

Date of Hearing: January 12, 2026

ASSEMBLY COMMITTEE ON BANKING AND FINANCE

Avelino Valencia, Chair

AB 871 (Stefani) – As Introduced February 19, 2025

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

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 require reporting to federal law enforcement with:

- 1) The ability to intercept the transaction in some cases, and
- 2) 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.

Specifically, **this bill**:

- 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 the federal law enforcement.
 - 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) A violation of parts (a), (c), and (d) are not subject to civil penalties.

EXISTING LAW:

California Law

- 1) Defines “mandated reporter of suspected financial abuse of an elder or dependent adult” as all officers and employees of financial institutions. Welfare and Institutions Code Section 15630.1(a).
- 2) Defines “financial institutions” as:

- a) Any bank or savings association. W.I.C. Section 15630.1(b)(1) and 12 U.S.C. Section 1813(c).
- b) Any institution-affiliated party, which includes i) any director officer, employee, or controlling stockholder, or agent for an insured depository institution. 12 U.S.C. Section 1813(u)(1); ii) any other person who has filed or is required to file a change-in-control notice with the appropriate Federal banking agency. Section (u)(2); iii) and shareholder, consultant, joint venture partner who participates in the conduct of the insured depository institution. Section (u)(3); and iv) any independent contractor who knowingly or recklessly participates in unlawful practices which are likely to cause more than minimal financial loss to, or adverse effect on the insured depository institution. W.I.C. Section 15630.1(b)(2).
- c) A federal or state credit union. W.I.C. Section 15630.1(b)(3).

3) Defines “financial abuse” as:

- a) 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.
- b) Assisting 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) Taking, secreting, appropriating, obtaining, or retaining, or assisting in taking, secreting, appropriating, obtaining, or retaining, real or personal property of an elder or dependent adult by undue influence. W.I.C. Section 15610.30.

4) Defines “suspected financial abuse of an elder or dependent adult” as occurring when a mandated reporter observes or has knowledge of behavior or unusual circumstances or transactions, or a pattern of behavior or unusual circumstances or transactions, that would lead an individual with like training or experience, based on the same facts, to form a reasonable belief that an elder or dependent adult is the victim of financial abuse. W.I.C. Section 15630.1(h).

5) Requires a mandated reporter of suspected financial abuse of an elder or dependent adult who:

- a) Has direct contact with the person or reviews or approves their transactions records, or documents in connection with providing financial services, and
- b) Within the scope of their employment, has observed or has knowledge of an incident directly related to the matter within the scope of employment that reasonably appears to be financial abuse; or
- c) Does not have direct contact with the elder or dependent adult and reasonably suspects financial abuse based solely on information before them at the time of reviewing or approving the transaction, record, or document

to report the known or suspected instance of financial abuse by telephone or from a confidential internet reporting tool immediately or as soon as practicably possible. A report made by telephone must also be submitted in writing, or a confidential internet report made within two working days to the adult protective services agency or local law enforcement. W.I.C. Section 15630.1 (d)(1).

- 6) Does not require a mandated reporter of suspected financial abuse of an elder or dependent adult to investigate any accusations if the mandated reporter is not aware of other corroborating or independent evidence of alleged financial abuse of an elder or dependent adult. W.I.C. Section 15630.1(e)(2).
- 7) The requirement to report financial abuse, suspected or actual, of an elder or dependent adult is not sufficiently triggered by a mere allegation as described in #6, and in the exercise of their professional judgment, the mandatory reporter reasonably believes that financial abuse of an elder or dependent adult did not occur. W.I.C. Section 15630.1(e).
- 8) Provides the Attorney General, district attorney, or county counsel the exclusive ability to pursue a civil action against the financial institution to recover no more than \$1,000 failure to report financial abuse, or no more than \$5,000 if the failure to report is willful. W.I.C. Section 15630.1(f) and (g).

Federal Law

- 1) Provides the Secretary of the Treasury authority to require any financial institution and any director, officer, employee, or agent of any financial institution, to report any suspicious transaction relevant to a possible violation of law or regulation. 31 U.S.C. 5318(g).
- 2) Prohibits a financial institution, its current or former director, officer, or employee of, or contractor for the financial institution, or any other reporting person from notifying or otherwise revealing to any person involved in the transaction that the transaction has been reported. 31 U.S.C. 5318(g)(2)(A)(i).
- 3) Prohibits current and former officers or employees of or contractor for the Federal Government or of or for any State, local, tribal, or territorial government within the United States, who has any knowledge that such a report was made from disclosing or otherwise revealing to any person involved in the transaction that the transaction has been reported, other than necessary to fulfill their official duties. 31 U.S.C. 5318(g)(2)(A)(ii).
- 4) Requires every bank to file with the Treasury Department, a report of any suspicious transaction relevant to a possible violation of law or regulation. 31 C.F.R. § 1020.320 (a)(1).
- 5) Requires reporting if a transaction:
 - a) Is conducted or attempted by, at or through a bank,
 - b) It involves or aggregates at \$5,000 in funds or other assets, and the bank knows or has reason to suspect:
 - i) That the transaction involves funds derived from illegal activities or is intended or conducted in order to hide or disguise funds or assets derived from illegal activities (including, without limitation, the ownership, nature, source, location, or control of

such funds or assets) as part of a plan to violate or evade any Federal law or regulation or to avoid any transaction reporting requirement under Federal law or regulation;

- ii) The transaction is designed to evade any requirements of other regulations promulgated under the Bank Secrecy Act; or
- iii) The transaction has no business or apparent lawful purpose or is not the sort in which the particular customer would normally be expected to engage, and the bank knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction. 31 C.F.R. § 1020.320 (a)(2).

FISCAL EFFECT: None.

COMMENTS:

Statement from 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.

Comments from Supporters

“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.

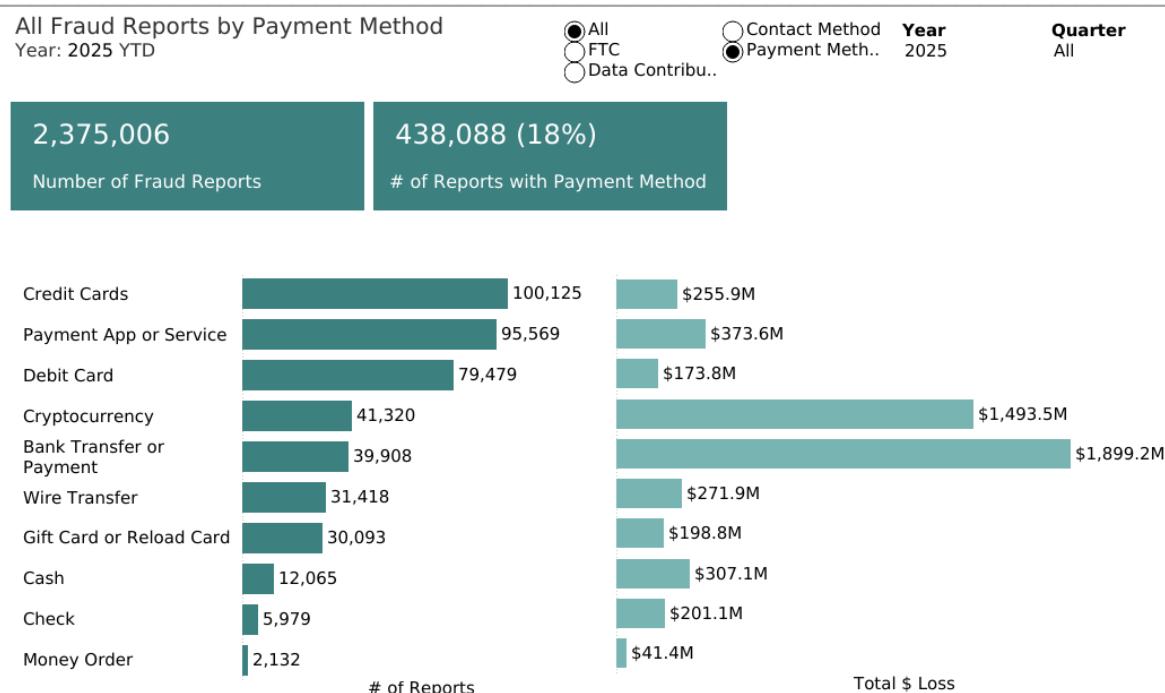
California has more seniors over the age of 60 than any other state. Financial scams can impede the mental health and retirement security of older residents, impacting the economy and mental

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

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

FTC CONSUMER SENTINEL NETWORK

Published December 11, 2025
(data as of September 30, 2025)

Other payment methods includes Payroll Allotment and Telephone Bill.

FEDERAL TRADE COMMISSION · ftc.gov/exploredata

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

¹ FTC Consumer Sentinel Annual Data Book 2024 chrome-extension://efaidnbmnnibpcajpcgkclefindmkaj/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.

1) A “transaction account” includes checking accounts, savings accounts, money market accounts, call accounts, and prepaid debit cards.

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.

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.”³ 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** (Department of Justice- criminal enforcement) 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.”⁴ 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). 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). 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 as well as filing with both FinCEN and the IC3.⁶

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

³ <https://www.fincen.gov/about-fincen>

⁴ https://www.ic3.gov/AnnualReport/Reports/2024_IC3Report.pdf

⁵ *Id.* at 13

⁶ International FFKC Process: <https://www.justice.gov/elderjustice/media/1364056/dl?inline>

2) Domestic FFKC Process: <https://www.justice.gov/elderjustice/media/1364051/dl?inline>

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.”⁷ The FTC plays a vital role in bridging public information, enforcing laws, some 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. 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.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.

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>

Interagency Statement on Elder Financial Exploitation

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.¹² 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 IC3 and other applicable federal state or local agencies.

AMENDMENTS FOR CONSIDERATION

- 1) Per the author's original intention to impose a duty to report to federal authorities, amend W.I.C. Section 15630.1(d)((1).

Add: (C)(i) In addition to subparagraphs (A) and (B), reports 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).

- 2) Because some financial institutions have multiple employees that handle a single applicable report, concerns were raised that a frontend employee whose role is to internally escalate the issue to the proper groups would be out of compliance with newly added section (k)(1).

Add: "escalate internally" between "on how to" and "and how to report suspected financial abuse..."

- 3) (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 Internet Crime Complaint Center and the Federal Trade Commission.

- 4) The word "client" is an undefined and inconsistent term.

Change: "client" to "elder or dependent adult"

- 5) Concerns similar to #1 were raised for section (k)(2) regarding frontend and backend groups at a financial institution. While frontend employees can identify suspected abuse within the scope of this proposal to meet the timeframe necessary to implement the FFKC, backend staff cannot. Backend staff, who are also mandatory reporters, may make a discovery of suspected abuse simply by examining account records, but the discovery may be long after the transactions have occurred, making recouping through the author's intended interventions unviable.

¹² <https://www.fdic.gov/news/press-releases/2024/agencies-issue-statement-elder-financial-exploitation>

Change (k)(2) to: "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 submit complaints within 24 to 48 hours. A violation of this paragraph is not subject to the civil penalties described in subdivision (f).

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 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
Sacramento; County of
Verified on 1/8/2026

Opposition

None received.
Verified on 1/8/2026

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