

BILL ANALYSIS

Senate Research Center

H.B. 4281
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State Affairs
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Crowdfunding has become a popular way to raise funds for people who have fallen on hard times or who have experienced a tragedy. Unfortunately, there are bad actors who capitalize and exploit tragedies by creating fraudulent crowdfunding campaigns with no intention of ensuring that the money goes to the impacted people.

Under current law, this fraud is considered theft by deception, but there is no expressly provided avenue for a person's recovery of the donations that were unknowingly collected on their behalf. H.B. 4281 seeks to hold liable a person who engages in fraudulent crowdfunding by creating a pathway through use of a civil cause of action for fraudulent crowdfunding.

H.B. 4281 amends current law relating to a civil cause of action for fraudulent crowdfunding.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 4, Civil Practice and Remedies Code, by adding Chapter 100B, as follows:

CHAPTER 100B. LIABILITY FOR FRAUDULENT CROWDFUNDING

Sec. 100B.001. DEFINITION. Defines "fraudulent crowdfunding."

Sec. 100B.002. LIABILITY FOR FRAUDULENT CROWDFUNDING. Provides that a person who engages in fraudulent crowdfunding is liable to the donee on whose behalf the donations were made or the donee's estate.

Sec. 100B.003. DAMAGES. (a) Requires a court to award a donee or donee's estate who prevails in an action brought under this chapter 125 percent of the amount of donations the defendant collected on behalf of the donee through the fraudulent crowdfunding and reasonable and necessary attorney's fees.

(b) Provides that nothing in this section prevents the donee or the donee's estate from pursuing a claim for exemplary damages under Chapter 41 (Damages) for the defendant's fraudulent crowdfunding.

SECTION 2. Makes application of Chapter 100B, Civil Practice and Remedies Code, as added by this Act, prospective.

SECTION 3. Effective date: September 1, 2025.