

Proposed Offense: Security Deposit Trafficking

Union of Saints

Legislative Findings

Some patterns of residential housing misconduct are incidents that may involve repeated schemes affecting multiple victims over many years. Such conduct may include acts of fraud, theft, defamation, deceptive business practices, unlawful surveillance, or other violations of landlord-tenant laws. In certain cases, evidence may also support investigations into more serious offenses, including labor trafficking or other crimes, where the legal elements of those offenses are met.

For purposes of this Act, **Security Deposit Trafficking** means knowingly engaging in a repeated or organized pattern of soliciting, collecting, transferring, retaining, concealing, or profiting from residential security deposits or rental payments through fraud, deception, false representations, theft, identity fraud, or other unlawful means.

Examples of conduct that may be investigated under this Act include:

- Repeatedly obtaining security deposits through fraudulent representations.
- Requesting that cash security deposits or rent payments be left in unsecured locations, after which the funds disappear.
- Knowingly retaining or misappropriating security deposits in violation of applicable law.
- Engaging in repeated acts of fraud, defamation, or deceptive business practices against tenants.
- Installing surveillance devices or monitoring private areas without lawful notice or authorization where required by law.
- Failing to perform legal obligations owed to tenants while continuing to collect rent or deposits through fraudulent or deceptive means.
- Coordinating with others to engage in repeated housing-related fraud or exploitation affecting multiple victims.

The purpose of this Act is to deter organized housing-related fraud, strengthen protections for tenants, improve accountability in the residential rental market, and provide enhanced penalties for individuals or organizations that repeatedly exploit tenants through coordinated or recurring unlawful schemes.

Concern for the traveling nurse community, victims using Furnished Finder, and other online housing platforms. Temporary housing providers, traveling professionals, military families, students, and other renters may be particularly vulnerable to repeated housing-related fraud and exploitation because they often rely on online listings, remote transactions, and expedited rental arrangements. Strengthening protections against organized housing

fraud and deceptive rental practices would help safeguard these communities and promote greater accountability within the residential housing market.