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Senior Financial Protection Bill Advances With Penalties for Promissory Note Fraud

Lawmakers advanced Bill 36-0192 after agencies and AARP supported stronger protections against promissory note fraud, including civil and criminal penalties, reporting duties, temporary transaction holds, training and clearer enforcement standards too.

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Legislation establishing civil and criminal penalties for using fraud, coercion or undue influence to persuade a senior to sign a promissory note advanced Friday to the Senate Committee on Rules and Judiciary.

Bill 36-0192, sponsored by Senator Alma Francis Heyliger, would also create new reporting requirements, allow financial institutions to temporarily hold certain transactions and require

training and public education intended to prevent financial exploitation.

The measure, titled the Senior Financial Protection and Promissory Note Abuse Prevention Act, would add a new Section 15A to Title 34, Chapter 15 of the Virgin Islands Code.

The bill states that “it shall be unlawful for any person to use fraud, coercion, or undue influence to induce a senior to sign a promissory note.”

Presenting the legislation before the Committee on Culture, Youth, Aging, Sports and Parks, Ms. Francis Heyliger said its purpose is to “punish people and to help prevent people from hurting the very individuals that we as representatives have to look out for: our seniors.”

“I have heard some horror stories, and then you have situations where you come to the realization that a lot of the people that are hurting our seniors are their very own family members,” she lamented.

DHS Warns of Increasingly Complex Exploitation

Department of Human Services Assistant Commissioner Taetia Phillips-Dorsett told lawmakers that financial exploitation is becoming “increasingly sophisticated and widespread.”

She said older residents face growing risks from “individuals who misuse trust, authority, or access to deprive them of their financial security.”

Ms. Phillips-Dorsett cited a Congressional Research Service report finding that between June 2022 and June 2023, “financial institutions filed 155,415 reports of suspected elder financial exploitation, tied to about \$27 billion in suspicious activity.”

Locally, DHS “regularly encounters local cases of financial exploitation that are both highly complex and deeply damaging,” she said.

Cases involving promissory notes and informal lending arrangements are “particularly concerning,” Ms. Phillips-Dorsett testified.

Bill 36-0192 would expand reporting obligations and designate DHS as the agency responsible for receiving allegations involving promissory-note exploitation.

Ms. Phillips-Dorsett cautioned that if the volume of reports increases, “necessary investments” may be required to “ensure effective and timely response.”

She also warned that although the legislation’s training and public education provisions are important, “these initiatives come with real costs that DHS has not currently budgeted for.”

Banking Regulator Supports Bill, Recommends Changes

The Division of Banking, Insurance, and Financial Regulation also supported the legislation.

Director Glendine Matthew described the discussion as “both timely and critical.”

With adults 65 and older now accounting for “more than 21 percent of the territory’s population”, Ms. Matthew said seniors living independently are increasingly vulnerable to “sophisticated financial scams and exploitation.”

She recommended several revisions to “enhance clarity,” including adding a definition of financial institutions and revising which entities would fall under that term.

Ms. Matthew also recommended changing the bill’s immediate reporting requirement for transaction holds to a 24-hour reporting period.

VIDOJ Calls for Amendments Before Final Passage

The V.I. Department of Justice testified in support of the measure.

Chief Deputy Attorney General Ian Clement said the bill “strengthens our legal framework” by addressing the “misuse of promissory notes as instruments of coercion.”

DOJ submitted proposed amendments intended to “improve the statute’s enforceability and resistance to constitutional challenges,” he said.

Mr. Clement asked lawmakers to identify which agency would be responsible for providing training and to align the measure with the federal Senior Safe Act of 2018.

He also raised the “protection of voided notes from losing validity due to holder-in-due-course status”.

Mr. Clement asked that the recommended amendments be incorporated before the legislation reaches its final stage.

According to Mr. Clement, DOJ “expects to manage the initial enforcement of Chapter 15A using existing investigative and prosecutorial resources and is not requesting funding at this time.”

AARP Says Financial Abuse Can Threaten Housing and Health

Troy de Chabert-Schuster, state director of AARP Virgin Islands, described the legislation as an additional safeguard for one of the territory’s most vulnerable populations.

“For many families, wealth is not measured in investment portfolios alone,” he said.

Instead, it may consist of family homes, inherited land or “savings accumulated through decades of sacrifice.”

Mr. de Chabert-Schuster warned that the effects of financial exploitation may extend beyond the immediate monetary loss. Older adults who are defrauded may no longer be able to remain in their homes or afford medication.

Bill 36-0192 recognizes that “legitimate financial instruments can be manipulated into tools of exploitation,” he stated.

AARP also recommended clarifying the standards used to identify fraud, coercion and undue influence.

Mr. de Chabert-Schuster further suggested that lawmakers “extended the bill’s protections to comparable financial instruments that may also be used to improperly obtain assets from older adults.”

Lawmakers Voice Broad Support

Committee members expressed strong support for the measure.

“It’s a very good bill,” Senator Marvin Blyden said.

Mr. Blyden recommended broadening the legislation to include people with disabilities. He also called for strong enforcement and pledged to become a co-sponsor.

Senator Novelle Francis described the measure as a “very important piece of legislation.”

Senator Marise James called it “great,” but said seven days would be too long to respond to a report from a financial institution. She recommended a shorter response period.

Bill 36-0192 now moves to the Committee on Rules and Judiciary, where Ms. Francis Heyliger is expected to refine the legislation.