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FISCAL IMPACT REPORT

SPONSOR Rue ORIGINAL DATE 2/13/15
 LAST UPDATED _____ HB _____

SHORT TITLE Uniform Securities Act Penalties SB 539

ANALYST Elkins

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY15	FY16	FY17	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

Senate Bill 539 proposes amending the Uniform Securities Act by adding a subsection to Section 58-13C-508 NMSA 1978, criminal penalties, which makes it a second degree felony for a person who willfully engages in an act, practice, or course of business, related to securities, that operates as fraud of deceit upon a person ages 60 or older. If convicted, a person can be fined up to \$10 thousand or imprisoned for not more than nine years, or both, for each violation.

FISCAL IMPLICATIONS

There are no significant fiscal implications.

SIGNIFICANT ISSUES

RLD offers the following commentary:

New Mexico, like the rest of the country, is experiencing growth of its senior population. Financial abuse of the elderly has also been rising. Since persons over 50 control at least 70 percent of the nation's household net worth, they are frequent targets for exploiters, especially if they are homebound or disabled in some way.

Some of our neighboring states, such as Colorado and California, have adopted criminal penalties for those who financially abuse the elderly. Criminal penalties for elder financial abuse is a timely issue which provides an avenue for New Mexico to take initiative and become one of the leading states to protect our elder's financial well-being. It is imperative to deter fraudulent investment advisors from targeting elders because of their heightened vulnerability and frequent victimization.

Only 1 in 25 cases of elder financial abuse is reported to officials, suggesting that as many as 5 million seniors may be victims of financial exploitation each year. (Source: National Center of Elder Abuse; <http://www.ncea.aoa.gov/Library>). The financial loss by victims of elder financial crimes and exploitation exceeds an excruciating \$2.9 billion annually. (MetLife Mature Market Institute <http://www.metlife.com>)

According to the National Committee for the Prevention of Elder Abuse, 70 percent of the nation's net worth is owned by those aged 50 or older. (http://www.preventelderabuse.org/elderabuse/fin_abuse.html)

CE/bb