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Client Alert: Financial Institutions Have New Responsibilities in the New Year

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Florida Senate Bill 556, passed in May of 2024 and set to go into effect on January 1, 2025, establishes the new Florida Statute § 415.10341, which is intended to better protect "specified adults"[1] from financial exploitation. To protect these specified adults, the new law allows financial institutions to delay disbursements or transactions of funds from an account of a specified adult, provided that the financial institution reasonably believes that financial exploitation of the specified adult has occurred, is occurring, has been attempted, or will be attempted in connection with a disbursement or transaction. In connection with delaying a relevant disbursement or transaction, the financial institution must comply with new and updated requirements.

For financial institutions, these changes mark a significant shift in both responsibility and opportunity, requiring institutions to adapt their policies and practices to ensure compliance and effectively protect their customers. Below, we explore the law's key updates, its impact on financial institutions, and practical steps institutions can take to align and comply with the new requirements.

Key Updates Introduced by Senate Bill 556

Though SB 556 closely tracks another Florida statute aimed at the protection of specified adults (Florida Statute § 517.34), SB 556 amends the preexisting framework by:

1. **Internal Review:** Financial institutions must promptly initiate an internal review of the facts and circumstances underlying the suspected financial exploitation.
2. **Expanding Reporting Obligations:** Financial institutions are now explicitly required to report suspected exploitation of specified adults to both state authorities and adult protective services. Previously, per § 517.34, a financial institution placing a delay or hold on a disbursement or transaction had to report such a delay or hold to the Florida Office of Financial Regulation within three business days. In contrast, the new § 415.10341 requires reporting prior to placing a delay or hold on an account in connection with the mandatory reporting of abuse, neglect, or exploitation through the Central Abuse Hotline maintained by the Florida Department of Children and Families. This update enhances prior voluntary reporting mechanisms, making compliance mandatory.
3. **Record Retention Requirements:** Financial institutions must create and maintain records related to

suspected exploitation cases for a five-year period, ensuring documentation is available for regulatory review.

4. **Notification Duties:** The law introduces stricter timelines for notifying relevant parties, including the specified adult or their legal representatives, about suspected exploitation and any actions taken. Generally, notification must be made within three days of any delay of transaction or disbursement.
5. **Safe Harbor Provisions:** The bill provides legal protection for financial institutions and employees who act in good faith when reporting suspected exploitation. This immunity encourages proactive intervention while minimizing liability.

What Financial Institutions Need to Know

These statutory updates call for revisions to existing internal policies—as well as employee training—at financial institutions operating in Florida to account for the new obligations related to identification, documentation, and reporting.

- Training policies and programs should be created (or updated) to facilitate employee recognition of signs of financial exploitation and understanding of proper reporting procedures.
- Financial institutions should develop written procedures regarding the manner in which suspected financial exploitation is reviewed internally, including, if applicable, the manner in which suspected financial exploitation is required to be reported to supervisory personnel.
- Channels of communications with the appropriate agencies should be pre-established.

SB 556 underscores the critical role financial institutions play in protecting vulnerable individuals from financial exploitation. By understanding the law's requirements and taking proactive steps to comply, financial institutions can not only mitigate legal and reputational risks but also demonstrate their commitment to ethical practices and customer care.

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[1] Under Florida Statute 415.10341, "specified adults" refer to anyone 65 or older or any individuals 18 years or older who are considered "vulnerable" due to physical or mental impairments or age-related conditions. These specified adults are particularly susceptible to financial exploitation, making them the focus of strengthened legal protections.

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