

## PUBLIC INVESTORS ADVOCATE BAR ASSOCIATION

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[www.piaba.org](http://www.piaba.org)

January 29, 2024

The Honorable Nick Hoheisel, Chair  
House Committee on  
Financial Institutions and Pensions  
House of Representatives  
Kansas State Capitol  
300 S.W. 10<sup>th</sup> St.  
Topeka, Kansas 66612  
[H.Financial@house.ks.gov](mailto:H.Financial@house.ks.gov)

**Re: Kansas House Bill No. 2562**

Dear Chair Hoheisel:

I write on behalf of the Public Investors Advocate Bar Association (“PIABA”), an international bar association comprised of attorneys who represent investors in disputes with the securities industry. Since its formation in 1990, PIABA’s mission has been to promote the interests of the public investor by, among other things, seeking to protect such investors from falling prey to investment fraud, and advocating for public education related to investment fraud and industry misconduct. As such, PIABA frequently comments upon proposed legislation in order to protect the rights and fair treatment of the investing public.

PIABA strongly supports Kansas House Bill No. 2562, which proposes to adopt the NASAA Model Act to Protect Vulnerable Adults from Financial Exploitation (“Model Act”) and urges its approval.

Financial exploitation of older adults is a widespread and serious problem that impacts every community, culture, and ethnic group in the country. The Consumer Financial Protection Bureau and Department of Justice describe financial exploitation as the most common form of elder abuse in the United States.<sup>1</sup> Older adults own a disproportionate share of financial assets in the country and are most at risk for acute cognitive decline. Moreover, with the aging of the Baby Boom generation, this problem is likely to increase further, as it is projected that 74 million people representing 20% of the United States population will be aged 65 or older by 2030.<sup>2</sup>

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<sup>1</sup> See Consumer Financial Protection Bureau, *Suspicious Activity Reports on Elder Exploitation* (February 2019), p 8.

<sup>2</sup> See J. Vespa, et. al., *Demographic Turning Points for the United States: Population Projections for 2020 to 2060* (February 2020), U.S. Census Bureau, available at <https://www.census.gov/library/publications/2020/demo/p25-1144.html>.

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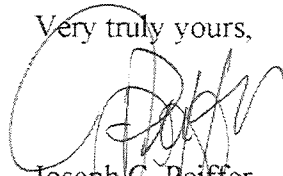
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Recognizing this growing problem, state and federal securities regulators have been issuing new rules and legislation designed to detect and prevent it.<sup>3</sup> In 2016, the North American Securities Administrators Association (“NASAA”) approved the Model Act as a model regulation for states to adopt as way to address the increasing problem of the financial exploitation of older adults. The Model Act has been a great success with 38 jurisdictions enacting state laws that are modeled on or informed by provisions included in the Model Act.

Kansas House Bill No. 2562 would amend the Kansas Securities Act to incorporate aspects of the Model Act’s five core features: (1) a mandatory reporting requirement applicable to qualified individuals of broker-dealers and investment advisors; (2) notification to certain third parties of potential financial exploitation with advance consent of the investor; (3) the authority to temporarily delay the disbursement of funds; (4) immunity from civil and administrative liability for reporting, notifications and delays; and (5) mandatory record-sharing in cases of exploitation with law enforcement and state adult protective services agencies.

PIABA believes that these provisions enhance investor protection and the protection of older and elderly Kansas residents from financial exploitation and elder abuse by giving Kansas state regulators and industry participants within the state new tools to combat and prevent such financial exploitation from occurring. It would also bring Kansas into line with the vast majority of states, including all four neighboring states, that have adopted provisions and protections of the Act. We urge you to pass this legislation and thereby enhance the investor protection of elderly Kansas residents.

Very truly yours,



Joseph C. Peiffer  
President, Public Investors  
Advocate Bar Association

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<sup>3</sup> See FINRA Rules 2165 (Financial Exploitation of Specified Adults) and 3240 (Borrowing from or Lending to Customers) and recent revisions adopted thereto.