

SENATE BILL 951

C2, C1, D4

7lr2841
CF 7lr3204

By: **Senator Smith**

Introduced and read first time: February 3, 2017

Assigned to: Judicial Proceedings

A BILL ENTITLED

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; prohibiting certain individuals, under certain
16 circumstances, from notifying certain individuals; authorizing, under certain
17 circumstances, certain broker–dealers or investment advisers to delay
18 disbursements from the accounts of certain eligible adults; requiring a broker–dealer
19 or an investment adviser that delays a certain disbursement to provide certain
20 notices and continue a certain review; requiring a broker–dealer or an investment
21 adviser to provide, within a certain number of days after a disbursement request, a
22 certain internal review to the Securities Commissioner of the Division of Securities
23 and a certain local department; providing that a delay of a certain disbursement
24 request will continue for a certain period of time; providing certain qualified
25 individuals, broker–dealers, and investment advisers certain immunity from
26 liability; requiring a broker–dealer or an investment adviser, under certain
27 circumstances, to provide certain records to certain entities; providing that certain
28 records may not be considered public records; providing that certain federal exempt
29 broker–dealers are not required to register as broker–dealers; providing that a
30 federal exempt broker–dealer is not subject to certain prohibitions and requirements
31 that apply to certain broker–dealers; providing that it is unlawful for certain

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

22 BY repealing and reenacting, with amendments,

23 Article – Corporations and Associations

24 Section 11–101, 11–302(a) and (c), 11–401(a) and (d), 11–402(a) and (c), 11–405(c)
 25 through (f), 11–407(a) and (b), 11–411(f), 11–412(a)(6), (10), and (11) and (b),
 26 11–503.1, 11–506(b), 11–510.1, 11–601(11), 11–701.1, and 11–702

27 Annotated Code of Maryland

28 (2014 Replacement Volume and 2016 Supplement)

29 BY adding to

30 Article – Corporations and Associations

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

33 Annotated Code of Maryland

34 (2014 Replacement Volume and 2016 Supplement)

35 BY repealing and reenacting, without amendments,

36 Article – Corporations and Associations

37 Section 11–411(a)

38 Annotated Code of Maryland

39 (2014 Replacement Volume and 2016 Supplement)

40 BY repealing

41 Article – Corporations and Associations

42 Section 11–418

43 Annotated Code of Maryland

1 (2014 Replacement Volume and 2016 Supplement)

2 BY repealing and reenacting, without amendments,
3 Article – Family Law
4 Section 14–101(a) and (q), 14–201, 14–302(c), and 14–309
5 Annotated Code of Maryland
6 (2012 Replacement Volume and 2016 Supplement)

7 BY repealing and reenacting, with amendments,
8 Article – Family Law
9 Section 14–101(j)
10 Annotated Code of Maryland
11 (2012 Replacement Volume and 2016 Supplement)

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

14 **Article – Corporations and Associations**

15 11–101.

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

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

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

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

25 (i) An issuer in:

26 1. Effecting a transaction in a security exempted by §
27 11–601(1), (2), (3), (9)(i), (10), (11), or (14)(i) of this title;

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

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

32 4. Effecting a transaction in a federal covered security under
33 § 18(b)(3) or § [18(b)(4)(D)] **18(B)(4)(E)** of the Securities Act of 1933 if no commission or

1 other remuneration is paid or given directly or indirectly for soliciting a person in this State;
2 or

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

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

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

8 (i) An agent;

9 (ii) An issuer;

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

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

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

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

21 (d) “Commissioner” means the Securities Commissioner of the Division of
22 Securities.

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

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

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

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

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

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

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

7 2. Gathers information relating to investments, establishes
8 financial goals and objectives, processes and analyzes the information gathered, and
9 recommends a financial plan; or

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

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

15 (i) An investment adviser representative;

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

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

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

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

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

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

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

1 (vi) A federal covered adviser; or

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

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

9 (i) Makes any recommendations or otherwise renders investment
10 advice to clients;

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

13 (iii) Manages accounts or portfolios of clients;

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

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

18 (vi) Directly supervises employees who perform any of the foregoing;
19 or

20 (vii) Holds out as an investment adviser.

21 (2) “Investment adviser representative” or “representative” does not
22 include:

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

25 (ii) Clerical or ministerial personnel.

26 **[(j)] (K)** “Investment Company Act of 1940” and “Investment Advisers Act of
27 1940” mean the federal statutes of those names, as amended.

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

30 (1) With respect to certificates of deposit, voting–trust certificates, or
31 collateral–trust certificates or with respect to certificates of interest or shares in an

1 unincorporated investment trust not having a board of directors or persons performing
2 similar functions or of the fixed, restricted management, or unit type, the term “issuer”
3 means the person performing the acts and assuming the duties of depositor or manager
4 under the provisions of the trust or other agreement or instrument under which the security
5 is issued; and

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

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

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

15 [(n)] (O) “Person” means an individual, a corporation, a partnership, an
16 association, a joint-stock company, a trust where the interests of the beneficiaries are
17 evidenced by a security, an unincorporated organization, a government, or a political
18 subdivision of a government.

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

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

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

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

27 (i) Note;

28 (ii) Stock;

29 (iii) Treasury stock;

30 (iv) Bond;

31 (v) Debenture;

32 (vi) Evidence of indebtedness;

- 1 (vii) Certificate of interest or participation in any profit-sharing
2 agreement;
- 3 (viii) Collateral-trust certificate;
- 4 (ix) Preorganization certificate or subscription;
- 5 (x) Transferable share;
- 6 (xi) Investment contract;
- 7 (xii) Voting-trust certificate;
- 8 (xiii) Certificate of deposit for a security;
- 9 (xiv) Certificate of interest or participation in an oil, gas, or mining
10 title or lease or in payments out of production under the title or lease;
- 11 (xv) In general, any interest or instrument commonly known as a
12 "security"; or
- 13 (xvi) Certificate of interest or participation in, temporary or interim
14 certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase any
15 of the preceding.
- 16 (2) "Security" does not include any insurance or endowment policy or
17 annuity contract under which an insurance company promises to pay money either in a
18 lump sum, periodically for life, or some other specified period.
- 19 [(s)] (T) "State" means any state, territory, or possession of the United States,
20 the District of Columbia, and Puerto Rico.

21 **11-208.**

- 22 (A) **IN THIS SECTION, "FUND" MEANS THE SECURITIES ACT REGISTRATION**
23 **FUND.**
- 24 (B) **THERE IS A SECURITIES ACT REGISTRATION FUND.**
- 25 (C) **THE PURPOSE OF THE FUND IS TO HELP FUND THE DIRECT AND**
26 **INDIRECT COSTS OF ADMINISTERING AND ENFORCING THE MARYLAND SECURITIES**
27 **ACT.**
- 28 (D) **THE COMMISSIONER SHALL ADMINISTER THE FUND.**

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

3 **(2) THE STATE TREASURER SHALL HOLD THE FUND SEPARATELY,**
4 **AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

5 **(F) THE FUND CONSISTS OF:**

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

8 **(2) MONEY APPROPRIATED IN THE STATE BUDGET TO THE FUND;**
9 **AND**

10 **(3) ANY OTHER MONEY FROM ANY OTHER SOURCE ACCEPTED FOR**
11 **THE BENEFIT OF THE FUND.**

12 **(G) THE FUND MAY BE USED ONLY TO ADMINISTER AND ENFORCE THE**
13 **MARYLAND SECURITIES ACT.**

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

16 **(2) ANY INTEREST EARNINGS OF THE FUND SHALL BE CREDITED TO**
17 **THE GENERAL FUND OF THE STATE.**

18 **(I) EXPENDITURES FROM THE FUND MAY BE MADE ONLY IN ACCORDANCE**
19 **WITH THE STATE BUDGET.**

20 **(J) MONEY EXPENDED FROM THE FUND USED TO ADMINISTER AND**
21 **ENFORCE THE MARYLAND SECURITIES ACT IS SUPPLEMENTAL TO AND IS NOT**
22 **INTENDED TO TAKE THE PLACE OF FUNDING THAT OTHERWISE WOULD BE**
23 **APPROPRIATED TO ADMINISTER AND ENFORCE THE MARYLAND SECURITIES ACT.**

24 11-302.

25 (a) It is unlawful for any person who receives, directly or indirectly, any
26 consideration from another person for advising the other person as to the value of securities
27 or their purchase or sale, or for acting as an investment adviser or representative under [§
28 11-101(h) and (i)] § 11-101(I) AND (J) of this title, whether through the issuance of
29 analyses, reports, or otherwise, to:

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

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

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

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

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

15 **11-306.**

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

20 **11-307.**

21 (A) (1) **IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
22 **INDICATED.**

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

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

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

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

28 (I) **THE WRONGFUL OR UNAUTHORIZED TAKING,**
29 **WITHHOLDING, APPROPRIATION, OR USE OF MONEY, ASSETS, OR PROPERTY OF AN**
30 **ELIGIBLE ADULT; OR**

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

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

9 2. CONVERT MONEY, ASSETS, OR PROPERTY OF THE
10 ELIGIBLE ADULT IN ORDER TO DEPRIVE THE ELIGIBLE ADULT OF THE OWNERSHIP,
11 USE, BENEFIT, OR POSSESSION OF THE MONEY, ASSETS, OR PROPERTY.

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

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

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

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

22 (B) A QUALIFIED INDIVIDUAL THAT REASONABLY BELIEVES THAT AN
23 ELIGIBLE ADULT HAS BEEN, IS CURRENTLY, OR WILL BE THE SUBJECT OF FINANCIAL
24 EXPLOITATION OR ATTEMPTED FINANCIAL EXPLOITATION:

25 (1) SHALL PROMPTLY NOTIFY:

26 (I) THE COMMISSIONER; AND

27 (II) A LOCAL DEPARTMENT UNDER § 14-302 OF THE FAMILY
28 LAW ARTICLE; AND

29 (2) MAY NOTIFY A THIRD PARTY DESIGNATED BY THE ELIGIBLE
30 ADULT IF THE THIRD PARTY IS NOT SUSPECTED OF FINANCIAL EXPLOITATION,
31 ABUSE, NEGLECT, OR OTHER EXPLOITATION OF THE ELIGIBLE ADULT.

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

4 **(I) THE BROKER-DEALER, THE INVESTMENT ADVISER, OR A**
5 **QUALIFIED INDIVIDUAL REASONABLY BELIEVES, AFTER INITIATING AN INTERNAL**
6 **REVIEW OF THE REQUESTED DISBURSEMENT AND ANY SUSPECTED FINANCIAL**
7 **EXPLOITATION, THAT THE REQUESTED DISBURSEMENT MAY RESULT IN THE**
8 **FINANCIAL EXPLOITATION OF AN ELIGIBLE ADULT; AND**

9 **(II) THE BROKER-DEALER, THE INVESTMENT ADVISER, OR A**
10 **QUALIFIED INDIVIDUAL:**

11 **1. WITHIN 2 BUSINESS DAYS AFTER THE REQUESTED**
12 **DISBURSEMENT:**

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

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

18 **2. CONTINUES AN INTERNAL REVIEW OF THE**
19 **SUSPECTED FINANCIAL EXPLOITATION OF THE ELIGIBLE ADULT.**

20 **(2) THE BROKER-DEALER, INVESTMENT ADVISER, OR QUALIFIED**
21 **INDIVIDUAL:**

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

27 **(II) SHALL PROVIDE, WITHIN 7 BUSINESS DAYS AFTER THE**
28 **DATE OF THE DISBURSEMENT REQUEST, THE RESULT OF THE INTERNAL REVIEW**
29 **REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION TO THE COMMISSIONER**
30 **AND THE LOCAL DEPARTMENT.**

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

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

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

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

9 **(II) IF A REQUEST IS MADE UNDER THIS PARAGRAPH, THE**
10 **DELAY SHALL CONTINUE FOR 25 BUSINESS DAYS AFTER THE DATE OF THE**
11 **DISBURSEMENT REQUEST OR UNTIL THE COMMISSIONER, THE LOCAL**
12 **DEPARTMENT, OR A COURT OF COMPETENT JURISDICTION TERMINATES THE DELAY,**
13 **WHICHEVER HAPPENS FIRST.**

14 **(E) (1) A QUALIFIED INDIVIDUAL THAT IN GOOD FAITH AND EXERCISING**
15 **REASONABLE CARE PROVIDES NOTICE UNDER SUBSECTION (B) OF THIS SECTION**
16 **SHALL HAVE IMMUNITY FROM ANY ADMINISTRATIVE OR CIVIL LIABILITY THAT**
17 **MIGHT OTHERWISE ARISE FROM THE NOTICE.**

18 **(2) A BROKER-DEALER OR INVESTMENT ADVISER THAT IN GOOD**
19 **FAITH AND EXERCISING REASONABLE CARE DELAYS A DISBURSEMENT UNDER**
20 **SUBSECTION (C) OF THIS SECTION SHALL HAVE IMMUNITY FROM ANY**
21 **ADMINISTRATIVE OR CIVIL LIABILITY THAT MIGHT OTHERWISE ARISE FROM THE**
22 **DELAY.**

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

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

28 **(II) AT THE REQUEST OF THE COMMISSIONER, A LOCAL**
29 **DEPARTMENT, OR A LAW ENFORCEMENT AGENCY.**

30 **(2) THE RECORDS UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY**
31 **INCLUDE HISTORICAL RECORDS AND RECORDS THAT RELATE TO THE MOST RECENT**
32 **TRANSACTIONS THAT MAY DEMONSTRATE THE FINANCIAL EXPLOITATION OF AN**
33 **ELIGIBLE ADULT.**

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

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

6 11-401.

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

10 **(D) A PERSON THAT TRANSACTS BUSINESS IN THIS STATE AS A FEDERAL**
11 **EXEMPT BROKER-DEALER IS NOT REQUIRED TO REGISTER UNDER SUBSECTION (A)**
12 **OF THIS SECTION.**

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

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

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

20 11-402.

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

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

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

30 **(c) (1) IT IS UNLAWFUL FOR A BROKER-DEALER OR ISSUER ENGAGED IN**
31 **OFFERING, OFFERING TO PURCHASE, PURCHASING, OR SELLING SECURITIES IN**
32 **THIS STATE OR AN INVESTMENT ADVISER OFFERING OR PROVIDING INVESTMENT**
33 **ADVICE IN THIS STATE, DIRECTLY OR INDIRECTLY, TO EMPLOY OR ASSOCIATE WITH**

1 AN INDIVIDUAL WHO IS PARTICIPATING IN THE SECURITIES TRANSACTION OR
2 INVESTMENT ADVICE IN THIS STATE IF:

3 (I) THE REGISTRATION OF THE INDIVIDUAL IS SUSPENDED OR
4 REVOKED; OR

5 (II) THE INDIVIDUAL IS BARRED FROM EMPLOYMENT OR
6 ASSOCIATION WITH A BROKER-DEALER, AN ISSUER, AN INVESTMENT ADVISER, OR A
7 FEDERAL COVERED ADVISER BY AN ORDER OF THE COMMISSIONER UNDER THIS
8 TITLE, THE SECURITIES AND EXCHANGE COMMISSION, OR A SELF-REGULATORY
9 ORGANIZATION.

10 (2) A BROKER-DEALER, AN INVESTMENT ADVISER, OR AN ISSUER
11 MAY NOT BE CONSIDERED TO HAVE VIOLATED THIS SUBSECTION IF THE
12 BROKER-DEALER, INVESTMENT ADVISER, OR ISSUER DID NOT KNOW, AND IN THE
13 EXERCISE OF REASONABLE CARE COULD NOT HAVE KNOWN, OF THE SUSPENSION,
14 REVOCATION, OR BAR.

15 (3) ON REQUEST FROM A BROKER-DEALER, AN INVESTMENT
16 ADVISER, OR AN ISSUER AND FOR GOOD CAUSE, THE COMMISSIONER, BY ORDER
17 UNDER SUBSECTION (D) OF THIS SECTION, MAY MODIFY OR WAIVE, IN WHOLE OR IN
18 PART, THE PROHIBITIONS OF THIS SUBSECTION.

19 [(c)] (D) By rule or order, the Commissioner may modify the requirements of
20 this section or exempt any broker-dealer, agent, investment adviser, federal covered
21 adviser, or investment adviser representative from the requirements of this section if the
22 Commissioner determines that:

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

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

27 11-405.

28 (C) (1) FOR PURPOSES OF THIS SUBSECTION, "PRIVATE FUND ADVISER"
29 MEANS AN INVESTMENT ADVISER THAT PROVIDES ADVICE SOLELY TO ONE OR MORE
30 QUALIFYING PRIVATE FUNDS, AS DEFINED IN SECURITIES AND EXCHANGE
31 COMMISSION RULE 203(M)-1 (17 C.F.R. 275.203(M)-1).

32 (2) BEFORE ACTING AS A PRIVATE FUND ADVISER, A PERSON SHALL
33 PAY THE FEE REQUIRED UNDER § 11-407 OF THIS SUBTITLE AND SHALL FILE THE

1 FOLLOWING DOCUMENTS AS THE COMMISSIONER MAY REQUIRE BY RULE OR
2 ORDER:

3 (I) THE DOCUMENTS THAT THE PERSON FILED WITH THE
4 SECURITIES AND EXCHANGE COMMISSION; AND

5 (II) A CONSENT TO SERVICE OF PROCESS UNDER § 11-802(A) OF
6 THIS TITLE.

7 [(c)] (D) Notwithstanding the provisions of subsection (a) of this section, a
8 registered broker-dealer who is also a registered investment adviser in this State may
9 effect the initial registration of any or all of its registered agents in this State as investment
10 adviser representatives by the filing of:

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

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

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

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

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

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

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

25 [(e)] (F) The Commissioner in the Commissioner's discretion may publish an
26 announcement of the applicants for registration in the [newspapers] MEDIA the
27 Commissioner determines.

28 [(f)] (G) If a denial order is not in effect and a proceeding is not pending under
29 §§ 11-412 through 11-414 of this subtitle, registration becomes effective at noon of the 30th
30 day after an application is filed. The Commissioner by rule or order may specify an earlier
31 effective date, and the Commissioner by order may defer the effective date until noon of the
32 30th day after the filing of any amendment.

33 11-407.

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

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

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

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

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

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

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

16 11–411.

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

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

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

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

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

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

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

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

9 11-412.

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

15 (6) Is the subject of an order entered within the past five years by the
16 securities administrator or any other financial services regulator of any state or by the
17 Securities and Exchange Commission denying, **SUSPENDING**, or revoking registration as
18 a broker-dealer, investment adviser, investment adviser representative, or agent or the
19 substantial equivalent of those terms as defined in this title, or any other financial services
20 license or registration, or is the subject of an order by the Commodity Futures Trading
21 Commission denying, suspending, or revoking registration under the Commodity Exchange
22 Act, or is suspended **[or]**, expelled, **OR BARRED** from a national securities exchange or
23 national securities association registered under the Securities Exchange Act of 1934 either
24 by action of a national securities exchange or national securities association, the effect of
25 which action has not been stayed by appeal or otherwise, or by order of the Securities and
26 Exchange Commission, or is the subject of a United States post office fraud order, but:

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

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

33 (10) Has failed reasonably to supervise the broker-dealer's agents, if the
34 person is a broker-dealer, or the investment adviser's representatives, if the person is an
35 investment adviser; **[or]**

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

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

7 **(13) REFUSES TO ALLOW THE COMMISSIONER TO CONDUCT OR**
8 **OTHERWISE IMPEDES THE COMMISSIONER IN CONDUCTING AN AUDIT OR**
9 **INSPECTION UNDER § 11-411(F) OF THIS SUBTITLE OR REFUSES ACCESS TO A**
10 **REGISTRANT'S OFFICE TO CONDUCT AN AUDIT OR INSPECTION UNDER § 11-411(F)**
11 **OF THIS SUBTITLE; OR**

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

16 (b) (1) In this subsection, "final administrative order" does not include an
17 order that is stayed or subject to further review or appeal.

18 (2) If an applicant for initial registration discloses the existence of a final
19 judicial or administrative order to the Commissioner before the effective date of the initial
20 registration, the Commissioner may not institute a suspension or revocation proceeding
21 based solely on the judicial or administrative order unless the proceeding is initiated within
22 [90 days immediately following] **ONE YEAR AFTER** the effective date of the applicant's
23 initial registration.

24 [11-418.

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

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

30 (1) Be provided free of charge; and

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

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

1 (ii) The federal tax identification number of the person or, if the
2 person does not have a federal tax identification number, the Social Security number of the
3 person.]

4 11-503.1.

5 (a) A person may not offer or sell a federal covered security in this State unless
6 the documents required by this section are filed and the fees required by § 11-506 or
7 § 11-510.1 of this subtitle are paid.

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

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

12 (i) A notice in a form that the Commissioner requires or the
13 documents filed with the Securities and Exchange Commission under the Securities Act of
14 1933;

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

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

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

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

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

23 (c) With respect to a security that is a federal covered security specified in §
24 18(b)(3) or (4) of the Securities Act of 1933, the Commissioner may require, by rule, order,
25 or otherwise, the issuer to file:

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

27 (2) The fee required under § 11-506 of this subtitle; and

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

30 **(D) (1) IF AN ISSUER FAILS TO TIMELY FILE THE ITEMS UNDER**
31 **SUBSECTION (B) OR (C) OF THIS SECTION AND A STOP ORDER HAS NOT BEEN ISSUED**
32 **UNDER SUBSECTION (E) OF THIS SECTION, THE ISSUER MAY SATISFY THE**

1 REQUIREMENTS OF SUBSECTION (B) OR (C) OF THIS SECTION, AS APPLICABLE, BY
2 MAKING A LATE FILING AND PAYING THE FEES REQUIRED FOR A LATE FILING UNDER
3 § 11-506 OR § 11-510.1 OF THIS SUBTITLE.

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

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

10 (II) A PERSON WITH THE RIGHT HAS NOT RELIED
11 DETRIMENTALLY ON THE ABSENCE OF THE FILING; AND

12 (III) THE LATE FILING IS MADE WITHIN 1 YEAR OF THE ORIGINAL
13 DUE DATE OF THE FILING.

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

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

18 (2) There is a failure to comply with any condition established under this
19 section.

20 [(e)] (F) The Commissioner may waive, by rule, order, or otherwise, the filing of
21 any document required under this section.

22 11-506.

23 (b) (1) Except as provided in paragraph (2) of this subsection, a person
24 required to submit a filing in accordance with an exemption granted under this title shall
25 pay a fee of \$400 for each filing.

26 (2) A person required to submit a filing in accordance with the exemption
27 granted under § 11-601(16) of this title shall pay a fee of \$100 for each filing.

28 (3) A person required to submit a notice of the offer or sale of federal
29 covered securities under § 11-503.1(c) of this subtitle shall pay:

30 (I) [a] A fee of \$100 for each filing; AND

1 **(II) AN ADDITIONAL FEE OF \$150 FOR EACH FILING MADE**
2 **AFTER THE FILING DUE DATE.**

3 11-510.1.

4 (a) A face-amount certificate company, an open-end management company, a
5 closed-end management company that is not a federal covered security under § 18(b)(1) of
6 the Securities Act of 1933, or a unit investment trust, as those terms are defined in the
7 Investment Company Act of 1940, shall comply with the requirements of this section, if the
8 company or trust files:

9 (1) A notice under § 11-503.1 of this subtitle of the offer or sale in this State
10 of an indefinite amount of federal covered securities specified in § 18(b)(2) of the Securities
11 Act of 1933; or

12 (2) An application to register under § 11-503 of this subtitle the offer and
13 sale in this State of an indefinite amount of securities.

14 (b) (1) **[A] EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS**
15 **SUBSECTION, A** face-amount certificate company or an open-end management company,
16 at the time of filing, shall pay an initial fee of \$500 and within 60 days after the issuer's
17 fiscal year end during which its registration statement is effective or notice required by §
18 11-503.1(b) of this subtitle is filed:

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

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

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

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

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

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

33 **(3) IF A FILING REQUIRED UNDER SUBSECTION (A) OF THIS SECTION**
34 **AND § 11-503.1 OF THIS SUBTITLE IS NOT RECEIVED BY THE COMMISSIONER BY THE**

1 **DEADLINE ESTABLISHED, THE ISSUER, IN ADDITION TO THE FEE REQUIRED UNDER**
2 **THIS SECTION, SHALL PAY A LATE FEE OF \$500.**

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

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

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

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

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

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

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

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

27 **(4) IF A FILING REQUIRED UNDER SUBSECTION (A) OF THIS SECTION**
28 **AND § 11-503.1 OF THIS SUBTITLE IS NOT RECEIVED BY THE COMMISSIONER BY THE**
29 **DEADLINE ESTABLISHED IN PARAGRAPH (2) OF THIS SUBSECTION, THE ISSUER, IN**
30 **ADDITION TO THE FEE REQUIRED UNDER THIS SECTION, SHALL PAY A LATE FEE OF**
31 **\$500.**

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

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

3 11-601.

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

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

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

15 (II) 1. **THE PLAN IS QUALIFIED UNDER THE INTERNAL
16 REVENUE CODE;**

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

19 3. **THE SECURITY IS EFFECTIVELY REGISTERED UNDER
20 §§ 6 THROUGH 8 OF THE SECURITIES ACT OF 1933 AND IS OFFERED AND SOLD IN
21 COMPLIANCE WITH THE PROVISIONS OF § 5 OF THE SECURITIES ACT OF 1933;**

22 11-701.1.

23 (a) Whenever the Commissioner determines that a person has engaged or is about
24 to engage in any act or practice constituting a violation of any provision of this title or any
25 rule or order under this title **OR THAT A PERSON HAS MATERIALLY AIDED, IS
26 MATERIALLY AIDING, OR IS ABOUT TO MATERIALLY AID AN ACT, A PRACTICE, OR A
27 COURSE OF BUSINESS CONSTITUTING A VIOLATION OF THIS TITLE OR A RULE
28 ADOPTED OR AN ORDER ISSUED UNDER THIS TITLE**, and that immediate action against
29 such person is in the public interest, the Commissioner may in his discretion issue, without
30 a prior hearing, a summary order directing such person to cease and desist from engaging
31 in such activity, provided that the summary cease and desist order gives the person:

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

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

4 (b) Whenever the Commissioner determines after notice and a hearing (unless
5 the right to notice and a hearing is waived) that a person has engaged in any act or practice
6 constituting a violation of any provision of this title or any rule or order under this title **OR**
7 **THAT A PERSON HAS MATERIALLY AIDED AN ACT, A PRACTICE, OR A COURSE OF**
8 **BUSINESS CONSTITUTING A VIOLATION OF THIS TITLE OR A RULE ADOPTED OR AN**
9 **ORDER ISSUED UNDER THIS TITLE**, the Commissioner may in his discretion and in
10 addition to taking any other action authorized under this title:

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

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

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

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

17 (5) Take any combination of the actions specified in this subsection.
18 11-702.

19 (a) Whenever it appears to the Commissioner that any person is about to engage
20 in any act or practice constituting a violation of any provision of this title or any rule or
21 order under this title, he may in his discretion bring an action to obtain 1 or more of the
22 following remedies:

23 (1) A temporary restraining order; or

24 (2) A temporary or permanent injunction.

25 (b) Whenever it appears to the Commissioner that any person has engaged in any
26 act or practice constituting a violation of any provision of this title or any rule or order
27 under this title **OR THAT A PERSON HAS MATERIALLY AIDED, IS MATERIALLY AIDING,**
28 **OR IS ABOUT TO MATERIALLY AID AN ACT, A PRACTICE, OR A COURSE OF BUSINESS**
29 **CONSTITUTING A VIOLATION OF THIS TITLE OR A RULE ADOPTED OR AN ORDER**
30 **ISSUED UNDER THIS TITLE**, the Commissioner may in the Commissioner's discretion
31 bring an action to obtain one or more of the following remedies:

32 (1) A temporary restraining order;

33 (2) A temporary or permanent injunction;

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

3 (4) A declaratory judgment;

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

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

7 (7) Rescission;

8 (8) Restitution; [and]

9 **(9) DISGORGEMENT;**

10 **(10) PAYMENT OF PREJUDGMENT AND POSTJUDGMENT INTEREST;**

11 **AND**

12 **[(9)] (11)** Any other relief as the court deems just.

13 (c) **AN ACTION UNDER THIS SECTION IS NOT SUBJECT TO THE PROVISIONS**
14 **OF § 5–107 OF THE COURTS AND JUDICIAL PROCEEDINGS ARTICLE.**

15 (D) The Commissioner may not be required to post a bond in any action under this
16 section.

17 **Article – Family Law**

18 14–101.

19 (a) In this title the following words have the meanings indicated.

20 (j) Except as provided in §§ 14–201, 14–402, and 14–403 of this title, “local
21 department” means the local department that has jurisdiction in the county:

22 (1) where the vulnerable adult lives; [or]

23 (2) **FOR PURPOSES OF A NOTICE RECEIVED UNDER § 11–307 OF THE**
24 **CORPORATIONS AND ASSOCIATIONS ARTICLE, WHERE AN INDIVIDUAL WHO IS AT**
25 **LEAST 65 YEARS OLD LIVES; OR**

26 (3) where the abuse is alleged to have taken place.

27 (q) “Vulnerable adult” means an adult who lacks the physical or mental capacity
28 to provide for the adult's daily needs.

1 14–201.

2 To implement the policy set out in § 14–102 of this title, the Secretary, with the
3 advice of the Secretary of Health and Mental Hygiene and the Secretary of Aging, shall
4 develop, supervise, and cause each local department to implement a program of protective
5 services for disabled individuals and vulnerable adults.

6 14–302.

7 (c) Any individual other than a health practitioner, human service worker, or
8 police officer who has reason to believe that an alleged vulnerable adult has been subjected
9 to abuse, neglect, self–neglect, or exploitation may file with the local department an oral or
10 written report of the suspected abuse, neglect, self–neglect, or exploitation.

11 14–309.

12 Any person who makes or participates in making a report under this subtitle or
13 participates in an investigation or a judicial proceeding resulting from a report under this
14 subtitle shall have the immunity from liability described under § 5–622 of the Courts and
15 Judicial Proceedings Article.

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