

BILL ANALYSIS

Senate Research Center
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H.B. 4477
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Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Department of Family and Protective Services Adult Protective Services (APS) division receives most reports of financial exploitation of vulnerable adults from sources other than financial institutions or securities professions. In fiscal year 2018, for example, APS received a total of 16,490 such reports, 12,678 of which came from those other sources. Current law, however, allows APS to request a transaction hold only when a financial institution or securities professional reports suspected financial exploitation. In such cases APS must contact the financial institution or professional and request that they make a report to APS so that a hold can be placed on the transaction in question. This process may delay the placement of the hold and waste valuable time for all parties involved. H.B. 4477 seeks to address these concerns by changing the expiration date for such a hold on a suspected exploitative transaction and by revising the definition of "vulnerable adult" for purposes of the applicable state law.

H.B. 4477 amends current law relating to the financial exploitation of certain vulnerable adults.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 281.001(5), Finance Code, to redefine "vulnerable adult" for Chapter 281 (Protection of Vulnerable Adults from Financial Exploitation).

SECTION 2. Amends Sections 281.004(a) and (b), Finance Code, as follows:

(a) Provides that, notwithstanding any other law, a financial institution:

(1) is authorized to place a hold on any transaction that involves an account of a vulnerable adult if the financial institution submits a report of suspected financial exploitation of the vulnerable adult to the Department of Family and Protective Services (DFPS) under Section 281.002(b) (relating to requiring a financial institution to submit a report of suspected financial exploitation of a vulnerable adult to DFPS) and has cause to believe the transaction is related to the suspected financial exploitation alleged in the report; and

(2) makes a nonsubstantive change to this subdivision.

Makes nonsubstantive changes.

(b) Provides that, subject to Subsection (c) (relating to authorizing a financial institution to extend a hold placed on any transaction that involves suspected financial exploitation of a vulnerable adult for a certain period), a hold placed on any transaction under Subsection (a) expires on the 10th business day after the date the hold is placed, rather than the 10th day after the date the financial institution submits the report under Section 281.002(b).

SECTION 3. Amends Sections 4004.355(a) and (b), Government Code, as effective January 1, 2022, as follows:

(a) Provides that, notwithstanding any other law, a dealer or investment adviser:

(1) is authorized to place a hold on any transaction that involves an account of a vulnerable adult if the dealer or investment adviser submits a report of suspected financial exploitation of the vulnerable adult to the securities commissioner (commissioner) and DFPS under Section 4004.352(b) (relating to requiring a dealer or investment advisor to submit a report of suspected financial exploitation of a vulnerable adult to the commissioner and DFPS) and has cause to believe the transaction is related to the suspected financial exploitation alleged in the report; and

(2) makes a nonsubstantive change to this subdivision.

Makes nonsubstantive changes.

(b) Provides that, subject to Subsection (c) (relating to authorizing a dealer or investment advisor to extend a hold placed on any transaction that involves suspected financial exploitation of a vulnerable adopt for a certain period), a hold placed on any transaction under Subsection (a) expires on the 10th business day after the date the hold is placed, rather than after the date the dealer or investment adviser submits the reports under Section 4004.352(b).

SECTION 4. Amends Subsections G and H, Section 45, The Securities Act (Article 581-45, Vernon's Texas Civil Statutes), as follows:

G. Provides that, notwithstanding any other law, a dealer or investment adviser:

(1) is authorized to place a hold on any transaction that involves an account of a vulnerable adult if the dealer or investment adviser submits a report of suspected financial exploitation of the vulnerable adult to the commissioner and DFPS under Subsection C (relating to requiring a dealer or investment advisor to submit a report of suspected financial exploitation of a vulnerable adult to the commissioner and DFPS) of Article 581-45 (Protection of Vulnerable Adults From Financial Exploitation) and has cause to believe the transaction is related to the suspected financial exploitation alleged in the report; and

(2) makes a nonsubstantive change to this subdivision.

Makes nonsubstantive changes.

H. Provides that, subject to Subsection I (relating to authorizing a dealer or investment advisor to extend a hold placed on any transaction that involves suspected financial exploitation of a vulnerable adopt for a certain period) of this section, a hold placed on any transaction under Subsection G of this section expires on the 10th business day after the date the hold is placed, rather than the 10th day after the date the dealer or investment adviser submits the reports under Subsection C of this section.

SECTION 5. Effective date, except as otherwise provided by this Act: September 1, 2021.