
HOUSE BILL 1900

State of Washington

69th Legislature

2025 Regular Session

By Representatives Doglio, Berry, Parshley, Simmons, Ormsby, Ramel, Hill, Macri, and Pollet

Read first time 02/07/25. Referred to Committee on Consumer Protection & Business.

1 AN ACT Relating to enhancing consumer protections against
2 financial fraud; amending RCW 74.34.215, 30A.22.210, and 30A.22.020;
3 adding a new section to chapter 30A.22 RCW; and adding a new section
4 to chapter 21.20 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 74.34.215 and 2010 c 133 s 3 are each amended to
7 read as follows:

8 (1) Pending an investigation by the financial institution, the
9 department, or law enforcement, if a financial institution reasonably
10 believes that financial exploitation of a vulnerable adult may have
11 occurred, may have been attempted, or is being attempted, the
12 financial institution shall immediately notify the department and the
13 department of financial institutions, comply with subsection (8) of
14 this section, and may, but is not required to, refuse a transaction
15 requiring disbursement of funds contained in the account:

16 (a) Of the vulnerable adult;

17 (b) On which the vulnerable adult is a beneficiary, including a
18 trust or guardianship account; or

19 (c) Of a person suspected of perpetrating financial exploitation
20 of a vulnerable adult.

1 (2) A financial institution may also refuse to disburse funds
2 under this section if the department, law enforcement, or the
3 prosecuting attorney's office provides information to the financial
4 institution demonstrating that it is reasonable to believe that
5 financial exploitation of a vulnerable adult may have occurred, may
6 have been attempted, or is being attempted.

7 (3) A financial institution is not required to refuse to disburse
8 funds when provided with information alleging that financial
9 exploitation may have occurred, may have been attempted, or is being
10 attempted, but may use its discretion to determine whether or not to
11 refuse to disburse funds based on the information available to the
12 financial institution.

13 (4) A financial institution that refuses to disburse funds based
14 on a reasonable belief that financial exploitation of a vulnerable
15 adult may have occurred, may have been attempted, or is being
16 attempted shall:

17 (a) Make a reasonable effort to notify all parties authorized to
18 transact business on the account orally or in writing; and

19 (b) Report the incident to the adult protective services division
20 of the department and local law enforcement.

21 (5) Any refusal to disburse funds as authorized by this section
22 based on the reasonable belief of a financial institution that
23 financial exploitation of a vulnerable adult may have occurred, may
24 have been attempted, or is being attempted will expire upon the
25 sooner of:

26 (a) Ten business days after the date on which the financial
27 institution first refused to disburse the funds if the transaction
28 involved the sale of a security or offer to sell a security, as
29 defined in RCW 21.20.005, unless sooner terminated by an order of a
30 court of competent jurisdiction;

31 (b) Five business days after the date on which the financial
32 institution first refused to disburse the funds if the transaction
33 did not involve the sale of a security or offer to sell a security,
34 as defined in RCW 21.20.005, unless sooner terminated by an order of
35 a court of competent jurisdiction; or

36 (c) The time when the financial institution is satisfied that the
37 disbursement will not result in financial exploitation of a
38 vulnerable adult.

39 (6) A court of competent jurisdiction may enter an order
40 extending the refusal by the financial institution to disburse funds

1 based on a reasonable belief that financial exploitation of a
2 vulnerable adult may have occurred, may have been attempted, or is
3 being attempted. A court of competent jurisdiction may also order
4 other protective relief as authorized by RCW 7.40.010 and
5 (~~74.34.130~~) 7.105.310.

6 (7) A financial institution or an employee of a financial
7 institution is immune from criminal, civil, and administrative
8 liability for refusing to disburse funds or disbursing funds under
9 this section and for actions taken in furtherance of that
10 determination if the determination of whether or not to disburse
11 funds was made in good faith.

12 (8) A financial institution that notifies the department and the
13 department of financial institutions as provided in subsection (1) of
14 this section shall place an internal flag on the account of the
15 vulnerable adult to notify employees of the financial institution
16 with access to the account that:

17 (a) Financial exploitation of a vulnerable adult may have
18 occurred, may have been attempted, or is being attempted;

19 (b) The department and the department of financial institutions
20 have been notified; and

21 (c) Washington law authorizes a financial institution to refuse a
22 transaction requiring disbursement of funds when financial exploitation
23 of a vulnerable adult may have occurred, may have been attempted, or
24 is being attempted.

25 **Sec. 2.** RCW 30A.22.210 and 2010 c 133 s 1 are each amended to
26 read as follows:

27 (1) Nothing contained in this chapter shall be deemed to require
28 any financial institution to make any payment from an account to a
29 depositor, or any trust or P.O.D. account beneficiary, or any other
30 person claiming an interest in any funds deposited in the account, if
31 the financial institution has actual knowledge of the existence of a
32 dispute between the depositors, beneficiaries, or other persons
33 concerning their respective rights of ownerships to the funds
34 contained in, or proposed to be withdrawn, or previously withdrawn
35 from the account, or in the event the financial institution is
36 otherwise uncertain as to who is entitled to the funds pursuant to
37 the contract of deposit. In any such case, the financial institution
38 may, without liability, notify, in writing, all depositors,
39 beneficiaries, or other persons claiming an interest in the account

1 of either its uncertainty as to who is entitled to the distributions
2 or the existence of any dispute, and may also, without liability,
3 refuse to disburse any funds contained in the account to any
4 depositor, and/or trust or P.O.D. account beneficiary thereof, and/or
5 other persons claiming an interest therein, until such time as
6 either:

7 (a) All such depositors and/or beneficiaries have consented, in
8 writing, to the requested payment; or

9 (b) The payment is authorized or directed by a court of proper
10 jurisdiction.

11 (2) If a financial institution reasonably believes that financial
12 exploitation of a vulnerable adult, as defined in RCW 74.34.020, may
13 have occurred, may have been attempted, or is being attempted, the
14 financial institution may refuse a transaction as permitted under RCW
15 74.34.215.

16 (3) If a financial institution reasonably believes that financial
17 fraud of an individual in relation to funds in an account may have
18 occurred, may have been attempted, or is being attempted, the
19 financial institution shall immediately notify the department of
20 financial institutions. This subsection may apply, but is not limited
21 to, circumstances when the real owner of an account seeks to engage
22 or engages in a withdrawal or other transaction or series of
23 transactions that are substantially different in nature than
24 withdrawals or transactions in the account's history.

25 NEW SECTION. **Sec. 3.** A new section is added to chapter 30A.22
26 RCW to read as follows:

27 (1) Financial institutions with accounts of individual account
28 owners in this state shall have policies and procedures to allow
29 employees to place an internal flag on an account to notify other
30 employees of the financial institution who have access to the
31 individual's account that an interaction or a transaction with an
32 individual account owner, or someone presenting themselves as the
33 individual account owner, caused a reasonable belief that financial
34 fraud of the individual account owner may have occurred, may have
35 been attempted, or is being attempted. This subsection may apply, but
36 is not limited to, circumstances when the real owner of an account
37 seeks to engage or engages in a withdrawal or other transaction or
38 series of transactions that are substantially different in nature
39 than withdrawals or transactions in the account's history.

1 (2) The placement of an internal flag on an account pursuant to
2 this section is for purposes of internal use by the financial
3 institution only and does not require a financial institution to
4 withhold funds or refuse to engage in a transaction, or create any
5 legal liability on the part of an employee acting in good faith
6 placing an internal flag on an account.

7 **Sec. 4.** RCW 30A.22.020 and 1981 c 192 s 2 are each amended to
8 read as follows:

9 The purposes of this chapter are:

10 (1) To provide a consistent law applicable to all financial
11 institutions authorized to accept deposits from individuals with
12 respect to payments by the institutions to individuals claiming
13 rights to the deposited funds; and

14 (2) To qualify and simplify the law concerning the respective
15 ownership interests of individuals to funds held on deposit by
16 financial institutions, both as to the relationship between the
17 individual depositors and beneficiaries of an account, and to the
18 financial institution-depositor-beneficiary relationships; ~~((and))~~

19 (3) To simplify and make consistent the law pertaining to
20 payments by financial institutions of deposited funds both before and
21 after the death of a depositor or depositors, including provisions
22 for the validity and effect of certain nontestamentary transfers of
23 deposits upon the death of one or more depositors; and

24 (4) To assist in preventing fraud of an individual account owner
25 related to the individual's funds in an account.

26 NEW SECTION. **Sec. 5.** A new section is added to chapter 21.20
27 RCW to read as follows:

28 (1) If a broker-dealer, investment adviser, or investment adviser
29 representative reasonably believes that financial fraud of an
30 individual in relation to securities or funds in an account may have
31 occurred, may have been attempted, or is being attempted, the broker-
32 dealer, investment adviser, or investment adviser representative
33 shall immediately notify the department of financial institutions.

34 (2) Broker-dealers, investment advisers, and investment adviser
35 representatives shall have policies and procedures to allow the
36 placement of an internal flag on an account to notify other employees
37 in the organization that an interaction or a transaction with a
38 client, or someone presenting themselves as a client caused a

1 reasonable belief that financial fraud of the client may have
2 occurred, may have been attempted, or is being attempted.

3 (3) This section may apply, but is not limited to, circumstances
4 when the real owner of an account seeks to engage or engages in a
5 sale of a security or withdrawal of funds that are substantially
6 different in nature than transactions or withdrawals in the account's
7 history.

8 (4) The placement of an internal flag on an account pursuant to
9 this section is for purposes of internal use by the organization of
10 the broker-dealer, investment adviser, and investment adviser
11 representative only and does not require the withholding of funds or
12 refusal to engage in a transaction or create any legal liability on
13 the part of an individual broker-dealer, investment adviser,
14 investment adviser representative, or employee, while acting in good
15 faith.

16 NEW SECTION. **Sec. 6.** If any provision of this act or its
17 application to any person or circumstance is held invalid, the
18 remainder of the act or the application of the provision to other
19 persons or circumstances is not affected.

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