

1 State of Arkansas As Engrossed: H3/31/21 H4/14/21

2 93rd General Assembly

# A Bill

3 Regular Session, 2021

HOUSE BILL 1391

4

5 By: Representatives Wing, Gazaway, Lundstrum, McClure, McGrew, Milligan, Richardson, Rye, C. Fite,  
6 L. Fite

7 By: Senators J. Dismang, J. English, K. Hammer

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## For An Act To Be Entitled

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AN ACT TO AMEND THE LAW CONCERNING CONSUMER

11

PROTECTION OF SENIORS FROM PREDATORY PRACTICES; AND

12

FOR OTHER PURPOSES.

13

14

15

## Subtitle

16

TO AMEND THE LAW CONCERNING CONSUMER

17

PROTECTION OF SENIORS FROM PREDATORY

18

PRACTICES; AND SAFEGUARDING AGAINST

19

FINANCIAL EXPLOITATION OF RETIREES FOR

20

ARKANSANS.

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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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*SECTION 1. DO NOT CODIFY. Legislative findings and intent.*

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*(a) The General Assembly finds that:*

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*(1) Protecting older adults and vulnerable adults is a priority*

28

*for our state;*

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*(2) The number of cases involving scams or exploitation of older*

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*adults or vulnerable adults has quadrupled in the last three (3) years, yet*

31

*older adults or vulnerable adults are the least likely of any age or*

32

*socioeconomic group to report losing money to fraud;*

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*(3) Older adults are using wire transfers and other types of*

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*electronic payment methods to send money to fraudulent people who are*

35

*perpetuating romance scams, government imposter scams, and sweepstakes scams;*

36

*and*



1           (4) The economic effects of romance scams, government imposter  
2 scams, and sweepstakes scams is devastating to older adults or vulnerable  
3 adults.

4           (b) It is the intent of the General Assembly:

5           (1) To protect consumers from deceptive acts or practices in  
6 commerce;

7           (2) To arm the financial institutions in this state, as well as  
8 the Attorney General and other law enforcement agencies, with the tools  
9 needed to recognize, report, delay, and combat financial exploitation; and

10           (3) To commit to protecting older adults and vulnerable adults  
11 through innovative and aggressive tactics.

12  
13           SECTION 2. Arkansas Code § 4-88-107(a), concerning deceptive and  
14 unconscionable trade practices, is amended to add an additional subdivision  
15 to read as follows:

16           (12) Knowingly facilitating, assisting, intermediating, or in  
17 any way aiding the operation or continuance of an act or practice that is in  
18 violation of this chapter.

19  
20           SECTION 3. Arkansas Code § 4-88-113(d)(1), concerning civil remedies  
21 used in actions involving deceptive trade practices, is amended to read as  
22 follows:

23           (d)(1) Every person, or every partner, officer, or director of another  
24 person who directly or indirectly controls another person or who is in  
25 violation of or liable under this chapter and every partner, officer, or  
26 director of another person who is in violation of or liable under this  
27 chapter, or every person who directly or indirectly facilitates, assists,  
28 acts as intermediary for, or in any way aids another person who is in  
29 violation of or liable under this chapter in the operation or continuance of  
30 the act or practice for which the violations or liability exists shall be  
31 jointly and severally liable for any penalties assessed and any monetary  
32 judgments awarded in any proceeding for civil enforcement of the provisions  
33 of this chapter, provided that if the persons to be held jointly and  
34 severally liable knew or reasonably should have known of the existence of the  
35 facts by reason of which the violation or liability exists.

36

1 SECTION 4. Arkansas Code § 4-88-201 is amended to read as follows:  
2 4-88-201. Definitions.

3 As used in this subchapter:

4 (1) "Account" means funds or assets held by a financial services  
5 provider, including without limitation:

6 (A) A deposit account;

7 (B) A checking account;

8 (C) A money market account;

9 (D) A savings account;

10 (E) A share account;

11 (F) A certificate of deposit;

12 (G) A trust account;

13 (H) An individual retirement account or other type of  
14 retirement account;

15 (I) A guardianship or conservatorship account;

16 (J) An investment or securities account;

17 (K) A loan;

18 (L) A credit card; or

19 (M) Any extension of credit, including a home equity line  
20 of credit;

21 ~~(a)~~ (2) "Elder person" means a person who is sixty (60) years of  
22 age or older;

23 (3) "Exploitation" means the act of forcing, compelling, or  
24 exerting undue influence over a person causing the person to act in a way  
25 that is inconsistent with the person's relevant past behavior or causing the  
26 person to perform services or purchase goods and services for the benefit of  
27 another person;

28 (4) "Financial exploitation" means:

29 (A) The wrongful or unauthorized taking, withholding,  
30 appropriation, or use of money, assets, or property of an elder person or  
31 person with a disability, including incurring debt in the name of an elder  
32 person or person with a disability for the benefit of a third party; or

33 (B) Any act or omission taken by an individual, including  
34 through the use of a power of attorney, guardianship, or conservatorship of  
35 an elder person or person with a disability, to either:

36 (i) Obtain control through deception, intimidation,

1 or undue influence over the elder person's or person with a disability's  
2 money, assets, or property to deprive the elder person or person with a  
3 disability of the ownership, use, benefit, or possession of his or her money,  
4 assets, or property; or

5 (ii) Convert money, assets, or property of the elder  
6 person or person with a disability to deprive the elder person or person with  
7 a disability of the ownership, use, benefit, or possession of his or her  
8 money, assets, or property;

9 (5) "Financial services provider" means an entity, including the  
10 entity's employees and officers, regulated by the State Bank Department or a  
11 similar federal regulatory agency, engaged in or transacting business in this  
12 state, including without limitation:

13 (A) A state or national bank or trust company;

14 (B) A state or federal savings and loan association;

15 (C) A state or federal credit union;

16 (D) A building and loan association;

17 (E) A mortgage banker, mortgage broker, loan officer, or  
18 mortgage servicer under the Fair Mortgage Lending Act, § 23-39-501 et seq.;  
19 or

20 (F) A pawnbroker;

21 (6) "Financial transaction" means:

22 (A) A transfer or request to transfer or disburse funds or  
23 assets in an account;

24 (B) A request to initiate a wire transfer, initiate an  
25 automated clearing house transfer, or issue a money order, cashier's check,  
26 or official check;

27 (C) A request to negotiate a check or other negotiable  
28 instrument;

29 (D) A request to change the ownership of an account;

30 (E) A request for a loan, extension of credit, or draw on  
31 a line of credit;

32 (F) A request to transfer the title to any real property  
33 or the title of any motor vehicle or mobile home, or to encumber the real  
34 property, motor vehicle, or mobile home;

35 (G) Expanding access to an account through an online or  
36 telephone banking system or adding an additional person as an authorized

1 signer or person otherwise authorized to initiate transactions in the  
 2 account; or

3 (H) Opening or establishing a new account;

4 (7) "Major life activities" include functions such as caring for  
 5 oneself, performing manual tasks, walking, seeing, hearing, speaking,  
 6 breathing, learning, and working;

7 ~~(b)~~(8) "Person with a disability" means a person who has a  
 8 physical or mental impairment which substantially limits one (1) or more of  
 9 such person's major life activities.

10 ~~(1)~~(A) As used in this subsection, "physical or mental  
 11 impairment" means any of the following:

12 ~~(A)~~(i) Any physiological disorder or condition,  
 13 cosmetic disfigurement, or anatomical loss substantially affecting one (1) or  
 14 more of the following body systems:

15 (a) ~~neurological~~ Neurological;

16 (b) ~~musculoskeletal~~ Musculoskeletal;

17 (c) ~~special~~ Special sense organs;

18 (d) ~~respiratory~~ Respiratory, including speech  
 19 organs;

20 (e) ~~cardiovascular~~ Cardiovascular;

21 (f) ~~reproductive~~ Reproductive;

22 (g) ~~digestive~~ Digestive;

23 (h) ~~genitourinary~~ Genitourinary;

24 (i) ~~hemie~~ Hemic and lymphatic;

25 (j) ~~skin~~ Skin; or

26 (k) ~~endocrine~~ Endocrine; or

27 ~~(B)~~(ii) Any mental or psychological disorder,  
 28 including intellectual and developmental disabilities, organic brain  
 29 syndrome, emotional or mental illness, and specific learning disabilities.

30 ~~(2)~~(B) The term "physical or mental impairment" includes,  
 31 ~~but is not limited to, such~~ without limitation diseases and conditions as  
 32 orthopedic, visual, speech and hearing impairment, cerebral palsy, spina  
 33 bifida, Down syndrome, epilepsy, muscular dystrophy, multiple sclerosis,  
 34 cancer, heart disease, diabetes, intellectual and developmental disabilities,  
 35 and emotional illness; and

36 ~~(e)~~(9) "Substantially limits" means substantially interferes

1 with or affects over an extended period of time. Minor temporary ailments or  
2 injuries shall not be considered physical or mental impairments that  
3 substantially limit a person's major life activities. Examples of minor  
4 temporary ailments are colds, influenza, sprains, or minor injuries.

5 ~~(d) "Major life activities" include functions such as caring for~~  
6 ~~oneself, performing manual tasks, walking, seeing, hearing, speaking,~~  
7 ~~breathing, learning, and working.~~

8  
9 SECTION 5. Arkansas Code § 4-88-206 is amended to read as follows:

10 4-88-206. Referrals for ~~abuse, neglect, and exploitation~~ and deceptive  
11 and unconscionable trade practices.

12 (a) The Attorney General shall establish and maintain referral  
13 procedures with the ~~Division of Aging, Adult, and Behavioral Health Services~~  
14 Arkansas Adult Protective Services Unit of the Department of Human Services  
15 in order to provide any necessary intervention and assistance to an elder  
16 person or person with a disability who may have been victimized by violations  
17 of this chapter.

18 (b) In order to provide any necessary intervention and assistance to  
19 an elder person or a person with a disability, as defined in this chapter,  
20 who may have been victimized by a person who is in violation of this chapter,  
21 the Arkansas Adult Protective Services Unit of the Department of Human  
22 Services shall refer to the Consumer Protection Division within the Office of  
23 the Attorney General any cases involving suspected exploitation and financial  
24 exploitation, as defined in § 4-88-201 to the Attorney General within forty-  
25 eight (48) hours of receipt, or at the close of business on the next business  
26 day if there is an intervening weekend or state holiday.

27  
28 SECTION 6. Arkansas Code Title 4, Chapter 88, Subchapter 2, is amended  
29 to add additional sections to read as follows:

30 4-88-208. Financial services provider – Refusal or delay of financial  
31 transactions – Temporary hold on financial transactions.

32 (a)(1) If a financial services provider has reasonable cause to  
33 suspect that financial exploitation may have occurred, may have been  
34 attempted, or is being attempted, the financial services provider may refuse  
35 or delay the execution of a financial transaction of an elder person or a  
36 person with a disability, on an account:

1 (A) Of which the elder person or person with a disability  
2 is the owner or co-owner;

3 (B) Of which the elder person or person with a disability  
4 is a beneficiary, including a trust, guardianship, or conservatorship  
5 account; or

6 (C) Of a person suspected of perpetrating the financial  
7 exploitation.

8 (2) A financial services provider may also refuse or delay the  
9 execution of a financial transaction under this section if the Attorney  
10 General, a state agency, or a law enforcement agency provides information to  
11 the financial services provider demonstrating that it is reasonable to  
12 believe that financial exploitation may have occurred, may have been  
13 attempted, or is being attempted.

14 (b) Except as ordered by a court, a financial services provider is not  
15 required to refuse or delay the execution of a financial transaction under  
16 this section and may use its discretion to determine whether to refuse or  
17 delay the execution of a financial transaction based on the information  
18 available to the financial services provider.

19 (c) A financial services provider that refuses to execute a financial  
20 transaction or places a hold on a financial transaction based on reasonable  
21 cause to suspect that financial exploitation may have occurred, may have been  
22 attempted, or is being attempted may:

23 (1) Except with regard to an account administered by a bank or  
24 trust company in a fiduciary capacity, make a reasonable effort to notify one  
25 (1) or more parties authorized to transact business on the account orally or  
26 in writing;

27 (2) If the incident involves financial exploitation, report the  
28 incident to the Department of Human Services under § 4-88-206(b); and

29 (3) If the incident is reported to the department under § 4-88-  
30 206(b), make reasonable effort to notify a third party reasonably associated  
31 with the elder person or person with a disability of the suspected financial  
32 exploitation, regardless of whether or not the third party is authorized to  
33 transact business on the account orally or in writing.

34 (d) Notwithstanding subsection (c) of this section, a financial  
35 services provider may elect not to provide notice to any party authorized to  
36 conduct business on the account or reasonably associated with the elder

1 person or person with a disability if the party is the suspected perpetrator  
2 of financial exploitation.

3 (e) A refusal by a financial services provider to execute a financial  
4 transaction or place a hold on a financial transaction as authorized by this  
5 section, based on the financial services provider's reasonable cause to  
6 suspect that financial exploitation may have occurred, may have been  
7 attempted, or is being attempted, expires when the financial services  
8 provider reasonably believes that the financial transaction will not result  
9 in financial exploitation unless terminated earlier by an order of a court of  
10 competent jurisdiction.

11 (f) A financial services provider or an officer, director, employee,  
12 agent, or other representative of a financial services provider, acting in a  
13 reasonable manner, is immune from all criminal, civil, and administrative  
14 liability for the following:

15 (1) Refusing or not refusing to execute a financial transaction  
16 or holding or not holding a financial transaction under this section; and

17 (2) An action taken in furtherance of the determination made  
18 under subdivision (f)(1) of this section if the determination was based upon  
19 a reasonable belief.

20  
21 4-88-209. Protection of consumers from financial exploitation.

22 (a) If necessary to provide intervention and assistance to consumers,  
23 including elder persons or persons with a disability, the Attorney General  
24 may petition a court of competent jurisdiction requesting an order delaying  
25 or extending a delay of disbursement of funds.

26 (b) The delay shall expire:

27 (1) As directed by an order of the court;

28 (2) When the Attorney General reasonably determines that the  
29 financial transaction will not result in financial exploitation; or

30 (3) No more than ten (10) business days after the date on which  
31 the petition was filed with the court.

32 (c)(1) A financial services provider shall, upon request by the  
33 Attorney General, provide access to or copies of records that are relevant to  
34 suspected financial exploitation or attempted financial exploitation to the  
35 Attorney General.

36 (2) The records should include historical records as well as



1 records relating to the most recent transactions or transactions that may  
2 compromise financial exploitation.

3 (d) The records, materials, data, and information made available by a  
4 financial services provider are confidential and shall not be disclosed to  
5 any person other than those persons specifically authorized by the Attorney  
6 General to receive the information.

7 (e) A financial services provider is immune from any civil or criminal  
8 liability that might otherwise result from complying with this section.

9  
10 4-88-210. Report by financial services provider to local and state law  
11 enforcement of suspicious activity.

12 (a) A financial services provider that voluntarily or mandatorily  
13 reports via a suspicious activity report, pursuant to 31 U.S.C. § 5318(g), as  
14 it existed on January 1, 2021, any violation of law or rule constituting a  
15 violation of this chapter, may also report the information contained in the  
16 suspicious activity report to local or state law enforcement agencies,  
17 including the Attorney General.

18 (b) A financial services provider is immune from any civil or criminal  
19 liability that might otherwise result from complying with this section.

20  
21 /s/Wing

22  
23  
24 **APPROVED: 4/29/21**