


Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: September 15, 2017

SUBJECT: Fiscal Impact Statement – Protection of Seniors and Vulnerable Adults
from Financial Exploitation Act of 2017

REFERENCE: Draft Bill as shared with the Office of Revenue Analysis on September
13, 2017

Conclusion

Funds are sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill.

Background

The bill establishes protections for seniors¹ and other vulnerable adults² from financial exploitation. Financial exploitation includes any wrongful or unauthorized taking, withholding, or appropriation on the money, assets, or properties of an eligible adult, including the use of a power of attorney to undertake such actions.

The bill requires any qualified employee³ of a broker-dealer, insurer, investment advisor, or financial institution to report potential financial exploitation to the Commissioner of the Department of Insurance, Securities, and Banking (DISB) and the Chief of the Adult Protective Services Division of the Department of Human Services (DHS) in a manner prescribed by the DISB Commissioner by rule. Qualified individuals who fail to report as required could be subject to penalties of up to \$10,000. The bill allows qualified employees to notify a designated third party of

¹ Seniors are defined as persons over 65 years of age.

² Vulnerable adults are adults 18 years of age or older in need of protective services under the Adult Protective Services Act of 1984, effective March 14, 1985 (D.C. Law 5-156; D.C. Official Code § 7-1901 et seq.).

³ Qualified employees are agents, investment advisors, supervisors, compliance personnel, or other legal personnel of firms in the identified industries.

The Honorable Phil Mendelson

FIS: "Protection of Seniors and Vulnerable Adults from Financial Exploitation Act of 2017," Draft Bill as shared with the Office of Revenue Analysis on September 13, 2017

a senior or vulnerable adult in the event the employee suspects financial exploitation.⁴ The bill also allows a firm to delay disbursement of funds when it believes financial exploitation is taking place. The firm must conduct an internal investigation and, within two days of the disbursement request, provide notification to any parties authorized to transact business on the account, the Commissioner, and the Chief. The firm must disburse the funds on the earlier of a completed investigation where no wrongdoing was found or fifteen business days after the disbursement request, unless the Commissioner or a court order requests an extended timeline.

The bill provides all qualified employees and firms with immunity from administrative or civil liability for any disclosures, notifications, or delayed disbursements.

Financial Plan Impact

Funds are sufficient in the fiscal year 2018 through fiscal year 2021 budget and financial plan to implement the bill. The budgets of DISB and DHS can absorb any costs associated with receiving financial exploitation notifications or disclosures, as well as any required enforcement actions. Although the bill provides for the imposition of fines for violations of the notification requirement, the bill's reporting requirements are new, and therefore data is insufficient to project any fine revenues.

The bill imposes notification, investigation, and reporting requirements upon employees and firms in the broker-dealer, insurance, investment advisory, and financial institution industries, but any related costs will be borne by the private sector.

⁴ Unless such designated individual is suspected of the exploitation