



Senate Fiscal Agency
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Senate Bill 656 (as introduced 11-9-23)
Sponsor: Senator Ruth Johnson
Committee: Civil Rights, Judiciary, and Public Safety

(Senate-passed version)

Date Completed: 6-10-24

CONTENT

The bill would amend the Estates and Protected Individuals Code (EPIC) to require a conservator that invested or reinvested estate property to invest with a brokerage firm that was insured by the United States Securities Protection Corporation and to prohibit a conservator from investing estate property in cryptocurrency.

Generally, EPIC prescribes the powers of a conservator, which include specific actions a conservator may take without court approval, such as managing property, operating business, banking, managing stocks, and performing necessary financial and administrative actions to protect and administers a ward's estate effectively, among other things.

A conservator may invest or reinvest estate property, and if the conservator does so, the conservator must invest or reinvest the property in accordance with the Michigan prudent investor rule.¹ Under the bill, along with investing or reinvesting the property in accordance with the rule, if a conservator exercised this power and invested estate property in securities, the conservator only could invest with a brokerage firm that was insured by the United States Securities Protection Corporation.²

Additionally, the bill would prohibit a conservator from investing estate property in cryptocurrency.

MCL 700.5423

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Michael Siracuse

¹ The Michigan prudent investor rule requires a fiduciary, such as a conservator, to invest and manage assets with the care, skill, and caution that a prudent person would exercise under similar circumstances. The standard specifies a prudent investor would have to consider the purposes, terms, distribution requirements, and other circumstance of the trust or estate.

² The Securities and Investment Protection Corporation (SIPC) is a Federally-established nonprofit corporation that oversees all registered investment brokers, dealers, and firms. Primarily, SIPC oversees the liquidation of member firms upon their closure and focuses on restoring customers' cash and securities.