
A BILL FOR AN ACT

RELATING TO FINANCIAL EXPLOITATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 412, Hawaii Revised Statutes, is
2 amended by adding a new part to article 4 to be appropriately
3 designated and to read as follows:

4 **"PART . FINANCIAL EXPLOITATION PREVENTION**

5 **§412:4-A Definitions.** As used in this article, unless the
6 context otherwise requires:

7 "Caregiver" means a parent or other relative responsible
8 for the health and safety of an individual, or a guardian,
9 conservator, or any other person with legal or fiduciary
10 obligations to an individual.

11 "Covered financial exploitation" means financial
12 exploitation of an individual through deception, manipulation,
13 coercion, or intimidation, or through improper leveraging of a
14 caregiver relationship.

15 "Examination and enforcement authority" means one of the
16 following:



- (1) For the division, any and all applicable authority provided under this chapter;
- (2) For the Federal Deposit Insurance Corporation, any and all applicable authority provided under title 12 United States Code sections 1811 to 1835a;
- (3) For the Federal Reserve System, any and all applicable authority provided under title 12 United States Code sections 221 to 522;
- (4) For the National Credit Union Administration, any and all applicable authority provided under the Federal Credit Union Act, title 12 United States Code sections 1751 to 1795k; and
- (5) For the Office of the Comptroller of the Currency, any and all applicable authority provided under title 12 United States Code sections 1 to 5710.

"Financial exploitation" means either of the following:

- (1) A fraudulent or otherwise illegal, unauthorized, or improper act or process of an individual who uses or attempts to use the financial resources of another individual for monetary or personal benefit, profit, or gain; or



(2) A fraudulent or otherwise illegal, unauthorized, or improper act or process of an individual that results or is intended to result in depriving another individual of rightful access to or use of benefits, resources, belongings, or assets.

"Unauthorized" means without permission, or utilizing permission obtained from a person through deception, manipulation, coercion, or intimidation or through the improper leveraging of a caregiver relationship.

"Vulnerable adult" means an adult who, because of mental or physical impairment or advanced age, is unable to protect oneself from covered financial exploitation.

"Written" means inscribed in a tangible or electronic medium.

§412:4-B Policy on procedures; training. (a) A financial institution shall develop and implement a policy for training relevant employees to recognize signs of covered financial exploitation of members or customers of the financial institution, and for reporting that activity to a law enforcement agency or the department of human services.



(b) A policy developed under this section shall apply generally to all members or customers of the financial institution, shall provide for training on and procedures for recognizing signs of, preventing, and reporting covered financial exploitation of vulnerable adults, and may provide for specialized training on and procedures for recognizing signs of, preventing, and reporting covered financial exploitation of certain categories of potentially affected members or customers other than vulnerable adults. The policy shall provide for all of the following:

(1) Employee training, including instruction on all of the following:

(A) Common types of covered financial exploitation;

(B) Signs of potential covered financial exploitation;

(C) Relevant federal advisory opinions or guidance on elder financial exploitation;

(D) Internal procedures developed under paragraphs

(2) to (4); and

(E) Reporting procedures under paragraph (6);



- 1 (2) Procedures to follow when covered financial
2 exploitation of a member or customer is suspected or
3 detected based on available facts;
- 4 (3) Procedures to follow when, after examination or
5 investigation of available facts, covered financial
6 exploitation of a member or customer is no longer
7 suspected;
- 8 (4) Procedures to follow for delaying or placing a freeze
9 on transactions or assets relative to a member's or
10 customer's accounts, individually or jointly held, if
11 covered financial exploitation is suspected or
12 detected;
- 13 (5) Designation of one or more employees to make a report
14 described in paragraph (6);
- 15 (6) Except as provided in subsection (c) or as prohibited
16 under federal law, reporting of suspected or detected
17 covered financial exploitation of a member or customer
18 to which the policy created under this part applies to
19 a law enforcement agency or the department of human
20 services. If a financial institution elects to report
21 to the department of human services instead of law



1 enforcement, a report made to the department of human
2 services shall be made according to procedures
3 established by the department of human services under
4 applicable law. In determining whether and to what
5 entity to make a report, the policy shall, at a
6 minimum, require:

- 7 (A) Consideration of relevant federal advisory
8 opinions or guidance on elder financial
9 exploitation and applicable employee training;
- 10 (B) Consideration of the safety of employees, the
11 customer or member that the financial institution
12 believes is the target of covered financial
13 exploitation, or other customers or members;
- 14 (C) Consideration of the need and ability to preserve
15 funds or assets of the customer or member that
16 the financial institution believes is the target
17 of covered financial exploitation; and
- 18 (D) Consideration of whether the financial
19 institution can discern, from available facts and
20 knowledge of the member or customer that is the
21 potential victim of covered financial



1 exploitation, that that member or customer is an
2 adult in need of protective services under part X
3 of chapter 346; and

4 (7) A citation to this part, indicating the policy was
5 drafted to comply with this part.

6 (c) A policy developed under this section shall not
7 require a report of suspected or detected covered financial
8 exploitation if, after investigation or examination of available
9 facts, the financial institution makes a determination that
10 covered financial exploitation has not occurred or is not
11 occurring and no action is necessary.

12 (d) All initial trainings under a policy developed under
13 this section shall be provided to a new employee within three
14 months of the new employee's hire date. Any additional
15 training, including refresher training, shall be at the
16 discretion of the financial institution.

17 **§412:4-C Reporting covered financial exploitation.** (a) A
18 report of suspected or detected covered financial exploitation
19 made by a financial institution, or by any other person under
20 section 412:4-F(c), shall include the name of the individual
21 believed to be the victim, a description of the suspected or



1 detected covered financial exploitation, and a designated
2 contact for notices required under subsection (b) if the
3 reporter is a financial institution. If a report under this
4 subsection is made by telephone, the law enforcement agency or
5 department of human services, whichever receives the report,
6 shall make a written record of the information provided in the
7 telephonic report.

8 (b) Within ten business days after it receives a report of
9 suspected or detected covered financial exploitation from a
10 financial institution under this section, the law enforcement
11 agency or department of human services, whichever receives the
12 report, shall provide written notification to the designated
13 contact of the financial institution that clearly indicates
14 whether a reported incident is under investigation or has been
15 referred to a law enforcement agency for investigation. As soon
16 as practicable after the investigation, the law enforcement
17 agency or department of human services shall notify the
18 financial institution of the disposition of the reported
19 incident.

20 (c) Within ten business days after it receives a report of
21 suspected or detected covered financial exploitation from a



1 financial institution under this section, the law enforcement
2 agency or department of human services shall notify the office
3 of the county prosecuting attorney. Notification shall be made
4 in a manner prescribed by the attorney general and shall
5 include, at a minimum, a copy of each report submitted to or
6 committed to written form by the law enforcement agency or
7 department of human services and the response to, or actions
8 taken based on, the report by the law enforcement agency or
9 department of human services.

10 (d) If a financial institution that attempts to make a
11 report of suspected or detected covered financial exploitation
12 under this section is unable to communicate with a law
13 enforcement agency or the department of human services to make
14 the report, or if the law enforcement agency or department of
15 human services, whichever receives the report, fails to provide
16 notification to the financial institution under subsection (b),
17 the financial institution may notify the office of the county
18 prosecuting attorney. Notification under this subsection shall
19 be made in a manner prescribed by the attorney general.

20 (e) A law enforcement agency, the department of human
21 services, or the county prosecuting attorney shall not disclose



1 the identity of an individual or financial institution that
2 makes a report of suspected or detected covered financial
3 exploitation without the consent of the individual or financial
4 institution. However, this subsection does not prohibit a
5 disclosure that is made by the department of human services to a
6 law enforcement agency or by a law enforcement agency or the
7 department of human services to the county prosecuting attorney
8 as required under subsection (c), or a disclosure required in a
9 civil or criminal proceeding. A law enforcement agency, the
10 department of human services, or a county prosecuting attorney
11 shall not disclose the identity, or personal or account
12 information, of an individual that is the subject of a report of
13 suspected or detected covered financial exploitation as a victim
14 without that individual's consent, except as required under
15 subsection (c) or as required in a civil or criminal proceeding.

16 (f) The identity of an individual or financial institution
17 that makes a report of suspected or detected covered financial
18 exploitation under this section shall be exempt from disclosure
19 under chapter 92F. The identity of an individual that is the
20 suspected or confirmed victim of covered financial exploitation
21 or that individual's personal or account information shall be



1 exempt from disclosure under chapter 92F. This subsection does
2 not limit the applicability of any other exceptions to
3 disclosure under chapter 92F to all or any part of a report made
4 under this part.

5 **§412:4-D Transaction delay or freeze; powers of financial**
6 **institutions.** (a) Except as otherwise provided in this
7 section, if a financial institution suspects or detects covered
8 financial exploitation of a member or customer, the financial
9 institution shall delay the related transaction, and may place a
10 freeze on any transactions or assets related to that member's or
11 customer's account, for further investigation or examination of
12 available facts. The delay and freeze, if applicable, shall
13 expire at the earlier of either:

14 (1) The financial institution's determination that the
15 transaction is not related to any covered financial
16 exploitation; or

17 (2) Fifteen business days after the initial transaction
18 delay;

19 provided that if a court of competent jurisdiction issues an
20 order finding that reasonable suspicion of financial
21 exploitation exists, expiration of the transaction delay and



1 freeze shall be tolled. If the financial institution places a
2 freeze on any transactions or assets related to that member's or
3 customer's account, the financial institution shall provide
4 written notice to all owners on the account of the freeze no
5 later than business days after the placement of the freeze.

6 (b) If a financial institution is informed by a law
7 enforcement agency or the department of human services under
8 section 412:4-C(b) that suspected or detected covered financial
9 exploitation that has been reported is under investigation, the
10 financial institution may extend the term of a transaction delay
11 and freeze, if applicable, until:

12 (1) The financial institution is informed of the dismissal
13 of the reported incident; or

14 (2) The financial institution reasonably believes there is
15 no continued risk of covered financial exploitation of
16 the targeted individual,

17 whichever is later.

18 (c) A financial institution may provide for the processing
19 of any transaction necessary to preserve the health, safety, or
20 financial well-being of a member or customer during the period
21 of a transaction delay or freeze, unless that transaction is



1 related to the suspected covered financial exploitation or the
2 financial institution is directed otherwise by court order.

3 **§412:4-E Examination and enforcement; immunity. (a)**

4 Except as provided in subsections (b) and (c), only the federal
5 or state regulatory agency that authorized the financial
6 institution to organize and commence business in its current
7 form and that has examination and enforcement authority over
8 that financial institution may enforce this part.

9 (b) If a financial institution is organized under the laws
10 of another state or territory of the United States and maintains
11 one or more branch offices in this State, only the division may
12 enforce this part.

13 (c) In addition to the general authority of a federal
14 regulatory agency described in subsection (a), the Federal
15 Deposit Insurance Corporation and Federal Reserve System may
16 refer a suspected violation of this part discovered under their
17 examination and enforcement authority to an appropriate agency
18 described in subsection (a) or (b) or take appropriate action
19 under its examination and enforcement authority.

20 (d) Except with regard to the examination and enforcement
21 authority of the division or a federal regulatory agency



1 described in subsection (a), (b), or (c), a financial
2 institution and any of its employees, officers, directors, or
3 affiliates shall be immune from any liability or penalty under
4 law or rule of this State for an action, determination,
5 omission, or process under this part or under a policy governed
6 by this part.

7 (e) There shall be no private right of action against a
8 financial institution, or any of its employees, officers,
9 directors, or affiliates, either in law or in equity, for an
10 action, determination, omission, or practice under this part or
11 under a policy governed by this part.

12 **§412:4-F Construction and application.** (a) This part
13 shall not be construed as limiting the responsibilities of a law
14 enforcement agency to enforce the laws of this State nor as
15 precluding a law enforcement agency from reporting and
16 investigating, as appropriate, alleged criminal conduct.

17 (b) This part shall not be construed as limiting the
18 ability or authority of a financial institution to take
19 otherwise lawful actions under federal or state law or private
20 agreement; nor to report or prevent fraud or other illegal



1 activity related to its operations or the assets of a member or
2 customer that are held by the financial institution.

3 (c) This part shall not be construed as restricting or
4 prohibiting a person, other than an individual who is acting as
5 an employee of a financial institution, that suspects or finds
6 that covered financial exploitation of an individual has
7 occurred or is being attempted by another individual from making
8 a report to a law enforcement agency or the department of human
9 services.

10 (d) This part shall not be construed as limiting the
11 responsibilities of the department of human services to
12 investigate, as appropriate, alleged abuse of any adult in need
13 of protective services."

14 SECTION 2. In codifying the new sections added by
15 section 1 of this Act, the revisor of statutes shall substitute
16 appropriate section numbers for the letters used in designating
17 the new sections in this Act.

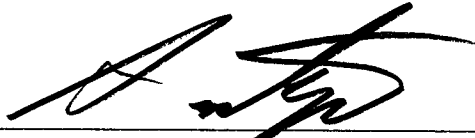
18 SECTION 3. This Act shall take effect upon its approval.



H.B. NO. 1640

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INTRODUCED BY:


JAN 20 2026



H.B. NO. 1640

Report Title:

DCCA; AG; DHS; County Prosecuting Attorneys; Financial Institutions; Financial Exploitation; Transaction Delays; Freezes

Description:

Requires financial institutions to establish policies for identifying financial exploitation and the training of employees. Establishes procedures for reporting suspected financial exploitation. Requires financial institutions to delay transactions, and allows freezes on assets, when there is suspected financial exploitation. Provides immunity from liability for financial institutions for any action, determination, omission, or practice related to this Act.

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