

B-Engrossed
Senate Bill 95

Ordered by the Senate April 26
Including Senate Amendments dated March 24 and April 26

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor Kate Brown for Department of Consumer and Business Services)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Requires certain securities professionals to report suspected financial exploitation of vulnerable persons to Department of Consumer and Business Services.

Punishes failure to report by maximum of \$2,000 fine.

Permits certain securities professionals to report suspected financial exploitation to certain third parties.

Permits broker-dealers and state investment advisers to delay disbursements in order to investigate suspected financial exploitation.

A BILL FOR AN ACT

1
2 Relating to reporting of suspected financial abuse; creating new provisions; and amending ORS
3 59.991.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Sections 2 to 7 of this 2017 Act are added to and made a part of ORS 59.005**
6 **to 59.451.**

7 **SECTION 2. As used in sections 2 to 7 of this 2017 Act:**

8 **(1)(a) "Financial exploitation" means:**

9 **(A) Wrongfully taking assets, funds or property belonging to or intended for the use of**
10 **another person;**

11 **(B) Alarming another person by conveying a threat to wrongfully take or appropriate**
12 **money or property of the person if the person would reasonably believe that the threat**
13 **conveyed would be carried out;**

14 **(C) Misappropriating, misusing or transferring without authorization any money from**
15 **any account held jointly or singly by another person; or**

16 **(D) Failing to use the income or assets of another person effectively for the support and**
17 **maintenance of the person.**

18 **(b) "Financial exploitation" does not include a transfer of money or property that is made**
19 **for the purpose of qualifying a person for Medicaid benefits or for any other state or federal**
20 **assistance program, or the holding and exercise of control over money or property after such**
21 **a transfer.**

22 **(2) "Financial institution" has the meaning given that term in ORS 706.008.**

23 **(3) "Qualified individual" means an individual who is:**

24 **(a) A salesperson;**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (b) An investment adviser representative; or

2 (c) A person who serves in a supervisory, compliance or legal capacity for a broker-dealer
3 or state investment adviser, or who is otherwise identified in the written supervisory pro-
4 cedures of a broker-dealer or state investment adviser.

5 (4) "Trust company" has the meaning given that term in ORS 706.008.

6 (5) "Vulnerable person" has the meaning given that term in ORS 124.100.

7 **SECTION 3.** (1) Except as provided in subsection (4) of this section, a qualified individual
8 who has reasonable cause to believe that financial exploitation of a vulnerable person with
9 whom the qualified individual comes into contact has occurred, has been attempted or is
10 being attempted shall, as soon as is practicable, notify the Department of Consumer and
11 Business Services, either orally or in writing.

12 (2) A notification made under subsection (1) of this section must include the following
13 information, if known:

14 (a) The identity and address of the vulnerable person;

15 (b) The identity of all persons that the qualified individual believes are responsible for the
16 suspected or attempted financial exploitation; and

17 (c) The nature and extent of the suspected or attempted financial exploitation.

18 (3) Upon receipt of a notification under subsection (1) of this section, the department
19 shall:

20 (a) Immediately forward the notification to the Department of Human Services;

21 (b) If it reasonably appears that a violation of the Oregon Securities Law or rules adopted
22 thereunder has occurred or is occurring, promptly investigate the suspected or attempted
23 financial exploitation; and

24 (c) If it reasonably appears that a crime has been committed or attempted, promptly
25 notify a law enforcement agency.

26 (4) Subsection (1) of this section does not apply to a qualified individual who is employed
27 by a financial institution or trust company.

28 **SECTION 4.** (1) If a qualified individual has reasonable cause to believe that financial
29 exploitation of a vulnerable person with whom the qualified individual comes into contact has
30 occurred, has been attempted or is being attempted, the qualified individual may notify any
31 third party who was previously designated by the vulnerable person to receive information
32 from the qualified individual regarding the vulnerable person, or whom the qualified individ-
33 ual is otherwise permitted to notify under state or federal law or customer agreement.

34 (2) Disclosure may not be made under this section to any third party that is suspected
35 of actual or attempted financial exploitation or other abuse of the vulnerable person.

36 **SECTION 5.** (1) A broker-dealer or state investment adviser may delay a disbursement
37 from an account of a vulnerable person or an account on which a vulnerable person is a
38 beneficiary if:

39 (a) The broker-dealer, the state investment adviser or a qualified individual reasonably
40 believes that the requested disbursement might result in financial exploitation of a vulner-
41 able person; and

42 (b) The broker-dealer or state investment adviser:

43 (A) Within two business days of the request for disbursement, provides written notifica-
44 tion of the delay and the reason for the delay to all parties authorized to transact business
45 on the account, except to any party that is suspected to have engaged in actual or attempted

1 financial exploitation of the vulnerable person;

2 (B) Within two business days of the request for disbursement, notifies the Department
3 of Consumer and Business Services and the Department of Human Services of the delay and
4 the reason for the delay; and

5 (C) Conducts an internal review of the suspected financial exploitation and reports the
6 results of the review to the Department of Consumer and Business Services and the De-
7 partment of Human Services.

8 (2) A delay of a disbursement under this section may not extend beyond the earlier of:

9 (a) Fifteen business days after the date on which the broker-dealer or state investment
10 adviser first delayed disbursement of the funds; or

11 (b) The date on which a determination is made by the broker-dealer or state investment
12 adviser that the disbursement will not result in financial exploitation of the vulnerable per-
13 son.

14 (3) Notwithstanding subsection (2) of this section, upon request of the Department of
15 Consumer and Business Services, a delay of a disbursement under this section may extend
16 beyond 15 business days after the date on which the broker-dealer or state investment ad-
17 viser first delayed disbursement of the funds, but not beyond the earliest of:

18 (a) Twenty-five business days after the date on which the broker-dealer or state invest-
19 ment adviser first delayed disbursement of the funds;

20 (b) The date on which an order terminating the delay is entered by a court of competent
21 jurisdiction; or

22 (c) The date on which the department issues an order terminating the delay.

23 (4) The department or a broker-dealer or state investment adviser that initiated a delay
24 of a disbursement under this section may petition a court of competent jurisdiction for an
25 order delaying or enjoining a disbursement of funds or for other protective relief on the
26 grounds that financial exploitation of a vulnerable person is otherwise likely to occur.

27 **SECTION 6.** Qualified individuals, broker-dealers and state investment advisers are not
28 liable under state law for the following actions, if performed in good faith, with reasonable
29 cause and with the exercise of reasonable care:

30 (1) Disclosing information under section 3, 4 or 7 of this 2017 Act;

31 (2) Failing to notify a vulnerable person of a disclosure of information under section 3,
32 4 or 7 of this 2017 Act; or

33 (3) Delaying a disbursement under section 5 of this 2017 Act.

34 **SECTION 7.** (1) Upon request of the Department of Consumer and Business Services, the
35 Department of Human Services or a law enforcement agency, a broker-dealer or state in-
36 vestment adviser shall provide copies of records related to any suspected financial exploita-
37 tion of a vulnerable person to the requester. The records may include historical records if
38 relevant to suspected financial exploitation of a vulnerable person.

39 (2) A record made available to an agency under this section is not a public record for
40 purposes of ORS 192.410 to 192.505.

41 (3) Nothing in this section limits the authority of the Department of Consumer and
42 Business Services to access or examine the books and records of broker-dealers and state
43 investment advisers as otherwise provided by law.

44 **SECTION 8.** ORS 59.991 is amended to read:

45 59.991. (1) Except as provided in [subsection (3)] subsections (3) and (4) of this section, violation

1 of any provision of ORS 59.005 to 59.451, 59.710 to 59.830, 59.991 and 59.995 or any rule adopted by
2 the Director of the Department of Consumer and Business Services under ORS 59.005 to 59.451,
3 59.710 to 59.830, 59.991 and 59.995, except ORS 59.315 (2) or 59.810, is a Class B felony.

4 (2) Violation of ORS 59.315 (2) or 59.810 is a Class A misdemeanor.

5 (3) This section does not apply to a failure to file a notice and pay a fee under ORS 59.049 (1),
6 (2) or (3), nor to a failure to file a notice and pay a fee pursuant to ORS 59.165 (7), nor to a failure
7 to pay a fee pursuant to ORS 59.175 (8), nor to a violation of any rule adopted by the director under
8 ORS 59.049 (1), (2) or (3), 59.165 (7) or 59.175 (8).

9 **(4) Notwithstanding subsection (1) of this section, violation of section 3 of this 2017 Act**
10 **or of any rule adopted by the director for administration of sections 2 to 7 of this 2017 Act**
11 **is a Class A violation.**

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