

## **BILL ANALYSIS**

Senate Research Center

S.B. 2373  
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Criminal Justice  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Artificial intelligence (AI) is increasingly being exploited for financial scams, particularly targeting vulnerable populations such as seniors and individuals with disabilities. Fraudsters use AI-generated media, including deepfake videos, voice cloning, and phishing communications, to deceive vulnerable victims into transferring money or providing sensitive personal information to their detriment.

Current Texas law criminalizes financial exploitation and fraud through the Penal Code in Section 32.51 (Fraudulent Use or Possession of Identifying Information) and Section 33.07 (Online Impersonation). However, these laws do not explicitly cover AI-generated scams. This legal gap hinders prosecution to protect the most vulnerable Texans, lacks recovery provisions for victims, and enables the proliferation of AI-driven fraud.

S.B. 2373 amends Title 4 of the Civil Practice & Remedies Code by defining artificial intelligence and AI-generated media, establishes a civil cause of action for financial exploitation through AI-generated scams, and allows victims to further recover lost damages and attorney's fees. The bill also introduces civil penalties for offenders, provides confidential identity protection for victims of AI scams, and creates a tiered criminal offense, ranging from a Class B misdemeanor to a first-degree felony based on the amount exploited.

As proposed, S.B. 2373 amends current law relating to the financial exploitation or abuse of persons using artificially generated media or phishing communications, provides a civil penalty, and creates a criminal offense.

### **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 FINANCIAL EXPLOITATION OF PERSONS**

Sec. 100B.001. DEFINITIONS. (a) Defines "artificial intelligence," "artificially generated media," "exploitation," "financial exploitation," and "phishing communication."

Sec. 100B.002. CAUSE OF ACTION FOR DISSEMINATION OF CERTAIN COMMUNICATIONS FOR FINANCIAL EXPLOITATION. (a) Provides that a person is liable for damages resulting from a knowing dissemination of artificially generated media or a phishing communication for the purpose of financial exploitation.

(b) Requires a court to award a claimant who prevails in an action brought under this section actual damages, including damages for mental anguish and the defendant's profits attributable to the dissemination of the artificially generated

media or phishing communication and court costs and reasonable attorney's fees incurred in bringing the action.

(c) Authorizes a court in which an action is brought under this section, on a motion of a claimant, to issue a temporary restraining order or a temporary or permanent injunction to restrain and prevent the further dissemination of artificially generated media or a phishing communication to the claimant.

(d) Provides that it is a defense to liability under this section that the dissemination occurred as part of a lawful criminal investigation or the artificially generated media contains a disclosure that states that the media has been altered using artificial intelligence or other computer software, for a recording or broadcast, occurs at the beginning of or reasonably within the recording or broadcast, and for an image or written text, is clearly legible.

Sec. 100B.003. CIVIL PENALTY FOR DISSEMINATION OF CERTAIN COMMUNICATIONS FOR FINANCIAL EXPLOITATION. (a) Provides that a person who knowingly disseminates artificially generated media or a phishing communication for purposes of financial exploitation is subject to a civil penalty not to exceed \$1,000 per day the media or communication is disseminated. Authorizes the attorney general to bring an action to collect the civil penalty.

(b) Provides that it is a defense to liability for a civil penalty imposed under this section that the dissemination occurred as part of a lawful criminal investigation or the artificially generated media contains a certain disclosure presented in a certain manner.

Sec. 100B.004. CONFIDENTIAL IDENTITY IN ACTION FOR DISSEMINATION OF CERTAIN COMMUNICATIONS. (a) Defines "confidential identity."

(b) Requires the court, in an action brought under Section 100B.002 or 100B.003, to notify the person who is the subject of the action as early as possible in the action that the person may use a confidential identity in relation to the action, allow a person who is the subject of the action to use a confidential identity in all petitions, filings, and other documents presented to the court, use the person's confidential identity in all of the court's proceedings and records relating to the action, including any appellate proceedings, and maintain the records relating to the action in a manner that protects the person's confidentiality.

(c) Provides that, in an action brought under Section 100B.002 or 100B.003, only the following persons are entitled to know the true identifying information about the person who is the subject of the action: the court, a party to the action, an attorney representing a party to the action, and a person authorized by a written order of the court specific to the person.

(d) Provides that the court is required to order that a person entitled to know the true identifying information under Subsection (c) is prohibited from divulging that information to anyone without a written order of the court. Requires the court to hold a person who violates the order in contempt.

(e) Prohibits the Supreme Court of Texas, notwithstanding Section 22.004 (Fee For Production or Certification of Documents) from amending or adopting rules in conflict with this section.

(f) Provides that a person is not required to use a confidential identity as provided by this section.

SECTION 2. Amends Section 32.55(e), Penal Code, to authorize a person who is subject to prosecution under both Section 32.55 (Financial Abuse of Elderly Individual) and another section

of Penal Code to be prosecuted under either section or both sections, except that the actor is prohibited from being prosecuted under both this section and Section 32.56.

SECTION 3. Amends Subchapter D, Chapter 32, Penal Code, by adding Section 32.56, as follows:

Sec. 32.56. FINANCIAL ABUSE USING ARTIFICIALLY GENERATED MEDIA OR PHISHING. (a) Defines "artificially generated media," "artificial intelligence," and "financial abuse."

(b) Provides that a person commits an offense if the person knowingly engages in financial abuse through the use of artificially generated media disseminated to another person or by deceiving or manipulating another person into providing personal, financial, or identifying information through e-mail, electronic communication, or other digital means.

(c) Provides that it is a defense to prosecution under this section that the conduct was performed by an officer or employee of a law enforcement agency in the course and scope of a criminal investigation or the artificially generated media contains a disclosure that states that the media has been altered using artificial intelligence or other computer software, for a video or audio recording, occurs at the beginning of the recording, and for an image or written text, appears in an easily readable font size.

(d) Provides that an offense under this section is classified as certain misdemeanor or felony offenses based on the value of the property taken, appropriated, obtained, retained, or used.

(e) Provides that if conduct constituting an offense under this section also constitutes an offense under another section of the Penal Code, the actor is authorized to be prosecuted under either section or under both sections, except that the actor is prohibited from being prosecuted under both this section and Section 32.55.

SECTION 4. Makes application of Section 100B.002, Civil Practice and Remedies Code, as added by this Act, prospective.

SECTION 5. Effective date: September 1, 2025.