

Date of Hearing: April 23, 2024

ASSEMBLY COMMITTEE ON PRIVACY AND CONSUMER PROTECTION

Rebecca Bauer-Kahan, Chair

AB 3207 (Joe Patterson) – As Introduced February 16, 2024

AS PROPOSED TO BE AMENDED

SUBJECT: The Secure Seniors Online Protection Act

SYNOPSIS

According to the FBI, in 2022, 11,517 Californians over the age of 60 collectively reported \$624 million in losses, the most of any state. As the population of seniors expands and the technology used in scams becomes increasingly sophisticated, these eye-popping figures can only be expected to grow.

To help mitigate this issue, this author-sponsored measure would enact the Secure Seniors Online Protection Act, which, upon appropriation, would require the State Department of Social Services (DSS), by January 1, 2026, to establish and administer a 24/7 toll-free hotline to assist Californians in dealing with online scams. While the hotline would be available for all Californians, the bill emphasizes service to individuals who are 60 years of age and older. The bill would also require DSS, beginning in 2027, to submit an annual report detailing the impact of the program and any recommendations for its improvement.

The bill was previously heard in the Committee on Aging and Long-Term Care, and passed by a vote of 5-0. The bill has no registered opposition.

SUMMARY: Requires DSS to establish and administer a 24-hour per day/7-day per week, toll-free hotline to assist Californians, especially those over age 60, in dealing with online scams on or before January 1, 2026. Specifically, **this bill:**

- 1) Requires that, in making the program available to assist all Californians, DSS must ensure the program and its staff are equipped to meet the needs of individuals who are 60 years of age and older.
- 2) Requires DSS, on or before, January 1, 2027, and annually thereafter, to submit a report to the Legislature and relevant policy committees that details the number of individuals and seniors served; the types of problems for which they requested help; the outcomes, if known; and any recommendations to improve the program.
- 3) Provides that the bill becomes operative only upon appropriation.

EXISTING LAW:

- 1) Establishes the DSS within the California Health and Human Services Agency to administer public social services, except health care services and medical assistance as specified. (Welf. & Inst. Code §§ 10550 *et seq.*)
- 2) Requires the Secretary of the California Health and Human Services Agency, in coordination with the Director of the California Department on Aging, to lead the development and

implementation of the Master Plan for Aging established pursuant to Executive Order N-14-19. (Welf. & Inst. Code § 9850.)

FISCAL EFFECT: As currently in print, the bill is keyed fiscal.

COMMENTS:

1) **Author's statement.** According to the author:

Senior citizens are targeted by online scammers at an increasing rate. Unfortunately, these seniors are being exploited by criminals through online fraud and scams. Many of these individuals never formally file a report due to shame and embarrassment. By establishing a 24/7 hotline dedicated to preventing senior citizen fraud, we can assist these valuable members of society by providing a helpful resource for them to utilize when confronted with a potential fraud or scam.

2) **Scams and the vulnerability of seniors.** Speech and video created by generative artificial intelligence (Gen AI) is driving a new era in scamming. These Gen AI tools are trained on publicly available data – the more data a target has online, the easier it is to develop a passable imitation of them or their loved ones. This is especially true of wealthy clients, whose public appearances, including speeches, are often widely available on the internet.¹

As an example, a complicated scam utilizing both deepfake video and false audio was recently performed in Hong Kong. A multinational company lost \$25.6 million after employees were fooled by deepfake technology, with one incident involving a digitally recreated version of its chief financial officer ordering money transfers in a video conference call. Everyone present on the video call, except the victim, was a fake representation of real people. The scammers applied deepfake technology to turn publicly available video and other footage into convincing versions of the meeting's participants.²

The hotline established under this bill would be available to all Californians, but it is principally intended to help seniors. Because seniors are perceived as more trusting, less adept with technology, and more likely to have assets, they are disproportionately targeted by scammers. Fraudulent telemarketers, for example, direct up to 80% of their calls to seniors.³ The FBI reports that in 2022, 11, 517 Californians over the age of 60 collectively reported \$624 million in losses, the most of the any state.⁴ As proponents note, these statistics likely understate the true scale of this issue, as many individuals may be too embarrassed to report that they were scammed.

Meanwhile, the population of seniors is swelling. In California, the population aged 60 years and over is expected to grow more than three times as fast as the total population. By 2030, the state

¹ Emily Flitter and Stacy Cowley, "Voice Deepfakes Are Coming for Your Bank Balance," New York Times, August 30, 2023, www.nytimes.com/2023/08/30/business/voice-deepfakes-bank-scams.html.

² Harvey Kong, "Everyone looked real": multinational firm's Hong Kong office loses HK\$200 million after scammers stage deepfake video meeting," South China Morning Post, February 4th, 2024, www.scmp.com/news/hong-kong/law-and-crime/article/3250851/everyone-looked-real-multinational-firms-hong2kong-office-loses-hk200-million-after-scammers-stage.

³ Senior Gateway: Empowering Seniors with Information & Resources, "Avoiding Scams," <https://seniors.insurance.ca.gov/fs/Avoiding-Scams.cfm>.

⁴ Federal Bureau of Investigation, "Elder Fraud Report 2022," https://www.ic3.gov/Media/PDF/AnnualReport/2022_IC3ElderFraudReport.pdf.

is expected to have nearly 11 million individuals over age 60; by 2060, they will make up nearly one-third of California's population.⁵

The United States Department of Justice has established a National Elder Fraud Hotline to help seniors who have been defrauded. Callers are assigned a case manager to serve as their point of contact. The hotline is open Monday through Friday from 10:00 a.m. to 6:00 p.m. eastern time. The hotline's website warns, however, that the hotline's name and phone number have been used as part of scam, illustrating the challenges of addressing these issues.

3) **Analysis.** A confluence of factors underscores the need for this bill: the population of seniors is growing rapidly; seniors are most likely to be targeted by scammers; scams have grown increasingly sophisticated; victims of scams are reticent to report to authorities; remedying a scam is complex and challenging. Proponents point to the utility of having additional tools and resources to help elderly Californians avoid falling prey to online scams. The bill is a proactive step in protecting those who are most vulnerable to scams.

To evaluate the effectiveness of the hotline, the bill requires, beginning in 2027 and annually thereafter, DSS to submit a report to the Legislature and relevant policy committees that details the number of individuals and seniors served; the types of problems for which they requested help; the outcomes, if known; and any recommendations to improve the program. This will enable the Legislature to evaluate and, as needed, improve the program.

4) **Proposed amendments.** To strengthen the effectiveness of the hotline, the author has agreed to amendments that will 1) no longer limit the hotline to online scams, 2) require that a natural person respond to calls, 3) require the hotline to be available in Spanish, 4) clarify the duties of hotline workers in responding to calls, and 5) establish confidentiality provisions to protect the personal information of callers. To offset some of these added costs, amends will change the requirement that the hotline be available 24/7 to standard business hours. The amendments are as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Elderly individuals face a growing risk of becoming a victim of ~~online~~ fraud and theft.

(b) The rise of digital technologies and an increased internet use has exposed seniors to financial scams that have led to substantial losses and harm to their overall well-being.

(c) In 2021, the Federal Bureau of Investigation reported that scams targeting older adults resulted in losses of \$1.7 billion.

(d) The United States Senate Special Committee on Aging has concluded that the top scams since 2015 have targeted seniors.

(e) In 2020, the Federal Trade Commission's Consumer Protection Data Spotlight reported that romance scams hit a record high. These scams not only cause monetary problems for seniors, but they also affect them emotionally and mentally.

⁵ California Department of Aging, "Facts About California's Elderly," https://www.aging.ca.gov/Data_and_Reports/Facts_About_California's_Elderly/.

(f) According to a Comparitech report, there was a 47 percent increase in fraud and identity theft reports in 2020, with seniors losing over \$3 billion.

(g) California is the state most affected by these scams, with over 12,000 victims 60 years of age and older.

SEC. 2. Chapter 15 (commencing with Section 9900) is added to Division 8.5 of the Welfare and Institutions Code, to read:

CHAPTER 15. The Secure Seniors ~~Online~~ Protection Act

9900. This act shall be known, and may be cited, as the Secure Seniors ~~Online~~ Protection Act.

9901. (a) (1) On or before January 1, 2026, the State Department of Social Services shall establish and administer, a toll-free telephone hotline number to assist all Californians in dealing with ~~online~~ scams.

(2) While the State Department of Social Services shall make this program available to all Californians, the department shall ensure that the program and its staff are equipped to meet the needs of individuals who are 60 years of age and older.

(b) The hotline shall be available ~~24 hours per day, seven days per week~~ standard business hours via a toll-free telephone hotline number.

(1) Hotline workers shall be available to respond to all callers.

(2) Hotline services shall be available in English and Spanish.

(3) Hotline workers shall provide callers with information and assistance, as necessary, to address harms resulting from the scam. Where appropriate, hotline workers shall direct callers to the appropriate government authority for review and possible investigation.

(4) Hotline workers shall hold in confidence information disclosed by a caller and may disclose such information only with the informed, written consent of the caller.

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ARGUMENTS IN SUPORT

California Credit Union League writes:

With the rise of digital technology, elderly individuals continue to be more susceptible to becoming victims of online fraud, financial scams, and identity theft. Fraudsters are becoming increasingly savvy and frequently target vulnerable populations like seniors. According to the Federal Bureau of Investigation, there were more than 88,000 victims of fraud over the age of 60 that reported losses of \$3.1 billion in 2022. California was the state most impacted with over 11,500 victims over the age of 60.

REGISTERED SUPPORT / OPPOSITION:

Support

AARP
California Credit Union League
Leadingage California

Opposition

None on file.

Analysis Prepared by: Josh Tosney / P. & C.P. / (916) 319-2200