

SB 95 -1 STAFF MEASURE SUMMARY

Senate Committee On Human Services

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Sub-Referral To: Senate Committee On Judiciary

Meeting Dates: 2/13, 3/22

WHAT THE MEASURE DOES:

Requires certain securities professionals to report suspected financial exploitation of elderly, disabled, or vulnerable individuals to the Department of Consumer and Business Services (DCBS) and Department of Human Services (DHS). Permits securities professionals to notify third parties previously designated by victim of suspected financial exploitation. Permits securities professionals to delay disbursement of accounts and provide notice if professional reasonably believes that disbursement may result in financial exploitation. Establishes penalties.

FISCAL: May Have Fiscal Impact, But No Statement Yet Issued

REVENUE: May Have Revenue Impact, But No Statement Yet Issued

ISSUES DISCUSSED:

- Role of investment advisors in identifying and reporting financial exploitation
- Liability and immunity issues for covered securities professionals
- Multiple agency reporting mandate, comparison to other mandatory reporter professions
- Provisions of measure and effect of changes in federal law
- Determining which professions included under measure

EFFECT OF AMENDMENT:

-1 Replaces measure. Requires qualified individual to report suspected or attempted financial exploitation of "vulnerable person" to DCBS. Requires DCBS to forward report to DHS, and investigate potential securities violation and notify law enforcement of potential crimes. Exempts financial institution and trust company employees from mandatory reporting requirements.

Permits notification of third parties previously designated by vulnerable person. Permits securities professional to delay disbursement of accounts and provide notice if suspects disbursement may result in financial exploitation. Limits liability for securities professionals complying with measure. Requires securities professionals to provide relevant records to DCBS, DHS, or law enforcement upon request. Defines terms. Establishes penalties.

FISCAL: Minimal Expenditure Impact

REVENUE: No Revenue Impact

BACKGROUND:

The Department of Consumer and Business Services (DCBS) reports that there were 4,533 complaints of alleged financial exploitation in 2015, which was a 19.6% increase in cases from the year before. DCBS also reports that nearly half of cases involve financial exploitation by a family member of the victim. Current Oregon law makes several categories of professionals "mandatory reporters" of suspected abuse of elderly or disabled persons (including suspected financial exploitation), including state agency employees, attorneys, medical professionals, behavioral

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health professionals, and emergency services professionals. However, at least 60% of the reports of financial exploitation in 2013 were made by non-mandatory reporters like securities professionals or a victim's family or friends. In 2013, securities professionals were second only to family members in the percentage of reports of financial exploitation of seniors and vulnerable adults.

Senate Bill 95 adds certain securities professionals to the list of mandatory reporters, for suspected financial exploitation of elderly, disabled, or other vulnerable persons. The measure requires reports to DCBS and the Department of Human Services (DHS). The measure also permits securities professionals to notify third parties of suspected exploitation, if the third party is authorized to receive the victim's financial information (unless the third party is the suspect). Senate Bill 95 also allows investment advisers and broker-dealers to delay disbursing funds from an account when they reasonably believe that disbursement could result in financial exploitation of seniors, disabled persons, or other defined vulnerable people. Finally, the measure requires securities professionals to provide records related to suspected financial exploitation to DCBS, DHS, or law enforcement upon request.