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February 10, 2025

To: The Honorable Kriselda Valderrama
Chair, Economic Matters Committee

From: Karen S. Straughn
Consumer Protection Division.

Re: House Bill 152 – Consumer Protection – Electronic Funds Transfers – Regulations (Elder Fraud Prevention Act of 2026) (SUPPORT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony to support House Bill 152 submitted by Delegate Vaughn Stewart. This bill limits 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.

The Electronic Fund Transfer Act (EFTA), implemented by Regulation E, requires specific disclosures, cancellation rights, and error resolution for electronic transfers sent by a U.S. consumer to a designated recipient in a foreign country, but no such requirements apply for domestic wire transfers. This bill would help to address that loophole and seeks to limit the responsibility of an innocent consumer for an unauthorized wire transfer. This safeguard places the onus on the financial institution to protect individuals who are less savvy to these potential scams, and to ensure that wire transfers are not inadvertently intercepted.

For the reasons set forth, the Consumer Protection Division requests that the Economic Matters Committee issue a favorable report on this bill.

cc: The Honorable Vaughn Stewart
Members, Economic Matters Committee