

1219-S

Sponsor(s): House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Schual-Berke, Benson, Anderson, Upthegrove, Rockefeller and Simpson; by request of Governor Locke)

Brief Description: Addressing violations connected with the offer, sale, or purchase of securities.

**HB 1219-S - DIGEST**

(DIGEST AS ENACTED)

Creates the securities prosecution fund in the state treasury and shall consist of all fines received by the division of securities under RCW 21.20.400(2), 21.20.110, and 21.20.395 and all undistributed funds from orders of disgorgement and restitution under RCW 21.20.110(8) and 21.20.390(6).

Provides that expenditures from this fund may be used solely for administering the fund and for payment of costs, expenses, and charges incurred in the preparation, initiation, and prosecution of criminal charges for violations of chapters 21.20, 21.30, 19.100, and 19.110 RCW.

Provides that, if the balance of the securities prosecution fund reaches three hundred fifty thousand dollars, all fines received by the division of securities under RCW 21.20.400(2), 21.20.110, and 21.20.395 and all undistributed funds from orders of disgorgement and restitution under RCW 21.20.110(8) and 21.20.390(6) shall be deposited in the financial services regulation fund until such time as the balance in the fund falls below three hundred fifty thousand dollars, at which time the fines received by the division of securities under RCW 21.20.400(2), 21.20.110, and 21.20.395 and all undistributed funds from orders of disgorgement and restitution under RCW 21.20.110(8) and 21.20.390(6) shall be deposited to the securities prosecution fund until balance in the fund once again reaches three hundred fifty thousand dollars.

Provides that any person who willfully violates any provision of chapter 21.20 RCW except RCW 21.20.350, or who willfully violates any rule or order under this chapter, or who willfully violates RCW 21.20.350 knowing the statement made to be false or misleading in any material respect, is guilty of a class B felony.

Provides that any person who knowingly alters, destroys, shreds, mutilates, or conceals a record, document, or other object, or attempts to do so, with the intent to impair the object's integrity or availability for use in an official proceeding under this chapter, shall upon conviction be fined not more than five hundred thousand dollars or imprisoned not more than ten years, or both. The fines paid under this provision shall be deposited into the securities prosecution fund.

Provides that a person who, in an administrative action by the director, is found to have knowingly or recklessly violated an administrative order issued under RCW 21.20.110 or 21.20.390 shall pay an administrative fine in an amount not to exceed twenty-five

thousand dollars for each violation.

Requires the fines paid under this act to be deposited into the securities prosecution fund.