

CONCURRENCE IN SENATE AMENDMENTS

AB 871 (Stefani)

As Amended June 22, 2026

Majority vote

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.

Senate Amendments

- 1) No substantive changes. Only changes to formatting Section 15630.1 of the Welfare and Institutions Code.

COMMENTS1) *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

¹ chrome-extension://efaidnbmninnibpcapjpcglclefindmkaj/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>

options for reporting elder financial exploitation to local law enforcement, FTC, the FBI's IC3 and other applicable federal state or local agencies.

2) *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 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."⁵ 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.⁶ 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.

⁴ <https://www.fincen.gov/about-fincen>

⁵ https://www.ic3.gov/AnnualReport/Reports/2024_IC3Report.pdf

⁶ *Id.* at 13

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."⁷ 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."⁸ 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 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.

3) *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.⁹ 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,¹⁰ but the process seems to follow a simple step-by-step online form. The FTC form is an extremely simple three-page online form.¹¹ 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.

4) *Addressing Concerns Raised Below:*

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

⁷ <https://www.ftc.gov/about-ftc>

⁸ <https://www.ftc.gov/enforcement/consumer-sentinel-network#:~:text=Consumer%20Sentinel%20is%20based%20on,about%20becoming%20a%20Sentinel%20member>

⁹ <https://www.fdic.gov/formsdocuments/6710-06.pdf>

¹⁰ <https://www.ic3.gov/Home/FAQ> and <https://complaint.ic3.gov/>

¹¹ <https://reportfraud.ftc.gov/assistant>

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.

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.

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.¹² Banks are where most people hold all their liquid assets, true for people of all 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.

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 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

¹² https://www.ftc.gov/system/files/ftc_gov/pdf/csn-annual-data-book-2024.pdf at page 4. And chrome-extension://efaidnbmninnibpcjpcglclefindmkaj/https://www.ftc.gov/system/files/ftc_gov/pdf/P144400-OlderAdultsReportDec2025.pdf at page 30

health of the state. AB 871 would create tools to minimize these harmful effects."- *California Retired Teachers Association*.

Arguments in Opposition

None Received. Last verified 8/19/2026

FISCAL COMMENTS

This bill is tagged non-fiscal by Legislative Council.

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

ASSEMBLY FLOOR: 69-0-11

YES: Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

ABS, ABST OR NV: Addis, Arambula, Bonta, Bryan, Flora, Muratsuchi, Nguyen, Quirk-Silva, Celeste Rodriguez, Sanchez, Schiavo

SENATE FLOOR: 38-0-2

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, McGuire, McNeerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Blakespear, Limón

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CONSULTANT: Desiree Nguyen Orth / B. & F. / (916) 319-3081

FN: 0003829