

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 871 (Stefani)
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Fiscal: No
Urgency: No
AWM

SUBJECT

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

DIGEST

This bill requires mandated reporters of suspected financial abuse of an elder or dependent adult under the Elder and Dependent Adult Civil Protection Act (EADACPA) to report suspected abuse to the Federal Bureau of Investigations (FBI) and, in specified circumstances, to inform the affected person that they may wish to make their own report; and requires financial institutions to train their employees who are mandated reporters on how to escalate concerns internally and make required reports.

EXECUTIVE SUMMARY

The EADACPA creates criminal and civil causes of action against persons who engage in a range of abusive and neglectful acts against an elder or dependent adult, including financial abuse. Financial abuse of an elder or dependent adult occurs when someone takes the property of an elder or dependent adult for a wrongful use or with intent to defraud; a “wrongful use” is defined as an instance where the offender knew or should have known that the conduct was likely to be harmful to the elder or dependent adult. The EADACPA also makes certain persons, including employees and officers of financial institutions, mandated reporters of suspected financial abuse.

This bill requires mandated reporters to report their suspicions to the FBI’s Internet Crime Complaint Center (IC3) and the Federal Trade Commission (FTC) within two working days; additionally, if the suspected financial abuse is discovered within 48 hours of a transaction, the mandated reporter must share information with the suspected victim on how to make their own report to IC3. The bill expressly exempts violations of these requirements from the civil penalties otherwise available against a financial institution for a violation of mandated reporting requirements under the EADACPA.

This bill is sponsored by the California Elder Justice Coalition and the County Welfare Directors Association and is supported by a number of counties, Alzheimer's and elder advocacy organizations, and the San Diego District Attorney's Office. This bill is opposed by the California Bankers Association. The Senate Banking and Financial Institutions Committee passed this bill with a vote of 7-0.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes the EADACPA, which prohibits, and provides remedies for victims of, abuse of an elder or dependent adult, including financial abuse. (Welf. & Inst. Code, div. 9, pt. 3., ch. 11, §§ 15600 et seq.)
- 2) Provides that financial abuse occurs under 1) 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. (Welf. & Inst. Code, § 15610.30(a).)
- 3) Provides that a person who commits financial abuse of an elder or dependent person under 2) is liable in a civil action for:
 - a) Compensatory damages and all other remedies otherwise provided by law; where it is proven by clear and convincing evidence that the defendant was guilty of recklessness, oppression, fraud, or malice in the commission of the abuse, the damages are not subject to existing law capping damages on an action brought by a decedent's personal representative or successor in interest.
 - b) Reasonable attorney fees and costs, including reasonable fees for the services of a conservator, if any, devoted to the litigation of a claim brought under the Act.
 - c) Punitive damages, pursuant to the general statutes governing the award of punitive damages in a civil case, including the prerequisites for imposing punitive damages against an employer for the acts of an employee. (Welf. & Inst. Code, § 15657.5; *see* Civ. Code, § 3294.)

- 4) Provides that all officers and employees of financial institutions, as defined, are mandated reporters of suspected financial abuse under the EADACPA. (Welf. & Inst. Code, §§ 15630.1.)
- 5) 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 has observed or has knowledge of an incident that reasonably appears to be financial abuse, or reasonably suspects that abuse. (Welf. & Inst. Code, § 15630.1(d).)
- 6) Provides that a failure to report financial abuse under 5) is subject to a civil penalty of up to \$1,000, or if the failure is willful, a civil penalty of up to \$5,000, which shall be paid by the financial institution that is the employer of the mandated reporter. (Welf. & Inst. Code, § 15630.1(g).)

This bill:

- 1) Requires a mandated reporter to report suspected financial abuse of an elder or dependent adult to the IC3 within two working days.
- 2) Provides that a failure to report suspected financial abuse under 1) does not subject a financial institution to civil penalties otherwise provided for in the EADACPA.
- 3) Requires a financial institution to 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 to both local and federal authorities, including, but not limited to, IC3 and the Federal Trade Commission (FTC).
- 4) Requires a financial institution, within 48 hours of filing a report with IC3 as required under 1), to notify the elder or dependent adult identified in the report of all of the following:
 - a) That the financial institution filed a report on behalf of the elder or dependent adult.
 - b) That the financial institution encourages the elder or dependent adult also to file a report with IC3 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.
 - c) Contact information for IC3, including the website address to file a complaint.
- 5) Requires a financial institution to deliver the notice in 4) via the preferred method of communication of the elder or dependent adult, as recorded by the financial institution.

- 6) Provides that a violation of 4) or 5) does not subject a financial institution to civil penalties otherwise provided for in the EADACPA.
- 7) Provides that 1)-5) will take effect on January 1, 2028.

COMMENTS

1. Author's comment

According to the author:

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 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.

2. Background on the growing problem of elder financial exploitation

As explained by the Senate Banking and Financial Institution Committee's analysis of this bill:

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 This total represents a startling increase over five years when approximately 100,000 victims reported \$1 billion in losses in 2020. The

¹ https://www.ic3.gov/AnnualReport/Reports/2025_IC3Report.pdf. All links in this analysis are current as of June 25, 2026.

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 legislative efforts to protect against elder financial exploitation

The EADACPA was first enacted in 1994.⁵ The financial abuse provisions have been amended a number of times, including amendments that refined the provisions establishing civil liability for the financial abuse of an elder or dependent adult. 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 SB 1681 (Mello, Ch. 594, Stats. 1994).

most recent iteration, including the provisions discussed below, was put in place through SB 1140 in 2008.⁶

Under current law, all officers and employees of financial institutions – which includes banks and credit unions – are mandated reporters of suspected financial abuse of an elder or dependent adult.⁷ These officers' and employees' duties to report is reasonably circumscribed: to trigger the reporting obligation, the reporter must have direct contact with the elder or dependent adult or review or approve their finances, and the incident of potential abuse must be directly related to a transaction or matter that is directly within the scope of the reporter's employment or professional practice.⁸ In the event that a mandated reporter suspects financial abuse of an elder or dependent adult is occurring, they must immediately, or as soon as practicably possible, report the suspected abuse to the local adult protective services agency or local law enforcement.⁹ A failure to report is not subject to the normal penalties for a violation of the EADACPA, but instead gives rise to a civil penalty of up to \$1,000 per violation, or up to \$5,000 if the violation was willful.¹⁰

In 2023, the Legislature enacted SB 278 (Dodd, 2023), which would have required covered financial entities to take specified actions intended to deter financial abuse of elder or dependent adults, including informing an elder or dependent adult of suspected financial abuse and delaying transactions suspected to be the result of financial abuse. Governor Newsom vetoed SB 278, stating in his veto message:

This bill would require financial institutions to take specified actions, including establishing an emergency financial contact program and delaying transactions reasonably suspected to be the result of financial abuse, with the aim of preventing financial abuse of elder and dependent adult account holders.

While the intent of this bill is commendable, it raises several concerns. The mandatory three-day hold on transactions suspected of abuse could lead to unintended consequences, such as delaying legitimate transactions and restricting access to funds, thereby undermining the financial independence of affected account holders. Furthermore, the proposed enforcement provisions need further review to ensure they are legally sound and minimize the risk of costly litigation - a burden that would

⁶ SB 1140 (Steinberg, Ch. 475, Stats. 2008). The relevant statute was amended in 2013 to reflect a new definition of "undue influence," but the elements of the definition remained the same. (See AB 140 (Dickinson, Ch. 668, Stats. 2013).)

⁷ Welf. & Inst. Code, § 15630.1.

⁸ *Ibid.*

⁹ *Ibid.*

¹⁰ *Ibid.*

ultimately fall on taxpayers and diminish the overall effectiveness of the bill.

I encourage the Legislature to continue refining this concept to ensure it is both implementable and strikes a better balance between consumer protection and individual rights.¹¹

4. This bill imposes additional reporting and training requirements on financial institutions relating to elder and dependent adult 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 federal law enforcement. Specifically, the bill requires mandated reporters to report their suspicions to IC3 and the FTC within two working days. Additionally, if the suspected financial abuse is discovered within 48 hours of a transaction, the mandated reporter must share information with the suspected victim on how to make their own report to IC3. The bill expressly exempts violations of these requirements from the civil penalties otherwise available against a financial institution for a violation of its reporting requirements under the EADACPA.

This bill's policy interventions occur near the end of the scam process and do not require financial institutions to take any additional steps to intercede before the fraudulent transaction has occurred. 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.

This bill will not, and does not appear to be intended to, directly decrease incidents of elder and dependent adult financial abuse. The two-year legislative effort on SB 278 (Dodd, 2023), culminating with the Governor's veto, however, demonstrated the difficulty of how to put added responsibilities on financial institutions to stop fraud without overly constraining the activities of elder and dependent adults. This bill, therefore, appears to be a reasonable measure to help financial abuse investigations, while more work still needs to be done on the larger problem of financial abuse.

¹¹ Governor's veto message to Sen. on Sen. Bill No. 278 (Sept. 28, 2024) Recess J. (2023-2024 Reg. Sess.) p. 5857.

5. Arguments in support

According to the County Welfare Directors Association:

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.

AB 871 requires financial institutions to provide annual training to mandated reporters on how to internally escalate suspected financial abuse and report it to both local and federal authorities, including the FBI's Internet Crime Complaint Center and the Federal Trade

Commission (FTC). AB 871 also requires a report to the FBI's IC3 within two working days when suspected financial abuse is reported, and if suspected abuse is discovered within 48 hours of a transaction, the financial institution must share information on reporting mechanisms with the impacted elder or dependent adult within 24 to 48 hours. Expanding reports to federal authorities and improving coordination between financial institutions, law enforcement, and federal agencies will aid local law enforcement in their investigations and improve the chance to recover stolen funds.

6. Arguments in opposition

According to the California Bankers Association:

First, we are concerned that 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

Second, we are concerned with 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. Moreover, some transactions that initially raise questions are ultimately determined not to involve fraud, and premature notification risks needlessly alarming customers and undermining trust before a full review is completed. We recommend that (k)(2) of Section 1 be removed from the bill.

Third, we 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 Reuters, “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.

SUPPORT

California Elder Justice Coalition (co-sponsor)
County Welfare Directors Association (co-sponsor)
AARP California
Alameda County Board of Supervisors
Alzheimer’s Association
Alzheimer’s Los Angeles
Alzheimer’s Orange County
Alzheimer’s San Diego
California Assisted Living Association
California Retired Teachers Association
California Collaborative for Long-Term Living Services and Supports
California Long-Term Care Ombudsman Association
Contra Costa County Board of Supervisors
California State Association of Counties
Kern County Board of Supervisors
Lake County Board of Supervisors
Sacramento County Board of Supervisors
San Diego District Attorney’s Office

OPPOSITION

California Bankers Association

RELATED LEGISLATION

Pending legislation: None known.

Prior legislation: SB 278 (Dodd, 2023) is discussed in Comment 3 of this analysis.

PRIOR VOTES

Senate Banking and Financial Institutions Committee (Ayes 7, Noes 0)

Assembly Floor (Ayes 69, Noes 0)

Assembly Judiciary Committee (Ayes 12, Noes 0)

Assembly Banking and Finance Committee (Ayes 8, Noes 0)
