



April 10, 2023

Senator Dodd
1021 O St., Suite 7610
Sacramento CA, 95814

Subject: OPPOSE Senate Bill 278

Dear Senator Dodd,

The California Business Roundtable and the organizations listed above oppose **SB 278**. This bill would amend the Welfare and Institutions Code § 15610.30 to extend the liability for financial elder abuse to any entity that “assists” in the exchange that *knew or should have known* about the fraud. While we strongly support the intent of this bill—to protect senior citizens from fraudulent schemes—SB 278 will not provide the financial protection and support for seniors. Unfortunately, as written, the only ones who will benefit from this bill are the trial lawyers who will use ambiguous language in the bill to pursue frivolous lawsuits against a broad range of California businesses.

Existing law, Welfare and Institutions Code § 15610.30, does not distinguish between financial institutions and other types of businesses, in fact it applies widely to all businesses that conduct financial transactions with elders or dependent adults. Under current law, any person or entity that facilitates a transaction that results in financial abuse of an elder or dependent adult can be liable for damages. Furthermore, under current and consistent precedent, standards for proving liability **require evidence that the business had actual knowledge of third-party wrongdoing**. SB 278 would eliminate that standard, replacing it instead with a broad and ambiguous standard that an entity *should have known* that a transaction would result in elder financial abuse. This measure would not only constitute a substantive change to current law but would have far-reaching implications that go beyond financial institutions, exposing the entire business sector to new liability.

SB 278 is presented as a bill to protect seniors and dependent adults. However, by requiring banks and any other business involved in a transaction to scrutinize their elder and dependent adult customers’ decisions to avoid legal liability, the measure would harm the very customers it is intended to protect. It would also lead to an increased burden on businesses to verify the legitimacy of every transaction initiated by senior customers, which could slow down the transaction process and potentially lead to frustration for customers. It could potentially stigmatize senior and dependent adult customers as being more prone to fraud, which could negatively impact their experience as customers and erode their sense of independence. Furthermore, it is our view that SB 278 will likely lead banks to reconsider their willingness to serve senior customers, given the litigation risk involved. While it is important for businesses to take steps to prevent financial abuse against seniors, it is also important to balance these efforts with the need to maintain a positive customer experience and respect the autonomy and independence of all customers.

The business and financial institution community has been actively involved in addressing financial abuse, especially for seniors. However, if passed in its current form, SB 278 would represent a significant setback. There are better and more effective ways to address this ongoing issue that will actually benefit seniors, not just trial lawyers looking to sue large, small, and minority owned businesses that have no knowledge whether fraudulent activity is being conducted at their point-of-sale locations.

We are prepared to work with you on solutions to address the elder financial abuse issue. However, SB 278 is not a solution. We anticipate that this legislation will ultimately have unintended negative consequences and adversely impact the services being offered to the senior and dependent adult communities. For these reasons, the organizations listed above OPPOSE **SB 278**.

Sincerely,

A handwritten signature in black ink that reads "Robert C. Lapsley". The signature is written in a cursive, slightly slanted style.

Robert C. Lapsley
President
California Business Roundtable

California Business Properties Association
Civil Justice Association of California
Orange County Taxpayers Association
Orange County Business Council