

# SENATE BILL 951

C2, C1, D4

7lr2841  
CF HB 1149

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By: ~~Senator Smith~~ **Senators Smith, Kelley, and Lee**

Introduced and read first time: February 3, 2017

Assigned to: Judicial Proceedings

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 17, 2017

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Maryland Securities Act – Vulnerable Adults**

3 FOR the purpose of establishing the Securities Act Registration Fund as a special,  
4 nonlapsing fund; specifying the purpose of the Fund; requiring the Securities  
5 Commissioner of the Division of Securities to administer the Fund; requiring the  
6 State Treasurer to hold the Fund and the Comptroller to account for the Fund;  
7 specifying the contents of the Fund; specifying the purpose for which the Fund may  
8 be used; providing for the investment of money in and expenditures from the Fund;  
9 altering the authority of the Commissioner to define by rule certain unlawful  
10 practices; altering a requirement that a certain person must have certain knowledge  
11 in order for certain statements to be unlawful; providing that it is unlawful for a  
12 person engaged in certain businesses to engage in dishonest or unethical practices;  
13 requiring, under certain circumstances, that certain individuals who believe that  
14 certain eligible adults are being subjected to financial exploitation to notify certain  
15 entities and individuals; requiring that a certain notification be given within a  
16 certain time period or, under certain circumstances, immediately; providing for the  
17 construction of certain provisions of this Act; prohibiting certain individuals, under  
18 certain circumstances, from notifying certain individuals; authorizing, under certain  
19 circumstances, certain broker–dealers or investment advisers to delay  
20 disbursements from the accounts of certain eligible adults; requiring a broker–dealer  
21 or an investment adviser that delays a certain disbursement to provide certain  
22 notices and continue a certain review; requiring a broker–dealer or an investment  
23 adviser to provide, ~~within a certain number of days after a disbursement request,~~ on  
24 request, a status report of a certain internal review to the Securities Commissioner  
25 of the Division of Securities and a certain local department; providing that a delay

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 of a certain disbursement request will continue for a certain period of time; providing  
 2 certain qualified individuals, broker–dealers, and investment advisers certain  
 3 immunity from liability; requiring a broker–dealer or an investment adviser, under  
 4 certain circumstances, to provide certain records to certain entities; providing that  
 5 certain records may not be considered public records; providing that certain federal  
 6 exempt broker–dealers are not required to register as broker–dealers; providing that  
 7 a federal exempt broker–dealer is not subject to certain prohibitions and  
 8 requirements that apply to certain broker–dealers; providing that it is unlawful for  
 9 certain broker–dealers and certain issuers to employ or associate with certain  
 10 individuals; requiring a person, before acting as a certain private fund adviser, to  
 11 file certain documents and pay a certain fee; authorizing the Commissioner to  
 12 publish a certain announcement in a certain manner; increasing and imposing  
 13 certain fees; providing for the distribution of a certain fee; authorizing the  
 14 Commissioner to perform a certain audit or inspection in a certain manner;  
 15 authorizing the Commissioner to deny, suspend, or revoke a certain individual’s  
 16 registration if the individual is the subject of certain orders, barred by certain  
 17 entities, subject to certain requests, or refuses to allow or impedes certain actions of  
 18 the Commissioner; altering a certain limitation on the time within which the  
 19 Commissioner may institute a certain suspension or revocation; repealing a  
 20 requirement that the Commissioner provide the State Department of Assessments  
 21 and Taxation with a certain list; authorizing a certain issuer that fails to timely file  
 22 certain items to file the items late and pay a certain late fee; providing that an issuer  
 23 that complies with certain provisions will terminate certain rights and liabilities;  
 24 establishing certain late fees; altering the types of securities that are exempt from  
 25 certain provisions of the Maryland Securities Act; authorizing the Commissioner to  
 26 take certain action against a certain person the Commissioner determines is in  
 27 violation of certain laws; providing that an action for certain remedies is not subject  
 28 to a certain statute of limitations; defining certain terms; altering certain definitions;  
 29 and generally relating to vulnerable adults and the Maryland Securities Act.

30 BY repealing and reenacting, with amendments,

31 Article – Corporations and Associations

32 Section 11–101, 11–302(a) and (c), 11–401(a) and (d), 11–402(a) and (c), 11–405(c)  
 33 through (f), 11–407(a) and (b), 11–411(f), 11–412(a)(6), (10), and (11) and (b),  
 34 11–503.1, 11–506(b), 11–510.1, 11–601(11), 11–701.1, and 11–702

35 Annotated Code of Maryland

36 (2014 Replacement Volume and 2016 Supplement)

37 BY adding to

38 Article – Corporations and Associations

39 Section 11–208, 11–306, 11–307, 11–401(d), 11–402(c), 11–405(c), and 11–412(a)(12),  
 40 (13), and (14)

41 Annotated Code of Maryland

42 (2014 Replacement Volume and 2016 Supplement)

43 BY repealing and reenacting, without amendments,

44 Article – Corporations and Associations

1 Section 11–411(a)  
2 Annotated Code of Maryland  
3 (2014 Replacement Volume and 2016 Supplement)

4 BY repealing  
5 Article – Corporations and Associations  
6 Section 11–418  
7 Annotated Code of Maryland  
8 (2014 Replacement Volume and 2016 Supplement)

9 BY repealing and reenacting, without amendments,  
10 Article – Family Law  
11 Section 14–101(a) and (q), 14–201, 14–302(c), and 14–309  
12 Annotated Code of Maryland  
13 (2012 Replacement Volume and 2016 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article – Family Law  
16 Section 14–101(j)  
17 Annotated Code of Maryland  
18 (2012 Replacement Volume and 2016 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
20 That the Laws of Maryland read as follows:

21 **Article – Corporations and Associations**

22 11–101.

23 (a) In this title, unless the context requires otherwise, the following words have  
24 the meanings indicated.

25 (b) (1) “Agent” means an individual other than a broker–dealer who  
26 represents a broker–dealer or issuer in effecting or attempting to effect the purchase or sale  
27 of securities.

28 (2) “Agent” includes a partner, officer, or director of a broker–dealer or  
29 issuer, or a person occupying a similar status or performing similar functions, only if the  
30 person otherwise comes within this definition.

31 (3) “Agent” does not include an individual who represents:

32 (i) An issuer in:

33 1. Effecting a transaction in a security exempted by §  
34 11–601(1), (2), (3), (9)(i), (10), (11), or (14)(i) of this title;

1                                    2.        Effecting a transaction exempted by § 11–602 of this title;

2                                    3.        Effecting a transaction with an existing employee,  
3 partner, or director of the issuer if no commission or other remuneration is paid or given  
4 directly or indirectly for soliciting a person in this State; or

5                                    4.        Effecting a transaction in a federal covered security under  
6 § 18(b)(3) or § [18(b)(4)(D)] ~~18(B)(4)(E)~~ 18(B)(4)(F) of the Securities Act of 1933 if no  
7 commission or other remuneration is paid or given directly or indirectly for soliciting a  
8 person in this State; or

9                                    (ii)     A broker–dealer in effecting a transaction described in § 15(h)(2)  
10 of the Securities Exchange Act of 1934.

11                                    (c)     (1)     “Broker–dealer” means a person engaged in the business of effecting  
12 transactions in securities for the account of others or for his own account.

13                                    (2)     “Broker–dealer” does not include:

14                                    (i)     An agent;

15                                    (ii)    An issuer;

16                                    (iii)   A bank, savings institution, or trust company; or

17                                    (iv)    A person who has no place of business in this State if:

18                                    1.        He effects transactions in this State exclusively with or  
19 through the issuer of the securities involved in the transactions, another broker–dealer, or  
20 a bank, savings institution, trust company, insurance company, investment company as  
21 defined in the Investment Company Act of 1940, pension or profit–sharing trust, or other  
22 financial institution or institutional buyer, whether acting for itself or as trustee; or

23                                    2.        During any period of 12 consecutive months, he does not  
24 direct more than 15 offers to sell or buy into the State in any manner, other than to the  
25 persons specified in paragraph (2)(iv)1 of this subsection, whether or not the offeror or any  
26 offeree is then present in the State.

27                                    (d)     “Commissioner” means the Securities Commissioner of the Division of  
28 Securities.

29                                    (e)     “Federal covered adviser” means a person who is registered under § 203 of the  
30 Investment Advisers Act of 1940.

31                                    (f)     “Federal covered security” means a covered security under § 18(b) of the  
32 Securities Act of 1933.

1           **(G) “FEDERAL EXEMPT BROKER–DEALER” MEANS A PERSON WHO WOULD**  
2 **QUALIFY FOR THE EXEMPTION FROM REGISTRATION AS A BROKER OR DEALER**  
3 **UNDER § 4(C) OF THE SECURITIES ACT OF 1933.**

4           **[(g)] (H)**       “Guaranteed” means guaranteed as to payment of principal, interest,  
5 or dividends.

6           **[(h)] (I)**       (1)     “Investment adviser” means a person who, for compensation:

7                           (i)     Engages in the business of advising others, either directly or  
8 through publications or writings, as to the value of securities or as to the advisability of  
9 investing in, purchasing, or selling securities, or who, for compensation and as a part of a  
10 regular business, issues or promulgates analyses or reports concerning securities; or

11                           (ii)    1.     Provides or offers to provide, directly or indirectly,  
12 financial and investment counseling or advice, on a group or individual basis;

13   2.     Gathers information relating to investments, establishes  
14 financial goals and objectives, processes and analyzes the information gathered, and  
15 recommends a financial plan; or

16   3.     Holds out as an investment adviser in any way, including  
17 indicating by advertisement, card, or letterhead, or in any other manner indicates that the  
18 person is, a financial or investment “planner”, “counselor”, “consultant”, or any other  
19 similar type of adviser or consultant.

20                           (2)     “Investment adviser” does not include:

21   (i)     An investment adviser representative;

22   (ii)    A bank, savings institution, or trust company;

23   (iii)  A lawyer, certified public accountant, engineer, insurance  
24 producer, or teacher whose performance of investment advisory services is solely incidental  
25 to the practice of the profession, provided that the performance of such services is not solely  
26 incidental unless:

27   1.     The investment advisory services rendered are connected  
28 with and reasonably related to the other professional services rendered;

29   2.     The fee charged for the investment advisory services is  
30 based on the same factors as those used to determine the fee for other professional services;  
31 and

32   3.     The lawyer, certified public accountant, engineer,  
33 insurance producer, or teacher does not hold out as an investment adviser;

1 (iv) A broker–dealer or its agent whose performance of these services  
2 is solely incidental to the conduct of business as a broker–dealer and who receives no special  
3 compensation for them;

4 (v) A publisher of any bona fide newspaper, news column,  
5 newsletter, news magazine, or business or financial publication or service, whether  
6 communicated in hard copy form, or by electronic means, or otherwise, that does not consist  
7 of the rendering of advice on the basis of the specific investment situation of each client;

8 (vi) A federal covered adviser; or

9 (vii) Any other person not within the intent of this subsection as the  
10 Commissioner by rule or order designates.

11 **[(i)] (J)** (1) “Investment adviser representative” or “representative” means  
12 any partner, officer, director of (or a person occupying a similar status or performing similar  
13 functions) or other individual who is employed by or associated with an investment adviser,  
14 or who has a place of business located in this State and is employed by or associated with  
15 a federal covered adviser, and who:

16 (i) Makes any recommendations or otherwise renders investment  
17 advice to clients;

18 (ii) Represents an investment adviser in rendering the services  
19 described under subsection (h)(1) of this section;

20 (iii) Manages accounts or portfolios of clients;

21 (iv) Determines which recommendation or investment advice should  
22 be given with respect to a particular client account;

23 (v) Solicits, offers or negotiates for the sale of or sells investment  
24 advisory services;

25 (vi) Directly supervises employees who perform any of the foregoing;  
26 or

27 (vii) Holds out as an investment adviser.

28 (2) “Investment adviser representative” or “representative” does not  
29 include:

30 (i) Any other person not within the intent of this subsection as the  
31 Commissioner designates by rule or order; or

32 (ii) Clerical or ministerial personnel.

1            **[(j)] (K)**        “Investment Company Act of 1940” and “Investment Advisers Act of  
2 1940” mean the federal statutes of those names, as amended.

3            **[(k)] (L)**        “Issuer” means any person who issues or proposes to issue a security,  
4 except that:

5            (1)        With respect to certificates of deposit, voting–trust certificates, or  
6 collateral–trust certificates or with respect to certificates of interest or shares in an  
7 unincorporated investment trust not having a board of directors or persons performing  
8 similar functions or of the fixed, restricted management, or unit type, the term “issuer”  
9 means the person performing the acts and assuming the duties of depositor or manager  
10 under the provisions of the trust or other agreement or instrument under which the security  
11 is issued; and

12            (2)        With respect to certificates of interest or participation in oil, gas, or  
13 mining titles or leases or in payments out of production under the titles or leases, there is  
14 not considered to be any “issuer”.

15            **[(l)] (M)**        “Nonissuer distribution” and “nonissuer transaction” mean a  
16 distribution or transaction, as the case may be, not directly or indirectly for the benefit of  
17 the issuer.

18            **[(m)] (N)**        “Offer” or “offer to sell”, except as provided in § 11–102(a) of this  
19 subtitle, includes every attempt or offer to dispose of or solicitation of an offer to buy, a  
20 security or interest in a security for value.

21            **[(n)] (O)**        “Person” means an individual, a corporation, a partnership, an  
22 association, a joint–stock company, a trust where the interests of the beneficiaries are  
23 evidenced by a security, an unincorporated organization, a government, or a political  
24 subdivision of a government.

25            **[(o)] (P)**        “Public Utility Holding Company Act of 1935” means the federal statute  
26 of that name, as amended.

27            **[(p)] (Q)**        “Sale” or “sell”, except as provided in § 11–102(a) of this subtitle,  
28 includes every contract of sale of, contract to sell, or disposition of a security or interest in  
29 a security for value.

30            **[(q)] (R)**        “Securities Act of 1933” and “Securities Exchange Act of 1934” mean  
31 the federal statutes of those names, as amended.

32            **[(r)] (S)**        (1)        “Security” means any:

33                            (i)        Note;

34                            (ii)       Stock;

- 1 (iii) Treasury stock;
- 2 (iv) Bond;
- 3 (v) Debenture;
- 4 (vi) Evidence of indebtedness;
- 5 (vii) Certificate of interest or participation in any profit-sharing  
6 agreement;
- 7 (viii) Collateral-trust certificate;
- 8 (ix) Preorganization certificate or subscription;
- 9 (x) Transferable share;
- 10 (xi) Investment contract;
- 11 (xii) Voting-trust certificate;
- 12 (xiii) Certificate of deposit for a security;
- 13 (xiv) Certificate of interest or participation in an oil, gas, or mining  
14 title or lease or in payments out of production under the title or lease;
- 15 (xv) In general, any interest or instrument commonly known as a  
16 “security”; or
- 17 (xvi) Certificate of interest or participation in, temporary or interim  
18 certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase any  
19 of the preceding.

20 (2) “Security” does not include any insurance or endowment policy or  
21 annuity contract under which an insurance company promises to pay money either in a  
22 lump sum, periodically for life, or some other specified period.

23 ~~[(s)]~~ (T) “State” means any state, territory, or possession of the United States,  
24 the District of Columbia, and Puerto Rico.

25 **11-208.**

26 (A) **IN THIS SECTION, “FUND” MEANS THE SECURITIES ACT REGISTRATION**  
27 **FUND.**

28 (B) **THERE IS A SECURITIES ACT REGISTRATION FUND.**



1 (C) THE PURPOSE OF THE FUND IS TO HELP FUND THE DIRECT AND  
2 INDIRECT COSTS OF ADMINISTERING AND ENFORCING THE MARYLAND SECURITIES  
3 ACT.

4 (D) THE COMMISSIONER SHALL ADMINISTER THE FUND.

5 (E) (1) THE FUND IS A SPECIAL, NONLAPSING FUND THAT IS NOT  
6 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

7 (2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,  
8 AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.

9 (F) THE FUND CONSISTS OF:

10 (1) FEES DISTRIBUTED TO THE FUND UNDER § 11-407(A)(2) OF THIS  
11 TITLE;

12 (2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;  
13 AND

14 (3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR  
15 THE BENEFIT OF THE FUND.

16 (G) THE FUND MAY BE USED ONLY TO ADMINISTER AND ENFORCE THE  
17 MARYLAND SECURITIES ACT.

18 (H) (1) THE STATE TREASURER SHALL INVEST THE MONEY OF THE FUND  
19 IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.

20 (2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO  
21 THE GENERAL FUND OF THE STATE.

22 (I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE  
23 WITH THE STATE BUDGET.

24 (J) MONEY EXPENDED FROM THE FUND USED TO ADMINISTER AND  
25 ENFORCE THE MARYLAND SECURITIES ACT IS SUPPLEMENTAL TO AND IS NOT  
26 INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE  
27 APPROPRIATED TO ADMINISTER AND ENFORCE THE MARYLAND SECURITIES ACT.

28 11-302.

29 (a) It is unlawful for any person who receives, directly or indirectly, any  
30 consideration from another person for advising the other person as to the value of securities

1 or their purchase or sale, or for acting as an investment adviser or representative under [§  
2 11-101(h) and (i)] **§ 11-101(I) AND (J)** of this title, whether through the issuance of  
3 analyses, reports, or otherwise, to:

4 (1) Employ any device, scheme, or artifice to defraud the other person;

5 (2) Engage in any act, practice, or course of business which operates or  
6 would operate as a fraud or deceit on the other person;

7 (3) Engage in dishonest or unethical practices [as the Commissioner may  
8 define by rule]; or

9 (4) When acting as principal for the person's own account knowingly sell  
10 any security to or purchase any security from a client, or when acting in an agency capacity  
11 for a person other than such client knowingly effect any sale or purchase of any security for  
12 the account of such client, without disclosing to such client in writing before the completion  
13 of such transaction the capacity in which the person is acting and obtaining the consent of  
14 the client to such transaction.

15 (c) In the solicitation of or in dealings with advisory clients, it is unlawful for any  
16 person [knowingly] **WILLFULLY** to make any untrue statement of a material fact, or omit  
17 to state a material fact necessary in order to make the statements made, in light of the  
18 circumstances under which they are made, not misleading.

19 **11-306.**

20 **A PERSON WHO ENGAGES IN THE BUSINESS OF EFFECTING TRANSACTIONS IN**  
21 **SECURITIES FOR THE ACCOUNT OF OTHERS OR FOR THE PERSON'S OWN ACCOUNT**  
22 **OR WHO ACTS AS A BROKER-DEALER OR AGENT MAY NOT ENGAGE IN DISHONEST OR**  
23 **UNETHICAL PRACTICES IN THE SECURITIES OR INVESTMENT ADVISORY BUSINESS.**

24 **11-307.**

25 (A) (1) **IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**  
26 **INDICATED.**

27 (2) **"ELIGIBLE ADULT" MEANS AN INDIVIDUAL WHO RESIDES IN THE**  
28 **STATE AND IS:**

29 (I) **AT LEAST 65 YEARS OLD; OR**

30 (II) **A VULNERABLE ADULT.**

31 (3) **"FINANCIAL EXPLOITATION" MEANS:**

1 (I) THE WRONGFUL OR UNAUTHORIZED TAKING,  
2 WITHHOLDING, APPROPRIATION, OR USE OF MONEY, ASSETS, OR PROPERTY OF AN  
3 ELIGIBLE ADULT; OR

4 (II) AN ACT OR OMISSION BY A PERSON, INCLUDING THROUGH  
5 THE USE OF A POWER OF ATTORNEY, GUARDIANSHIP, OR CONSERVATORSHIP OF AN  
6 ELIGIBLE ADULT, TO:

7 1. OBTAIN CONTROL, THROUGH DECEPTION,  
8 INTIMIDATION, OR UNDUE INFLUENCE, OVER THE ELIGIBLE ADULT'S MONEY,  
9 ASSETS, OR PROPERTY IN ORDER TO DEPRIVE THE ELIGIBLE ADULT OF THE  
10 OWNERSHIP, USE, BENEFIT, OR POSSESSION OF THE MONEY, ASSETS, OR PROPERTY;  
11 OR

12 2. CONVERT MONEY, ASSETS, OR PROPERTY OF THE  
13 ELIGIBLE ADULT IN ORDER TO DEPRIVE THE ELIGIBLE ADULT OF THE OWNERSHIP,  
14 USE, BENEFIT, OR POSSESSION OF THE MONEY, ASSETS, OR PROPERTY.

15 (4) "LAW ENFORCEMENT AGENCY" MEANS A STATE, COUNTY, OR  
16 MUNICIPAL POLICE DEPARTMENT, BUREAU, OR AGENCY.

17 (5) "LOCAL DEPARTMENT" HAS THE MEANING STATED IN § 14-101 OF  
18 THE FAMILY LAW ARTICLE.

19 (6) "QUALIFIED INDIVIDUAL" MEANS AN AGENT, AN INVESTMENT  
20 ADVISER REPRESENTATIVE, OR A PERSON WHO SERVES IN A SUPERVISORY,  
21 COMPLIANCE, OR LEGAL CAPACITY FOR A BROKER-DEALER OR AN INVESTMENT  
22 ADVISER.

23 (7) "VULNERABLE ADULT" HAS THE MEANING STATED IN § 14-101 OF  
24 THE FAMILY LAW ARTICLE.

25 (B) (1) A BROKER-DEALER, AN INVESTMENT ADVISER, OR A QUALIFIED  
26 INDIVIDUAL THAT REASONABLY BELIEVES THAT AN ELIGIBLE ADULT HAS BEEN, IS  
27 CURRENTLY, OR WILL BE THE SUBJECT OF FINANCIAL EXPLOITATION OR  
28 ATTEMPTED FINANCIAL EXPLOITATION:

29 ~~(H)~~ (I) SHALL ~~PROMPTLY~~ NOTIFY:

30 ~~(H)~~ 1. THE COMMISSIONER; AND

31 ~~(H)~~ 2. A LOCAL DEPARTMENT UNDER § 14-302 OF THE  
32 FAMILY LAW ARTICLE; AND

1           ~~(2)~~ (II) MAY NOTIFY A THIRD PARTY DESIGNATED BY THE ELIGIBLE  
2 ADULT AND ANY OTHER THIRD PARTY PERMITTED UNDER STATE OR FEDERAL LAWS  
3 OR REGULATIONS, OR THE RULES OF A SELF-REGULATORY ORGANIZATION, IF THE  
4 THIRD PARTY IS NOT SUSPECTED OF FINANCIAL EXPLOITATION, ABUSE, NEGLECT,  
5 OR OTHER EXPLOITATION OF THE ELIGIBLE ADULT.

6           (2) THE NOTICE REQUIRED UNDER PARAGRAPH (1)(I) OF THIS  
7 SUBSECTION SHALL BE GIVEN:

8           (I) WITHIN 5 DAYS AFTER THE BROKER-DEALER, INVESTMENT  
9 ADVISER, OR QUALIFIED INDIVIDUAL DEVELOPS THE REASONABLE BELIEF THAT  
10 THE ELIGIBLE ADULT HAS BEEN, IS CURRENTLY, OR WILL BE THE SUBJECT OF  
11 FINANCIAL EXPLOITATION OR ATTEMPTED FINANCIAL EXPLOITATION; OR

12           (II) IMMEDIATELY ON CONFIRMATION THAT THE ELIGIBLE  
13 ADULT HAS BEEN, IS CURRENTLY, OR WILL BE THE SUBJECT OF FINANCIAL  
14 EXPLOITATION OR ATTEMPTED FINANCIAL EXPLOITATION IF THE CONFIRMATION IS  
15 MADE BEFORE THE 5-DAY PERIOD SPECIFIED IN ITEM (I) OF THIS PARAGRAPH  
16 EXPIRES.

17           (3) THIS SUBSECTION MAY NOT BE CONSTRUED TO REQUIRE MORE  
18 THAN ONE NOTIFICATION UNDER PARAGRAPH (1)(I) FOR EACH OCCURRENCE.

19           (C) (1) A BROKER-DEALER OR AN INVESTMENT ADVISER MAY DELAY A  
20 DISBURSEMENT FROM AN ACCOUNT OF AN ELIGIBLE ADULT OR AN ACCOUNT ON  
21 WHICH AN ELIGIBLE ADULT IS A BENEFICIARY IF:

22           (I) THE BROKER-DEALER, THE INVESTMENT ADVISER, OR A  
23 QUALIFIED INDIVIDUAL REASONABLY BELIEVES, AFTER INITIATING AN INTERNAL  
24 REVIEW OF THE REQUESTED DISBURSEMENT AND ANY SUSPECTED FINANCIAL  
25 EXPLOITATION, THAT THE REQUESTED DISBURSEMENT MAY RESULT IN THE  
26 FINANCIAL EXPLOITATION OF AN ELIGIBLE ADULT; AND

27           (II) THE BROKER-DEALER, THE INVESTMENT ADVISER, OR A  
28 QUALIFIED INDIVIDUAL:

29           1. WITHIN 2 BUSINESS DAYS AFTER THE REQUESTED  
30 DISBURSEMENT:

31           A. SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION,  
32 PROVIDES WRITTEN NOTICE OF THE REASON FOR THE DELAY TO ALL PARTIES  
33 AUTHORIZED TO TRANSACT BUSINESS ON THE ACCOUNT; AND

1           **B. NOTIFIES THE COMMISSIONER AND THE LOCAL**  
2 **DEPARTMENT UNDER § 14-302 OF THE FAMILY LAW ARTICLE; AND**

3           **2. CONTINUES AN INTERNAL REVIEW OF THE**  
4 **SUSPECTED FINANCIAL EXPLOITATION OF THE ELIGIBLE ADULT.**

5           **(2) THE BROKER-DEALER, INVESTMENT ADVISER, OR QUALIFIED**  
6 **INDIVIDUAL:**

7           **(I) MAY NOT PROVIDE THE WRITTEN NOTICE REQUIRED**  
8 **UNDER PARAGRAPH (1) OF THIS SUBSECTION TO A PARTY THE BROKER-DEALER,**  
9 **INVESTMENT ADVISER, OR QUALIFIED INDIVIDUAL REASONABLY BELIEVES OR**  
10 **SUSPECTS IS ENGAGING IN OR ATTEMPTING TO ENGAGE IN THE FINANCIAL**  
11 **EXPLOITATION OF THE ELIGIBLE ADULT; AND**

12           **(II) SHALL PROVIDE, ~~WITHIN 7 BUSINESS DAYS AFTER THE~~**  
13 **~~DATE OF THE DISBURSEMENT REQUEST, THE RESULT ON REQUEST, A STATUS~~**  
14 **REPORT OF THE INTERNAL REVIEW REQUIRED UNDER PARAGRAPH (1) OF THIS**  
15 **SUBSECTION TO THE COMMISSIONER AND THE LOCAL DEPARTMENT.**

16           **(D) (1) A DELAY OF A DISBURSEMENT AUTHORIZED UNDER THIS SECTION**  
17 **SHALL EXPIRE:**

18           **(I) ON A DETERMINATION BY THE BROKER-DEALER OR**  
19 **INVESTMENT ADVISER THAT THE DISBURSEMENT WILL NOT RESULT IN THE**  
20 **FINANCIAL EXPLOITATION OF THE ELIGIBLE ADULT; OR**

21           **(II) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, 15**  
22 **BUSINESS DAYS AFTER THE DATE OF THE DISBURSEMENT REQUEST.**

23           **(2) (I) THE COMMISSIONER OR THE LOCAL DEPARTMENT MAY**  
24 **REQUEST THE DELAY OF A DISBURSEMENT FOR UP TO 25 BUSINESS DAYS AFTER THE**  
25 **DATE OF THE DISBURSEMENT REQUEST.**

26           **(II) IF A REQUEST IS MADE UNDER THIS PARAGRAPH, THE**  
27 **DELAY SHALL CONTINUE FOR 25 BUSINESS DAYS AFTER THE DATE OF THE**  
28 **DISBURSEMENT REQUEST ~~OR UNTIL~~ UNLESS THE COMMISSIONER, THE LOCAL**  
29 **DEPARTMENT, OR A COURT OF COMPETENT JURISDICTION ENTERS AN ORDER THAT**  
30 **TERMINATES OR EXTENDS THE DELAY, ~~WHICHEVER HAPPENS FIRST.~~**

31           **(E) (1) A BROKER-DEALER, AN INVESTMENT ADVISER, OR A QUALIFIED**  
32 **INDIVIDUAL THAT IN GOOD FAITH AND EXERCISING REASONABLE CARE PROVIDES**  
33 **NOTICE UNDER SUBSECTION (B) OF THIS SECTION SHALL HAVE IMMUNITY FROM**

1 ANY ADMINISTRATIVE OR CIVIL LIABILITY THAT MIGHT OTHERWISE ARISE FROM  
2 THE NOTICE.

3 (2) A BROKER-DEALER OR INVESTMENT ADVISER THAT IN GOOD  
4 FAITH AND EXERCISING REASONABLE CARE DELAYS A DISBURSEMENT UNDER  
5 SUBSECTION (C) OF THIS SECTION SHALL HAVE IMMUNITY FROM ANY  
6 ADMINISTRATIVE OR CIVIL LIABILITY THAT MIGHT OTHERWISE ARISE FROM THE  
7 DELAY.

8 (F) (1) A BROKER-DEALER OR AN INVESTMENT ADVISER SHALL PROVIDE  
9 ACCESS TO OR COPIES OF RECORDS THAT ARE RELEVANT TO THE SUSPECTED  
10 FINANCIAL EXPLOITATION OF AN ELIGIBLE ADULT:

11 (I) AS PART OF THE REFERRAL TO THE COMMISSIONER AND A  
12 LOCAL DEPARTMENT UNDER SUBSECTION (C) OF THIS SECTION; OR

13 (II) AT THE REQUEST OF THE COMMISSIONER, A LOCAL  
14 DEPARTMENT, OR A LAW ENFORCEMENT AGENCY.

15 (2) THE RECORDS UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY  
16 INCLUDE HISTORICAL RECORDS AND RECORDS THAT RELATE TO THE MOST RECENT  
17 TRANSACTIONS THAT MAY DEMONSTRATE THE FINANCIAL EXPLOITATION OF AN  
18 ELIGIBLE ADULT.

19 (3) A RECORD MADE AVAILABLE UNDER THIS SUBSECTION IS NOT A  
20 PUBLIC RECORD UNDER TITLE 4 OF THE GENERAL PROVISIONS ARTICLE.

21 (4) THIS SUBSECTION MAY NOT BE INTERPRETED TO LIMIT THE  
22 AUTHORITY OF THE COMMISSIONER TO ACCESS OR EXAMINE THE BOOKS OR  
23 RECORDS OF A BROKER-DEALER OR INVESTMENT ADVISER.

24 11-401.

25 (a) [A] EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A person  
26 may not transact business in this State as a broker-dealer or agent unless the person is  
27 registered under this subtitle.

28 (D) A PERSON THAT TRANSACTS BUSINESS IN THIS STATE AS A FEDERAL  
29 EXEMPT BROKER-DEALER IS NOT REQUIRED TO REGISTER UNDER SUBSECTION (A)  
30 OF THIS SECTION.

31 [(d)] (E) By rule or order, the Commissioner may modify the requirements of  
32 this section or exempt any broker-dealer, investment adviser, or federal covered adviser  
33 from the requirements of this section if the Commissioner determines that:

1 (1) Compliance with this section is not necessary or appropriate for the  
2 protection of investors; and

3 (2) The exemption is consistent with the public interest and within the  
4 purposes fairly intended by the policy and provisions of this title.

5 11-402.

6 (a) (1) **[A] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS**  
7 **SUBSECTION, A broker-dealer or issuer may not employ or associate with an agent unless**  
8 **the agent is registered.**

9 (2) **[When] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS**  
10 **SUBSECTION, WHEN** an agent terminates a connection with a broker-dealer or issuer or  
11 terminates those activities which make the individual an agent, the agent and the  
12 broker-dealer or issuer shall promptly notify the Commissioner.

13 **(3) THIS SUBSECTION DOES NOT APPLY TO A FEDERAL EXEMPT**  
14 **BROKER-DEALER.**

15 **(c) (1) IT IS UNLAWFUL FOR A BROKER-DEALER OR ISSUER ENGAGED IN**  
16 **OFFERING, OFFERING TO PURCHASE, PURCHASING, OR SELLING SECURITIES IN**  
17 **THIS STATE OR AN INVESTMENT ADVISER OFFERING OR PROVIDING INVESTMENT**  
18 **ADVICE IN THIS STATE, DIRECTLY OR INDIRECTLY, TO EMPLOY OR ASSOCIATE WITH**  
19 **AN INDIVIDUAL WHO IS PARTICIPATING IN THE SECURITIES TRANSACTION OR**  
20 **INVESTMENT ADVICE IN THIS STATE IF:**

21 **(i) THE REGISTRATION OF THE INDIVIDUAL IS SUSPENDED OR**  
22 **REVOKED; OR**

23 **(ii) THE INDIVIDUAL IS BARRED FROM EMPLOYMENT OR**  
24 **ASSOCIATION WITH A BROKER-DEALER, AN ISSUER, AN INVESTMENT ADVISER, OR A**  
25 **FEDERAL COVERED ADVISER BY AN ORDER OF THE COMMISSIONER UNDER THIS**  
26 **TITLE, THE SECURITIES AND EXCHANGE COMMISSION, OR A SELF-REGULATORY**  
27 **ORGANIZATION.**

28 **(2) A BROKER-DEALER, AN INVESTMENT ADVISER, OR AN ISSUER**  
29 **MAY NOT BE CONSIDERED TO HAVE VIOLATED THIS SUBSECTION IF THE**  
30 **BROKER-DEALER, INVESTMENT ADVISER, OR ISSUER DID NOT KNOW, AND IN THE**  
31 **EXERCISE OF REASONABLE CARE COULD NOT HAVE KNOWN, OF THE SUSPENSION,**  
32 **REVOCATION, OR BAR.**

33 **(3) ON REQUEST FROM A BROKER-DEALER, AN INVESTMENT**  
34 **ADVISER, OR AN ISSUER AND FOR GOOD CAUSE, THE COMMISSIONER, BY ORDER**

1 UNDER SUBSECTION (D) OF THIS SECTION, MAY MODIFY OR WAIVE, IN WHOLE OR IN  
2 PART, THE PROHIBITIONS OF THIS SUBSECTION.

3 [(c)] (D) By rule or order, the Commissioner may modify the requirements of  
4 this section or exempt any broker–dealer, agent, investment adviser, federal covered  
5 adviser, or investment adviser representative from the requirements of this section if the  
6 Commissioner determines that:

7 (1) Compliance with this section is not necessary or appropriate for the  
8 protection of investors; and

9 (2) The exemption is consistent with the public interest and within the  
10 purposes fairly intended by the policy and provisions of this title.

11 11–405.

12 (C) (1) FOR PURPOSES OF THIS SUBSECTION, “PRIVATE FUND ADVISER”  
13 MEANS AN INVESTMENT ADVISER THAT PROVIDES ADVICE SOLELY TO ONE OR MORE  
14 QUALIFYING PRIVATE FUNDS, AS DEFINED IN SECURITIES AND EXCHANGE  
15 COMMISSION RULE 203(M)–1 (17 C.F.R. 275.203(M)–1).

16 (2) BEFORE ACTING AS A PRIVATE FUND ADVISER, A PERSON WHO IS  
17 NOT A FEDERAL COVERED ADVISER SHALL PAY THE FEE REQUIRED UNDER § 11–407  
18 OF THIS SUBTITLE AND SHALL FILE THE FOLLOWING DOCUMENTS AS THE  
19 COMMISSIONER MAY REQUIRE BY RULE OR ORDER:

20 (I) THE DOCUMENTS THAT THE PERSON FILED WITH THE  
21 SECURITIES AND EXCHANGE COMMISSION; AND

22 (II) A CONSENT TO SERVICE OF PROCESS UNDER § 11–802(A) OF  
23 THIS TITLE.

24 [(c)] (D) Notwithstanding the provisions of subsection (a) of this section, a  
25 registered broker–dealer who is also a registered investment adviser in this State may  
26 effect the initial registration of any or all of its registered agents in this State as investment  
27 adviser representatives by the filing of:

28 (1) A notice with the Commissioner designating the registered agents as  
29 representatives of the investment adviser;

30 (2) A consent to service of process under § 11–802(a) of this title; and

31 (3) Such other information as the Commissioner by rule or order may  
32 require.



1            [(d)] (E)        Notwithstanding the provisions of subsection (a) of this section, a  
2 registered broker–dealer who is also a federal covered adviser that has filed a notice under  
3 subsection (b) of this section may effect the initial registration of its registered agents with  
4 a place of business in this State as investment adviser representatives by the filing of:

5            (1)        A notice with the Commissioner designating the registered agents as  
6 representatives of the federal covered adviser;

7            (2)        A consent to service of process under § 11–802(a) of this title; and

8            (3)        Such other information as the Commissioner by rule or order may  
9 require.

10           [(e)] (F)        The Commissioner in the Commissioner’s discretion may publish an  
11 announcement of the applicants for registration in the [newspapers] MEDIA the  
12 Commissioner determines.

13           [(f)] (G)        If a denial order is not in effect and a proceeding is not pending under  
14 §§ 11–412 through 11–414 of this subtitle, registration becomes effective at noon of the 30th  
15 day after an application is filed. The Commissioner by rule or order may specify an earlier  
16 effective date, and the Commissioner by order may defer the effective date until noon of the  
17 30th day after the filing of any amendment.

18 11–407.

19           (a)        (1)        An applicant for initial or renewal registration as a broker–dealer shall  
20 pay a fee of \$250.

21           (2)        (I)        An applicant for initial or renewal registration or transfer of  
22 registration as an agent shall pay a fee of [~~\$35~~] \$50.

23           (II)        FROM THE FEE PAID UNDER THIS PARAGRAPH, \$15 SHALL  
24 BE DISTRIBUTED TO THE SECURITIES ACT REGISTRATION FUND ESTABLISHED  
25 UNDER § 11–208 OF THIS TITLE.

26           (b)        (1)        An applicant for initial or renewal registration as an investment  
27 adviser shall pay a fee of \$300.

28           (2)        A federal covered adviser filing notice under § 11–405(b) of this subtitle  
29 shall pay an initial fee of \$300 and a renewal fee of \$300.

30           (3)        A PRIVATE FUND ADVISER FILING NOTICE UNDER § 11–405(C) OF  
31 THIS SUBTITLE SHALL PAY AN INITIAL FEE OF \$300 AND A RENEWAL FEE OF \$300.

32           (4)        An applicant for initial or renewal registration or transfer of  
33 registration as an investment adviser representative shall pay a fee of \$50.

1 11-411.

2 (a) (1) A registered broker-dealer shall make and keep correspondence,  
3 memoranda, papers, books, and other records that the Commissioner requires by rule.

4 (2) The Commissioner's authority to adopt rules under paragraph (1) of  
5 this subsection is subject to the limitations of § 15 of the Securities Exchange Act of 1934.

6 (3) A registered investment adviser shall make, keep, and preserve  
7 accounts, correspondence, memoranda, papers, books, and other records that the  
8 Commissioner requires by rule.

9 (4) The Commissioner's authority to adopt rules under paragraph (3) of  
10 this subsection is subject to the limitations of § 222 of the Investment Advisers Act of 1940.

11 (f) (1) **(I)** All the records referred to in subsection (a) of this section are  
12 subject at any time or from time to time to the reasonable periodic, special, or other  
13 examinations by representatives of the Commissioner, within or without this State, which  
14 the Commissioner considers necessary or appropriate in the public interest or for the  
15 protection of investors.

16 **(II) THE COMMISSIONER MAY PERFORM AN AUDIT OR**  
17 **INSPECTION AT ANY TIME AND WITHOUT PRIOR NOTICE.**

18 **(III) THE COMMISSIONER MAY COPY AND REMOVE FOR AUDIT**  
19 **OR INSPECTION COPIES OF ALL RECORDS THE COMMISSIONER REASONABLY**  
20 **CONSIDERS NECESSARY OR APPROPRIATE TO CONDUCT THE AUDIT OR INSPECTION.**

21 (2) For the purpose of avoiding unnecessary duplication of examinations,  
22 the Commissioner, to the extent the Commissioner considers it practicable in administering  
23 this subsection, may cooperate with the securities administrators of other states, the  
24 Securities and Exchange Commission, and any national securities exchange or national  
25 securities association registered under the Securities Exchange Act of 1934.

26 11-412.

27 (a) The Commissioner by order may deny, suspend, or revoke any registration if  
28 the Commissioner finds that the order is in the public interest and that the applicant or  
29 registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, or  
30 director, any person occupying a similar status or performing similar functions, or any  
31 person directly or indirectly controlling the broker-dealer or investment adviser:

32 (6) Is the subject of an order entered within the past five years by the  
33 securities administrator or any other financial services regulator of any state or by the  
34 Securities and Exchange Commission denying, **SUSPENDING**, or revoking registration as

1 a broker–dealer, investment adviser, investment adviser representative, or agent or the  
2 substantial equivalent of those terms as defined in this title, or any other financial services  
3 license or registration, or is the subject of an order by the Commodity Futures Trading  
4 Commission denying, suspending, or revoking registration under the Commodity Exchange  
5 Act, or is suspended [or], expelled, **OR BARRED** from a national securities exchange or  
6 national securities association registered under the Securities Exchange Act of 1934 either  
7 by action of a national securities exchange or national securities association, the effect of  
8 which action has not been stayed by appeal or otherwise, or by order of the Securities and  
9 Exchange Commission, or is the subject of a United States post office fraud order, but:

10 (i) The Commissioner may not institute a revocation or suspension  
11 proceeding under this item (6) more than one year from the date of the order or action relied  
12 on; and

13 (ii) The Commissioner may not enter an order under this item (6) on  
14 the basis of an order under another state act unless that order was based on facts which  
15 would currently constitute a ground for an order under this section;

16 (10) Has failed reasonably to supervise the broker–dealer’s agents, if the  
17 person is a broker–dealer, or the investment adviser’s representatives, if the person is an  
18 investment adviser; [or]

19 (11) Has failed to pay the proper fee, but the Commissioner may enter only  
20 a denial order under this item (11), and the Commissioner shall vacate the order when the  
21 deficiency is corrected;

22 **(12) IS SUBJECT TO A REQUEST FROM THE CHILD SUPPORT**  
23 **ENFORCEMENT ADMINISTRATION TO SUSPEND OR REVOKE A REGISTRATION BASED**  
24 **ON FAILURE TO PAY SUPPORT OBLIGATIONS;**

25 **(13) REFUSES TO ALLOW THE COMMISSIONER TO CONDUCT OR**  
26 **OTHERWISE IMPEDES THE COMMISSIONER IN CONDUCTING AN AUDIT OR**  
27 **INSPECTION UNDER § 11–411(F) OF THIS SUBTITLE OR REFUSES ACCESS TO A**  
28 **REGISTRANT’S OFFICE TO CONDUCT AN AUDIT OR INSPECTION UNDER § 11–411(F)**  
29 **OF THIS SUBTITLE; OR**

30 **(14) IS THE SUBJECT OF A CEASE AND DESIST ORDER ISSUED BY THE**  
31 **SECURITIES AND EXCHANGE COMMISSION OR ISSUED UNDER THE SECURITIES,**  
32 **COMMODITIES, INVESTMENT, FRANCHISE, BANKING, FINANCE, OR INSURANCE LAWS**  
33 **OF A STATE.**

34 (b) (1) In this subsection, “final administrative order” does not include an  
35 order that is stayed or subject to further review or appeal.

36 (2) If an applicant for initial registration discloses the existence of a final  
37 judicial or administrative order to the Commissioner before the effective date of the initial

1 registration, the Commissioner may not institute a suspension or revocation proceeding  
2 based solely on the judicial or administrative order unless the proceeding is initiated within  
3 [90 days immediately following] **ONE YEAR AFTER** the effective date of the applicant's  
4 initial registration.

5 [11-418.

6 (a) By August 31 of each year, the Commissioner shall provide to the Department  
7 of Assessments and Taxation a list of broker-dealers and investment advisers registered  
8 as broker-dealers or investment advisers during the previous fiscal year, to assist the  
9 Department of Assessments and Taxation in identifying new businesses within the State.

10 (b) The list provided under this section shall:

11 (1) Be provided free of charge; and

12 (2) Include, for each person on the list:

13 (i) The name and mailing address of the person; and

14 (ii) The federal tax identification number of the person or, if the  
15 person does not have a federal tax identification number, the Social Security number of the  
16 person.]

17 11-503.1.

18 (a) A person may not offer or sell a federal covered security in this State unless  
19 the documents required by this section are filed and the fees required by § 11-506 or  
20 § 11-510.1 of this subtitle are paid.

21 (b) With respect to a federal covered security specified in § 18(b)(2) of the  
22 Securities Act of 1933, the Commissioner may require, by rule, order, or otherwise, the  
23 filing of the following documents:

24 (1) Before the initial offer of the federal covered security in this State:

25 (i) A notice in a form that the Commissioner requires or the  
26 documents filed with the Securities and Exchange Commission under the Securities Act of  
27 1933;

28 (ii) A consent to service of process signed by the issuer; and

29 (iii) The fee required under § 11-510.1 of this subtitle; and

30 (2) After the initial offer of the federal covered security in this State:

1 (i) Any document that is part of an amendment filed with the  
2 Securities and Exchange Commission under the Securities Act of 1933; and

3 (ii) As necessary to compute fees, an annual or periodic report of the  
4 value of the federal covered securities offered or sold in this State together with any fee  
5 required under § 11–510.1(b) and (c) of this subtitle.

6 (c) With respect to a security that is a federal covered security specified in §  
7 18(b)(3) or (4) of the Securities Act of 1933, the Commissioner may require, by rule, order,  
8 or otherwise, the issuer to file:

9 (1) A consent to service of process signed by the issuer;

10 (2) The fee required under § 11–506 of this subtitle; and

11 (3) Any document filed with the Securities and Exchange Commission  
12 under the Securities Act of 1933.

13 **(D) (1) IF AN ISSUER FAILS TO TIMELY FILE THE ITEMS UNDER**  
14 **SUBSECTION (B) OR (C) OF THIS SECTION AND A STOP ORDER HAS NOT BEEN ISSUED**  
15 **UNDER SUBSECTION (E) OF THIS SECTION, THE ISSUER MAY SATISFY THE**  
16 **REQUIREMENTS OF SUBSECTION (B) OR (C) OF THIS SECTION, AS APPLICABLE, BY**  
17 **MAKING A LATE FILING AND PAYING THE FEES REQUIRED FOR A LATE FILING UNDER**  
18 **§ 11–506 OR § 11–510.1 OF THIS SUBTITLE.**

19 **(2) AN ISSUER THAT MAKES A LATE FILING IN ACCORDANCE WITH**  
20 **PARAGRAPH (1) OF THIS SUBSECTION WILL TERMINATE ANY RIGHT OR LIABILITY**  
21 **THAT ACCRUES BASED ON THE FAILURE TO SATISFY THE REQUIREMENTS OF**  
22 **SUBSECTION (B) OR (C) OF THIS SECTION IF:**

23 **(I) THERE IS NO ACTION PENDING UNDER SUBSECTION (E) OF**  
24 **THIS SECTION OR ANY OTHER PROVISION OF THIS TITLE;**

25 **(II) A PERSON WITH THE RIGHT HAS NOT RELIED**  
26 **DETRIMENTALLY ON THE ABSENCE OF THE FILING; AND**

27 **(III) THE LATE FILING IS MADE WITHIN 1 YEAR OF THE ORIGINAL**  
28 **DUE DATE OF THE FILING.**

29 **[(d)] (E)** Except for a federal covered security specified in § 18(b)(1) of the  
30 Securities Act of 1933, the Commissioner may issue a stop order suspending the offer and  
31 sale of a federal covered security, if the Commissioner finds that:

32 (1) The order is in the public interest; and



1 (ii) 1. File a report on a form the Commissioner by rule adopts,  
2 reporting all sales of securities to persons within this State during the fiscal year; and

3 2. Pay a fee of 0.1 percent of the maximum aggregate offering  
4 price at which the securities were sold in this State.

5 (2) (i) When calculating the fee in accordance with paragraph (1)(ii)2 of  
6 this subsection, the initial fee of \$500 shall be deducted from the aggregate fee due.

7 (ii) Except as provided in **PARAGRAPH (3) OF THIS SUBSECTION**  
8 **AND** subsection (d) of this section, the aggregate fee due under this paragraph may not  
9 exceed \$1,500.

10 (iii) **[If] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS**  
11 **SUBSECTION AND SUBSECTION (D) OF THIS SECTION, IF** the amount due under  
12 paragraph (1)(ii)2 of this subsection is less than \$500, no additional amount may be  
13 payable, and no credit or refund may be allowed or returned.

14 **(3) IF A FILING REQUIRED UNDER SUBSECTION (A) OF THIS SECTION**  
15 **AND § 11-503.1 OF THIS SUBTITLE IS NOT RECEIVED BY THE COMMISSIONER BY THE**  
16 **DEADLINE ESTABLISHED, THE ISSUER, IN ADDITION TO THE FEE REQUIRED UNDER**  
17 **THIS SECTION, SHALL PAY A LATE FEE OF \$500.**

18 (c) (1) **[At] EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS**  
19 **SUBSECTION, AT** the time of filing, a unit investment trust, or a closed-end management  
20 company that is not a federal covered security under § 18(b)(1) of the Securities Act of 1933,  
21 shall pay an initial fee of \$500.

22 (2) Within 60 days after the anniversary of the date on which the issuer's  
23 offer became effective or its notice filed under § 11-503(b) of this subtitle was accepted, a  
24 unit investment trust, or a closed-end management company that is not a federal covered  
25 security under § 18(b)(1) of the Securities Act of 1933, shall:

26 (i) Pay a fee of \$1,300; or

27 (ii) 1. File a report on a form the Commissioner by rule adopts,  
28 reporting all sales of securities to persons within this State during the effective period of  
29 the registration statement or the acceptance period of the notice filed under § 11-503.1(b)  
30 of this subtitle; and

31 2. Pay a fee of 0.1 percent of the maximum aggregate offering  
32 price at which the securities were sold in this State.

33 (3) (i) When calculating the fee in accordance with paragraph (1)(ii)2 of  
34 this subsection, the initial \$500 fee shall be deducted from the aggregate fee due.

1 (ii) Except as provided in **PARAGRAPH (4) OF THIS SUBSECTION**  
2 **AND** subsection (d) of this section, the aggregate fee due under this paragraph may not  
3 exceed \$1,500.

4 (iii) Except as provided in **PARAGRAPH (4) OF THIS SUBSECTION**  
5 **AND** subsection (d) of this section, if the amount due under paragraph (1)(ii)<sup>2</sup> of this  
6 subsection is less than \$500, no additional amount may be payable, and no credit or refund  
7 may be allowed or returned.

8 **(4) IF A FILING REQUIRED UNDER SUBSECTION (A) OF THIS SECTION**  
9 **AND § 11-503.1 OF THIS SUBTITLE IS NOT RECEIVED BY THE COMMISSIONER BY THE**  
10 **DEADLINE ESTABLISHED IN PARAGRAPH (2) OF THIS SUBSECTION, THE ISSUER, IN**  
11 **ADDITION TO THE FEE REQUIRED UNDER THIS SECTION, SHALL PAY A LATE FEE OF**  
12 **\$500.**

13 (d) (1) The Commissioner, by rule, order, or otherwise, may extend the length  
14 of the renewal period to a period not exceeding 2 years for the effectiveness of a registered  
15 offering or for a notice filed under § 11-503.1 of this subtitle.

16 (2) If the Commissioner extends a renewal period in excess of 1 year, the  
17 fee shall be prorated to the extended renewal period.

18 11-601.

19 The following securities are exempted from §§ 11-205 and 11-501 of this title:

20 (11) [Any investment contract or other security issued in connection with an  
21 employee's stock purchase, savings, pension, profit-sharing, or similar benefit plan if, in  
22 the case of plans which are not qualified under § 401 of the Internal Revenue Code and  
23 which provide for contributions by employees, the Commissioner is notified in writing 30  
24 days before the inception of the plan in this State] **ANY INVESTMENT CONTRACT OR**  
25 **OTHER SECURITY ISSUED IN CONNECTION WITH AN EMPLOYEE'S STOCK PURCHASE,**  
26 **SAVINGS, PENSION, PROFIT-SHARING, STOCK OPTION, EQUITY COMPENSATION, OR**  
27 **SIMILAR BENEFIT PLAN IF:**

28 **(I) NO COMMISSION OR OTHER REMUNERATION IS PAID IN**  
29 **CONNECTION WITH THE OFFERING; AND**

30 **(II) 1. THE PLAN IS QUALIFIED UNDER THE INTERNAL**  
31 **REVENUE CODE;**

32 **2. THE PLAN COMPLIES WITH RULE 701 UNDER THE**  
33 **SECURITIES ACT OF 1933; OR**



1                   **3. THE SECURITY IS EFFECTIVELY REGISTERED UNDER**  
2 **§§ 6 THROUGH 8 OF THE SECURITIES ACT OF 1933 AND IS OFFERED AND SOLD IN**  
3 **COMPLIANCE WITH THE PROVISIONS OF § 5 OF THE SECURITIES ACT OF 1933;**

4 11-701.1.

5           (a) Whenever the Commissioner determines that a person has engaged or is about  
6 to engage in any act or practice constituting a violation of any provision of this title or any  
7 rule or order under this title **OR THAT A PERSON HAS ~~MATERIALLY AIDED, IS~~**  
8 **~~MATERIALLY AIDING, OR IS ABOUT TO MATERIALLY AID~~ KNOWINGLY OR**  
9 **RECKLESSLY PROVIDED SUBSTANTIAL ASSISTANCE, IS KNOWINGLY OR RECKLESSLY**  
10 **PROVIDING SUBSTANTIAL ASSISTANCE, OR IS ABOUT TO KNOWINGLY OR**  
11 **RECKLESSLY PROVIDE SUBSTANTIAL ASSISTANCE TO ANOTHER PERSON IN**  
12 **CONNECTION WITH AN ACT, A PRACTICE, OR A COURSE OF BUSINESS CONSTITUTING**  
13 **A VIOLATION OF THIS TITLE OR A RULE ADOPTED OR AN ORDER ISSUED UNDER THIS**  
14 **TITLE**, and that immediate action against such person is in the public interest, the  
15 Commissioner may in his discretion issue, without a prior hearing, a summary order  
16 directing such person to cease and desist from engaging in such activity, provided that the  
17 summary cease and desist order gives the person:

18           (1) Notice of the opportunity for a hearing before the Commissioner to  
19 determine whether the summary cease and desist order should be vacated, modified, or  
20 entered as final; and

21           (2) Notice that the summary cease and desist order will be entered as final  
22 if such person does not request a hearing within 15 days of receipt of the summary cease  
23 and desist order.

24           (b) Whenever the Commissioner determines after notice and a hearing (unless  
25 the right to notice and a hearing is waived) that a person has engaged in any act or practice  
26 constituting a violation of any provision of this title or any rule or order under this title **OR**  
27 **THAT A PERSON HAS ~~MATERIALLY AIDED~~ KNOWINGLY OR RECKLESSLY PROVIDED**  
28 **SUBSTANTIAL ASSISTANCE TO ANOTHER PERSON IN CONNECTION WITH AN ACT, A**  
29 **PRACTICE, OR A COURSE OF BUSINESS CONSTITUTING A VIOLATION OF THIS TITLE**  
30 **OR A RULE ADOPTED OR AN ORDER ISSUED UNDER THIS TITLE**, the Commissioner may  
31 in his discretion and in addition to taking any other action authorized under this title:

32           (1) Issue a final cease and desist order against such person;

33           (2) Censure such person if such person is registered under this title;

34           (3) Bar such person from engaging in the securities business or investment  
35 advisory business in this State;

36           (4) Issue a penalty order against such person imposing a civil penalty up  
37 to the maximum amount of \$5,000 for any single violation of this title; or

1 (5) Take any combination of the actions specified in this subsection.  
2 11-702.

3 (a) Whenever it appears to the Commissioner that any person is about to engage  
4 in any act or practice constituting a violation of any provision of this title or any rule or  
5 order under this title **OR THAT THE PERSON IS ABOUT TO KNOWINGLY OR RECKLESSLY**  
6 **PROVIDE SUBSTANTIAL ASSISTANCE TO ANOTHER PERSON IN CONNECTION WITH AN**  
7 **ACT, A PRACTICE, OR A COURSE OF BUSINESS CONSTITUTING A VIOLATION OF THIS**  
8 **TITLE OR A RULE ADOPTED OR AN ORDER ISSUED UNDER THIS TITLE**, he may in his  
9 discretion bring an action to obtain 1 or more of the following remedies:

10 (1) A temporary restraining order; or

11 (2) A temporary or permanent injunction.

12 (b) Whenever it appears to the Commissioner that any person has engaged in any  
13 act or practice constituting a violation of any provision of this title or any rule or order  
14 under this title **OR THAT A PERSON HAS MATERIALLY AIDED, IS MATERIALLY AIDING,**  
15 **OR IS ABOUT TO MATERIALLY AID KNOWINGLY OR RECKLESSLY PROVIDED**  
16 **SUBSTANTIAL ASSISTANCE, IS KNOWINGLY OR RECKLESSLY PROVIDING**  
17 **SUBSTANTIAL ASSISTANCE, OR IS ABOUT TO KNOWINGLY OR RECKLESSLY PROVIDE**  
18 **SUBSTANTIAL ASSISTANCE TO ANOTHER PERSON IN CONNECTION WITH AN ACT, A**  
19 **PRACTICE, OR A COURSE OF BUSINESS CONSTITUTING A VIOLATION OF THIS TITLE**  
20 **OR A RULE ADOPTED OR AN ORDER ISSUED UNDER THIS TITLE**, the Commissioner may  
21 in the Commissioner's discretion bring an action to obtain one or more of the following  
22 remedies:

23 (1) A temporary restraining order;

24 (2) A temporary or permanent injunction;

25 (3) A civil penalty up to a maximum amount of \$5,000 for any single  
26 violation of this title;

27 (4) A declaratory judgment;

28 (5) The appointment of a receiver or conservator for the defendant or the  
29 defendant's assets;

30 (6) A freeze of the defendant's assets;

31 (7) Rescission;

32 (8) Restitution; [and]



1 14-309.

2 Any person who makes or participates in making a report under this subtitle or  
3 participates in an investigation or a judicial proceeding resulting from a report under this  
4 subtitle shall have the immunity from liability described under § 5-622 of the Courts and  
5 Judicial Proceedings Article.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
7 October 1, 2017.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.