

2019 -- S 0433 SUBSTITUTE A

LC001340/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2019

A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS -- SENIOR SAVINGS PROTECTION ACT

Introduced By: Senators Lawson, Nesselbush, Valverde, Murray, and Euer

Date Introduced: February 27, 2019

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 7 of the General Laws entitled "CORPORATIONS,
2 ASSOCIATIONS, AND PARTNERSHIPS" is hereby amended by adding thereto the following
3 chapter:

4 CHAPTER 11.2

5 SENIOR SAVINGS PROTECTION ACT

6 **7-11.2-1. Short title - Rules of construction.**

7 (a) This chapter shall be known as and may be cited as the "Senior Savings Protection
8 Act".

9 (b) This chapter shall be liberally construed and applied to promote its underlying
10 purposes and policy and to make uniform the laws with respect to the subject of this chapter
11 among states enacting it.

12 (c) Unless displaced by the particular provisions of this chapter, the principles of law and
13 equity supplement its provisions.

14 **7-11.2-2. Definitions.**

15 As used in this chapter, the following words and phrases shall have the following
16 meanings unless the context otherwise requires:

17 (1) "Agent" means an individual, other than a broker-dealer, who represents a broker-
18 dealer in effecting or attempting to effect purchases or sales of securities or represents an issuer in

1 effecting or attempting to effect purchases or sales of the issuer's securities; provided, that a
2 partner, officer, or director of a broker-dealer or issuer, or an individual having a similar status or
3 performing similar functions is an agent only if the individual otherwise comes within the term.
4 The term does not include an individual excluded by rule adopted or order issued under this
5 chapter.

6 (2) "Broker-dealer" means a person engaged in the business of effecting transactions in
7 securities for the account of others or for the person's own account. The term does not include:

8 (i) An agent;

9 (ii) An issuer;

10 (iii) A bank, a trust company organized or chartered under the laws of this state, or a
11 savings institution, if its activities as a broker-dealer are limited to those specified in the
12 Securities Exchange Act of 1934, as amended (15 U.S.C. Section 78a, et seq.) or a bank that
13 satisfies the conditions described in the Securities Exchange Act of 1934, as amended (15 U.S.C.
14 Sections 78a et seq.);

15 (iv) An international banking institution; or

16 (v) A person excluded by rule adopted or order issued under this chapter.

17 (3) "Financial exploitation" means the wrongful or unauthorized taking, withholding,
18 appropriation, or use of money, real property, or personal property of a qualified adult.

19 (4) "Immediate family member" means a spouse, child, parent, or sibling of a qualified
20 adult;

21 (5) "Qualified adult" means:

22 (i) A person sixty (60) years of age or older; or

23 (ii) A person who:

24 (A) Has a mental or physical impairment that substantially limits one or more major life
25 activities, whether the impairment is congenital or acquired by accident, injury or disease, where
26 such impairment is verified by medical findings; and

27 (B) Is between the ages of eighteen (18) and fifty-nine (59);

28 (6) "Qualified individual" means a person associated with a broker-dealer who serves in a
29 supervisory, compliance, or legal capacity as part of their job.

30 **7-11.2-3. Notification of agencies and family members.**

31 If a qualified individual reasonably believes that financial exploitation of a qualified adult
32 has occurred, has been attempted, or is being attempted, the qualified individual shall notify the
33 department of business regulation as well as the division of elderly affairs and law enforcement in
34 accordance with § 42-66-8. Subsequent to providing this notification, an agent or qualified

1 individual may notify an immediate family member, legal guardian, conservator, cotrustee,
2 successor trustee, or agent under a power of attorney of the qualified adult of such belief.

3 **7-11.2-4. Refusal of request for disbursement.**

4 (a) A qualified individual may refuse a request for disbursement from the account of a
5 qualified adult, or an account on which a qualified adult is a beneficiary or beneficial owner, if:

6 (1) The qualified individual reasonably believes that the requested disbursement will
7 result in financial exploitation of the qualified adult; and

8 (2) The broker-dealer or qualified individual:

9 (i) Within two (2) business days makes a reasonable effort to notify all parties authorized
10 to transact business on the account orally or in writing, unless such parties are reasonably
11 believed to have engaged in suspected or attempted financial exploitation of the qualified adult;
12 and

13 (ii) Complies with the notification requirements set forth in § 7-11.2-3.

14 (b) Any refusal of a disbursement as authorized by this section shall expire upon the
15 sooner of:

16 (1) The time when the broker-dealer or qualified individual reasonably believes that the
17 disbursement will not result in financial exploitation of the qualified adult; or

18 (2) Ten (10) business days after the initial refusal of disbursement by the qualified
19 individual.

20 (c) A court of competent jurisdiction may enter an order extending the refusal of a
21 disbursement or any other protective relief.

22 **7-11.2-5. Immunity from liability.**

23 Notwithstanding any other provision of law to the contrary, a broker-dealer, agent, or
24 qualified individual who, in good faith and exercising reasonable care, complies with the
25 provisions of this chapter shall be immune from any civil liability under this chapter.

26 **7-11.2-6. Website for training resources to prevent and detect financial exploitation.**

27 No later than July 1, 2020, the department of business regulation and the division of
28 elderly affairs shall develop and make available websites that include training resources to assist
29 broker-dealers and agents in the prevention and detection of financial exploitation of qualified
30 adults. Such resources shall include, at a minimum, indicators of financial exploitation of
31 qualified adults and potential steps broker-dealers and agents may take to prevent suspected
32 financial exploitation of qualified adults as authorized by law.

1 SECTION 2. This act shall take effect upon passage.

=====
LC001340/SUB A
=====

EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO CORPORATIONS, ASSOCIATIONS, AND PARTNERSHIPS -- SENIOR
SAVINGS PROTECTION ACT

1 This act would establish the "Senior Savings Protection Act" to require certain
2 individuals to report the occurrence or suspected occurrence of financial exploitation of qualified
3 adults, who are persons sixty (60) years of age or older, or who have a disability, and are between
4 the ages of eighteen (18) and fifty-nine (59).

5 This act would take effect upon passage.

=====
LC001340/SUB A
=====