

By: Representative Zuber

To: Banking and Financial Services

HOUSE BILL NO. 1003

1 AN ACT TO CREATE NEW SECTION 75-71-413, MISSISSIPPI CODE OF
 2 1972, TO REQUIRE BROKER-DEALERS AND INVESTMENT ADVISERS REGISTERED
 3 UNDER THE MISSISSIPPI SECURITIES ACT WHO ARE REQUIRED TO FILE A
 4 REPORT WITH THE DEPARTMENT OF HUMAN SERVICES UNDER THE MISSISSIPPI
 5 VULNERABLE PERSONS ACT UPON SUSPICION THAT A VULNERABLE PERSON IS
 6 BEING EXPLOITED TO IMMEDIATELY FORWARD A COPY OF THE REPORT TO THE
 7 SECRETARY OF STATE; TO PROVIDE THAT IF A BROKER-DEALER OR
 8 INVESTMENT ADVISER REASONABLY BELIEVES THAT A REQUESTED
 9 DISBURSEMENT MAY RESULT IN FINANCIAL EXPLOITATION OF ITS CUSTOMER,
 10 THAT PERSON MAY DELAY A DISBURSEMENT FOR UP TO FIFTEEN BUSINESS
 11 DAYS; TO PROVIDE THAT IF A DISBURSEMENT IS DELAYED, THE
 12 BROKER-DEALER OR INVESTMENT ADVISER SHALL IMMEDIATELY INITIATE AN
 13 INTERNAL REVIEW OF THE SUSPECTED OR ATTEMPTED FINANCIAL
 14 EXPLOITATION OF THE CUSTOMER AND REPORT THE RESULTS OF THE REVIEW
 15 WITHIN SEVEN BUSINESS DAYS; TO PROVIDE THAT DISCLOSURES AND
 16 NOTIFICATIONS OF DISBURSEMENT DELAYS SHALL NOT BE MADE TO ANY
 17 THIRD PARTY WHO IS SUSPECTED OF FINANCIAL EXPLOITATION OR OTHER
 18 ABUSE; TO PROVIDE THAT A PERSON WHO MAKES DISCLOSURES OR DELAYS
 19 DISBURSEMENTS UNDER THIS SECTION SHALL BE IMMUNE FROM ANY
 20 ADMINISTRATIVE OR CIVIL LIABILITY THAT MIGHT OTHERWISE ARISE FROM
 21 COMPLIANCE WITH THIS SECTION OR ACTIVITY AUTHORIZED UNDER THIS
 22 SECTION; AND FOR RELATED PURPOSES.

23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

24 **SECTION 1.** The following shall be codified as Section
 25 75-71-413, Mississippi Code of 1972:

26 75-71-413. (a) A broker-dealer registered or required to be
 27 registered under this chapter or an investment adviser registered
 28 or required to be registered under this chapter that is required



29 to file a report with the Department of Human Services under
30 Section 43-47-7 shall immediately forward a copy of the report to
31 the administrator, and may notify any third party previously
32 designated by the customer to receive those disclosures of the
33 suspected financial exploitation.

34 (b) If the broker-dealer registered or required to be
35 registered under this chapter or the investment adviser registered
36 or required to be registered under this chapter reasonably
37 believes that a requested disbursement may result in financial
38 exploitation of its customer, that person may delay a disbursement
39 not to exceed fifteen (15) business days. If the disbursement is
40 delayed, the person shall immediately notify the administrator and
41 all parties authorized to transact business on or to view the
42 account subject to the delay. The broker-dealer or investment
43 adviser shall immediately initiate an internal review of the
44 suspected or attempted financial exploitation of the customer.
45 The results of the review must be reported to the administrator,
46 the Department of Human Services, and any third party previously
47 notified under subsection (a), within seven (7) business days.

48 (c) Any delay of a disbursement as authorized by this
49 section will expire upon the earlier of the following:

50 (1) A determination by the broker-dealer or investment
51 adviser and the administrator that the disbursement will not
52 result in financial exploitation of the eligible adult; or



53 (2) Fifteen (15) business days, unless the
54 administrator requests that the broker-dealer or investment
55 adviser extend the delay, in which case the delay shall be
56 extended for an additional ten (10) days unless earlier terminated
57 by the administrator or an order of a court of competent
58 jurisdiction.

59 (3) A court of competent jurisdiction may enter an
60 order extending the delay of the disbursement of funds or may
61 order other protective relief based on the petition of the
62 administrator, broker-dealer or investment adviser that initiated
63 the delay under this section, or other interested party.

64 (d) Disclosures and notifications of disbursement delays
65 shall not be made to any third party who is suspected of financial
66 exploitation or other abuse.

67 (e) A person that makes disclosures or delays disbursements
68 under this section shall be immune from any administrative or
69 civil liability that might otherwise arise from compliance with
70 this section or activity authorized under this section.

71 (f) A person who fails to comply with subsection (a) of this
72 section shall be subject to the same penalties as provided under
73 Section 43-47-7(1)(c).

74 **SECTION 2.** This act shall take effect and be in force from
75 and after July 1, 2017.

