ASSEMBLY THIRD READING
AB 871 (Stefani)
As Amended January 16, 2026
Majority vote

SUMMARY

This bill is an effort to address the growing problem of financial abuse with an emphasis towards elder and dependent adults by requiring centralized reporting using established federal law enforcement. While mandatory reporters of financial abuse are already required to report instances of suspected abuse under the Bank Secrecy Act and the Welfare and Institutions Code, the additions in this bill which require reporting to federal law enforcement will enhance consumer protections for some people by:

1) Utilizing the existing federal ability to intercept a transaction in some cases, and

2) Contributing to a national database accessible to all sworn officers which will allow them to build cases against a criminal acting across jurisdictions that they may not have been able to do within the confines of local-only reporting.

Major Provisions

1) Requires financial institutions to:

   a) In addition to existing agencies, make a report of suspected financial abuse of an elder or dependent adult to a specified federal law enforcement agency.

   b) Provide annual training to its mandated reporters of suspected financial abuse of an elder or dependent adult on how to report suspected financial abuse of an elder or dependent adult to local law enforcement and federal authorities, specifically including the Federal Bureau of Investigation's (FBI) Internet Crime Complaint Center (IC3) and the Federal Trade Commission (FTC).

   c) Share information on reporting tools to persons who are suspected to be the victim of financial abuse.

   d) Encourage said persons to submit complaints within 24-48 hours to these reporting tools.

2) Parts (c) and (d) only apply when suspicion of abuse is discovered within 48 hours of the transaction.

3) A violation of parts (a), (c), and (d) are not subject to civil penalties.

COMMENTS

Background

In 2024, Americans between the ages of 60-79 reported $2.067 billion lost to fraud.[1] In the same report, despite credit card fraud accumulating the greatest number of reports, the greatest dollar amount lost to fraud was conducted through bank transfer or payment; losses were over seven times the amount reported lost to credit card fraud. As of 2022, 99% of families owned at least one financial asset, and 98.6% owned a transaction account.[2]

Current state and federal laws require banks and credit unions to report suspected financial abuse of an elderly person or dependent adult by telephone or through a confidential internet reporting tool. Under the federal Bank Secrecy Act, all suspicious transactions of, or aggregating to $5,000 that are relevant to a possible violation of law or regulation must be reported. The filing procedures to report a suspicious transaction is completed using a Suspicious Activity Report (″SAR″) with the Financial Crimes Enforcement Network (FinCEN) no later than 30 calendar days after the date of initial detection by the bank. The federal laws are applicable to all transactions with no distinctions for age or dependency status.

On December 4, 2024, five federal regulatory agencies, FinCEN, and state financial regulators issued a joint statement with nine evidence-backed suggestions to enhance existing risk management practices for identifying, preventing and responding to elder financial exploitation.[3] Relevantly, the sixth section suggests reporting to local and federal law enforcement and adult protective services as appropriate. It also recommends that institutions consider establishing procedures for referring individuals to a fraud hotline and informing older adults about the options for reporting elder financial exploitation to local law enforcement, FTC, the FBI′s IC3 and other applicable federal state or local agencies.

The Agencies

FinCEN is a department of the U.S. Department of Treasury. Its website describes its mission as ″[safeguarding] the financial system from illicit activity, counter money laundering and the financing of terrorism, and [promoting] national security through strategic use of financial authorities and the collection, analysis, and dissemination of financial intelligence.″[4] More notable is what FinCEN is not– a law enforcement agency. FinCEN works towards its mission by receiving and maintaining financial transaction data, such as the SARs described above. It ″analyzes and disseminates data for law enforcement purposes; and [builds] global cooperation with counterpart organizations in other countries and international bodies.″ It is a well-known fact among law enforcement and providers of direct services that the FBI has the ability to reverse wire transfers within 72 hours in most cases depending on the destination country (details below). This reversal transcends corporate powers because it is born out of intergovernmental agreements. The use of FinCEN′s data to support the basis of these agreements has not been

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[1] chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.ftc.gov/system/files/ftc_gov/pdf/csn-annual-data-book-2024.pdf

[2] *Changes in U.S. Family Finances from 2019 to 2022*, https://www.federalreserve.gov/publications/october-2023-changes-in-us-family-finances-from-2019-to-2022.htm at page 16. A "transaction account" includes checking accounts, savings accounts, money market accounts, call accounts, and prepaid debit cards.

[3] https://www.fdic.gov/news/press-releases/2024/agencies-issue-statement-elder-financial-exploitation

[4] https://www.fincen.gov/about-fincen

confirmed, but the nexus is reasonably implied given FinCEN″s mission and method. As such, and given the explicit mission of FinCEN, it is reasonable to believe that individual transactions or accounts are not reported to law enforcement.

Similarly, the FBI, under the Department of Justice, maintains the IC3, which was originally intended to serve the law enforcement community, but has evolved to become the ″primary destination for the public to report cyber-enabled crime and fraud.″ The IC3′s core functions are: data collection (public complaint system), analysis (identify emerging trends and alert financial institutions), public awareness, and referrals.

In 2018, the IC3 established the Recovery Asset Team (RAT). The RAT streamlines communication with financial institutions and FBI field offices to assist in the freezing of funds for victims of domestic and international fraudulent transactions through a Financial Fraud Kill Chain (FFKC). The FFKC has been initiated for business email compromise scams, tech support fraud, romance scams, and data breaches. The International FFKC is a partnership between federal law enforcement and financial entities whose purpose is to freeze fraudulent funds wired by victims. Coordination of international requests are handled through the FinCEN Rapid Response Team (RTT), as well as law enforcement entities, including FBI Legal Attaché (LEGAT) offices and other international law enforcement partners.[5] As such, the international FFKC requires all records relating to the victim′s account as well as filing with both FinCEN and the IC3.

The IC3 is accessible by all sworn law enforcement and FBI personnel through the Law Enforcement Enterprise Portal (LEEP). The Portal allows local law enforcement to get information on victims and financial losses in their areas in and out of jurisdictions that may not normally be reported to the local agency to help build their case.

The FTC is a separate independent federal agency with civil enforcement authority. Its mission is to ″[protect] the public from deceptive or unfair business practices and from unfair methods of competition through law enforcement, advocacy, research, and education.″[6] The FTC plays a vital role in bridging public information, enforcing laws, some of which are only available to agencies, and providing expertise with legislatures and government agencies. The FTC puts great effort into making information visually comprehensible, accessible to consumers of all reading levels, provided in many different languages, and disseminated through expansive local-level community outreach initiatives. As such, the FTC is the better known agency for reporting financial crimes among consumers.

The Consumer Sentinel Network (CSN) started at the FTC as a simple law enforcement database for sharing complaints of fraud and identity theft, but it quickly evolved into the wealth of information that it is today on based on the premise ″that sharing information can make law enforcement even more effective.″[7] CSN gives law enforcement members real-time access to reports submitted *directly to the FTC by consumers* as well as to reports shared by data contributors. While CSN is free to join, it is only available to any federal, state or local law enforcement agency through an application process. CSN publishes an annual report containing a

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[5] *Id*. at 13
[6] https://www.ftc.gov/about-ftc
[7] https://www.ftc.gov/enforcement/consumer-sentinel-network#:~:text=Consumer%20Sentinel%20is%20based%20on,about%20becoming%20a%20Sentinel%20member

comprehensive and detailed analysis of different metrics per age group, and by state available to all. This trove of information is critical for identifying emerging trends and consumer weaknesses that should be bolstered.

The Filing Procedures

The most complex report filing procedure of all the departments appears to be the FinCEN SARs form which includes two pages of personal details in an Adobe form filling document before the narrative begins.[8] As a reminder, the SARs form and the information collected therein is statutorily required to be filed by financial institutions under the Bank Secrecy Act for all transactions (not limited to elders or dependent adults) amounting or aggregating to $5,000 or more.The reporting information for IC3 is similar,[9] but the process seems to follow a simple step-by-step online form.The FTC form is an extremely simple three-page online form.[10] This is consistent with the FTC′s foundational mission of consumer accessibility. Despite being very simplified, the FTC′s form is likely to be the most effective because the entire first page consists of two easy questions: ″what type of scam″, and ″who were they pretending to be″ with several radio button options. The second page provides progressively more descriptive prompts culminating in the narrative section. The final page is the victim′s details. Based on previous experience, starting with the victim′s interest is more likely to garner complete participation.

Addressing Concerns Raised Below:

1) The intention of the bill is to report suspected financial abuse to a central location that law enforcement can access in order to build a case that they may not have otherwise been able to do with jurisdictional limitations caused by local-only reporting. The likelihood of fruitfulness of such reporting, even if slight, should be considered against the weight of the existing duty to report under the same circumstances for a wider population.

2) The author has taken amendments to address the concern regarding operationalizing the notice requirement to the potential victim by specifying that the duty to provide information is when a discovery is made within 48 hours of the transaction, not from the point that the discovery is made.

3) In 2024, bank transfers and payments accounted for the highest aggregate losses $2.09 billion, eclipsing the next category of losses of cryptocurrency at $1.42 billion.[11] Banks are where most people hold all their liquid assets, true for people ofall socioeconomic levels. While the onboarding of a scam is a significant interception point for effective fraud prevention, the safeguarding actual assets is a worthy priority when tackling the ecosystem of fraud.Click here to enter text.

According to the Author

Elder financial abuse is a serious and growing problem nationwide with recent reporting by AARP (formerly American Association of Retired Persons) estimating nearly $28.3 billion in

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[8] https://www.fdic.gov/formsdocuments/6710-06.pdf
[9] https://www.ic3.gov/Home/FAQ and https://complaint.ic3.gov/
[10] https://reportfraud.ftc.gov/assistant
[11] https://www.ftc.gov/system/files/ftc_gov/pdf/csn-annual-data-book-2024.pdf at page 4. And chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://www.ftc.gov/system/files/ftc_gov/pdf/P144400-OlderAdultsReportDec2025.pdf at page 30

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 Protective 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.

Arguments in Support
″This important measure would require financial institutions to provide professional development on financial elder abuse and additionally expand the required reports to federal authorities to improve the coordination of resources and aid local law enforcement in their investigations to improve the opportunities to recover stolen funds.
California has more seniors over the age of 60 than any other state. Financial scams can impede the mental health and retirement security of older residents, impacting the economy and mental health of the state. AB 871 would create tools to minimize these harmful effects.″-- California Retired Teachers Association

Arguments in Opposition
No opposition has been received as of January 15, 2026. The California Bankers Association has submitted concerns stating 1) this bill will increase the volume of reports that are unlikely to result in meaningful investigative or enforcement outcomes, 2) the requirement to encourage customers to submit fraud complaints with 24-48 hours of the transaction will be difficult to operationalize, and 3) concern over legislation that focuses primarily on banks instead of social media.

FISCAL COMMENTS

Non-Appropriation, Non-State Mandated Local Program, Non-Tax Levy

VOTES

ASM BANKING AND FINANCE: 8-0-1
YES: Valencia, Dixon, Fong, Krell, Michelle Rodriguez, Blanca Rubio, Schiavo, Soria
ABS, ABST OR NV: Chen

ASM JUDICIARY: 12-0-0
YES: Kalra, Dixon, Bauer-Kahan, Bryan, Connolly, Harabedian, Macedo, Pacheco, Papan, Johnson, Stefani, Zbur

UPDATED

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