Date of Hearing: January 15, 2026

ASSEMBLY COMMITTEE ON JUDICIARY
Ash Kalra, Chair
AB 871 (Stefani) – As Introduced February 19, 2025

As Proposed to be Amended

SUBJECT: MANDATED REPORTERS OF SUSPECTED FINANCIAL ABUSE OF AN ELDER OR DEPENDENT ADULT

KEY ISSUE: SHOULD CALIFORNIA STRENGTHEN ITS MANDATED FINANCIAL ABUSE REPORTING FRAMEWORK BY REQUIRING FINANCIAL INSTITUTIONS TO REPORT SUSPECTED ELDER AND DEPENDENT ADULT FINANCIAL ABUSE TO FEDERAL AUTHORITIES, MANDATING ANNUAL TRAINING, AND CLARIFYING THEIR CLIENT-NOTIFICATION OBLIGATIONS?

SYNOPSIS

Elder financial abuse presents a pressing societal challenge, where vulnerable seniors are targeted for their financial resources through deceit, coercion, or exploitation. Mandated reporters, such as banks, credit unions, and other financial institutions are uniquely positioned to detect when an elder or dependent adult might be the victim of a scam or other form of financial abuse – and take action to protect them from the devastating loss of their life savings. Existing law, California's Elder and Dependent Adult Civil Protection Act (EADACPA) requires financial institutions and their employees to report suspected financial abuse of an elder or dependent adult to local adult protective services or law enforcement. As financial exploitation increasingly involves interstate actors, online fraud, and coordinated scams, concerns have emerged that existing reporting requirements may not adequately connect suspected abuse to federal investigative resources or provide timely information to impacted clients. As proposed to be amended, the bill adds targeted reporting, training, and notification requirements for financial institutions, including mandatory reporting to the Federal Bureau of Investigation Internet Crime Complaint Center, enhanced internal escalation and training obligations, and prompt client-facing disclosures when potential abuse is detected. At the same time, the author and sponsors have decided to limit civil penalties for these newly added requirements to avoid discouraging reporting and good-faith compliance. The proposed author's amendments are reflected in the SUMMARY below and throughout this analysis. This measure is co-sponsored by the County Welfare Directors Association and the California Elder Justice Coalition and is supported by a broad coalition including the Alzheimer's Association, the California Commission on Aging, and numerous cities and counties. This measure will be heard in the Banking & Finance Cmte prior to this hearing. There is no formal opposition, though the California Bankers Association has submitted a letter of concern.

SUMMARY: Strengthens mandated reporting obligations for suspected financial abuse of an elder or dependent adult. Specifically, **this bill**:

1) Requires mandated reporters at financial institutions to submit a report of suspected financial abuse to the Federal Bureau of Investigation Internet Crime Complaint Center within two working days.

2) Requires financial institutions to provide annual training to mandated reporters on how to escalate internally and report suspected financial abuse to both local and federal authorities.

3) Requires financial institutions to share information about reporting mechanisms with impacted clients when suspected financial abuse of an elder or dependent adult is discovered within 48 hours of a transaction.

4) Specifies that violations of the client-notification requirement are not subject to civil penalties, limiting liability exposure for financial institutions with respect to these newly imposed obligations.

5) Provides that a failure to submit a report to the FBI Internet Crime Complaint Center is not subject to civil penalties.

EXISTING LAW:

1) Establishes the Elder Abuse and Dependent Adult Civil Protection Act, which sets forth procedures for the reporting, investigation, and prosecution of abuse of elders and dependent adults, including financial abuse. (Welfare and Institutions Code Section 15600 *et seq*. All further statutory references are to the Welfare and Institutions Code, unless otherwise specified.)

2) Requires mandated reporters of suspected financial abuse of an elder or dependent adult, including officers and employees of financial institutions, to report known or suspected abuse immediately or as soon as practicably possible by telephone or confidential internet reporting tools. (Section 15630.1(a).)

3) Requires a written or internet report to be submitted within two working days to the local adult protective services agency or local law enforcement agency if an initial report is made by telephone. (Section 15630.1(d).)

4) Imposes civil penalties for failure to report suspected financial abuse, not to exceed one thousand dollars ($1,000), or five thousand dollars ($5,000) for willful violations, recoverable only in an action brought by the Attorney General, district attorney, or county counsel. (Sections 15630.1(f)- (g).)

5) Specifies the format and the submission requirements of a written abuse report. (Section 15658.)

FISCAL EFFECT: As currently in print this bill is keyed non-fiscal.

COMMENTS: Elder Financial Abuse is the fast-growing form of abuse of seniors and adults with disabilities. California currently has more than 4.2 million people aged 65 and older, the highest number of elders of any state, amounting to 11% of the state's population. That number is expected to grow to 20% within the next 20 years. (Elder Financial Abuse, California Board of Accountancy, *available at* https://www.dca.ca.gov/cba/consumers/elder-financial-abuse.shtml (last visited Jan. 8, 2026).) The author explains:

> Elder financial abuse is a serious and growing problem nationwide with recent reporting by AARP estimating nearly 28.3 billion in annual losses from U.S. older adults as a result of

elder financial exploitation and abuse. This staggering figure not only represents economic loss but also underscores the pervasiveness of these crimes and the profound personal consequences for older adults, many of whom lose their life savings and, with it, their ability to live independently. Addressing this crisis is more important than ever as California is home to a rapidly growing population of older adults that are particularly vulnerable to the increasingly sophisticated nature of these telephone and online scams. Nearly 36% of all Adult Protectice Services (APS) reports in the state stem from financial abuse and financial institutions are uniquely positioned to help prevent these devastating financial losses. While financial institutions are already required to report suspected abuse to law enforcement, many only report to their local police department or possibly adult protective services. It can be difficult for local law enforcement to investigate crimes crossing jurisdictions, especially when scams are for low-dollar amounts. By requiring reporting of suspected financial abuse and fraud to appropriate federal entities dedicated to combating cyber related crimes, even smaller dollar scams can be aggregated and shared across law enforcement jurisdictions to identify trends and better prosecute these cases.

Existing law – Elder Abuse and Dependent Civil Protection Act. In 1982, the Legislature enacted EADACPA, found in the Welfare and Institutions Code commencing at Section 15600 *et seq*. By passing EADACPA, the Legislature recognized that "elders and dependent adults may be subjected to abuse, neglect, or abandonment, and that this state has a responsibility to protect these persons." (Section 15600.) EADACPA defines "abuse of an elder or a dependent adult" to include physical abuse, neglect, abandonment, isolation, abduction, or other treatment with resulting physical harm or pain or mental suffering; the deprivation by a care custodian of goods or services that are necessary to avoid physical harm or mental suffering; and financial abuse. (Section 15610.07.) Financial abuse of an elder or dependent adult occurs when someone takes, or "assists in taking," real or personal property of an elder or dependent adult for a wrongful use or with intent to defraud, or both. (Section 15610.30(a).) EADACPA makes all officers and employees of financial institutions "mandated reporters," requiring that they report suspected financial abuse, or face penalties of up to $5,000 for willful violations. (Section 15610.47.)

This bill expands on existing state law in several key ways. First, it requires mandated reporters at financial institutions to submit a report of suspected financial abuse to the Federal Bureau of Investigation Internet Crime Complaint Center within two working days, in addition to existing reporting obligations to local adult protective services or local law enforcement. Timely reporting is key – but only if the report is then timely investigated. Advocates and stakeholders agree that local agencies are inundated with reports and often lack the tools or the bandwidth to perform timely investigations. Furthermore, local reporting alone does not connect these reports to federal investigative bodies that track and investigate internet-based and interstate financial crimes. Requiring a report to the FBI's Internet Crime Complaint Center is intended to improve information-sharing, identify broader patterns of abuse, and support coordinated enforcement efforts. The IC3 Recovery Asset Team (RAT) is a domestic program designed to "streamline communication between financial institutions and assist FBI field offices with the freezing of funds for those who made transfers to fraudulent accounts under false pretenses." (Internet Crime Complaint Center, Federal Bureau of Investigation Internet Crime Report 2023, at p.9, https://www.ic3.gov/AnnualReport/Reports/2023_IC3Report.pdf.) According to IC3's 2023 Annual Report, the RAT has proven to be a valuable resource for field offices and victims. Of 3,008 reported incidents amounting to approximately $758 million in losses, $538 million were frozen—a 71% success rate. This bill hopes to build on that success by mandating reporting to the IC3 of suspected financial abuse of an elder or dependent adult.

Second, the bill strengthens prevention and early detection by requiring annual training on internal escalation and reporting to both local and federal authorities, including IC3 and the Federal Trade Commission, which also has an online reporting system and whose information is shared with law enforcement agencies nationwide.

Finally, the bill requires financial institutions to promptly share information about reporting mechanisms and encourage timely complaint submission with customers who are the targets of suspected financial abuse. According to the author, this approach empowers victims, increases the likelihood of recovery or intervention, and complements institutional reporting obligations without shifting investigative responsibility onto financial institutions.

Author's Amendments. The author proposes the following amendments:

> **Section 15630.1 (d)(1)(C)** ***(i) In addition to subparagraphs (A) and (B), a report shall be made to the Federal Bureau of Investigation Internet Crime Complaint Center within two working days. (ii) A violation of this subparagraph is not subject to the civil penalties described in subdivision (f).***
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> **Section 15630.1(d)(3)** If the mandated reporter knows that the elder or dependent adult resides in a long-term care facility, as defined in Section 15610.47, the report shall be made to the local ~~ombudsman~~ ***ombudsperson*** or local law enforcement agency.
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> **Section 15630.1(k)(1)** A financial institution shall provide annual training to its mandated reporters of suspected financial abuse of an elder or dependent adult on how to ***escalate internally and*** report suspected financial abuse of an elder or a dependent adult to both local and federal authorities, including, but not limited to, the Federal Bureau of ~~Investigation's~~ ***Investigation*** Internet Crime Complaint Center and the Federal Trade Commission.
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> **(2) A** ***If suspected financial abuse of an elder or dependent adult is discovered within 48 hours of a transaction, a*** financial institution shall share information on reporting ~~mechanisms with a client immediately upon discovering potential financial abuse and shall encourage clients to submit complaints~~ ***mechanisms, including, but not limited to, the Federal Trade Commission reporting mechanism, with the impacted elder or dependent adult*** within 24 to 48 hours. A violation of this paragraph is not subject to the civil penalties described in subdivision (f).

***ARGUMENTS IN SUPPORT**:* Cities and counties, including the County of Riverside, the City and County of San Francisco, and Contra Costa County, support this measure:

> Financial institutions are uniquely positioned to help prevent financial loss by offering services and products helping consumers manage their finances. Banks and other financial institutions are already required to report suspected abuse to law enforcement, but many only report to their local police department or possibly to APS. Reporting to local authorities is essential, but additional reporting to federal agencies can provide investigative support to local agencies. The sooner the abuse is reported to federal authorities, the more likely the stolen funds will be recovered. Reporting within the first 24-48 hours is critical to intervening and recovering stolen money, especially through cyber scams.
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> AB 871 requires financial institutions to provide annual training on reporting suspected financial elder abuse, which includes making reports to local APS or law enforcement, the

> FBI's Internet Crime Complaint Center, and the Federal Trade Commission (FTC). Expanding reports to federal authorities will improve coordination of resources, aid local law enforcement in their investigation, and improve the chance of recovering stolen funds.

There is no formal opposition to this bill, though the California Bankers Association has raised concerns about feasibility, among other issues. The CBA complains that the focus of financial elder abuse regulation should be elsewhere:

> [W]e are concerned that legislation addressing financial fraud continues to focus primarily on banks, even though the initial point of contact for many scams is increasingly outside the banking system. Recent investigative reporting by Reuters underscores this imbalance, noting that social media platforms play a central role in enabling fraud at scale. According to Reuters1, "Meta internally projected late last year that it would earn about 10% of its overall annual revenue – or $16 billion – from running advertising for scams and banned goods, internal company documents show." This article highlights a troubling reality: major platforms may be financially benefiting from the very fraud schemes that financial institutions are later expected to detect, mitigate, and absorb liability for. We believe a more effective and balanced legislative approach would place greater responsibility on social media and telecommunications companies to prevent scams at their source, rather than continuing to shift downstream responsibility to banks after consumer harm has already occurred.

REGISTERED SUPPORT / OPPOSITION:

Support

Alzheimer's Association
California Commission on Aging
California Elder Justice Coalition (CEJC)
California Retired Teachers Association
California State Association of Public Administrators, Public Guardians, and Public Conservators
City and County of San Francisco
Contra Costa County
County of Humboldt
County of Kern
County of Riverside
County of Sacramento
County of Yolo
County Welfare Directors Association of California
Del Norte County Department of Health and Human Services
Justice in Aging
Monterey County Department of Social Services

Concern

The California Bankers Association

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