Committee on Banking and Insurance

CS/CS/HB 813 — Protection of Vulnerable Investors

by Commerce Committee; Insurance and Banking Subcommittee; and Reps. Mclure, Silvers, and others (CS/SB 1672 by Judiciary Committee and Senators Broxson and Baxley)

The bill provides additional protections for investors who are specified adults (age 65 years or older) or vulnerable adults who may be victims of suspected financial exploitation. A vulnerable adult is a person 18 years of age or older whose ability to perform the normal activities of daily living or to provide for his or her own care or protection is impaired due to a mental, emotional, sensory, long-term physical, or developmental disability or dysfunction, or brain damage, or the infirmities of aging. The bill allows securities dealers and investment advisers to delay disbursements or transactions of funds or securities from an account of a specified adult or a vulnerable adult under the following conditions:

- The dealer or investment adviser reasonably believes that financial exploitation of the specified adult has occurred, is occurring, has been attempted, or will be attempted in connection with the disbursement or transaction.
- Not later than 3 business days after the date on which the delay was first placed, the dealer or investment adviser provides written notice to all parties authorized to transact business on the account and any trusted contact on the account, using the contact information provided on the account, unless the dealer or investment adviser believes that any of the parties are involved in the suspected exploitation.
- Not later than 3 business days after the date on which the delay was first placed, the dealer or investment adviser notifies the Office of Financial Regulation of the delay.
- The dealer or investment adviser immediately initiates an internal review of the facts and circumstances that caused the dealer or investment adviser to reasonably believe that the financial exploitation of the specified adult has occurred, is occurring, has been attempted, or will be attempted.

A delay in disbursement or transaction of funds or securities expires in 15 business days, and may be extended for an additional 10 business days. A court of competent jurisdiction may shorten or extend the length of any delay.

The bill grants immunity from any administrative or civil liability that might otherwise arise from a delay in a disbursement or transaction to any dealer, investment adviser, or associated person who in good faith and exercising reasonable care complies with the provisions of s. 517.34, F.S. The bill does not alter the obligation of a dealer, investment adviser, or associated person to comply with instructions from a client absent a reasonable belief of financial exploitation. The bill does not create new rights or obligations of a dealer, investment adviser, or associated person under other applicable laws or rules. The bill does not limit the right of a dealer, investment adviser, or associated person to refuse to place a delay on a transaction or disbursement under other laws or rules or under a customer agreement.

If approved by the Governor, these provisions take effect July 1, 2020.
Vote: Senate 38-0; House 118-0