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(Original Signature of Member)

119TH CONGRESS
2^D SESSION

H. R. _____

To amend the Expedited Funds Availability Act to provide exceptions in the case of fraudulent checks or wire transfers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mrs. KIM introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Expedited Funds Availability Act to provide exceptions in the case of fraudulent checks or wire transfers, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Strengthening Trans-
5 action Oversight and Preventing Payments Fraud Act of
6 2026” or the “STOP Payments Fraud Act of 2026”.

1 **SEC. 2. PARITY OF AVAILABILITY FOR CERTAIN CHECKS.**

2 The Expedited Funds Availability Act (12 U.S.C.
3 4001 et seq.) is amended—

4 (a) in section 603 (12 U.S.C. 4002)—

5 (1) in subsection (a)(2)—

6 (A) by striking subparagraphs (A) and
7 (F);

8 (B) by redesignating subparagraphs (B)
9 through (E) as subparagraphs (A) through (D),
10 respectively; and

11 (C) in subparagraph (C), as so redesign-
12 dated, by adding “and” at the end; and

13 (2) in subsection (d), by striking paragraph (1)
14 and the heading to paragraph (2); and

15 (b) in section 604(a)(1)(D), by striking “subpara-
16 graph (A), (B), or (C)” and inserting “subparagraph (A)
17 or (B)”.

18 **SEC. 3. EXCEPTION TO FUNDS AVAILABILITY REQUIRE-**
19 **MENTS IN THE CASE OF FRAUD.**

20 Section 604(c) of the Expedited Funds Availability
21 Act (12 U.S.C. 4003(c)) is amended—

22 (1) in paragraph (1), in the heading of the
23 paragraph, by striking “IN GENERAL” and inserting
24 “COLLECTABILITY”;

25 (2) by redesignating paragraphs (2) through
26 (4) as paragraphs (3) through (5), respectively;

1 (3) by inserting after paragraph (1) the fol-
2 lowing:

3 “(2) FRAUD.—

4 “(A) REGULATIONS.—In accordance with
5 regulations which the Board, jointly with the
6 Director of the Bureau of Consumer Financial
7 Protection, shall prescribe, subsections (a)(2),
8 (b), (c), and (e) of section 603 shall not apply
9 with respect to any check deposited in an ac-
10 count at a depository institution if the receiving
11 depository institution has reasonable suspicion
12 to believe that the check is false, unauthorized,
13 or otherwise involves fraud. For purposes of the
14 preceding sentence, reasonable suspicion to be-
15 lieve that a check is false, unauthorized, or oth-
16 erwise involves fraud requires the existence of
17 indicators that would lead a reasonable person
18 to suspect that the check involves fraud. Such
19 reasons shall be included in the notice required
20 under subsection (f).

21 “(B) RULE OF APPLICATION.—A receiving
22 depository institution that has reasonable sus-
23 picion to believe that a check is false, unauthor-
24 ized, or otherwise involves fraud, as described in
25 subparagraph (A), may also have reasonable

1 cause to believe that such check is uncollectible
2 from the originating depository institution, as
3 described in paragraph (1).”; and

4 (4) in paragraph (4), as so redesignated, by
5 striking “paragraph (1)” and inserting “paragraph
6 (1) or (2)”.

7 **SEC. 4. EXCEPTION TO FUNDS AVAILABILITY REQUIRE-**
8 **MENTS IN THE CASE OF NEW ACCOUNTS AND**
9 **FRAUDULENT WIRE TRANSFERS.**

10 Section 604 of the Expedited Funds Availability Act
11 (12 U.S.C. 4003) is amended by adding at the end the
12 following:

13 “(g) APPLICATION OF CERTAIN EXCEPTIONS IN CIR-
14 CUMSTANCES WITH GREATER FRAUD RISK.—With re-
15 spect to an account established at a depository institution,
16 and without regard to whether the account was established
17 by a new depositor, upon the occurrence of circumstances
18 identified by rule by the Board, jointly with the Director
19 of the Bureau of Consumer Financial Protection, as asso-
20 ciated with greater fraud risk, the provisions of para-
21 graphs (1) through (3) of subsection (a) shall apply with
22 respect to any deposit in such account for a period of time
23 determined by rule by the Board, jointly with the Director
24 of the Bureau of Consumer Financial Protection, but not
25 to exceed 60 days for each such occurrence.

1 “(h) REASONABLE SUSPICION EXCEPTION FOR WIRE
2 TRANSFERS.—

3 “(1) IN GENERAL.—In accordance with regula-
4 tions which the Board, jointly with the Director of
5 the Bureau of Consumer Financial Protection, shall
6 prescribe, section 603(a)(1)(B) shall not apply with
7 respect to funds received by a depository institution
8 by wire transfer if the receiving depository institu-
9 tion has reasonable suspicion to believe that the wire
10 transfer is false, unauthorized, or otherwise involves
11 fraud. For purposes of the preceding sentence, rea-
12 sonable suspicion to believe that a wire transfer is
13 false, unauthorized, or otherwise involves fraud re-
14 quires the existence of indicators that would lead a
15 reasonable person to suspect that the wire transfer
16 involves fraud. Such reasons shall be included in the
17 notice required under subsection (f).

18 “(2) BASIS FOR DETERMINATION.—No deter-
19 mination under this subsection may be based on any
20 class of wire transfers or persons.

21 “(3) OVERDRAFT FEES.—If the receiving de-
22 pository institution determines that a wire transfer
23 for credit to an account is a wire transfer described
24 in paragraph (1), the receiving depository institution

1 shall not assess any fee for any subsequent overdraft
2 with respect to such account, if—

3 “(A) the depositor was not provided with
4 the written notice required under subsection (f)
5 (with respect to such determination) at the time
6 the wire transfer was delayed for credit; and

7 “(B) the overdraft would not have oc-
8 curred but for the fact that the funds so trans-
9 ferred are not available.

10 “(4) COMPLIANCE.—Each agency referred to in
11 section 610(a) shall monitor compliance with the re-
12 quirements of this subsection in each regular exam-
13 ination of a depository institution. For the purpose
14 of this paragraph, each depository institution shall
15 retain a record of each notice provided under sub-
16 section (f) as a result of the application of this sub-
17 section.

18 “(i) RULE OF CONSTRUCTION.—Nothing in this Act
19 may be construed to restrict or prohibit a depository insti-
20 tution involved with a deposit by check or wire transfer
21 from communicating to any other depository institution
22 also involved with the deposit that a depository institution
23 has invoked an exception under this section to some or
24 all of the requirements of section 603 with respect to the
25 deposit.”.