

AARP supports SB 659 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.

SB 659 Support in Concept Letter.pdf

Uploaded by: Karen Straughn

Position: FAV



CAROLYN A. QUATTROCKI
Chief Deputy Attorney General

LEONARD J. HOWIE III
Deputy Attorney General

CARRIE J. WILLIAMS
Deputy Attorney General

ZENITA WICKHAM HURLEY
Chief, Equity, Policy, and Engagement

STATE OF MARYLAND
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION

ANTHONY G. BROWN
Attorney General

WILLIAM D. GRUHN
Division Chief

PETER V. BERNS
General Counsel

CHRISTIAN E. BARRERA
Chief Operating Officer

KAREN S. STRAUGHN
Assistant Attorney General

410-576-7942
kstraughn@oag.state.md.us
Fax: 410-576-7040

February 20, 2025

To: The Honorable Pamela Beidle
Chair, Finance Committee

From: Karen S. Straughn
Consumer Protection Division.

Re: Senate Bill 659 – Consumer Protection – Electronic Funds Transfers – Regulations (Elder Fraud Prevention Act of 2025) (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony to support Senate Bill 659 submitted by Senators Justin Ready, et al. This bill would require the Office of Financial Regulation (OFR) to adopt regulations that would limit the liability of an individual for unauthorized wire transfers and is intended to protect scam victims, including senior citizens and vulnerable adults, who are deceived or pressured into making electronic transfers of their hard-earned savings.

Wire transfer fraud includes any bank fraud that involves electronic communication mechanisms instead of face-to-face communication at a financial institution. It also involves the fraudulent attainment of banking information, by way of false pretense, to gain access to another person's bank account. Because wire transfers are nearly instantaneous and extremely difficult to reverse, they present a preferred payment method for scammers. By the time victims realize they've been scammed, the fraudster is gone along with their money.

This bill seeks to limit the responsibility of an innocent consumer for an unauthorized wire transfer to be comparable to the limits of liability for Electronic Funds Transfers. This safeguard could protect individuals who are less savvy to these potential scams and ensure that wire transfers are not inadvertently intercepted. Since, however, the bill places the responsibility on

the OFR to promulgate regulations implementing the bill, the details on how the bill's goals will be achieved have yet to be defined

For the reasons set forth, the Consumer Protection Division supports the bill's goals and requests that the Finance Committee issue a favorable report on this bill.

cc: The Honorable Justin Ready
The Honorable Benjamin Brooks
The Honorable Mary Beth Carozza
The Honorable Dawn Gile
The Honorable Katie Fry Hester
The Honorable Jim Rosapepe
The Honorable Johnny Ray Salling
The Honorable Chris West
Members, Finance Committee

NASW Maryland - 2025 SB 659 FAV - Elder Fraud Prev

Uploaded by: Karessa Proctor

Position: FAV

Testimony Before the Senate Finance Committee

February 20, 2025

Senate Bill 659 - Consumer Protection – Electronic Funds Transfers – Regulations Elder Fraud Prevention Act of 2025

**** Support ****

The National Association of Social Workers is the largest professional association of social workers in the country, and the Maryland Chapter represents social workers across the state. On behalf of the National Association of Social Workers, Maryland Chapter (NASW-MD) Committee on Aging, we would like to express our support for Senate Bill 659 Consumer Protection – Electronic Funds Transfers – Regulations (Elder Fraud Prevention Act of 2025).

As social workers who serve older adults, we are in favor of this bill because it would provide additional safeguards to prevent fraud against older adults that occurs through electronic funds transfers.

Electronic fund transfers are becoming an increasingly common way for elders to manage financial transactions, including bill payment, managing investments, and making purchases. Yet this greater reliance on electronic funds transfers comes with the risk of increasingly sophisticated scams.

Data from the FBI's Internet Crime Complaint Center (IC3), in 2023, showed that people over the age of 60 lost over \$3.4 billion to fraud, representing an 11% increase from the previous year, with the average loss per victim being around \$34,000.

Increased protection from online fraud is particularly important for older adults because they are disproportionately targeted by scammers. Seniors may be particularly vulnerable because they are less familiar with online transactions and because they may have health or cognitive challenges that affect their ability to detect and avoid fraudulent schemes.

In addition, we believe that the state oversight that this bill requires would allow older adults and other consumers quicker and easier avenues to report suspected fraud and recoup lost funds.

(over)

We believe that this bill is an important measure that will provide older adults and other Marylanders with more protections against fraud in electronic funds transfers and more effective means to report and resolve problems.

For these reasons, we ask that you give a favorable report on Senate Bill 659.

Respectfully,

Karessa Proctor, BSW, MSW
Executive Director, NASW-MD

SB 659 Elder Fraud Prevention Act - Finance Cmt 02

Uploaded by: Robert Doyle

Position: FAV



**Statement of the Maryland Federation of
National Active and Retired Federal Employees
Senate Finance Committee Hearing, February 20, 2025
On SB 659 – Consumer Protection – Electronic Funds Transfers –
Regulations (Elder Fraud Protection Act of 2025)**

(Position – FAV)

To: Chair Beidle
Vice-Chair Hayes
Members of the Finance Committee

From: Robert M. Doyle
Co-Chair, State Legislative Committee
Maryland Federation – National Active and
Retired Federal Employees

I am pleased to present you with this statement on behalf of the State Legislative Committee of the Maryland National and Active and Retired Federal Employees Association (NARFE), representing approximately 317,000 federal annuitants and employees in Maryland. For the continuing protection and benefit of all Maryland seniors – our members and all others -- we support and ask you for a favorable report on SB 659, Consumer Protection – Electronic Funds Transfers –

Regulations (Elder Fraud Prevention Act of 2025). We thank Senator Ready and the co-sponsors for introducing this bill.

As laid out in the Fiscal and Policy Note, this bill requires the Maryland Commissioner of Financial Regulation (OFR) to adopt consumer protection regulations consistent with those afforded consumers by the Federal Electronic Funds Transfer Act (EFTA) of 1978 for financial institutions that initiate a domestic electronic funds transfer (EFT) as defined by EFTA. This bill has the basic goals that Delegate Stewart's 2024 version of the EFPA, namely, to close two critical gaps in consumer protection laws. First, the bill would require a bank to follow the same rules under EFTA that apply to other forms of electronic payments when a consumer disputes an unauthorized wire transfer taken out of their account. Second, the bill would protect consumers who are defrauded by a criminal into sending money through wire transfers.¹

The FPN also notes that the bill applies to all financial institutions operating in the State, but if it is found to be inapplicable to federally chartered financial institutions or financial institutions operating in the State that are chartered outside of the State, it abrogates and ceases to carry any force.

¹ From Testimony on HB 1156, the EFPA of 2024, by Carla Sanchez-Adams, Senior Attorney, National Consumer Law Center, 2/23/2024, found on the MGA website.

EFTA is the primary federal law that protects our bank accounts and payments. It provides a right to protection against unauthorized electronic fund transfers and errors and provides specific procedures that banks must follow when a consumer disputes a transfer as unauthorized or another error.

But the EFTA does not cover electronic or wire transfers, other than ACH (Automated Clearing House) transfers, made “by means of a service that transfers funds held at either Federal Reserve banks or other depository institutions and which is not designed primarily to transfer funds on behalf of a consumer.”²

Wire transfers were not covered at the time the EFTA was written in 1978, because bank-to-bank wire transfer services were not viewed as a consumer payment system. That has clearly changed— bank-to-bank wire transfer services are now incorporated into consumer mobile and online banking services and electronic fund transfers are generally far more common among consumers today than in 1978. For large payments, bank-to-bank wire transfers are the primary way consumers can conduct electronic transfers.³

The Problem of Wire Fraud

Wire transfer fraud includes any bank fraud that involves electronic communication mechanisms instead of face-to-face communication at a financial institution. It also involves the fraudulent attainment of banking information, by way of false pretense, to gain access to another

² 15 U.S.C. §1693a(7)(B).

³ From Testimony on HB 1156, the EFPA of 2024, by Carla Sanchez-Adams, Senior Attorney, National Consumer Law Center, 2/23/2024, found on the MGA website.

person's bank account. Because wire transfers are nearly instantaneous and extremely difficult to reverse, they present a preferred payment method for scammers. By the time victims realize they've been scammed, the fraudster is gone along with their money.⁴

The Federal Trade Commission's (FTC) latest consumer fraud data show that, in terms of dollars lost, "Bank Transfer or Payment" is the largest payment method used by fraudsters. The data from the FTC Consumer Sentinel Database for 2024 show 29,505 reported cases of wire fraud with consumers losing \$208.4 million.⁵ For 2023 (the most recent year of detailed data collection broken down by state), the FTC data for Maryland also shows total fraud cases numbering 84,533 with 18% of the cases involving imposter scams where wire fraud cases would show up. Clearly Maryland seniors are at risk for wire fraud schemes, among other financial crimes.

We support SB 659 as a means to protect all Maryland seniors and all consumers who have been victimized by unauthorized and fraudulently induced wire transfers by extending the core EFTA protections to wire transfers and provide remedies for fraudulently induced wire transfers sent to criminals.

We respectfully ask that you give a favorable report to SB 659. Thank you.

Robert M. Doyle, Co-Chair

⁴ From letter to Chair C.T. Wilson, Chair, Economic Matters, from Karen Straughn, Consumer Protection Division, State of Maryland – Office of the Attorney General, February 27, 2024, found in HB 1156 Hearing records.

⁵ <https://public.tableau.com/app/profile/federal.trade.commission/viz/FraudReports/PaymentContactMethods> I was unable to find

Maryland Federation – NARFE

State Legislative Committee

4226 Carvel Lane

Edgewater, MD 21037

bdoyle47@verizon.net

H (410) 798-0079

C/Text (301) 693-1774

SB659 - FAV - MSCAN Testimony.pdf

Uploaded by: Sarah Miicke

Position: FAV



Maryland Senior Citizens Action Network

MSCAN

AARP Maryland

Alzheimer's
Association,
Maryland Chapters

Baltimore Jewish
Council

Catholic Charities

Central Maryland
Ecumenical Council

Church of the Brethren

Episcopal Diocese of
Maryland

Housing Opportunities
Commission of
Montgomery County

Jewish Community
Relations Council of
Greater Washington

Lutheran Office on
Public Policy in
Maryland

Maryland Association of
Area Agencies on Aging

Maryland Catholic
Conference

Mental Health
Association of Maryland

Mid-Atlantic LifeSpan

National Association of
Social Workers,
Maryland Chapter

Presbytery of Baltimore

The Coordinating
Center

MSCAN Co-Chairs:
Carol Lienhard
Sarah Mücke
6102460075

Senate Bill 659 Consumer Protection – Electronic Funds Transfers – Regulations (Elder Fraud Prevention Act of 2025)

Finance Committee

February 20, 2025

Support

The Maryland Senior Citizens Action Network (MSCAN) is a statewide coalition of advocacy groups, service providers, faith-based and mission-driven organizations that supports policies that meet the housing, health, and quality of care needs of Maryland's low and moderate-income seniors.

SB 659 would require the Commissioner of Financial Regulation to adopt consumer protection regulations for domestic electronic funds transfers (EFTs). This proposal is a vital step toward safeguarding Maryland's financial consumers and ensuring state regulations align with the federal Electronic Fund Transfer Act (EFTA).

The Growing Importance of Electronic Funds Transfers: Domestic electronic funds transfers have become a cornerstone of modern financial transactions. From paying bills to sending money to family members, EFTs offer unparalleled convenience and efficiency. However, as usage grows, so does the risk of fraud, errors, and consumer disputes. Robust regulations are needed to protect consumers and provide them with the confidence to use these services without fear of exploitation or financial harm.

Importance of Protecting Elders: Elderly individuals are among the most vulnerable members of our society when it comes to financial fraud and exploitation. Many elders rely heavily on EFTs to manage their finances, such as paying medical bills, handling retirement funds, and supporting family members. Unfortunately, they are also disproportionately targeted by scammers and are more likely to fall victim to fraudulent schemes due to:

1. **Limited Familiarity with Technology:** Elders may not be as familiar with modern electronic banking tools and their associated risks, making them more susceptible to errors or exploitation.
2. **Cognitive Decline:** Age-related cognitive challenges can make it harder for elders to identify fraudulent activities or understand complex financial terms and conditions.
3. **Dependency on Fixed Incomes:** Elders often live on fixed incomes, meaning that any financial loss—even a small one—can have devastating consequences on their quality of life and ability to meet essential needs.

By implementing strong consumer protection regulations, Maryland can provide elders with the safeguards they need to confidently and securely utilize EFTs. This will help ensure their financial well-being and reduce the prevalence of fraud targeting this vulnerable group.

For these reasons, MSCAN respectfully requests a favorable report for on SB 659.

2.18 SB 659 - Consumer Protection – Electronic Fu

Uploaded by: Tonaeya Moore

Position: FAV



**SB 659 - Consumer Protection – Electronic Funds Transfers – Regulations
(Elder Fraud Prevention Act of 2025)
Senate Finance Committee
February 20, 2025
SUPPORT**

Chair Beidle, Vice-Chair, and members of the committee, thank you for the opportunity to submit testimony in support of Senate Bill 659. This bill requires the Commissioner of Financial Regulation to adopt regulations to protect consumers during domestic electronic funds transfers that apply to financial institutions in the State and are consistent with the federal Electronic Fund Transfer Act.

The CASH Campaign of Maryland promotes economic advancement for low-to-moderate income individuals and families in Baltimore and across Maryland. CASH accomplishes its mission through operating a portfolio of direct service programs, building organizational and field capacity, and leading policy and advocacy initiatives to strengthen family economic stability. CASH and its partners across the state achieve this by providing free tax preparation services through the IRS program 'VITA', offering free financial education and coaching, and engaging in policy research and advocacy. **Almost 4,000 of CASH's tax preparation clients earn less than \$10,000 annually. More than half earn less than \$20,000.**

Older adults are often on fixed incomes and can experience greater financial hardship when confronted with fraud. The stress and anxiety caused by the loss of savings can erode their trust in others, leading to isolation. The emotional toll on their families, along with a decline in trust in the senior's ability to manage their own affairs, can result in reduced independence. All these factors contribute to negative health outcomes for individuals who are already vulnerable, severely impacting their well-being. We have a responsibility to ensure they receive the same level of protection as residents in states that have maintained up-to-date consumer safeguards.

Maryland's aging population is currently at risk due to the state not being in alignment with federal regulations on electronic funds transfers. Federal laws have addressed key loopholes that allow for fraudulent transactions, but these protections have not yet been enacted on the state level. This leaves our residents, particularly older residents who are often targeted by financial scams, especially vulnerable to unauthorized or deceptive transactions.

This bill seeks to address these loopholes by requiring all financial institutions operating in Maryland to follow the same rules for electronic funds transfers. This would ensure that protections are consistent, whether the financial institution is based within Maryland or not. Senate Bill 659 will modernize Maryland's consumer protection laws by establishing a uniform standard with consistent security and oversight across all financial institutions, ensuring that our most vulnerable populations are not left behind.

Thus, we encourage you to return a favorable report for SB 659.

Creating Assets, Savings and Hope

SB 659.pdf

Uploaded by: William Steinwedel

Position: FAV

**Senate Bill 659 – Consumer Protection – Electronic Funds Transfers –
Regulations (Elder Fraud Prevention Act of 2025)
Hearing on February 20, 2025 – Finance Committee
Position: FAVORABLE**

Maryland Legal Aid (MLA) submits its written and oral testimony on SB 659 in response to a request from Senator Justin Ready.

Maryland Legal Aid (MLA) appreciates the opportunity to testify in support of this vital legislation. We are the state’s largest nonprofit law firm, representing thousands of low-income Marylanders every year in matters from housing to family law to matters that focus on senior citizens including social security and Medicaid benefits. According to the U.S. Census July 2024 population estimates, 17.3 percent of the State’s population is over the age of 65 years of age¹. Because SB 659 would protect seniors from possible financial exploitation, MLA testifies in strong support of this bill.

As technology has improved exponentially in the last few decades, financial scams have increasingly targeted seniors. A report from the Nation Credit Union Administration included a reference to a recent study finding that financial exploitation of seniors was estimated as high as \$28.3 billion². Financial scams include instructions to seniors to electronically transfer funds to unknown accounts. This proposed legislation would direct the Commissioner of Financial Regulation to create a regulation to protect all Marylanders where an electronic fund transfer is involved. Maryland has the fifth-largest number of imposter scams, where a person poses as a younger relative or love interest to exploit a senior out of money, in the country, which is a common scam where electronic transfer is used³.

At MLA, we have seen clients who have fallen victim to electronic financial scams and have suffered financial hardship because of it. MLA represented a senior client whose sister had been instructed to transfer thousands of dollars each month to an unknown account. The client, seeking to help his sister, gave her money to pay this scammer because she asked him. This caused the client to go into foreclosure because he stopped paying his mortgage to support his sister’s request. MLA assisted the client and prevented a foreclosure, but this situation may have been avoided had the regulation this law seeks to create existed at the time.

Also, MLA has seen that the cost of these scams increasing every year as the perpetrators get more creative and aggressive with their scams. MLA had a person come into one of our

¹ <https://www.census.gov/quickfacts/fact/table/MD/PST045224>

² <https://ncua.gov/newsroom/press-release/2024/agencies-issue-statement-elder-financial-exploitation/interagency-statement> at footnote 3.

³ <https://marylandmatters.org/2024/06/10/state-officials-aarp-urge-older-adults-to-be-on-guard-against-financial-scams/>

outreach clinics who had given hundreds of thousands of dollars to a scammer who was pretending to be someone who was interested in dating the client. In addition, MLA represented a client who had a substantial inheritance, but who lost it to a financial scam, and almost no funds were returned, even after the financial fraud was discovered. This senior then had to go on public assistance, which resulted in a cost the State of Maryland. This proposed legislation is very timely, as every year, financial scams get more expensive for all Marylanders, including our low-income clients.

This bill strengthens regulatory efforts to prevent financial scams targeting all Marylanders, especially seniors. MLA strongly supports SB 659. If you need additional information in regard to this bill, please contact William Steinwedel at wsteinwedel@mdlabor.org and (410) 951-7643.

SB659 Elder Fraud FAV 2025.pdf

Uploaded by: Zoe Gallagher

Position: FAV



Testimony to the Senate Finance Committee

SB659 Commercial Law - Consumer Wire Transfers - Liability (Elder Fraud Prevention Act of 2025)

Position: Favorable

02/20/2025

The Honorable Pamela Beidle, Chair
Senate Finance Committee
3 East Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401
cc: Members, Senate Finance

Honorable Chair Beidle 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 finance and 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 pretend to be a financial institution 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. SB659 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 SB659.

Sincerely,
Zoe Gallagher, Policy Associate

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

SB0659 - MBA - UNF - GR25.pdf

Uploaded by: Evan Richards

Position: UNF



**SB 659 - Consumer Protection – Electronic Funds Transfers –
Regulations (Elder Fraud Prevention Act of 2025)**

Committee: Senate Finance Committee

Date: February 20, 2025

Position: Unfavorable

The Maryland Bankers Association **OPPOSES** SB 659. This legislation, which requires the Commissioner of Financial Regulation to adopt regulations that apply provisions of the Electronic Funds Transfer Act (EFTA) to domestic wire transfers, applies different rules to wire transfers in Maryland compared to the rest of the country, and will put Maryland-chartered community banks at a disadvantage in the financial services marketplace.

Article 4A of the Uniform Commercial Code (UCC) governs wire transfers that are not subject to the EFTA. These wire transfers were not included in the EFTA as they are bank-to-bank transactions, and do not involve the same level of outside risk. Article 4A regulates every step of a domestic wire transfer, including how to handle erroneous and unauthorized payment orders, and is uniform across all 50 states. Passing SB 659 would create inconsistencies and confusion between financial institutions involved in wire transfer and could ultimately increase the costs of wire transfers in Maryland.

Additionally, SB 659 includes a provision that abrogates the legislation if it is found to not apply to federally chartered financial institutions. Similar legislation introduced last year, [SB 930](#), would have applied specific provisions of the EFTA to domestic wire transfers. In the [Fiscal and Policy Note](#), the Small Business Effect states that **“the bill may place Maryland-chartered depository institutions at a competitive disadvantage with other state and national banks, as those institutions would not be subject to the bill’s requirements.”** MBA believes that this comment from the Office of Financial Regulation would hold true to SB 659 as well.

Accordingly, MBA strongly urges the issuance of an **UNFAVORABLE** report on SB 659.

The Maryland Bankers Association (MBA) represents FDIC-insured community, regional, and national banks, employing thousands of Marylanders and holding more than \$194 billion in deposits in almost 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.

SB 659_MDCC_Consumer Protection - Electronic Funds

Uploaded by: Grason Wiggins

Position: UNF



Senate Bil 659

Date: February 20, 2025

Committee: Senate Finance

Position: Opposed

Founded in 1968, the Maryland Chamber of Commerce (Maryland Chamber) is a statewide coalition of more than 7,000 members and federated partners working to develop and promote strong public policy that ensures sustained economic growth and opportunity for all Marylanders.

Senate Bill 659 (SB 659) 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). The Maryland Chamber is concerned that Maryland's financial institutions, which include small credit unions and banks, would be negatively impacted by the imposition of these new regulations.

SB 659 vests broad regulatory authority in the Office of the Commissioner of Financial Regulation to enact consumer protections that are "consistent with" those afforded to consumers who initiate an electronic funds transfer under 15 U.S.C. § 1693(a)(7). The Maryland Chamber is concerned that the "consistent with" requirement in the bill could create broad regulatory authority that leads to more stringent regulations that misalign Maryland with other states and subsequently limit the provision of critical financial services to Maryland residents.

Additionally, please note that the question of whether U.S.C. § 1693 or UCC Article 4 should regulate electronic funds transfers is currently being litigated in the United States District Court for the Southern District of New York (SDNY). See *The People of the State of New York ex rel. James v. Citibank, N.A., No. 24-CV-659 (JPO)*. Federal court cases in New York are not dispositive in Maryland, but decisions in the Second Circuit can be utilized as persuasive authority. As such, the Maryland Chamber respectfully requests the committee at least allow the New York case to reach a definitive resolution before considering changes to current law.

Efforts to increase consumer protection for electronic fund transfers should foster compliance and ensure that financial institutions don't limit the provision of critical services in the state. For these reasons, the Maryland Chamber of Commerce respectfully requests an **unfavorable report** on **SB 659**.

2025.02.18 MSBA - Business Law Section -- Written

Uploaded by: Trey Hilberg

Position: UNF



MSBA Main Office
520 West Fayette Street
Baltimore, MD 21201
410-685-7878 | msba.org

Annapolis Office
200 Duke of Gloucester Street
Annapolis, MD 21401
410-269-6464 | msba.org

February 18, 2025

The Honorable Senator Pamela Beidle
Chair of the Maryland Senate Finance Committee
3 East Miller Senate Office Building
11 Bladen St.
Annapolis, MD 21401

Re: MSBA Business Law Section

Testimony in **Opposition** of Senate Bill 659 (**Commercial Protection – Electronic Funds Transfers – Regulations (Elder Fraud Prevention Act of 2025)**)

Dear Chair Beidle and Fellow Committee Members:

The Business Law Section Council (the “Section Council”) of the Maryland State Bar Association (the “MSBA”) annually reviews proposed legislation that may affect Maryland businesses. We are submitting this written testimony concerning Senate Bill 659 (the “Bill”).

While the Section Council understands that elders are prime targets for financial scams and exploitation and the goal of the legislature to take action to try to protect and prevent some of that exploitation, we believe the Bill will instead create more confusion for Marylanders, including individuals, businesses, and financial institutions located in the State of Maryland.

The Bill directs that the Commissioner of Financial Regulation (the “Commissioner”) adopt “consumer protection regulations for financial institutions that initiate a domestic electronic funds transfer under [Article 4A of the Uniform Commercial Code] ...” to “provide consumers with protections that are consistent with those afforded to consumers who initiate an electronic funds transfer [under the federal Electronic Funds Transfer Act].” The proposed regulatory directive would have the Commissioner afford consumer wire transfers (initiated under Article 4A of the Uniform Commercial Code) with the same consumer protections afforded electronic funds transfers (“EFTs”) under the federal Electronic Funds Transfer Act (“EFTA”) and its implementing regulation, Regulation E (“Reg. E”). Such a change would alter long-standing provisions of federal law, as federal Reg. E explicitly exempts wire transfers from the “EFT” definition under Reg. E. The change would ostensibly prohibit financial institutions from holding consumers liable when such consumers provide instructions to initiate a consumer wire transfer to a third party and then later learn that the third party duped the sender of the funds. This change would then leave financial institutions with the sole risk for any funds allegedly sent by wire transfer to a person that defrauded a consumer, even when the financial institution took reasonable steps to verify the wire transfer request and acted solely on a consumer’s explicit instructions.

The Bill would take Maryland out of step with other jurisdictions and be in direct conflict with existing federal law. The provisions under existing Article 4A adequately provide procedures and guardrails for all parties for proper wire transfers. Article 4A establishes the rights and responsibilities of the parties to a funds transfer, including the parties' payment obligations and allocation of risk of loss for unauthorized or improperly executed payment orders.

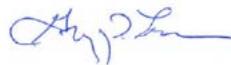
Any regulatory directive stemming from the Bill would misalign the current allocation of risks, which hold banks and financial institutions liable for not having and/or following proper procedures to receive authority to initiate both consumer and commercial wires. The bifurcation created by the Bill will lead to confusion as to which transactions should be considered consumer wire transfers vs. commercial wire transfers. It creates an incentive for Marylanders to not be as careful with initiating a wire transfer if they believe it will be considered a consumer wire transfer and to litigate whether the wire transfer qualifies as a consumer wire transfer or commercial wire transfer.

Additionally, the risk shifting provisions under the Bill will likely have the unintended consequences of making it much harder and costlier for Marylanders to initiate wire transfers. Financial institutions will likely take steps to address the additional costs and risks included in the Bills. These steps could include (i) less competition as a result of fewer banks wanting to do business in Maryland and be subject to these additional risks and having to follow two different schemes for wire transfers under Article 4A; (ii) higher costs to consumers to send wire transfers; and (iii) more complex procedures that are harder for consumers to navigate.

The Section Council understands that the Committee is seeking ways to protect Marylanders, especially elders, from bad actors but the Bill will create more problems than they will solve and will be another legislative enactment that says Maryland is not good for business.

Thank you for your time and consideration of our testimony opposing the Bill.

Sincerely,



Gregory T. Lawrence, Chair
MSBA Business Law Section



Jacqueline A. Brooks, Chair
Uniform Commercial Law Committee of the
MSBA Business Law Section

cc: Business Law Section Council