
**SENATE COMMITTEE ON
BANKING AND FINANCIAL INSTITUTIONS**
Senator Timothy Grayson, Chair
2025 - 2026 Regular

Bill No: AB 871 **Hearing Date:** June 17, 2026
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Version: January 16, 2026 Amended
Urgency: No **Fiscal:** No
Consultant: Michael Burdick

Subject: Mandated reporters of suspected financial abuse of an elder or dependent adult

SUMMARY

This bill requires mandated reporters of suspected financial abuse of an elder or dependent adult to report suspected abuse to the Federal Bureau of Investigations and requires financial institutions to train their employees who are mandated reporters on how to escalate concerns internally and how to make required reports.

EXISTING LAW

- 1) Provides the Elder Abuse and Dependent Adult Civil Protection Act (EADACPA) that generally provides civil protections and remedies for victims of elder and dependent adult abuse and neglect. (Welfare and Institutions Code Section 15600 et seq.)
- 2) Provides that “financial abuse” of an elder or dependent adult occurs when a person or entity does any of the following:
 - a) Takes, secretes, appropriates, obtains, or retains real or personal property of an elder or dependent adult for a wrongful use or with intent to defraud, or both.
 - b) Assists in taking, secreting, appropriating, obtaining, or retaining real or personal property of an elder or dependent adult for a wrongful use or with intent to defraud, or both.
 - c) Takes, secretes, appropriates, obtains, or retains, or assists in taking, secreting, appropriating, obtaining, or retaining, real or personal property of an elder or dependent adult by undue influence, as defined. (Welfare and Institutions Code Section 15610.30(a))
- 3) Provides the following related to mandated reporting of suspected financial abuse of an elder or dependent adult:
 - a) Defines “mandated reporter of suspected financial abuse of an elder or dependent adult” as all officers and employees of financial institutions, including banks, credit unions, and other depository institutions.
 - b) Requires a mandated reporter to report known or suspected financial abuse to an adult protective services agency or local law enforcement agency as soon as practicably possible if the person has direct contact with the elder or dependent adult or reviews or approves the elder or dependent adult’s financial documents, records, or transactions, or

who has observed or has knowledge of an incident that reasonably appears to be financial abuse, or who reasonably suspects that abuse.

- c) Provides that a mandated reporter of financial abuse who fails to make a report, as required, is subject to a civil penalty not to exceed \$1,000, unless the failure is deemed willful, then a civil penalty not to exceed \$5,000, which shall be paid by the employer of the mandated reporter, as specified. (Welfare and Institutions Code Section 15630.1)

THIS BILL

- 1) Requires a mandated reporter to report suspected financial abuse of an elder or dependent adult to the Federal Bureau of Investigation's Internet Crime Complaint Center within two working days. Provides that a violation of this requirement is not subject to civil penalties described in 3) c) of the Existing Law Section above.
- 2) Requires a financial institution to provide annual training to its mandated reporters 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 Internet Crime Complaint Center and the Federal Trade Commission.
- 3) When suspected financial abuse of an elder or dependent adult is discovered within 48 hours of a transaction, requires a financial institution to share information on reporting mechanisms, including, but not limited to, the Federal Trade Commission reporting mechanism, with the impacted elder or dependent adult within 24 to 48 hours. Provides that a violation of this requirement is not subject to civil penalties described in 3) c) of the Existing Law Section above.

COMMENTS

- 1) *Purpose*

According to the author:

AB 871 seeks to add an additional investigative tool to address elder financial abuse by requiring financial institutions to include in their trainings that reports should also be made to the FBI's Internet Crime Complaint Center (IC3). IC3 is an especially important reporting mechanism because it is available only to law enforcement and shows a nationwide, real time picture of reports across the country, allowing local law enforcement to coordinate and share information if they see similar patterned scams in other jurisdictions besides their own. Critically, if enough information is provided within the first 72 hours to IC3, some financial transactions can be stopped and assets recovered for victims.

- 2) *Elder financial exploitation is a big problem*

Elder financial exploitation is a large and growing problem. Elder financial exploitation refers to the illegal use of an older adult's funds, property, or assets, and it is the most common form of elder abuse. Reports to the FBI Internet Crime Complaint Center (IC3) tallied more than \$7.7 billion in losses in 2025 from over 200,000 victims aged 60 or older.¹

¹ https://www.ic3.gov/AnnualReport/Reports/2025_IC3Report.pdf

This total represents a startling increase over five years when approximately 100,000 victims reported \$1 billion in losses in 2020. The incidence of crime is increasing rapidly, and the amount lost in each case has increased nearly sevenfold. The average loss per victim in 2025 was \$38,500, and more than 12,000 victims reported losses of more than \$100,000 per incident.

Several factors converge to make elder financial exploitation an increasingly concerning problem. Most prominently, the United States faces a demographic wave as the Baby Boomer generation enters retirement age. According to the US Census Bureau, there will be 71 million adults above the age of 65 by 2030, exceeding the number of children under age 18 for the first time in US history.² Secondly, older Americans, in aggregate, have accumulated a tremendous amount of wealth. In 2022, Boomer households held \$77 trillion in wealth, with the top 10% of households accounting for 70% of that wealth.³ Lastly, common health effects of aging include cognitive and physical changes that elevate the risks of financial exploitation.

Adding to these factors, criminals are using technology to design and perpetrate ever more convincing frauds and scams that create an increasingly threatening and risky environment for vulnerable populations. The most common crime types affecting older adults are phishing/spoofing, tech support scams,⁴ investment scams, identity theft, and romance frauds. Scammers often initiate these crimes online or over the phone. In recent years, criminals are relying more frequently on the use of crypto financial assets to steal value from elders, with crypto associated with over \$4.3 billion of fraud losses reported by elder adults to IC3 in 2025. With the broader use and expanded capabilities of AI tools, IC3 began collecting data in 2025 about AI-related crimes, and this category is expected to grow substantially over the coming years.

3) *California's efforts to protect against elder financial abuse*

The state of California has recognized for decades that elders and dependent adults face risks of abuse and negligence that calls for heightened responsibilities of the people who care for them and their property. One of the state's first substantive actions came in 1985, when it enacted mandated reporting requirements for adult care custodians, health practitioners, and employees of a county adult protective services agency or a local law enforcement agency, if those persons knew about or had reason to suspect that an elder or dependent adult had been the victim of physical abuse.⁵ The law required these mandated reporters to make their reports to adult protective services or local law enforcement immediately, or as soon as possible, by telephone and to prepare and send a written report within 36 hours.

Over time, as the Legislature learned more about the propensity and kinds of abuse perpetrated against elders and dependent adults, the law has expanded. In 1991, the

² <https://www2.census.gov/programs-surveys/popproj/tables/2023/2023-summary-tables/np2023-t2.xlsx>

³ <https://www.pewresearch.org/short-reads/2026/02/11/are-baby-boomers-wealthier-than-previous-generations-of-older-adults/>

⁴ Tech support scammers impersonate well-known tech companies, offering to fix non-existent technology issues or renewing fraudulent software or security subscriptions. In 2021, the IC3 observed an increase in complaints reporting the impersonation of customer support, which has taken on a variety of forms, such as financial and banking institutions, utility companies, or crypto exchanges. Many victims report being directed to make wire transfers to overseas accounts, purchase large amounts of prepaid cards, or mail large amounts of cash via overnight or express services.

⁵ Chapters 1120 and 1164, Statutes of 1985

Legislature added a cause of action related to fiduciary abuse to the Elder Abuse and Dependent Adult Civil Protection Act (EADACPA), as this area of law became to be known. The concept of “fiduciary abuse” would evolve to “financial abuse” in 1998 as the Legislature acted to strengthen laws against elder abuse by broadening mandated reporting requirements and imposing penalties for crimes involving financial abuse.⁶

Two years later, the definition of “financial abuse” in the EADACPA was amended to include the act of “assist[ing] in taking, secreting, appropriating, or retaining real or personal property of an elder or dependent adult to a wrongful use or with intent to defraud, or both.”⁷ The Senate Judiciary Committee analysis of the bill called attention to this expansion of the definition of “financial abuse,” stating:

This bill would...add "retaining of property" as a form of taking, appropriating or secreting of property that would constitute financial abuse, if done to a wrongful use or with intent to defraud, and *include not only the persons committing the prohibited acts but also anyone who assists in committing the prohibited acts...* The bill would...modify the condition under which a person or entity will be deemed to have known of the elder's right to transfer or make available the property, by *basing such knowledge on information received by the person or entity that would have made it obvious to a reasonable person* that the elder or dependent adult had such right. *The changes to the definition are intended to make it easier to prosecute financial abuse of the elderly and dependent adults.*⁸ [emphasis added]

Anticipating that elder financial exploitation would increase in prevalence, the Legislature expanded the scope of mandated reporter requirements to financial institutions in 2005.⁹ The author of the legislation argued that:

Because financial abuse often occurs in transactions at banks, savings and loans, and credit unions, employees there are well situated to identify and prevent financial abuse. Many times, a financial institution is the only potential defense against elder financial abuse. If they do not report elder financial abuse, those incidents may not be found or may be caught too late to recover lost assets or prevent complete depletion of elders' funds.¹⁰

4) *What is IC3 and what role does IC3 play in combatting elder financial abuse?*

The Internet Crime Complaint Center (IC3) is the central repository at the FBI for the collection of cyber-enabled crime complaints. Cyber-enabled crime includes any illegal activity that is assisted using cyber-related means. Cyber-enabled crime involves the use of internet technology to communicate false or fraudulent representations to consumers. In addition to websites, emails, and chat rooms, almost all telephone calls utilize internet technology.¹¹

⁶ AB 1780 (Murray, Chapter 980, Statutes of 1998), SB 1715 (Calderon, Chapter 935, Statutes of 1998), and SB 2199 (Lockyer, Chapter 946, Statutes of 1998).

⁷ AB 2107 (Scott, Chapter 442, Statutes of 2000)

⁸ Senate Committee on Judiciary on Assembly Bill 2107 (1999-2000 Regular Session), August 8, 2000, p. 9.

⁹ SB 1018 (Simitian, Chapter 140, Statutes of 2005)

¹⁰ Assembly Committee on Judiciary on Senate Bill 1018 (2005-2006 Regular Session), July 7, 2005, p. 5.

¹¹ <https://www.ic3.gov/Home/FAQ>

After a person files a complaint, trained analysts at the IC3 review and research the complaints and, when appropriate, disseminate information to law enforcement and partner agencies. The IC3 does not conduct investigations, but rather, law enforcement agencies that receive information from IC3 use their discretion to determine if a given complaint will lead to an investigation or prosecution. IC3 does not collect evidence, and their online complaint form does not accept attachments.

Within IC3, the FBI created the Recovery Asset Team in 2018, which streamlines communications with financial institutions and FBI field offices to assist in the freezing of funds for fraud victims via the Financial Fraud Kill Chain. This approach is tailored for funds sent via wire and relies on expeditious and complete reporting of the crime. In 2025, this process was able to assist in freezing \$33 million in elder fraud cases, relative to the reported loss of \$65 million, reflecting an approximate 50% success rate in recovering funds that otherwise would have been lost to criminals.

5) *How this bill seeks to reduce the incidence of elder financial abuse*

This bill focuses on training the staff of financial institutions on how to escalate suspicions of elder financial abuse internally within their organizations and how to report their suspicions to IC3 and Federal Trade Commission (FTC). The bill requires mandated reporters to report their suspicions to IC3 within two working days and requires the financial institution, if suspected financial abuse is discovered within 48 hours of a transaction, to share information with the suspected victim within 24 – 48 hours on how to report the scam to the FTC. With the amendments proposed in Comment #8, the customer outreach requirement would change to a notification within 48 hours related to reporting the complaint to IC3, rather than FTC.

The policy interventions proposed by this bill occur near the end of the scam process. By the time the requirements of this bill are necessary, a victim has been in contact with the scammer, the scammer has convinced the victim to send money to the scammer, and the victim has requested their financial institution to transfer funds. In most cases, the best case scenario is that the reporting required by this bill will aid law enforcement in either clawing back the funds through a mechanism like the Financial Fraud Kill Chain or that the information reported will aid law enforcement in apprehending one or more suspects, successfully bringing a criminal action against the suspect(s), and recovering stolen funds that can be returned to victims. In some cases, scammers seek to steal funds via multiple transactions over a period of time, and law enforcement intervention spurred by the reporting required by this bill may disrupt some schemes from draining more funds from victims. That being said, this bill can only be seen as a partial response to the scam epidemic, and stronger, upstream policy interventions are still necessary in order to bend the curve on the rapidly escalating scale of scam losses.

6) *Arguments in Support*

The County Welfare Directors Association of California, as co-sponsor, writes:

The FBI reports that over \$3 billion was lost in elder fraud scams in 2023 nationwide.. The IC3 provides the public with a convenient reporting system to submit information to the FBI concerning suspected internet-facilitated crime. Information gathered by the system is analyzed and used for investigative and intelligence purposes, as well as public awareness, to help combat future financial exploitation.

Financial institutions are uniquely positioned to help prevent financial loss due to 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 adult protective services. 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...

The passage of this bill would provide additional support in finding and stopping criminals, clarify for financial institutions about how to most effectively report abuse, and allow reports to be made quickly thus increasing the chance of recovering stolen funds.

7) *Arguments in Opposition*

The California Bankers Association writes that their concerns include:

- “expanding mandated reporting to additional agencies risks generating a significant volume of reports that are unlikely to result in meaningful investigative or enforcement outcomes. Financial institutions already operate under extensive and overlapping state and federal reporting obligations, and any new reporting requirement should be carefully calibrated to ensure it meaningfully contributes to fraud prevention.”
- “the provision requiring financial institutions to share reporting information with clients and encourage them to submit complaints within 24 to 48 hours upon the discovery of potential abuse. In practice, many banks operate under established escalation protocols in which a transaction is flagged and reviewed by a centralized fraud or risk team rather than resolved by a frontline teller. These review teams often do not have immediate access to the customer, and the review process may take time to determine whether a transaction is in fact suspicious or simply unusual. As a result, this notification requirement may not be operationally feasible in all cases.”
- “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.”

8) *Amendments*

Committee staff recommends the following amendments:

a) *Delayed implementation*

If enacted, financial institutions will need to implement policies, procedures, and technological infrastructure to comply with this bill. Delaying the provisions of this bill until January 1, 2028, will provide necessary time for financial institutions to comply.

b) Clarifying customer outreach requirement

As drafted, the bill is unclear about the triggering event that requires a financial institution to notify its customer about reporting mechanisms. Committee staff recommends connecting the financial institution's obligation to notify their customer with the obligation to report a suspected transaction to IC3.

Amendment: strike the first sentence of paragraph (2) of subdivision (k) of Section 15630.1 and add:

(A) Within 48 hours of filing a report with the Federal Bureau of Investigation Internet Crime Complaint Center as required by subdivision (d), a financial institution shall notify the elder or dependent adult identified in the report of the following information:

(i) That the financial institution filed a report on behalf of the elder or dependent adult.

(ii) That the financial institution encourages the elder or dependent adult to also file a report with the Internet Crime Complaint Center and that the additional information the elder or dependent adult provides may aid law enforcement in the investigation of their complaint or similar complaints filed by other people.

(iii) Contact information for the Internet Crime Complaint Center, including the website address to file a complaint.

(B) The financial institution shall deliver the notification required by subparagraph (A) via the preferred method of communication of the elder or dependent adult, as recorded by the financial institution.

9) *Double Referral*

This bill is double referred to the Committee on Judiciary.

10) *Prior and Related Legislation*

SB 278 (Dodd, 2023) would have required financial institutions to take specified actions intended to deter financial abuse of elder or dependent adults, including the establishment of an emergency financial contact program and the ability to delay a transaction suspected to be the result of financial abuse. The bill was vetoed by the Governor.

LIST OF REGISTERED SUPPORT/OPPOSITIONSupport

County Welfare Directors Association of California (co-sponsor)

California Elder Justice Coalition (CEJC) (co-sponsor)

AARP

Alzheimer's Association

Alzheimer's Greater Los Angeles

Alzheimer's Orange County

Alzheimer's San Diego
California Assisted Living Association
California Collaborative for Long-term Services and Supports (CCLTSS)
California Long Term Care Ombudsman Association (CLTCOA)
California Retired Teachers Association
California State Association of Counties (CSAC)
Contra Costa County
County of Alameda
County of Humboldt
County of Kern
County of Riverside
County of Sacramento
Lake County Department of Social Services
San Diego County District Attorney's Office

Opposition

California Bankers Association

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