



NEW YORK STATE SENATOR

Brad Hoylman-Sigal

New York State Officials Introduce Legislation to Protect Users of Venmo, Zelle, and Cashapp from Theft

BRAD HOYLMAN-SIGAL March 26, 2024

The Zelle logo is displayed in a purple, stylized font. The letter 'Z' is unique, featuring a vertical line that extends upwards and then curves to the right, resembling a lightning bolt or a stylized 'Z'. The word 'zelle' is in a lowercase, sans-serif font.

In Response to Growing Reports of Financial App Theft, Hoylman-Sigal/Lee Bill Will Require Peer to Peer Mobile Payment Applications to Increase Security Protections

NEW YORK — New York State Senator Brad Hoylman-Sigal (D/WFP-Manhattan) and New York State Assembly Member Grace Lee (D-Manhattan) recently introduced the Financial App Security Act ([S.8677](#)) to require companies that offer peer-to-peer mobile payment services, such as Zelle, Venmo, and CashApp, to enact security measures designed to protect consumers from financial fraud and theft.

The use of peer-to-peer payment services has grown exponentially over the past five years, nearing almost \$1 trillion across the most-used applications. According to New York Law Enforcement, financial app thefts have also significantly increased in recent years. These thefts often involve an incident where an unauthorized user gains access to an unlocked device and then uses that device to drain bank accounts of significant sums of money, make purchases, or use the financial information within the application to open new accounts elsewhere. Thousands of dollars can be taken in mere seconds, putting New Yorkers' financial, and sometimes physical safety, at risk. Stealing information from financial applications was the underlying crime that ultimately led to the high profile murders of **John Umberger and Julio Rameriz**, in Manhattan last year. Manhattan District Attorney Alvin Bragg, who has expressed great concern over this issue, sent **letters** to the heads of the peer to peer mobile payment applications, requesting to meet and demanding that they do more to protect their consumers. In his letters he wrote “a failure to take proactive steps in the name of your consumers will lead to further illegal behavior and countless unsuspecting victims.”

The Financial App Security Act would require these applications to add common-sense security measures, including certain measures found in traditional banking such as requiring the use of PIN numbers for most actions. These requirements would make it significantly more difficult for criminals to steal from New Yorkers through peer to peer mobile payment applications.

Senator Brad Hoylman-Sigal said, “Financial payment apps are incredibly popular and provide a great service, but the corporations that operate these apps have a responsibility to limit fraud on their platforms and abuse of their users. Not only has there been a dramatic increase in thefts taking place through peer to peer financial apps across New York State, we

have seen the establishment of crime rings that specifically target people, particularly those in the LGBTQ community, to gain access to their financial payment apps. By adding a few simple, common sense regulations to mobile payment apps, like requiring PIN numbers, something that all major banks do, we can increase the barriers to financial theft and help keep New Yorkers safe.”

“While peer-to-peer payment services offer ease and convenience for consumers, they also inadvertently streamline opportunities for theft,” **said Assemblymember Grace Lee.** “Across New York, we are seeing a rise in thefts on these platforms – thefts often targeting members of vulnerable communities, like elderly New Yorkers. This legislation will require peer-to-peer payment services to adopt the same security measures as traditional online banking services. Through these common-sense regulations that enhance security on these platforms, we can better protect New Yorkers from financial theft.”

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