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FISCAL IMPACT REPORT

SPONSOR <u>Jaramillo</u>	LAST UPDATED _____
SHORT TITLE <u>Financial Exploitation & Certain Transactions</u>	ORIGINAL DATE <u>02/21/2025</u>
	BILL NUMBER <u>Senate Bill 419</u>
	ANALYST <u>Gygi</u>

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT*

(dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
ALTSD/APS	No fiscal impact	\$200.0	\$200.0	\$400.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent analysis of this legislation.

Relates to House Bills 124, 125, and 149

Sources of Information

LFC Files

Agency Analysis Received From

Aging and Long-Term Services Department (ALTSD)
 Attorney General (NMAG)
 Regulation and Licensing Department (RLD)

Agency Analysis was Solicited but Not Received From

Administrative Office of the District Attorneys (AODA)

SUMMARY

Synopsis of Senate Bill 419

Senate Bill 419 (SB419), amends the Protecting Vulnerable Adults from Financial Exploitation Act (Section 58-13D-5 NMSA 1978 *et seq.*) to enhance protections against financial exploitation. SB419 proposes to:

- Expand the authority of broker-dealers and investment advisers to delay disbursements or transactions for up to 15 days when financial exploitation is suspected, creating a “temporary hold.”
- Provide the Adult Protective Services (APS) Division of the Aging and Long-Term Services Department (ALTSD) authority to request a status report on the internal review conducted by a broker-dealer or investment adviser of the suspected financial exploitation.
- Increase the duration of temporary holds and provide conditions under which they can be extended for up to 10 days.
- Expand the authority to terminate temporary holds to “a state regulator or agency of competent jurisdiction.”

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

This bill does not include an appropriation to cover additional administrative costs to APS should SB419 be enacted. However, ALTSD reports it can incorporate the new provisions into existing work processes and will not require additional FTE.

The Regulation and Licensing Department (RLD) does not anticipate any fiscal impact, even if longer investigations could potentially result in additional court actions: “[Since] the Securities Division possesses administrative, civil and criminal enforcement authority, injunctive relief very rarely would occur.”

SIGNIFICANT ISSUES

ALTSD reports, if enacted, SB419 would create a more effective framework for detecting and addressing financial exploitation, ultimately providing stronger protections for vulnerable adults across New Mexico:

By broadening the scope of financial exploitation cases that can justify a disbursement delay, SB419 strengthens consumer protections and ensures that broker-dealers and investment advisers have the necessary flexibility to prevent fraudulent transactions. Additionally, the bill extends temporary hold periods under specific conditions, granting regulators more time to thoroughly investigate suspicious activity and take appropriate action.

In FY24 APS received 2,388 referrals from banking institutes for financial exploitation. So far in FY25, APS has received 1,483 referrals.

SB419 requires the broker-dealer or investment adviser to provide a status report on the internal review of the suspected financial exploitation, upon request by APS. The status report could possibly prevent financial losses before they occur. Most importantly, the bill would provide both APS and financial institutions with more time to investigate and for APS to coordinate with law enforcement and regulatory agencies.

RLD notes current statute conflicts with rules promulgated by the Financial Industry Regulatory Authority (FINRA), a self-regulatory organization for broker-dealers that is responsible under federal law for supervising member firms. SB419 clarifies any potential conflict with FINRA Rule 2165, which regulates member broker-dealer firms. The bill also expands the current limited number of agencies (RLD’s Securities Division and APS) that may intervene with a delay of a disbursement or transaction, absent judicial intervention:

Instances of financial exploitation of vulnerable adults frequently occur outside of the jurisdiction of the Securities Division and APS. Such cases may include affinity fraud, identity theft, romance scams, wiring money overseas for nonexistent goods or services, abuse of power of attorney, etc.

ADMINISTRATIVE IMPLICATIONS

According to ALTSD, implementation of SB419 would require increased coordination and contact between APS and financial institutions. It also assigns new reporting, record-keeping, compliance monitoring, and inter-agency communication obligations to the division. ALTSD notes the bill's provisions may require significant administrative updates and training across multiple financial institutions to ensure compliance.

The potential length of time in which a disbursement or transaction may be delayed would have little impact on the administration of RLD's Securities Division.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Senate Bill 419 relates to House Bill 125, which addresses potential waivers for conservators; House Bill 124, which makes changes regarding guardians in New Mexico; and House Bill 149, which would create a group of "decision-makers." All these entities may be involved with the financial transactions outlined in SB419.

TECHNICAL ISSUES

The Attorney General notes: "SB 419 does not define 'state regulator' or 'agency of competent jurisdiction.' Those two parties are given some power under the act, but it is unclear who they are."

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