

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL 571

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “and Valderrama” and substitute “Valderrama, Braveboy, Burns, Davis, Feldman, Haddaway, Harrison, Hecht, Jameson, King, Krysiak, Love, Mathias, McHale, Minnick, Rudolph, Stifler, Taylor, and Vaughn”.

AMENDMENT NO. 2

On page 1, at the top of the page, insert “EMERGENCY BILL”; strike beginning with “senior-specific” in line 3 down through “professional” in line 4 and substitute “senior or retiree credential or”; in line 5, strike “any security or in” and substitute “securities, in connection with receiving certain consideration from another person for”; in the same line, strike “another” and substitute “the other”; in line 6, strike “any security” and substitute “securities, or in connection with acting as a broker-dealer, agent, investment adviser, or investment adviser representative”; strike beginning with “specifying” in line 6 down through “term;” in line 12 and substitute “requiring the Securities Commissioner of the Securities Division, by rule or order, to define what constitutes a misleading use of a senior or retiree credential or designation for a certain purpose; providing that a violation of a certain rule or order constitutes a dishonest or unethical practice for purposes of certain provisions of law; authorizing the Commissioner, by rule or order, to provide certain exemptions from certain provisions of this Act under certain circumstances; providing that certain provisions of this Act do not limit certain powers of the Commissioner; establishing certain penalties for a willful violation of certain provisions of this Act; making certain stylistic changes; making this Act an emergency measure;”; in line 14, strike “with” and substitute “without”; in line 16, strike “11-301 and 11-302” and substitute “11-302(a) and 11-412”; after line 18, insert:

(Over)

“BY adding to  
Article - Corporations and Associations  
Section 11-305  
Annotated Code of Maryland  
(2007 Replacement Volume and 2008 Supplement)”;

in line 19, strike “without” and substitute “with”; and in line 21, strike “11-412” and substitute “11-705(a)”.

AMENDMENT NO. 3

On pages 2 through 4, strike in their entirety the lines beginning with line 2 on page 2 through line 8 on page 4, inclusive.

On page 4, in line 19, strike the brackets; and strike beginning with the semicolon in line 25 down through “**MISLEADING**” in line 27.

On pages 4 through 7, strike in their entirety the lines beginning with line 28 on page 4 through line 32 on page 7, inclusive, and substitute:

**“11-305.**

**(A) IT IS UNLAWFUL FOR ANY PERSON TO USE A SENIOR OR RETIREE CREDENTIAL OR DESIGNATION IN A WAY THAT IS OR WOULD BE MISLEADING IN CONNECTION WITH:**

**(1) THE OFFER, SALE, OR PURCHASE OF SECURITIES;**

**(2) RECEIVING, DIRECTLY OR INDIRECTLY, ANY CONSIDERATION FROM ANOTHER PERSON FOR ADVISING THE OTHER PERSON AS TO THE VALUE OF SECURITIES OR THEIR PURCHASE OR SALE; OR**

(3) ACTING AS A BROKER-DEALER, AGENT, INVESTMENT ADVISER, OR INVESTMENT ADVISER REPRESENTATIVE.

(B) THE COMMISSIONER BY RULE OR ORDER SHALL DEFINE WHAT CONSTITUTES A MISLEADING USE OF A SENIOR OR RETIREE CREDENTIAL OR DESIGNATION FOR PURPOSES OF SUBSECTION (A) OF THIS SECTION.

(C) A VIOLATION OF A RULE OR ORDER ADOPTED UNDER SUBSECTION (B) OF THIS SECTION ALSO CONSTITUTES A DISHONEST OR UNETHICAL PRACTICE FOR PURPOSES OF § 11-302(A)(3) OF THIS SUBTITLE AND § 11-412(A)(7) OF THIS TITLE.

(D) THE COMMISSIONER BY RULE OR ORDER MAY PROVIDE EXEMPTIONS FROM SUBSECTIONS (A) AND (C) OF THIS SECTION, WHERE SUCH EXEMPTIONS ARE CONSISTENT WITH THE PUBLIC INTEREST AND WITHIN THE PURPOSES FAIRLY INTENDED BY THE POLICY AND PROVISIONS OF THIS TITLE.

(E) THIS SECTION DOES NOT LIMIT ANY POWERS OF THE COMMISSIONER GRANTED UNDER THIS TITLE.”.

AMENDMENT NO. 4

On page 10, after line 30, insert:

“11-705.

(a) (1) Any person who willfully violates any provision of this title, except § 11-303 OR § 11-305 of this title or who willfully violates any rule or order under this title EXCEPT A RULE OR ORDER UNDER § 11-305 OF THIS TITLE, or who willfully violates § 11-303 of this title knowing the statement made to be false or misleading in

(Over)

any material respect, on conviction is subject to a fine not exceeding \$50,000 or imprisonment not exceeding [three] 3 years or both.

**(2) ANY PERSON WHO WILLFULLY VIOLATES § 11-305 OF THIS TITLE OR WHO WILLFULLY VIOLATES A RULE OR ORDER UNDER § 11-305 OF THIS TITLE, ON CONVICTION IS SUBJECT TO A FINE NOT EXCEEDING \$100,000 OR IMPRISONMENT NOT EXCEEDING 5 YEARS OR BOTH.**

[(2)] (3) A person may not be imprisoned for the violation of any rule or order if [he] THE PERSON proves that [he] THE PERSON had no knowledge of the rule or order.

[(3)] (4) An indictment or information may not be returned under this title more than [five] 5 years after the alleged violation.”.

**AMENDMENT NO. 5**

On page 10, strike beginning with “shall” in line 31 down through “2009” in line 32 and substitute “is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a yea and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted”.