



February 10, 2026

Delegate Kriselda Valderrama
Chair, House Economic Matters Committee
230 Taylor House Office Building
Annapolis, Maryland 21401

RE: House Bill 152 - Consumer Protection - Electronic Funds Transfers - Regulations (Elder Fraud Prevention Act of 2026)

Position: ***Opposed***

Chairs Valderrama, Vice-Chair Charkoudian and Committee Members:

The MD|DC Credit Union Association is a trade association representing over 65 credit unions in Maryland, along with their more than 1.9 million members. Maryland credit unions are not-for-profit, member-owned financial cooperatives that serve communities across the State. We are writing to express our opposition to House Bill 152.

Let us be clear at the outset: **credit unions share the sponsor’s goal of stopping elder fraud, improving consumer protection, and increasing accountability in financial services.** We see the damage caused by scams and financial exploitation every day, and our institutions invest heavily in fraud prevention, member education, and consumer support. However, HB 152 is not the right mechanism to accomplish these goals, and in its current form may produce unintended but severe consequences for Maryland’s smaller financial institutions and the communities they serve.

HB 152 applies broadly to any financial institution operating in the State and provides that certain consumer wire transfers “shall be subject to” the federal Electronic Fund Transfer Act (EFTA). While well-intentioned, this approach effectively seeks to reclassify or expand treatment of wire transfers under a federal statutory framework that has been subject to differing interpretations in court and intense regulatory and litigation activity. This area of law remains unsettled, and the bill’s approach risks creating significant legal uncertainty and liability exposure. By attempting to pull certain wire transfers under EFTA treatment through state statute, Maryland could inadvertently produce conflicting interpretations, inconsistent compliance expectations, and an increase in litigation, particularly against smaller institutions least equipped to defend themselves. These costs ultimately flow to consumers.

Active Litigation is Tackling This Debate

This legislation is also moving at a time when the scope of these obligations is actively being fought in court. Pending litigation in *New York v. Citibank* is emblematic of the broader national debate over whether EFTA and Regulation E should apply more expansively to transactions that

have traditionally been treated differently under UCC Article 4. That case reflects a significant push to expand reimbursement obligations for fraud losses and could reshape how liability is allocated nationwide. **Maryland should not hard-code a contested legal theory into state law while federal courts are litigating the boundaries of EFTA applicability**, particularly given the risk that such changes will be unevenly absorbed across the financial sector. If the federal courts set a precedent that the EFTA controls, the industry and its regulators will adapt. If the federal courts determine that the UCC controls, as it has for decades, then this legislation will cause a fire-drill for Maryland institutions which will ultimately be a waste of time and money that could be used for other things.

One Size Does Not Fit All

MD|DC CUA is especially concerned that when enforcement and litigation activities are directed at global systemically important banks (GSIBs), **the practical burden almost always falls hardest on community-based institutions**. GSIBs respond to lawsuits and regulatory activity with massive compliance departments, national legal teams, and significant pricing power. Credit unions and other community institutions do not have those tools. Yet regulatory expectations and operational mandates tend to cascade downstream, and smaller institutions are forced to implement standards designed for institutions many times their size. **The result is predictable: higher compliance costs, increased technology expenditures, rising insurance premiums, expanded litigation risk, and additional burdens placed on frontline employees who are trying to help members in real time.**

If HB 152 materially increases reimbursement exposure and litigation risk related to wire transfers, many smaller institutions will have only a limited set of options, none of which serve Maryland consumers well. Institutions may have to limit the availability of wire services, raise costs across the board to cover rising fraud losses and legal expenses, or exit certain consumer products entirely. **Over time, the cumulative effect can be existential for smaller institutions and will accelerate closures, forced mergers, and consolidation into the very large banks that are most associated with systemic risk and high-profile misconduct.** That kind of consolidation is not pro-consumer; it reduces competition, weakens local reinvestment, and diminishes consumer choice, especially for seniors and working families.

The Association strongly supports effective, targeted solutions that reduce elder fraud and protect victims, including enhanced consumer education and outreach, stronger coordination with law enforcement, improved information-sharing across institutions, and practical tools that enable real-time intervention in suspicious transactions. But expanding EFTA treatment through state statute is a blunt instrument that will almost certainly be litigated, will impose substantial compliance burdens, and may not improve outcomes for fraud victims. **The bill's abrogation clause, which would void the Act if held inapplicable to federally chartered or out-of-state institutions, further underscores the instability and legal uncertainty associated with this**



approach and risks leaving both consumers and financial institutions navigating inconsistent and shifting expectations.

For these reasons, the MD|DC CUA respectfully requests an **unfavorable** report on HB 152. If the Committee wishes to continue to pursue legislation in this area, we urge a stakeholder process that includes credit unions and other community financial institutions to develop targeted, fraud-focused protections that are workable, legally durable, and proportional. The fight against elder fraud is urgent, but the solution must not punish community-based institutions for the litigation exposure and misconduct of GSIBs, nor should Maryland adopt a framework that unintentionally drives consolidation and reduces access to affordable financial services.

As always, we are happy to continue the conversation and appreciate the ability to have our voices heard.

Sincerely,

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

John Bratsakis
President/CEO
MD|DC Credit Union Association