



October 20, 2021

Representative Diana Farrington, Chair  
Michigan House Financial Services Committee  
124 North Capitol Avenue  
Lansing, MI 48933

Dear Chair Farrington and Members of the Committee,

Thank you for the opportunity to testify on Senate Bill 315, which would allow broker-dealers and investment advisors the ability to place temporary holds on a disbursement of funds or securities or place temporary holds on certain transactions on the accounts of a specified adult.

The National Association of Insurance and Financial Advisors - Michigan (NAIFA - Michigan) is a statewide association representing over 500 insurance and financial advisor members. We are an association of insurance and financial advisors who encompass all disciplines of insurance and financial services. NAIFA - Michigan members focus their practices on one or more of the following: life insurance and annuities, health insurance and employee benefits, multiline, and financial advising and investments.

NAIFA-Michigan supports Senate Bill 315 as substituted. Unfortunately, financial exploitation of vulnerable populations is a reality and efforts should be made to prevent this from happening. According to the National Council on Aging 90% of all financial exploitation is perpetrated by friends, family members, or caregivers. This exploitation can be wide-ranging, is often the most difficult to prevent, and is the most under-reported form of financial exploitation. A victim of such exploitation may even seek to cover-up such abuse out of feelings of guilt, shame, or loyalty.

NAIFA-Michigan supports measures, such as Senate Bill 315, that provide tools to our members, our broker-dealers and our investment advisors to identify, investigate and report potential situations of financial exploitation. NAIFA-Michigan supports this legislation for four main reasons.

1. The legislation strengthens the current FINRA/SEC Rule by adding language by allowing temporary holds on suspicious transactions. Including this language captures transactions such as changes in account ownership, changes in beneficiaries, and the purchasing of an investment product for the benefit of the suspected wrongdoer. States that have most recently adopted this legislation have included the transaction language. These states include: Arizona, Arkansas, California, Florida, Iowa, Kentucky, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New Mexico, North Dakota, Oklahoma, South Carolina, Texas, Utah, Virginia, Washington, and West Virginia.
2. The legislation provides the temporary hold tool to broker-dealers and investment advisors who are Michigan-only registered. Currently, non-FINRA or non-SEC registered entities

would not have the ability to place temporary holds on accounts in cases of potential financial exploitation. Passing this legislation would provide this tool to Michigan-only registered entities.

3. The legislation provides another avenue to place a temporary hold and then investigate and report situations of financial exploitation. Although this tool is available under the FINRA/SEC Rule, NAIFA-Michigan believes there is value to provide the same tools to the industry in the Michigan Uniform Securities Act.
4. This legislation provides consistency in regulatory structure at the state and federal level. Consistency in regulatory structure is imperative for NAIFA-Michigan members to avoid over burdensome regulations and have a clear understanding of regulations on how to prevent and report situations of financial exploitation.

Thank you for allowing us to provide feedback on SB 315. On behalf of our members and the clients we serve we encourage your support.

Sincerely,

Charles May  
Government Relations Chair  
NAIFA-Michigan