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**United States Senate**  
COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS  
WASHINGTON, DC 20510-6075

April 17, 2024

Ms. Jane Fraser  
CEO  
Citi  
388 Greenwich Street  
New York, NY 10013

Dear Ms. Fraser:

In light of growing incidences of fraud in the financial system, we write to request information about the protocols and systems you have in place to protect consumers.

In 2023, consumers lost more than \$10 billion due to fraud—through both unauthorized and fraudulently induced transactions<sup>1</sup>—up 14 percent from the year before.<sup>2</sup> According to the Federal Trade Commission, in terms of dollars lost, “Bank Transfer or Payment” is the largest payment method used by fraudsters.<sup>3</sup> Additionally, the FBI has received reports of nearly \$3 billion in losses associated with “business email compromise” scams overall, which are carried out by fraudsters who compromise email accounts to conduct unauthorized transfers of funds—usually by wire.<sup>4</sup> Those figures are deeply troubling. Consumers use wire transfers to send large dollar amounts, often to purchase a home or make significant investments, meaning wire fraud is often a life-changing event that can wipe out consumers’ savings or irreparably damage their finances.

Banks have a responsibility to proactively monitor and prevent unauthorized and fraudulently induced transactions. We believe banks should reimburse their customers when they fail to meet these obligations. Banks should make consumers whole for unauthorized transactions where a fraudster manages to hack into an account and take money without a consumer’s authorization and for fraudulently induced transactions—specifically, transactions where a consumer was deceived or manipulated into initiating a transfer. With improved fraud prevention and

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<sup>1</sup> Meaning that a consumer was deceived into initiating a payment via a scam.

<sup>2</sup> Federal Trade Commission (FTC), “As Nationwide Fraud Losses Top \$10 Billion in 2023, FTC Steps Up Efforts to Protect the Public,” February 9, 2024, <https://www.ftc.gov/news-events/news/press-releases/2024/02/nationwide-fraud-losses-top-10-billion-2023-ftc-steps-efforts-protect-public>.

<sup>3</sup> FTC, Consumer Sentinel Network Data Book 2023, February 2024, [https://www.ftc.gov/system/files/ftc\\_gov/pdf/CSN-Annual-Data-Book-2023.pdf](https://www.ftc.gov/system/files/ftc_gov/pdf/CSN-Annual-Data-Book-2023.pdf).

<sup>4</sup> Federal Bureau of Investigation, Internet Crimes Report 2023, [https://www.ic3.gov/Media/PDF/AnnualReport/2023\\_IC3Report.pdf](https://www.ic3.gov/Media/PDF/AnnualReport/2023_IC3Report.pdf).

reimbursement practices, consumers would no longer be left on the hook to the tune of billions of dollars annually.

To better understand your bank's wire fraud prevention and reimbursement practices, we request the following information by May 2, 2024:

1. Please describe the volume of unauthorized and fraudulently induced wire transfers sent by customers of your bank. In responding to this question, please address the following:
  - a. How many consumer disputes related to unauthorized wire transfers did you receive in each of the calendar years 2019, 2020, 2021, 2022, and 2023 (review period), and what was the total associated dollar amount for each year?
  - b. How many consumer disputes related to fraudulently induced wire transfers did you receive in the review period, and what was the total associated dollar amount for each year?
  - c. Does your bank offer wire transfer services on mobile devices or on consumer online banking websites, and to what extent, if any, has wire fraud increased since the introduction of mobile or online banking wire transfer access?
2. Please explain the steps your bank takes to identify and prevent unauthorized or fraudulently induced transfers. In responding to this question, please note what percentage of customer complaints resulted in your bank stopping or reversing the fraudulent transfer. Please provide numbers separately for disputes about unauthorized transfers and fraudulently induced ones.
3. Please explain your bank's process for identifying eligibility for, and disbursement of, reimbursements to harmed consumers in cases of unauthorized or fraudulently induced transfers. In responding to this question, please address the following:
  - a. How does your bank interpret its obligations regarding disputes involving unauthorized or fraudulently induced transfers under the Electronic Funds Transfer Act and its implementing regulation, Regulation E?
  - b. Does your bank require its customers to sign an affidavit or equivalent document in the case of a fraud investigation involving unauthorized or fraudulently induced transfers? If so, what does that affidavit or document say? Please provide sample text.
  - c. How many disputes involving unauthorized or fraudulently induced transfers did your bank reimburse in the review period? Please provide separate figures for disputes about unauthorized transfers and fraudulently induced transfers. Please detail partial and full reimbursements for each of the above years, if applicable.

- d. Please provide sample documentation of your correspondence with consumers in the cases when you approve and deny reimbursement for both unauthorized and fraudulently induced transfers.
4. Please describe the fraud and scam prevention training that customer-facing or frontline employees receive. Please provide all training materials your employees receive.

Americans can't afford to lose billions every year to fraud. We look forward to receiving your responses and better understanding how your bank addresses this critical problem.

Sincerely,



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Sherrod Brown  
Chairman  
Senate Committee on  
Banking, Housing, and Urban  
Affairs



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Jack Reed  
United States Senator