

FINANCIAL EXPLOITATION PREVENTION ACT

2020 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kyle R. Andersen

Senate Sponsor: _____

LONG TITLE

General Description:

This bill enacts the Financial Exploitation Prevention Act.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ requires a covered financial institution:
 - to take certain actions before executing certain transactions;
 - to display certain information regarding financial exploitation; and
 - to require each employee complete initial and ongoing training regarding financial exploitation;
- ▶ permits a covered financial institution to delay certain transactions under certain circumstances;
- ▶ permits a covered financial institution to notify a law enforcement agency or Adult Protective Services under certain circumstances;
- ▶ establishes penalties;
- ▶ grants immunity to a covered financial institution, except under certain circumstances; and
- ▶ requires the Office of the Attorney General to provide certain information regarding financial exploitation on the attorney general's website.

Money Appropriated in this Bill:



28 None

29 **Other Special Clauses:**

30 None

31 **Utah Code Sections Affected:**

32 AMENDS:

33 **13-2-1**, as last amended by Laws of Utah 2019, Chapters 115, 423 and last amended by
34 Coordination Clause, Laws of Utah 2019, Chapter 115

35 ENACTS:

36 **13-57-101**, Utah Code Annotated 1953

37 **13-57-102**, Utah Code Annotated 1953

38 **13-57-201**, Utah Code Annotated 1953

39 **13-57-202**, Utah Code Annotated 1953

40 **13-57-203**, Utah Code Annotated 1953

41 **13-57-204**, Utah Code Annotated 1953

42 **13-57-301**, Utah Code Annotated 1953

43 **13-57-302**, Utah Code Annotated 1953

44 **13-57-401**, Utah Code Annotated 1953

45 **13-57-402**, Utah Code Annotated 1953



47 *Be it enacted by the Legislature of the state of Utah:*

48 Section 1. Section **13-2-1** is amended to read:

49 **13-2-1. Consumer protection division established -- Functions.**

50 (1) There is established within the Department of Commerce the Division of Consumer
51 Protection.

52 (2) The division shall administer and enforce the following:

53 (a) Chapter 5, Unfair Practices Act;

54 (b) Chapter 10a, Music Licensing Practices Act;

55 (c) Chapter 11, Utah Consumer Sales Practices Act;

56 (d) Chapter 15, Business Opportunity Disclosure Act;

57 (e) Chapter 20, New Motor Vehicle Warranties Act;

58 (f) Chapter 21, Credit Services Organizations Act;

- 59 (g) Chapter 22, Charitable Solicitations Act;
- 60 (h) Chapter 23, Health Spa Services Protection Act;
- 61 (i) Chapter 25a, Telephone and Facsimile Solicitation Act;
- 62 (j) Chapter 26, Telephone Fraud Prevention Act;
- 63 (k) Chapter 28, Prize Notices Regulation Act;
- 64 (l) Chapter 32a, Pawnshop and Secondhand Merchandise Transaction Information Act;
- 65 (m) Chapter 34, Utah Postsecondary Proprietary School Act;
- 66 (n) Chapter 34a, Utah Postsecondary School State Authorization Act;
- 67 (o) Chapter 39, Child Protection Registry;
- 68 (p) Chapter 41, Price Controls During Emergencies Act;
- 69 (q) Chapter 42, Uniform Debt-Management Services Act;
- 70 (r) Chapter 49, Immigration Consultants Registration Act;
- 71 (s) Chapter 51, Transportation Network Company Registration Act;
- 72 (t) Chapter 52, Residential Solar Energy Disclosure Act;
- 73 (u) Chapter 53, Residential, Vocational and Life Skills Program Act;
- 74 (v) Chapter 54, Ticket Website Sales Act; [~~and~~]
- 75 (w) Chapter 56, Ticket Transferability Act~~[-];~~ and
- 76 (x) Chapter 57, Financial Exploitation Prevention Act.

77 Section 2. Section **13-57-101** is enacted to read:

78 **CHAPTER 57. FINANCIAL EXPLOITATION PREVENTION ACT**

79 **Part 1. General Provisions**

80 **13-57-101. Title.**

81 This chapter is known as the "Financial Exploitation Prevention Act."

82 Section 3. Section **13-57-102** is enacted to read:

83 **13-57-102. Definitions.**

84 As used in this chapter:

85 (1) "Adult Protective Services" means the same as that term is defined in Section

86 [62A-3-301.](#)

87 (2) "Covered financial institution" means any of the following that operate in the state:

88 (a) a state or federally chartered:

89 (i) bank;

- 90 (ii) savings and loan association;
- 91 (iii) savings bank;
- 92 (iv) industrial bank;
- 93 (v) credit union;
- 94 (vi) trust company; or
- 95 (vii) institution that:
 - 96 (A) holds or receives deposits, savings, or share accounts;
 - 97 (B) issues certificates of deposit; or
 - 98 (C) provides to customers accounts that are subject to withdrawal by checks, drafts, or
 - 99 other instruments or by electronic means to effect third party payments; or
- 100 (b) an institution under the jurisdiction of the commissioner of Financial Institutions as
- 101 provided in Title 7, Financial Institutions Act.
- 102 (3) "Financial exploitation" means:
 - 103 (a) the wrongful or unauthorized taking, withholding, appropriation, or use of money,
 - 104 assets, or other property of an individual; or
 - 105 (b) an act or omission, including through a power of attorney, guardianship, or
 - 106 conservatorship of an individual, to:
 - 107 (i) obtain control, through deception, intimidation, or undue influence, over the
 - 108 individual's money, assets, or other property to deprive the individual of the ownership, use,
 - 109 benefit, or possession of the individual's money, assets, or other property; or
 - 110 (ii) convert the individual's money, assets, or other property to deprive the individual of
 - 111 the ownership, use, benefit, or possession of the individual's money, assets, or other property.
 - 112 (4) "Law enforcement agency" means the same as that term is defined in Section
 - 113 [53-1-102](#).
 - 114 (5) "Qualified individual" means:
 - 115 (a) a branch manager of a covered financial institution; or
 - 116 (b) a director, officer, employee, agent, or other representative that a covered financial
 - 117 institution designates.
 - 118 (6) "Third party associated with a vulnerable adult" means an individual:
 - 119 (a) who is a parent, spouse, adult child, sibling, or other known family member of a
 - 120 vulnerable adult;

- 121 (b) whom a vulnerable adult authorizes the financial institution to contact;
 122 (c) who is a co-owner, additional authorized signatory, or beneficiary on a vulnerable
 123 adult's account; or
 124 (d) who is an attorney, trustee, conservator, guardian or other fiduciary whom a court
 125 or a government agency selects to manage some or all of the financial affairs of the vulnerable
 126 adult.

127 (7) "Transaction" means any of the following services that a covered financial
 128 institution provides:

- 129 (a) a transfer or request to transfer or disburse funds or assets in an account;
 130 (b) a request to initiate a wire transfer, initiate an automated clearinghouse transfer, or
 131 issue a money order, cashier's check, or official check;
 132 (c) a request to negotiate a check or other negotiable instrument;
 133 (d) a request to change the ownership of, or access to, an account;
 134 (e) a request to sell or transfer a security or other asset, or a request to affix a medallion
 135 stamp or provide any form of guarantee or endorsement in connection with an attempt to sell or
 136 transfer a security or other asset, if the person selling or transferring the security or asset is not
 137 required to obtain a license under Section [61-1-3](#);
 138 (f) a request for a loan, extension of credit, or draw on a line of credit;
 139 (g) a request to encumber any movable or immovable property; or
 140 (h) a request to designate or change the designation of beneficiaries to receive any
 141 property, benefit, or contract right.

142 (8) "Vulnerable adult" means:

- 143 (a) an individual who is 65 years of age or older; or
 144 (b) the same as that term is defined in Section [62A-3-301](#).

145 Section 4. Section **13-57-201** is enacted to read:

146 **Part 2. General Prevention of Financial Exploitation**

147 **13-57-201. Required approval for certain wire transfers.**

- 148 (1) This section applies to a wire transfer that:
 149 (a) transfers money from an account at a covered financial institution; and
 150 (b) (i) is international; or
 151 (ii) is domestic and in an amount of \$10,000 or more.

152 (2) Before a covered financial institution may execute a wire transfer described in
153 Subsection (1), a qualified individual shall:

154 (a) discuss with the individual initiating the wire transfer financial scam information
155 and characteristics, as described on the Office of the Attorney General's website as provided in
156 Section [13-57-204](#);

157 (b) obtain written documentation from the individual initiating the wire transfer that
158 the qualifying individual held the discussion described in Subsection (2)(a); and

159 (c) make a reasonable attempt to contact each joint or co-owner on the account.

160 (3) (a) If a qualified individual reasonably believes that an individual initiating a wire
161 transfer will result in financial exploitation, the covered financial institution may:

162 (i) delay the wire transfer; and

163 (ii) contact a law enforcement agency or Adult Protective Services.

164 (b) The delay of a wire transfer described in this Subsection (3) expires when the
165 earlier of the following occurs:

166 (i) the covered financial institution reasonably determines that the wire transfer is not
167 financial exploitation; or

168 (ii) 15 business days pass after the day on which the covered financial institution first
169 initiated the delay of the wire transfer.

170 Section 5. Section **13-57-202** is enacted to read:

171 **13-57-202. Required displays.**

172 Each office and branch of a covered financial institution shall display clear and
173 conspicuous warnings to customers detailing the most prominent and common characteristics
174 of financial scams, including:

175 (1) that financial scams often involve:

176 (a) unexpected calls or emails;

177 (b) threats of adverse action or promises of unexpected money;

178 (c) demands for secrecy;

179 (d) a sense of urgency;

180 (e) demands for transfers or wiring of money; or

181 (f) warnings that your financial institution will question your transfer or wiring of
182 funds; and

183 (2) notice that the details and characteristics of financial scams may be obtained from
184 any reliable source including the Federal Trade Commission, the Department of Commerce,
185 and the Office of the Attorney General's website.

186 Section 6. Section **13-57-203** is enacted to read:

187 **13-57-203. Required training -- Continuing education.**

188 (1) A covered financial institution shall require each employee of the covered financial
189 institution to complete training:

190 (a) regarding:

191 (i) the identification of financial scams and financial exploitation; and

192 (ii) the required and permitted actions established under this chapter; and

193 (b) within three months after the day on which the covered financial institution hires
194 the employee.

195 (2) A covered financial institution shall require each employee of the covered financial
196 institution to complete one hour of continuing education:

197 (a) regarding:

198 (i) the identification of financial scams and financial exploitation; and

199 (ii) the required and permitted actions established under this chapter; and

200 (b) during each calendar year.

201 Section 7. Section **13-57-204** is enacted to read:

202 **13-57-204. Office of the Attorney General website.**

203 The Office of the Attorney General shall post on the Office of the Attorney General's
204 website up-to-date information regarding financial scams, including:

205 (1) the most prominent and common characteristics of financial scams;

206 (2) current or trending financial scams;

207 (3) resources for a vulnerable adult who suspects a financial scam; and

208 (4) resources for an individual who suspects the financial exploitation of a vulnerable
209 adult.

210 Section 8. Section **13-57-301** is enacted to read:

211 **Part 3. Permitted Acts to Prevent Financial Exploitation of Vulnerable Adults**

212 **13-57-301. Delay of a transaction involving a vulnerable adult.**

213 (1) A covered financial institution may delay a transaction involving a vulnerable adult,

214 if:

215 (a) a qualified individual reasonably believes that the requested transaction will result
216 in financial exploitation of the vulnerable adult; or

217 (b) a law enforcement agency provides the covered financial institution information
218 demonstrating that it is reasonable to believe that financial exploitation of a vulnerable adult is
219 occurring, has or may have occurred, is being attempted, or has been or may have been
220 attempted.

221 (2) (a) A covered financial institution that delays a transaction in accordance with
222 Subsection (1):

223 (i) except as provided in Subsection (2)(b), shall no later than two business days after
224 the day on which the transaction is delayed, send notice of the delay and the reason for the
225 delay to each party:

226 (A) authorized to transact business on the account; and

227 (B) for which the covered financial institution has contact information;

228 (ii) may send notice of the delay, the reason for the delay, or any additional information
229 about the transaction to:

230 (A) a law enforcement agency; or

231 (B) Adult Protective Services.

232 (b) A covered financial institution may:

233 (i) subject to Subsection 13-57-201(2), decide not to provide notice to a party described
234 in Subsection (2)(a)(i) if a qualified individual reasonably believes the party has engaged in
235 attempted financial exploitation of the vulnerable adult; and

236 (ii) send a notice described in Subsection (2)(a) electronically.

237 (3) (a) Except as provided in Subsection (3)(b), the delay of a transaction described in
238 Subsection (1) expires when the earlier of the following occurs:

239 (i) the covered financial institution reasonably determines that the transaction will not
240 result in financial exploitation of a vulnerable adult; or

241 (ii) 15 business days pass after the day on which the covered financial institution first
242 initiated the delay of the transaction.

243 (b) (i) If a covered financial institution receives a request from a law enforcement
244 agency to extend the delay of a transaction beyond the expiration date established in Subsection

245 (3)(a), the covered financial institution may extend the delay no more than 25 business days
246 after the day on which the covered financial institution first initiated the delay.

247 (ii) A court of competent jurisdiction may enter an order:

248 (A) extending or shortening the delay of a transaction; or

249 (B) providing relief based on the petition of the covered financial institution, law
250 enforcement agency, or an interested party.

251 Section 9. Section **13-57-302** is enacted to read:

252 **13-57-302. Permitted notifications.**

253 (1) A financial institution may notify a law enforcement agency or Adult Protective
254 Services if a qualified individual believes that the financial exploitation of a vulnerable adult is
255 occurring, has or may have occurred, is being attempted, or has been or may have been
256 attempted.

257 (2) A financial institution may notify a third party associated with a vulnerable adult if
258 a qualified individual believes that the financial exploitation of the vulnerable adult is
259 occurring, has or may have occurred, is being attempted, or has been or may have been
260 attempted.

261 (3) Subject to Subsection [13-57-201\(2\)](#), a financial institution may choose not to notify
262 a third party associated with a vulnerable adult as described in Subsection (2), if a qualified
263 individual reasonably believes that the third party is, may be, or may have been engaged in the
264 financial exploitation of the vulnerable adult.

265 Section 10. Section **13-57-401** is enacted to read:

266 **Part 4. Enforcement**

267 **13-57-401. Penalties.**

268 (1) A covered financial institution that fails to comply with Subsection [13-57-201\(2\)](#) is
269 liable for no more than the sum of:

270 (a) the wire transfer; and

271 (b) reasonable attorney fees.

272 (2) The division may fine a covered financial institution that fails to comply with
273 Section [13-57-202](#) in an amount determined by the department in accordance with Sections
274 [13-1-2](#) and [63J-1-504](#).

275 Section 11. Section **13-57-402** is enacted to read:

276 13-57-402. Immunity.

277 (1) A covered financial institution or a director, officer, employee, attorney,
278 accountant, agent, or other representative of the covered financial institution:

279 (a) except as required in Subsection 13-57-201(2), has no duty to act under this chapter
280 to protect a vulnerable adult from financial exploitation by a third person; and

281 (b) is immune from all criminal, civil, and administrative liability for not taking a
282 permissive action under this chapter.

283 (2) A covered financial institution or a director, officer, employee, attorney,
284 accountant, agent, or other representative of the covered financial institution who chooses to
285 act as described in:

286 (a) Subsection 13-57-201(3), is immune from all criminal, civil, and administrative
287 liability for the act, unless the act is done in bad faith; and

288 (b) Section 13-57-301 or 13-57-302, is immune from all criminal, civil, and
289 administrative liability for the act, unless the act:

290 (i) is done in bad faith; and

291 (ii) causes pecuniary loss to a vulnerable adult suspected of being a victim of financial
292 exploitation.

293 (3) The immunity described in this section does not extend to an individual that is a
294 principal, a conspirator, or an accessory after the fact to a criminal offense involving the
295 financial exploitation of a vulnerable adult.