

Date of Hearing: April 18, 2022

ASSEMBLY COMMITTEE ON BANKING AND FINANCE

Timothy Grayson, Chair

AB 1841 (Grayson) – As Amended April 5, 2022

SUBJECT: Financial institutions: economic abuse training

SUMMARY: Requires the Department of Financial Protection and Innovation (DFPI) to develop and administer a voluntary training program related to the economic abuse of domestic abuse victims.

Specifically, **this bill:**

- 1) Requires DFPI, by January 1, 2025, to develop, implement, and administer a voluntary online training program for employees and officers of financial institutions, as defined, regarding the economic abuse of a domestic abuse victim. DFPI must develop this program in coordination with survivors of domestic violence, nonprofit organizations, community groups, and other stakeholders.
- 2) Requires the online training program to include at least the following:
 - a) Instruction on the nexus between domestic violence and financial insecurity.
 - b) Instruction on the prevalence and the impacts of economic abuse as it relates to the domestic violence and the survivor’s employment and credit history.
 - c) Discussion regarding the heightened need to protect the privacy and respect the integrity of each individual survivor customer of the financial institution.
 - d) Discussion regarding the heightened need to respect the autonomy and agency of each individual survivor customer, including the survivor customer’s decision whether or not to inform law enforcement of the economic abuse.
 - e) Instruction on how to identify suspected economic abuse, including red flags and specific guidance on proper responses once a financial institution reasonably suspects economic abuse is occurring or has occurred.
 - f) Instruction on how to report and respond to economic abuse.
- 2) Clarifies that this bill does not require financial institutions participating in the training program to become mandatory reporters of domestic violence.
- 3) Requires DFPI to make available on its internet website the online training program in its entirety in a format of its choosing along with any other materials it deems relevant for the purposes of public education about the economic abuse of victims of domestic abuse.

EXISTING LAW:

- 1) Establishes the Elder Abuse and Dependent Adult Civil Protection Act to makes all officers and employees of financial institutions, as defined, mandated reporters of suspected financial abuse of

an elder or dependent adult (Welfare and Institutions Code Section 15630.1).

- 2) Provides that “suspected financial abuse of an elder or dependent adult” occurs when a mandated reporter observes or has knowledge of behavior or unusual circumstances or transactions, or a pattern of behavior or unusual circumstances or transactions, that would lead an individual with like training or experience, based on the same facts, to form a reasonable belief that an elder or dependent adult is the victim of financial abuse, as defined (Welfare and Institutions Code Section 15630.1).
- 3) Creates a new section of law, separate from but based on the section currently applicable to banks and credit unions, which makes broker-dealers, as defined in Section 25004 of the Corporations Code, and investment advisors, as defined in Section 25009 of the Corporations Code mandated reporters of suspected financial abuse of an elder or dependent adult. Requires reporting when a broker-dealer or investment advisor observes or has knowledge of an incident that reasonably appears to be financial abuse or when the person reasonably believes the existence of that abuse.

FISCAL EFFECT: Unknown. This bill is keyed Fiscal by Legislative Counsel.

COMMENTS:

1) **Purpose.**

According to the author:

As Californians continue to struggle due to the impacts of COVID-19, it is increasingly clear that financial insecurity is a leading obstacle to safety for survivors of interpersonal violence. A less visible and far too common form of abuse that survivors of interpersonal violence are often victimized by is financial abuse. Economic independence is a major key for survivors to be able to successfully leave an abusive relationship. AB 1841 would require Department of Financial Protection and Innovation to develop, implement, and administer a voluntary online training program for financial institutions on the economic abuse of victims of intimate partner violence. In doing so, financial institutions would have the opportunity to implement their training to create supportive systems and products to help millions of customers across California to build the assets they need to keep themselves and their families safe.

2) **Economic or financial abuse of domestic violence victims.**

Intimate partner violence (IPV) is abuse or aggression that occurs in a romantic relationship.¹ “Intimate partner” refers to both current and former spouses and dating partners. IPV can vary in severity but it remains a common occurrence today. According to the Center for Disease Control, about 1 in 4 women and nearly 1 in 10 men have reported some form of

¹ IPV is the term used in this analysis, though AB 1841 uses the term domestic abuse. These terms are often used interchangeably, though domestic violence may also include abuse or aggression from non-intimate partners in the household, such as from a sibling.

IPV-related impact, and over 43 million women and 38 million men have reported physiological aggression by an intimate partner in their lifetime.²

The personal and societal harm from IPV is well-documented, but the role that economic or financial abuse plays in fostering or perpetuating IPV is less understood. In a 2018 poll conducted by the Allstate Foundation, just 22% of respondents reported being familiar with financial abuse as a form of domestic violence.³

This lack of awareness is especially important given how common it is for an IPV survivor to endure some type of correlated financial economic abuse. In a 2011 study of IPV survivors participating in a financial literacy program, 94% experienced some form of economic abuse, which also correlated highly with other forms of IPV. In that same study, 79% of survivors experienced economic exploitative behaviors, and 78% experienced employment sabotage.⁴ In some situations, a survivor takes on coerced debt, meaning a debt that an abusive partner has taken out in the survivor's name either without their knowledge or under threat. In other situations, the abuse partner engages in simple and outright theft.⁵ These tactics leave survivors in a financially vulnerable situation, often with damaged credit and little ability to be financially independent. This can leave a survivor financially reliant on the abusive partner.

Parallels to elder financial abuse.

This bill proposes a training program for employees of financial institutions so that employees may be better equipped to identify cases of economic abuse among domestic violence survivors. In doing so, this bill proposes a policy intervention that is similar to federal and state interventions used to help curb *elder* financial abuse. Elder financial abuse can materialize in different ways, such as through the improper use of funds through fraud, falsifying records, or manipulation or coercion. Elder abuse is also disturbingly common, and older adults can become targets of financial exploitation by family members or others, such as contractors, in part because they may have significant assets or equity in their home and they may be vulnerable because of isolation or health reasons. While a range of federal and state laws prohibit this elder financial abuse,⁶ a more recent policy focus has been to prevent these cases early by empowering financial institutions to intervene. For example, the Senior Safe Act of 2018 provides certain financial institution employees immunity from liability in any civil or administrative proceeding for reporting senior citizen exploitation as long as they receive specified training materials.⁷

² “Preventing Intimate Partner Violence,” Center for Disease Control and Prevention (Updated November 2021), available at <https://www.cdc.gov/violenceprevention/intimatepartnerviolence/fastfact.html>.

³ “2018 National Poll on Domestic Violence and Financial Abuse,” Allstate Foundation (March 2018), available at https://allstatefoundation.org/wp-content/uploads/2020/03/2018-Research-Deck_Final.pdf.

⁴ Judy Postmus et al, “Understanding Economic Abuse in the Lives of Survivors,” *Journal of Interpersonal Violence* (2011), available at <https://journals.sagepub.com/doi/10.1177/0886260511421669>.

⁵ A.E. Adams et al, “The Frequency, Nature, and Effects of Coerced Debt Among a National Sample of Women Seeking Help for Intimate Partner Violence,” *Violence Against Women* (2019), available at <https://doi.org/10.1177/1077801219841445>.

⁶ See a list if relevant federal statutes here: <https://www.justice.gov/elderjustice/prosecutors/statutes>

⁷ See fact sheet here: <https://www.investor.gov/senior-safe-act-fact-sheet>

In California, employees of financial institutions, broker-dealers, and investment advisors are “mandated reporters” who must report suspected cases of elder financial abuse to law enforcement or to a local APS agency. The Elder Abuse Reporting Act, which was signed into law in 2005, also requires a local adult protective services (APS) agency to provide mandated reporters with instructional materials regarding abuse and neglect and reporting obligations.⁸

3) **Employees are trained. Now what?**

AB 1841 would help provide critical information to employees of financial institutions to help them identify instances of economic or financial abuse against domestic violence survivors. This bill also includes a public education component by requiring DFPI to make these materials broadly available to the public on its website. However, even though the proposed training program will also cover issues such as privacy and how to report cases to law enforcement, AB 1841 does not contain any provisions to encourage or compel employees to utilize this training to successfully intervene on the survivor’s behalf, and it is unclear an employee would do so without the appropriate legal guidance.

The lack of a reporting mechanism means that AB 1841 functions primarily as an awareness campaign for both financial institutions and the public. This seems appropriate given the extent to which the economic abuse of IPV survivors is not a widely understood issue.

REGISTERED SUPPORT / OPPOSITION:

Support

California Community Banking Network
California Partnership to End Domestic Violence
Freefrom

Opposition

None on file.

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⁸ As an example, see <http://hss.sbcounty.gov/DAAS/docs/ElderFinancialAbusePowerPoint.ppt>; The CDSS also provides a generalized elder abuse training module that local agencies can use: https://cdss.ca.gov/MandatedReporting/story_html5.html