

UNIFORM SECURITIES ACT (2002) (EXCERPT)
Act 551 of 2008

451.2533 Delayed disbursement; suspected or detected financial exploitation; expiration of delay; investigation; written notification; reporting; requirements

Sec. 533.

(1) Subject to subsection (4), if a broker-dealer or investment adviser suspects or detects covered financial exploitation of a client or customer, the broker-dealer or investment adviser may delay the related disbursement or transaction for further investigation or examination of available facts. On investigation or examination of available facts, if the broker-dealer or investment adviser still suspects or detects covered financial exploitation of a client or customer, the broker-dealer or investment adviser may continue the delay of the related disbursement or transaction under this subsection.

(2) A delay authorized under this section expires on either of the following:

(a) The day a broker-dealer or investment adviser determines that the disbursement or transaction will not result in covered financial exploitation of the client or customer.

(b) Not later than 15 business days after the date that the broker-dealer or investment adviser first delayed the disbursement or transaction, unless otherwise terminated or extended under subsection (3) or (4), or by court order.

(3) If a broker-dealer's or investment adviser's investigation or examination of the suspected or detected covered financial exploitation supports the broker-dealer's or investment adviser's suspicion of covered financial exploitation or reasonable belief that covered financial exploitation has been detected, a broker-dealer or investment adviser may extend a delay authorized under this section for not longer than 40 business days after the date authorized under subsection (2)(b), unless the delay is otherwise terminated or further extended under subsection (4).

(4) If a broker-dealer or investment adviser is informed by a law enforcement agency, adult protective services, or another agency of competent jurisdiction that suspected or detected covered financial exploitation that has been reported to that agency is under investigation, the broker-dealer or investment adviser may extend the term of a delay authorized under this section until the broker-dealer or investment adviser is informed of the dismissal of the reported incident by all agencies that informed the broker-dealer or investment adviser of an investigation.

(5) Not more than 2 business days after the date that the broker-dealer or investment adviser first placed the delay on the disbursement or transaction, the broker-dealer or investment adviser must provide written notification that is maintained as correspondence under section 411(3) of the reason for the delay to all of the following:

(a) The administrator and an agency of competent jurisdiction.

(b) All persons who are authorized to transact business on the account, unless a person is unavailable or the broker-dealer or investment adviser reasonably believes that the person has engaged, is engaged, or will engage in covered financial exploitation of the client or customer.

(c) Any individual who the client or customer has previously designated as authorized to receive information about the account, unless that individual is unavailable or the broker-dealer or investment adviser reasonably believes that the individual has engaged, is engaged, or will engage in the covered financial exploitation of the client or customer.

(6) Except as otherwise provided in subsection (7), if a broker-dealer or investment adviser suspects or detects covered financial exploitation of a vulnerable adult, the broker-dealer or investment adviser shall report that activity to a law enforcement agency or adult protective services. If a broker-dealer or investment adviser elects to report to adult protective services instead of a law enforcement agency, a report made to adult protective services must be made according to the procedures established by adult protective services under applicable law.

(7) A broker-dealer or investment adviser is not required to make a report of suspected covered financial exploitation to a law enforcement agency or adult protective services if, after investigation or examination of available facts, the broker-dealer or investment adviser makes a determination that covered financial exploitation has not occurred or is not occurring and no action is necessary.

(8) Subject to subsection (6), if a broker-dealer or investment adviser suspects or detects covered financial exploitation of a client or customer, the broker-dealer or investment adviser may provide notification of that covered financial exploitation to any of the following:

(a) An agency of competent jurisdiction.

(b) A reasonably associated individual, unless that individual is unavailable or the broker-dealer or investment adviser reasonably believes that the individual has engaged, is engaged, or will engage in covered financial exploitation of the client or customer.

(c) Any third party previously designated by the client or customer to receive information about the account, unless that individual is unavailable or the broker-dealer or investment adviser reasonably believes that the individual has engaged, is engaged, or will engage in the covered financial exploitation of the client or customer.

History: Add. 2023, Act 306, Eff. Mar. 13, 2024