



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 315 (Substitute S-1 as reported)
Sponsor: Senator Jim Runestad
Committee: Finance

CONTENT

The bill would add Article 5A (Financial Exploitation of Specified Adults) to the Uniform Securities Act to do the following:

- Allow a broker-dealer or investment adviser, under certain conditions, to place a temporary hold on a disbursement of funds or securities if the broker-dealer or investment adviser believed that financial exploitation of a specified adult had occurred, was occurring, had been attempted, or will be attempted.
- Allow a broker-dealer or investment adviser to notify certain entities if the broker-dealer or investment adviser believed that financial exploitation of a specified adult could have occurred, was occurring, could have been attempted, or was being attempted.
- Require a broker-dealer or investment adviser who placed a temporary hold on a specified adult's account to establish and maintain written procedures reasonably designed to maintain compliance with proposed Article 5A.
- Require a broker-dealer to retain specified records related to compliance with Article 5A's provisions and require that those records be readily available to the Department of Licensing and Regulatory Affairs (LARA).
- Allow an agency of competent jurisdiction to disclose to any reporting or notifying broker-dealer or investment adviser the general status or final disposition of an investigation.
- Specify that Article 5A would not require a broker-dealer or investment adviser to place a temporary hold on a disbursement of funds or securities from the account of a specified adult.
- Specify that a broker-dealer or investment adviser that exercised good faith in making disclosures, placing a temporary hold, or providing access to records under Article 5A would be immune from administrative or civil liability that otherwise could arise from those activities.
- Define various terms, including "account", "agency of competent jurisdiction", "financial exploitation", and "specified adult".

The bill would take effect 90 days after its enactment.

MCL 451.2101 et al.

Legislative Analyst: Christian Schmidt

FISCAL IMPACT

The bill would not have a significant fiscal impact on State or local units of government. Some additional costs could be incurred by LARA if temporary hold actions resulted in complaints to or investigations by the Department. However, these costs likely would be covered by existing appropriations. Local court systems also could experience increased caseloads related to the bill. The fiscal impact of any of these increases would depend upon the particular legal actions in question.

Date Completed: 6-29-21

Fiscal Analyst: Elizabeth Raczkowski

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