

SENATE BILL REPORT

SB 5435

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, FEBRUARY 15, 1993

**Brief Description:** Extending time for limitation of actions for unlawful securities transactions to five years.

**SPONSORS:** Senators Fraser, Moore, Wojahn, Barr, Sutherland, Vognild and Amondson

**SENATE COMMITTEE ON LABOR & COMMERCE**

**Majority Report:** Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Barr, Cantu, Fraser, McAuliffe, Newhouse, Pelz, Prince, Sutherland, and Vognild.

**Staff:** Benson Porter (786-7470)

**Hearing Dates:** February 10, 1993; February 15, 1993

**BACKGROUND:**

A civil action must be brought within three years for an aggrieved person to recover from a fraudulent or deceitful securities practice or a violation of certain securities registration provisions. The three-year period begins when the person discovers the violation or would have discovered the violation by the exercise of reasonable care. Similarly, the statute of limitations for a civil cause of action for fraud is three years from the time the person discovered the facts constituting a fraud.

Some interest has been expressed in extending the statute of limitations for civil actions based on violations of the securities code.

**SUMMARY:**

The statute of limitations is extended to five years for civil actions based on fraudulent securities practices or violations of certain securities registration provisions.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:** None

**TESTIMONY AGAINST:**

An extended statute of limitations will increase exposure to legitimate operators, increasing their costs of doing business.

**TESTIFIED:** Walt Corneille, IAFP (con)