SB 278 (Dodd)

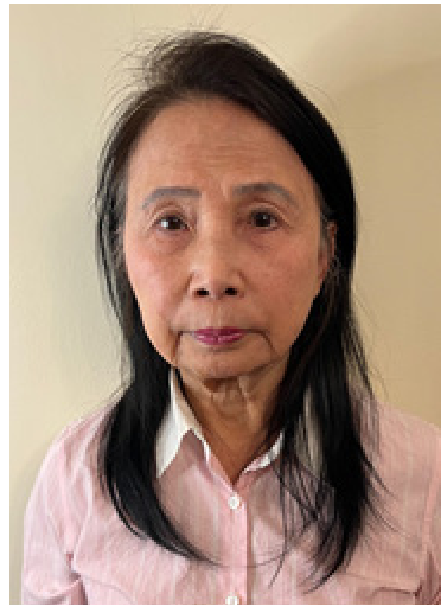
CONSUMER ATTORNEYS OF CALIFORNIA

Protecting Elder Californians from Financial Scams by Holding Big Banks Accountable for Facilitating Financial Fraud and Abuse

Co-sponsored by Consumer Attorneys of California

Alice Lin, Los Angeles

Losses: Retirement savings totaling $720,000
Bank: Chase Bank



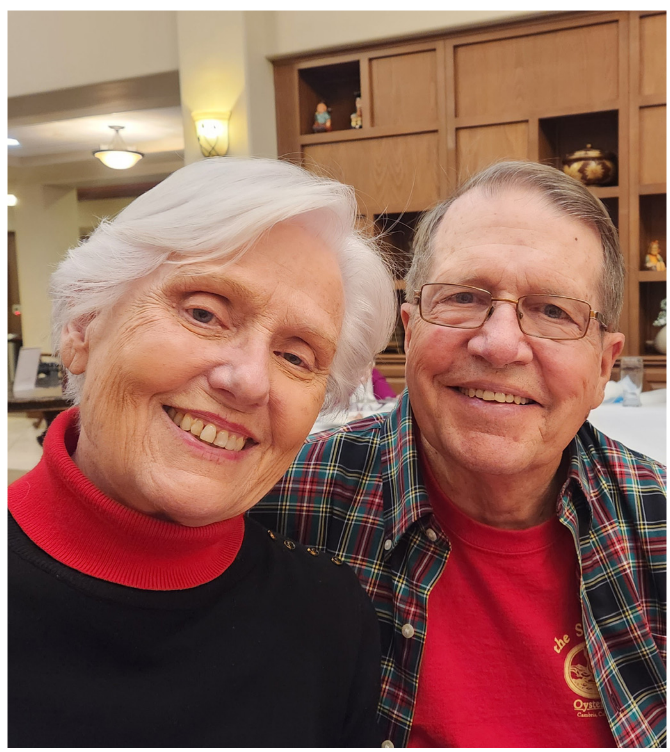
It had been nearly a decade or longer since 80 year-old Alice Lin initiated a wire transfer at her bank. So it should have been obvious to her bankers at Chase Bank – when Alice made seven wire transfers in the space of just two weeks totaling over $720,000 – that she was being scammed.

A scammer who called himself "Justin" reached out to Ms. Lin with a text message, befriending her and convincing her to invest in "cryptocurrency." After guiding Ms. Lin to download a fake cryptocurrency trading app, he convinced her to make several wire transfers totalling nearly three-quarters of a million dollars – an amount that dwarfed Ms. Lin's yearly account balance.

Not once did Chase Bank call Ms. Lin's daughter to alert her of the activity, even though the daughter is listed as a co-owner on the account. Instead, they assisted the scammer by processing each wire – charging the standard fee for each one. SB 278 would put a greater onus on banks like Chase to be more proactive in preventing scammers from taking advantage of elderly consumers.

Mr. and Mrs. Bortz, San Diego

Losses: ~$700,000
Bank: Chase Bank



William and Ave Bortz were in their late 70's when they became victims of financial elder abuse, groomed and scammed into wiring nearly $700,000 overseas through Chase Bank.

Mr. and Mrs. Bortz had been banking with Chase for nearly 50 years, and during that time not once did they wire extraordinarily large sums of money to foreign countries. But when William Bortz walked into a Chase branch at the direction of their scammers, and wired $198,000 to Hong Kong – Chase branch management didn't even raise an eyebrow. Instead, they charged a $50 wire transfer fee and invited Mr. and Mrs. Bortz to join a private banking service.

Because the standard for holding Chase bank accountable is unclear, their case against the bank was dismissed. SB 278 would clarify the standard for proving assistance in financial elder abuse, to make sure banks that aid scammers in defrauding aging Californians are held accountable.

Charles Miller

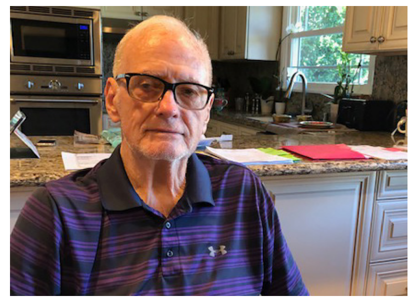
Losses: $800,000
Bank: Bank of America

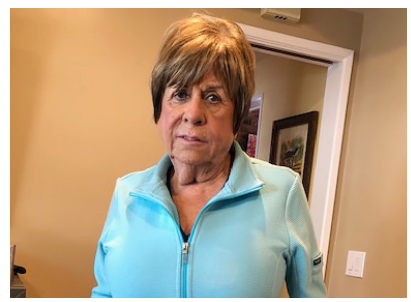
When Charles Miller's wife went to withdraw an unusually large sum of $800,000 from the joint bank account she shared with her husband, at the behest of scammers, Bank of America failed to bring the activity to Charles' attention.

Bank of America, assisting scammers in financial elder abuse by approving Ms. Miller's transfer and withdrawal despite the unusual circumstances, was protected by the lack of clarity in state law that prevent aging Californians from holding financial institutions accountable for aiding scammers in wrongdoing. SB 278 would clarify existing law, setting an attainable standard of proof to protect consumers from experiencing devastating financial abuse.

Mr. and Mrs. Gray

Losses: $70,000+
Bank: Chase Bank





Mrs. Gray received a telephone call on November 30, 2020 from a scammer who identified themselves as "Jonathan, from Amazon." Through a string of lies and deceit, "Jonathan" convinced Mrs. Gray to wire $35,000 from her Chase checking account to the scammer's bank account in Thailand to "correct" an erroneously processed refund. A few days later, after receiving another phone call, Mrs. Gray transferred another $35,000 from her Chase checking account to the same scammer.

When Mrs. Gray began to suspect she was the victim of wire fraud, she raised her concerns with Chase bank who informed her it was an "elder scam." When the Grays asked Chase what the bank could do to recover their stolen funds, Chase informed the Grays that their money was gone forever.

Because California law is unclear, Chase was able to argue that the Grays needed to prove Chase bank had "actual knowledge" of the wire fraud, and their case against Chase Bank was dismissed. SB 278 would help people like the Grays secure justice when they are the victims of financial elder abuse.

Thomas Hobbs

Losses: $165,000
Bank: Wells Fargo Bank

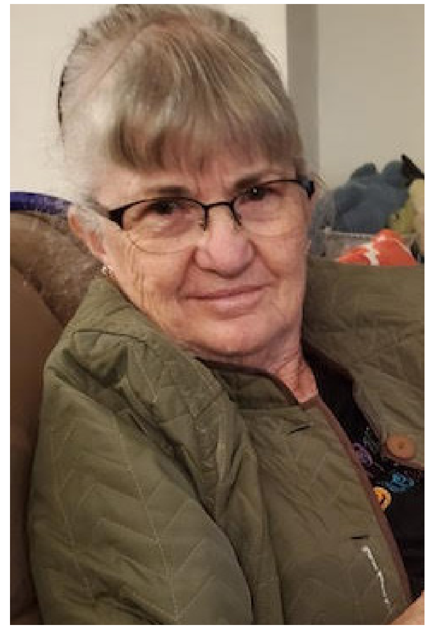
Thomas Hobbs was approximately 80 years old, and suffering from undiagnosed dementia, when he first became the victim of financial elder abuse. Even though he had a 30-year banking relationship with Wells Fargo, the institution assisted Mr. Hobbs in withdrawing tens of thousands of dollars at a time, over eighteen in-person cash withdrawals across eight different branches.

With the help of Wells Fargo, scammers robbed Mr. Hobbs of some $165,000 in less than one month's time.

When Mr. Hobbs tried to hold Wells Fargo accountable for assisting his scammers in their financial abuse, courts dismissed his case. SB 278 would make it easier for victims like Mr. Hobbs to pursue justice against banking institutions like Wells Fargo when they facilitate financial abuse by a third party.

Gladys Smith, San Diego

Losses: Her entire life savings ($50,000)
Bank: Chase Bank



In all of Gladys Smith's years as a customer of Chase Bank, she had never made a single wire transfer. So when the 71 year-old resident of San Diego walked into her local Chase branch in June of 2021 and wired her entire life savings to a bank account in Hong Kong – any rational person might expect the bank would double-check the transaction for fraud. Instead, Chase Bank didn't bat an eye.

Ms. Smith had been tricked by a scammer claiming to work for Amazon.com into wiring $50,000 to a Chinese bank account: the largest transaction she'd ever made, the first time she had ever wired money, and the first time she had ever sent money to China.

Even though Chase Bank assisted the scammer in robbing Ms. Smith of her life savings, the bank avoided accountability by claiming they had no "actual knowledge" of the scam. SB 278 would clarify state law, giving victims like Ms. Smith a path to justice by holding banks accountable for facilitating financial abuse.