

## **HB 2622 -1, -2 STAFF MEASURE SUMMARY**

### **House Committee On Judiciary**

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**Prepared By:** Channa Newell, Counsel

**Meeting Dates:** 2/15, 2/28

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#### **WHAT THE MEASURE DOES:**

Allows financial institutions to refuse transactions when financial institution reasonably believes financial exploitation of vulnerable persons may have or is occurring. Allows refusal of withdrawals, disbursement requests, changes in ownership, transfers of funds, or compliance with instructions given by agent under power of attorney. Provides immunity for refusals or actions taken in good faith. Gives discretion to financial institution to determine whether to act upon suspected financial exploitation. Requires financial institution to make reasonable effort to notify all parties authorized on account of transaction refusal unless such notice would compromise investigation. Specifies transaction refusal expires after 10 days for transactions involving sale of security or 15 days for other transactions. Allows financial institution to proceed upon satisfaction that transaction will not result in financial exploitation prior to specified time period or upon termination by court order. Allows extension of refusal upon reasonable belief of continued exploitation. Specifies financial abuse action may not be brought against trust companies. Becomes operative October 1, 2017. Declares emergency; effective on passage.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

- 1 Removes broker-dealers and investment advisors from provisions of measure. Makes technical corrections. Specifies authority granted in measure does not limit rights found in contract between financial institution and customer. Specifies measure does not limit rights of financial institution.
- 2 Removes proposed exemption for trust companies for action under ORS 124.100.

##### **BACKGROUND:**

According to a 2015 report by the Oregon Department of Human Services' Office of Adult Abuse Prevention and Investigation, of over 19,000 allegations of abuse received by the Department that year, 1,526 resulted in findings of substantiated financial exploitation, the leading type of reported and substantiated abuse of vulnerable adults. The average dollar amount lost in a financial exploitation case is \$24,915.

House Bill 2622 allows financial institutions, including banks, credit unions, trust companies, brokers, and investment advisors, to refuse transactions when they reasonably expect financial exploitation or have received information from the Department or law enforcement that financial exploitation is suspected or has occurred. Financial institutions are not required to freeze transactions, but if they do so in good faith, they are given civil, administrative, and criminal immunity for actions or refusals to act. Freezes may last up to 15 days if it involves the sale of a security, such as bonds, annuities, or real estate papers. For non-security related transactions, the freeze may last up to 10 days. Freezes may be terminated by court order or upon satisfaction to the financial institution that financial exploitation is not occurring.