



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB3439

Introduced 2/14/2020, by Sen. Rachelle Crowe

SYNOPSIS AS INTRODUCED:

815 ILCS 5/2.1	from Ch. 121 1/2, par. 137.2-1
815 ILCS 5/8	from Ch. 121 1/2, par. 137.8
815 ILCS 5/11	from Ch. 121 1/2, par. 137.11
815 ILCS 5/11.7 new	
815 ILCS 5/12	from Ch. 121 1/2, par. 137.12
815 ILCS 5/12.5 new	
815 ILCS 5/14	from Ch. 121 1/2, par. 137.14
815 ILCS 5/2.14 rep.	

Amends the Illinois Securities Law of 1953. Eliminates reference to face amount certificate contracts. Provides that, in addition to existing disciplinary penalties, the registrations of dealers and advisers may be limited or conditioned for failure to comply with statutory requirements. Provides that administrative actions may be brought by the Secretary of State within 3 years from the time the Secretary of State had notice of facts that, in the exercise of reasonable diligence would lead to actual knowledge of the violation. Removes provision barring administrative actions 5 years after the date on which the alleged violation occurred. Establishes protections against the financial exploitation of persons 60 years of age or older and persons subject to the Illinois Adult Protective Services Act. Requires certain licensees to report incidents of potential exploitation.

LRB101 16542 JLS 65926 b

FISCAL NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Securities Law of 1953 is amended
5 by changing Sections 2.1, 8, 11, 12, and 14 and by adding
6 Sections 11.7 and 12.5 as follows:

7 (815 ILCS 5/2.1) (from Ch. 121 1/2, par. 137.2-1)

8 Sec. 2.1. Security. "Security" means any note, stock,
9 treasury stock, bond, debenture, evidence of indebtedness,
10 certificate of interest or participation in any profit-sharing
11 agreement, collateral-trust certificate, preorganization
12 certificate or subscription, transferable share, investment
13 contract, viatical investment, investment fund share,
14 ~~face amount certificate,~~ voting-trust certificate, certificate
15 of deposit for a security, fractional undivided interest in
16 oil, gas or other mineral lease, right or royalty, any put,
17 call, straddle, option, or privilege on any security,
18 certificate of deposit, or group or index of securities
19 (including any interest therein or based on the value thereof),
20 or any put, call, straddle, option, or privilege entered into,
21 relating to foreign currency, or, in general, any interest or
22 instrument commonly known as a "security", or any certificate
23 of interest or participation in, temporary or interim

1 certificate for, receipt for, guarantee of, or warrant or right
2 to subscribe to or purchase, any of the foregoing. "Security"
3 does not mean a mineral investment contract or a mineral
4 deferred delivery contract; provided, however, the Department
5 shall have the authority to regulate these contracts as
6 hereinafter provided.

7 (Source: P.A. 96-736, eff. 7-1-10.)

8 (815 ILCS 5/8) (from Ch. 121 1/2, par. 137.8)

9 Sec. 8. Registration of dealers, limited Canadian dealers,
10 Internet portals, salespersons, investment advisers, and
11 investment adviser representatives.

12 A. Except as otherwise provided in this subsection A, every
13 dealer, limited Canadian dealer, salesperson, investment
14 adviser, and investment adviser representative shall be
15 registered as such with the Secretary of State. No dealer or
16 salesperson need be registered as such when offering or selling
17 securities in transactions exempted by subsection A, B, C, D,
18 E, G, H, I, J, K, M, O, P, Q, R or S of Section 4 of this Act,
19 provided that such dealer or salesperson is not regularly
20 engaged in the business of offering or selling securities in
21 reliance upon the exemption set forth in subsection G or M of
22 Section 4 of this Act. No dealer, issuer or controlling person
23 shall employ a salesperson unless such salesperson is
24 registered as such with the Secretary of State or is employed

1 for the purpose of offering or selling securities solely in
2 transactions exempted by subsection A, B, C, D, E, G, H, I, J,
3 K, L, M, O, P, Q, R or S of Section 4 of this Act; provided that
4 such salesperson need not be registered when effecting
5 transactions in this State limited to those transactions
6 described in Section 15(h)(2) of the Federal 1934 Act or
7 engaging in the offer or sale of securities in respect of which
8 he or she has beneficial ownership and is a controlling person.
9 The Secretary of State may, by rule, regulation or order and
10 subject to such terms, conditions, and fees as may be
11 prescribed in such rule, regulation or order, exempt from the
12 registration requirements of this Section 8 any investment
13 adviser, if the Secretary of State shall find that such
14 registration is not necessary in the public interest by reason
15 of the small number of clients or otherwise limited character
16 of operation of such investment adviser.

17 B. An application for registration as a dealer or limited
18 Canadian dealer, executed, verified, or authenticated by or on
19 behalf of the applicant, shall be filed with the Secretary of
20 State, in such form as the Secretary of State may by rule,
21 regulation or order prescribe, setting forth or accompanied by:

22 (1) The name and address of the applicant, the location
23 of its principal business office and all branch offices, if
24 any, and the date of its organization;

25 (2) A statement of any other Federal or state licenses

1 or registrations which have been granted the applicant and
2 whether any such licenses or registrations have ever been
3 refused, cancelled, suspended, revoked or withdrawn;

4 (3) The assets and all liabilities, including
5 contingent liabilities of the applicant, as of a date not
6 more than 60 days prior to the filing of the application;

7 (4) (a) A brief description of any civil or criminal
8 proceeding of which fraud is an essential element pending
9 against the applicant and whether the applicant has ever
10 been convicted of a felony, or of any misdemeanor of which
11 fraud is an essential element;

12 (b) A list setting forth the name, residence and
13 business address and a 10 year occupational statement of
14 each principal of the applicant and a statement describing
15 briefly any civil or criminal proceedings of which fraud is
16 an essential element pending against any such principal and
17 the facts concerning any conviction of any such principal
18 of a felony, or of any misdemeanor of which fraud is an
19 essential element;

20 (5) If the applicant is a corporation: a list of its
21 officers and directors setting forth the residence and
22 business address of each; a 10-year occupational statement
23 of each such officer or director; and a statement
24 describing briefly any civil or criminal proceedings of
25 which fraud is an essential element pending against each
26 such officer or director and the facts concerning any

1 conviction of any officer or director of a felony, or of
2 any misdemeanor of which fraud is an essential element;

3 (6) If the applicant is a sole proprietorship, a
4 partnership, limited liability company, an unincorporated
5 association or any similar form of business organization:
6 the name, residence and business address of the proprietor
7 or of each partner, member, officer, director, trustee or
8 manager; the limitations, if any, of the liability of each
9 such individual; a 10-year occupational statement of each
10 such individual; a statement describing briefly any civil
11 or criminal proceedings of which fraud is an essential
12 element pending against each such individual and the facts
13 concerning any conviction of any such individual of a
14 felony, or of any misdemeanor of which fraud is an
15 essential element;

16 (7) Such additional information as the Secretary of
17 State may by rule or regulation prescribe as necessary to
18 determine the applicant's financial responsibility,
19 business repute and qualification to act as a dealer.

20 (8) (a) No applicant shall be registered or
21 re-registered as a dealer or limited Canadian dealer under
22 this Section unless and until each principal of the dealer
23 has passed an examination conducted by the Secretary of
24 State or a self-regulatory organization of securities
25 dealers or similar person, which examination has been
26 designated by the Secretary of State by rule, regulation or

1 order to be satisfactory for purposes of determining
2 whether the applicant has sufficient knowledge of the
3 securities business and laws relating thereto to act as a
4 registered dealer. Any dealer who was registered on
5 September 30, 1963, and has continued to be so registered;
6 and any principal of any registered dealer, who was acting
7 in such capacity on and continuously since September 30,
8 1963; and any individual who has previously passed a
9 securities dealer examination administered by the
10 Secretary of State or any examination designated by the
11 Secretary of State to be satisfactory for purposes of
12 determining whether the applicant has sufficient knowledge
13 of the securities business and laws relating thereto to act
14 as a registered dealer by rule, regulation or order, shall
15 not be required to pass an examination in order to continue
16 to act in such capacity. The Secretary of State may by
17 order waive the examination requirement for any principal
18 of an applicant for registration under this subsection B
19 who has had such experience or education relating to the
20 securities business as may be determined by the Secretary
21 of State to be the equivalent of such examination. Any
22 request for such a waiver shall be filed with the Secretary
23 of State in such form as may be prescribed by rule or
24 regulation.

25 (b) Unless an applicant is a member of the body
26 corporate known as the Securities Investor Protection

1 Corporation established pursuant to the Act of Congress of
2 the United States known as the Securities Investor
3 Protection Act of 1970, as amended, a member of an
4 association of dealers registered as a national securities
5 association pursuant to Section 15A of the Federal 1934
6 Act, or a member of a self-regulatory organization or stock
7 exchange in Canada which the Secretary of State has
8 designated by rule or order, an applicant shall not be
9 registered or re-registered unless and until there is filed
10 with the Secretary of State evidence that such applicant
11 has in effect insurance or other equivalent protection for
12 each client's cash or securities held by such applicant,
13 and an undertaking that such applicant will continually
14 maintain such insurance or other protection during the
15 period of registration or re-registration. Such insurance
16 or other protection shall be in a form and amount
17 reasonably prescribed by the Secretary of State by rule or
18 regulation.

19 (9) The application for the registration of a dealer or
20 limited Canadian dealer shall be accompanied by a filing
21 fee and a fee for each branch office in this State, in each
22 case in the amount established pursuant to Section 11a of
23 this Act, which fees shall not be returnable in any event.

24 (10) The Secretary of State shall notify the dealer or
25 limited Canadian dealer by written notice (which may be by
26 electronic or facsimile transmission) of the effectiveness

1 of the registration as a dealer in this State.

2 (11) Any change which renders no longer accurate any
3 information contained in any application for registration
4 or re-registration of a dealer or limited Canadian dealer
5 shall be reported to the Secretary of State within 10
6 business days after the occurrence of such change; but in
7 respect to assets and liabilities only materially adverse
8 changes need be reported.

9 C. Any registered dealer, limited Canadian dealer, issuer,
10 or controlling person desiring to register a salesperson shall
11 file an application with the Secretary of State, in such form
12 as the Secretary of State may by rule or regulation prescribe,
13 which the salesperson is required by this Section to provide to
14 the dealer, issuer, or controlling person, executed, verified,
15 or authenticated by the salesperson setting forth or
16 accompanied by:

17 (1) the name, residence and business address of the
18 salesperson;

19 (2) whether any federal or State license or
20 registration as dealer, limited Canadian dealer, or
21 salesperson has ever been refused the salesperson or
22 cancelled, suspended, revoked, withdrawn, barred, limited,
23 or otherwise adversely affected in a similar manner or
24 whether the salesperson has ever been censured or expelled;

25 (3) the nature of employment with, and names and

1 addresses of, employers of the salesperson for the 10 years
2 immediately preceding the date of application;

3 (4) a brief description of any civil or criminal
4 proceedings of which fraud is an essential element pending
5 against the salesperson, and whether the salesperson has
6 ever been convicted of a felony, or of any misdemeanor of
7 which fraud is an essential element;

8 (5) such additional information as the Secretary of
9 State may by rule, regulation or order prescribe as
10 necessary to determine the salesperson's business repute
11 and qualification to act as a salesperson; and

12 (6) no individual shall be registered or re-registered
13 as a salesperson under this Section unless and until such
14 individual has passed an examination conducted by the
15 Secretary of State or a self-regulatory organization of
16 securities dealers or similar person, which examination
17 has been designated by the Secretary of State by rule,
18 regulation or order to be satisfactory for purposes of
19 determining whether the applicant has sufficient knowledge
20 of the securities business and laws relating thereto to act
21 as a registered salesperson.

22 Any salesperson who was registered prior to September
23 30, 1963, and has continued to be so registered, and any
24 individual who has passed a securities salesperson
25 examination administered by the Secretary of State or an
26 examination designated by the Secretary of State by rule,

1 regulation or order to be satisfactory for purposes of
2 determining whether the applicant has sufficient knowledge
3 of the securities business and laws relating thereto to act
4 as a registered salesperson, shall not be required to pass
5 an examination in order to continue to act as a
6 salesperson. The Secretary of State may by order waive the
7 examination requirement for any applicant for registration
8 under this subsection C who has had such experience or
9 education relating to the securities business as may be
10 determined by the Secretary of State to be the equivalent
11 of such examination. Any request for such a waiver shall be
12 filed with the Secretary of State in such form as may be
13 prescribed by rule, regulation or order.

14 (7) The application for registration of a salesperson
15 shall be accompanied by a filing fee and a Securities Audit
16 and Enforcement Fund fee, each in the amount established
17 pursuant to Section 11a of this Act, which shall not be
18 returnable in any event.

19 (8) Any change which renders no longer accurate any
20 information contained in any application for registration
21 or re-registration as a salesperson shall be reported to
22 the Secretary of State within 10 business days after the
23 occurrence of such change. If the activities are terminated
24 which rendered an individual a salesperson for the dealer,
25 issuer or controlling person, the dealer, issuer or
26 controlling person, as the case may be, shall notify the

1 Secretary of State, in writing, within 30 days of the
2 salesperson's cessation of activities, using the
3 appropriate termination notice form.

4 (9) A registered salesperson may transfer his or her
5 registration under this Section 8 for the unexpired term
6 thereof from one registered dealer or limited Canadian
7 dealer to another by the giving of notice of the transfer
8 by the new registered dealer or limited Canadian dealer to
9 the Secretary of State in such form and subject to such
10 conditions as the Secretary of State shall by rule or
11 regulation prescribe. The new registered dealer or limited
12 Canadian dealer shall promptly file an application for
13 registration of such salesperson as provided in this
14 subsection C, accompanied by the filing fee prescribed by
15 paragraph (7) of this subsection C.

16 C-5. Except with respect to federal covered investment
17 advisers whose only clients are investment companies as defined
18 in the Federal 1940 Act, other investment advisers, federal
19 covered investment advisers, or any similar person which the
20 Secretary of State may prescribe by rule or order, a federal
21 covered investment adviser shall file with the Secretary of
22 State, prior to acting as a federal covered investment adviser
23 in this State, such documents as have been filed with the
24 Securities and Exchange Commission as the Secretary of State by
25 rule or order may prescribe. The notification of a federal

1 covered investment adviser shall be accompanied by a
2 notification filing fee established pursuant to Section 11a of
3 this Act, which shall not be returnable in any event. Every
4 person acting as a federal covered investment adviser in this
5 State shall file a notification filing and pay an annual
6 notification filing fee established pursuant to Section 11a of
7 this Act, which is not returnable in any event. The failure to
8 file any such notification shall constitute a violation of
9 subsection D of Section 12 of this Act, subject to the
10 penalties enumerated in Section 14 of this Act. Until October
11 10, 1999 or other date as may be legally permissible, a federal
12 covered investment adviser who fails to file the notification
13 or refuses to pay the fees as required by this subsection shall
14 register as an investment adviser with the Secretary of State
15 under Section 8 of this Act. The civil remedies provided for in
16 subsection A of Section 13 of this Act and the civil remedies
17 of rescission and appointment of receiver, conservator,
18 ancillary receiver, or ancillary conservator provided for in
19 subsection F of Section 13 of this Act shall not be available
20 against any person by reason of the failure to file any such
21 notification or to pay the notification fee or on account of
22 the contents of any such notification.

23 D. An application for registration as an investment
24 adviser, executed, verified, or authenticated by or on behalf
25 of the applicant, shall be filed with the Secretary of State,

1 in such form as the Secretary of State may by rule or
2 regulation prescribe, setting forth or accompanied by:

3 (1) The name and form of organization under which the
4 investment adviser engages or intends to engage in
5 business; the state or country and date of its
6 organization; the location of the adviser's principal
7 business office and branch offices, if any; the names and
8 addresses of the adviser's principal, partners, officers,
9 directors, and persons performing similar functions or, if
10 the investment adviser is an individual, of the individual;
11 and the number of the adviser's employees who perform
12 investment advisory functions;

13 (2) The education, the business affiliations for the
14 past 10 years, and the present business affiliations of the
15 investment adviser and of the adviser's principal,
16 partners, officers, directors, and persons performing
17 similar functions and of any person controlling the
18 investment adviser;

19 (3) The nature of the business of the investment
20 adviser, including the manner of giving advice and
21 rendering analyses or reports;

22 (4) The nature and scope of the authority of the
23 investment adviser with respect to clients' funds and
24 accounts;

25 (5) The basis or bases upon which the investment
26 adviser is compensated;

1 (6) Whether the investment adviser or any principal,
2 partner, officer, director, person performing similar
3 functions or person controlling the investment adviser (i)
4 within 10 years of the filing of the application has been
5 convicted of a felony, or of any misdemeanor of which fraud
6 is an essential element, or (ii) is permanently or
7 temporarily enjoined by order or judgment from acting as an
8 investment adviser, underwriter, dealer, principal or
9 salesperson, or from engaging in or continuing any conduct
10 or practice in connection with any such activity or in
11 connection with the purchase or sale of any security, and
12 in each case the facts relating to the conviction, order or
13 judgment;

14 (7) (a) A statement as to whether the investment adviser
15 is engaged or is to engage primarily in the business of
16 rendering investment supervisory services; and

17 (b) A statement that the investment adviser will
18 furnish his, her, or its clients with such information as
19 the Secretary of State deems necessary in the form
20 prescribed by the Secretary of State by rule or regulation;

21 (8) Such additional information as the Secretary of
22 State may, by rule, regulation or order prescribe as
23 necessary to determine the applicant's financial
24 responsibility, business repute and qualification to act
25 as an investment adviser.

26 (9) No applicant shall be registered or re-registered

1 as an investment adviser under this Section unless and
2 until each principal of the applicant who is actively
3 engaged in the conduct and management of the applicant's
4 advisory business in this State has passed an examination
5 or completed an educational program conducted by the
6 Secretary of State or an association of investment advisers
7 or similar person, which examination or educational
8 program has been designated by the Secretary of State by
9 rule, regulation or order to be satisfactory for purposes
10 of determining whether the applicant has sufficient
11 knowledge of the securities business and laws relating
12 thereto to conduct the business of a registered investment
13 adviser.

14 Any person who was a registered investment adviser
15 prior to September 30, 1963, and has continued to be so
16 registered, and any individual who has passed an investment
17 adviser examination administered by the Secretary of
18 State, or passed an examination or completed an educational
19 program designated by the Secretary of State by rule,
20 regulation or order to be satisfactory for purposes of
21 determining whether the applicant has sufficient knowledge
22 of the securities business and laws relating thereto to
23 conduct the business of a registered investment adviser,
24 shall not be required to pass an examination or complete an
25 educational program in order to continue to act as an
26 investment adviser. The Secretary of State may by order

1 waive the examination or educational program requirement
2 for any applicant for registration under this subsection D
3 if the principal of the applicant who is actively engaged
4 in the conduct and management of the applicant's advisory
5 business in this State has had such experience or education
6 relating to the securities business as may be determined by
7 the Secretary of State to be the equivalent of the
8 examination or educational program. Any request for a
9 waiver shall be filed with the Secretary of State in such
10 form as may be prescribed by rule or regulation.

11 (10) No applicant shall be registered or re-registered
12 as an investment adviser under this Section 8 unless the
13 application for registration or re-registration is
14 accompanied by an application for registration or
15 re-registration for each person acting as an investment
16 adviser representative on behalf of the adviser and a
17 Securities Audit and Enforcement Fund fee that shall not be
18 returnable in any event is paid with respect to each
19 investment adviser representative.

20 (11) The application for registration of an investment
21 adviser shall be accompanied by a filing fee and a fee for
22 each branch office in this State, in each case in the
23 amount established pursuant to Section 11a of this Act,
24 which fees shall not be returnable in any event.

25 (12) The Secretary of State shall notify the investment
26 adviser by written notice (which may be by electronic or

1 facsimile transmission) of the effectiveness of the
2 registration as an investment adviser in this State.

3 (13) Any change which renders no longer accurate any
4 information contained in any application for registration
5 or re-registration of an investment adviser shall be
6 reported to the Secretary of State within 10 business days
7 after the occurrence of the change. In respect to assets
8 and liabilities of an investment adviser that retains
9 custody of clients' cash or securities or accepts
10 pre-payment of fees in excess of \$500 per client and 6 or
11 more months in advance only materially adverse changes need
12 be reported by written notice (which may be by electronic
13 or facsimile transmission) no later than the close of
14 business on the second business day following the discovery
15 thereof.

16 (14) Each application for registration as an
17 investment adviser shall become effective automatically on
18 the 45th day following the filing of the application,
19 required documents or information, and payment of the
20 required fee unless (i) the Secretary of State has
21 registered the investment adviser prior to that date or
22 (ii) an action with respect to the applicant is pending
23 under Section 11 of this Act.

24 D-5. A registered investment adviser or federal covered
25 investment adviser desiring to register an investment adviser

1 representative shall file an application with the Secretary of
2 State, in the form as the Secretary of State may by rule or
3 order prescribe, which the investment adviser representative
4 is required by this Section to provide to the investment
5 adviser, executed, verified, or authenticated by the
6 investment adviser representative and setting forth or
7 accompanied by:

8 (1) The name, residence, and business address of the
9 investment adviser representative;

10 (2) A statement whether any federal or state license or
11 registration as a dealer, salesperson, investment adviser,
12 or investment adviser representative has ever been
13 refused, canceled, suspended, revoked or withdrawn;

14 (3) The nature of employment with, and names and
15 addresses of, employers of the investment adviser
16 representative for the 10 years immediately preceding the
17 date of application;

18 (4) A brief description of any civil or criminal
19 proceedings, of which fraud is an essential element,
20 pending against the investment adviser representative and
21 whether the investment adviser representative has ever
22 been convicted of a felony or of any misdemeanor of which
23 fraud is an essential element;

24 (5) Such additional information as the Secretary of
25 State may by rule or order prescribe as necessary to
26 determine the investment adviser representative's business

1 repute or qualification to act as an investment adviser
2 representative;

3 (6) Documentation that the individual has passed an
4 examination conducted by the Secretary of State, an
5 organization of investment advisers, or similar person,
6 which examination has been designated by the Secretary of
7 State by rule or order to be satisfactory for purposes of
8 determining whether the applicant has sufficient knowledge
9 of the investment advisory or securities business and laws
10 relating to that business to act as a registered investment
11 adviser representative; and

12 (7) A Securities Audit and Enforcement Fund fee
13 established under Section 11a of this Act, which shall not
14 be returnable in any event.

15 The Secretary of State may by order waive the examination
16 requirement for an applicant for registration under this
17 subsection D-5 who has had the experience or education relating
18 to the investment advisory or securities business as may be
19 determined by the Secretary of State to be the equivalent of
20 the examination. A request for a waiver shall be filed with the
21 Secretary of State in the form as may be prescribed by rule or
22 order.

23 A change that renders no longer accurate any information
24 contained in any application for registration or
25 re-registration as an investment adviser representative must
26 be reported to the Secretary of State within 10 business days

1 after the occurrence of the change. If the activities that
2 rendered an individual an investment adviser representative
3 for the investment adviser are terminated, the investment
4 adviser shall notify the Secretary of State in writing (which
5 may be by electronic or facsimile transmission), within 30 days
6 of the investment adviser representative's termination, using
7 the appropriate termination notice form as the Secretary of
8 State may prescribe by rule or order.

9 A registered investment adviser representative may
10 transfer his or her registration under this Section 8 for the
11 unexpired term of the registration from one registered
12 investment adviser to another by the giving of notice of the
13 transfer by the new investment adviser to the Secretary of
14 State in the form and subject to the conditions as the
15 Secretary of State shall prescribe. The new registered
16 investment adviser shall promptly file an application for
17 registration of the investment adviser representative as
18 provided in this subsection, accompanied by the Securities
19 Audit and Enforcement Fund fee prescribed by paragraph (7) of
20 this subsection D-5.

21 E. (1) Subject to the provisions of subsection F of Section
22 11 of this Act, the registration of a dealer, limited Canadian
23 dealer, salesperson, investment adviser, or investment adviser
24 representative may be denied, suspended, conditioned, limited,
25 or revoked if the Secretary of State finds that the dealer,

1 limited Canadian dealer, Internet portal, salesperson,
2 investment adviser, or investment adviser representative or
3 any principal officer, director, partner, member, trustee,
4 manager or any person who performs a similar function of the
5 dealer, limited Canadian dealer, Internet portal, or
6 investment adviser:

7 (a) has been convicted of any felony during the 10 year
8 period preceding the date of filing of any application for
9 registration or at any time thereafter, or of any
10 misdemeanor of which fraud is an essential element;

11 (b) has engaged in any unethical practice in connection
12 with any security, or in any fraudulent business practice;

13 (c) has failed to account for any money or property, or
14 has failed to deliver any security, to any person entitled
15 thereto when due or within a reasonable time thereafter;

16 (d) in the case of a dealer, limited Canadian dealer,
17 or investment adviser, is insolvent;

18 (e) in the case of a dealer, limited Canadian dealer,
19 salesperson, or registered principal of a dealer or limited
20 Canadian dealer (i) has failed reasonably to supervise the
21 investment advisory or securities activities of any of its
22 salespersons or other employees and the failure has
23 permitted or facilitated a violation of Section 12 of this
24 Act or (ii) is offering or selling or has offered or sold
25 securities in this State through a salesperson other than a
26 registered salesperson, or, in the case of a salesperson,

1 is selling or has sold securities in this State for a
2 dealer, limited Canadian dealer, issuer or controlling
3 person with knowledge that the dealer, limited Canadian
4 dealer, issuer or controlling person has not complied with
5 the provisions of this Act or (iii) has failed reasonably
6 to supervise the implementation of compliance measures
7 following notice by the Secretary of State of noncompliance
8 with the Act or with the regulations promulgated thereunder
9 or both or (iv) has failed to maintain and enforce written
10 procedures to supervise the types of business in which it
11 engages and to supervise the activities of its salespersons
12 that are reasonably designed to achieve compliance with
13 applicable securities laws and regulations;

14 (f) in the case of an investment adviser, has (1)
15 failed reasonably to supervise the advisory activities of
16 any of its investment adviser representatives or employees
17 and the failure has permitted or facilitated a violation of
18 Section 12 of this Act or (2) failed to maintain and
19 enforce written policies and procedures to supervise the
20 types of business in which it engages;

21 (g) has violated any of the provisions of this Act;

22 (h) has made any material misrepresentation to the
23 Secretary of State in connection with any information
24 deemed necessary by the Secretary of State to determine a
25 dealer's, limited Canadian dealer's, or investment
26 adviser's financial responsibility or a dealer's, limited

1 Canadian dealer's, investment adviser's, salesperson's, or
2 investment adviser representative's business repute or
3 qualifications, or has refused to furnish any such
4 information requested by the Secretary of State;

5 (i) has had a license or registration under any Federal
6 or State law regulating securities, commodity futures
7 contracts, or stock futures contracts refused, cancelled,
8 suspended, withdrawn, revoked, or otherwise adversely
9 affected in a similar manner;

10 (j) has had membership in or association with any
11 self-regulatory organization registered under the Federal
12 1934 Act or the Federal 1974 Act suspended, revoked,
13 refused, expelled, cancelled, barred, limited in any
14 capacity, or otherwise adversely affected in a similar
15 manner arising from any fraudulent or deceptive act or a
16 practice in violation of any rule, regulation or standard
17 duly promulgated by the self-regulatory organization;

18 (k) has had any order entered against it after notice
19 and opportunity for hearing by a securities agency of any
20 state, any foreign government or agency thereof, the
21 Securities and Exchange Commission, or the Federal
22 Commodities Futures Trading Commission arising from any
23 fraudulent or deceptive act or a practice in violation of
24 any statute, rule or regulation administered or
25 promulgated by the agency or commission;

26 (l) in the case of a dealer or limited Canadian dealer,

1 fails to maintain a minimum net capital in an amount which
2 the Secretary of State may by rule or regulation require;

3 (m) has conducted a continuing course of dealing of
4 such nature as to demonstrate an inability to properly
5 conduct the business of the dealer, limited Canadian
6 dealer, salesperson, investment adviser, or investment
7 adviser representative;

8 (n) has had, after notice and opportunity for hearing,
9 any injunction or order entered against it or license or
10 registration refused, cancelled, suspended, revoked,
11 withdrawn, limited, or otherwise adversely affected in a
12 similar manner by any state or federal body, agency or
13 commission regulating banking, insurance, finance or small
14 loan companies, real estate or mortgage brokers or
15 companies, if the action resulted from any act found by the
16 body, agency or commission to be a fraudulent or deceptive
17 act or practice in violation of any statute, rule or
18 regulation administered or promulgated by the body, agency
19 or commission;

20 (o) has failed to file a return, or to pay the tax,
21 penalty or interest shown in a filed return, or to pay any
22 final assessment of tax, penalty or interest, as required
23 by any tax Act administered by the Illinois Department of
24 Revenue, until such time as the requirements of that tax
25 Act are satisfied;

26 (p) (blank);

1 (q) has failed to maintain the books and records
2 required under this Act or rules or regulations promulgated
3 under this Act or under any requirements established by the
4 Securities and Exchange Commission or a self-regulatory
5 organization;

6 (r) has refused to allow or otherwise impeded designees
7 of the Secretary of State from conducting an audit,
8 examination, inspection, or investigation provided for
9 under Section 8 or 11 of this Act;

10 (s) has failed to maintain any minimum net capital or
11 bond requirement set forth in this Act or any rule or
12 regulation promulgated under this Act;

13 (t) has refused the Secretary of State or his or her
14 designee access to any office or location within an office
15 to conduct an investigation, audit, examination, or
16 inspection;

17 (u) has advised or caused a public pension fund or
18 retirement system established under the Illinois Pension
19 Code to make an investment or engage in a transaction not
20 authorized by that Code;

21 (v) if a corporation, limited liability company, or
22 limited liability partnership has been suspended,
23 canceled, revoked, or has failed to register as a foreign
24 corporation, limited liability company, or limited
25 liability partnership with the Secretary of State;

26 (w) is permanently or temporarily enjoined by any court

1 of competent jurisdiction, including any state, federal,
2 or foreign government, from engaging in or continuing any
3 conduct or practice involving any aspect of the securities
4 or commodities business or in any other business where the
5 conduct or practice enjoined involved investments,
6 franchises, insurance, banking, or finance;

7 (2) If the Secretary of State finds that any registrant or
8 applicant for registration is no longer in existence or has
9 ceased to do business as a dealer, limited Canadian dealer,
10 Internet portal, salesperson, investment adviser, or
11 investment adviser representative, or is subject to an
12 adjudication as a person under legal disability or to the
13 control of a guardian, or cannot be located after reasonable
14 search, or has failed after written notice to pay to the
15 Secretary of State any additional fee prescribed by this
16 Section or specified by rule or regulation, the Secretary of
17 State may by order cancel the registration or application.

18 (3) Withdrawal of an application for registration or
19 withdrawal from registration as a dealer, limited Canadian
20 dealer, salesperson, investment adviser, or investment adviser
21 representative becomes effective 30 days after receipt of an
22 application to withdraw or within such shorter period of time
23 as the Secretary of State may determine, unless any proceeding
24 is pending under Section 11 of this Act when the application is
25 filed or a proceeding is instituted within 30 days after the
26 application is filed. If a proceeding is pending or instituted,

1 withdrawal becomes effective at such time and upon such
2 conditions as the Secretary of State by order determines. If no
3 proceeding is pending or instituted and withdrawal
4 automatically becomes effective, the Secretary of State may
5 nevertheless institute a revocation or suspension proceeding
6 within 2 years after withdrawal became effective and enter a
7 revocation or suspension order as of the last date on which
8 registration was effective.

9 F. The Secretary of State shall make available upon request
10 the date that each dealer, investment adviser, salesperson, or
11 investment adviser representative was granted registration,
12 together with the name and address of the dealer, limited
13 Canadian dealer, or issuer on whose behalf the salesperson is
14 registered, and all orders of the Secretary of State denying or
15 abandoning an application, or suspending or revoking
16 registration, or censuring the persons. The Secretary of State
17 may designate by rule, regulation or order the statements,
18 information or reports submitted to or filed with him or her
19 pursuant to this Section 8 which the Secretary of State
20 determines are of a sensitive nature and therefore should be
21 exempt from public disclosure. Any such statement, information
22 or report shall be deemed confidential and shall not be
23 disclosed to the public except upon the consent of the person
24 filing or submitting the statement, information or report or by
25 order of court or in court proceedings.

1 G. The registration or re-registration of a dealer or
2 limited Canadian dealer and of all salespersons registered upon
3 application of the dealer or limited Canadian dealer shall
4 expire on the next succeeding anniversary date of the
5 registration or re-registration of the dealer; and the
6 registration or re-registration of an investment adviser and of
7 all investment adviser representatives registered upon
8 application of the investment adviser shall expire on the next
9 succeeding anniversary date of the registration of the
10 investment adviser; provided, that the Secretary of State may
11 by rule or regulation prescribe an alternate date which any
12 dealer registered under the Federal 1934 Act or a member of any
13 self-regulatory association approved pursuant thereto, a
14 member of a self-regulatory organization or stock exchange in
15 Canada, or any investment adviser may elect as the expiration
16 date of its dealer or limited Canadian dealer and salesperson
17 registrations, or the expiration date of its investment adviser
18 registration, as the case may be. A registration of a
19 salesperson registered upon application of an issuer or
20 controlling person shall expire on the next succeeding
21 anniversary date of the registration, or upon termination or
22 expiration of the registration of the securities, if any,
23 designated in the application for his or her registration or
24 the alternative date as the Secretary may prescribe by rule or
25 regulation. Subject to paragraph (9) of subsection C of this

1 Section 8, a salesperson's registration also shall terminate
2 upon cessation of his or her employment, or termination of his
3 or her appointment or authorization, in each case by the person
4 who applied for the salesperson's registration, provided that
5 the Secretary of State may by rule or regulation prescribe an
6 alternate date for the expiration of the registration.

7 H. Applications for re-registration of dealers, limited
8 Canadian dealers, Internet portals, salespersons, investment
9 advisers, and investment adviser representatives shall be
10 filed with the Secretary of State prior to the expiration of
11 the then current registration and shall contain such
12 information as may be required by the Secretary of State upon
13 initial application with such omission therefrom or addition
14 thereto as the Secretary of State may authorize or prescribe.
15 Each application for re-registration of a dealer, limited
16 Canadian dealer, Internet portal, or investment adviser shall
17 be accompanied by a filing fee, each application for
18 re-registration as a salesperson shall be accompanied by a
19 filing fee and a Securities Audit and Enforcement Fund fee
20 established pursuant to Section 11a of this Act, and each
21 application for re-registration as an investment adviser
22 representative shall be accompanied by a Securities Audit and
23 Enforcement Fund fee established under Section 11a of this Act,
24 which shall not be returnable in any event. Notwithstanding the
25 foregoing, applications for re-registration of dealers,

1 limited Canadian dealers, Internet portals, and investment
2 advisers may be filed within 30 days following the expiration
3 of the registration provided that the applicant pays the annual
4 registration fee together with an additional amount equal to
5 the annual registration fee and files any other information or
6 documents that the Secretary of State may prescribe by rule or
7 regulation or order. Any application filed within 30 days
8 following the expiration of the registration shall be
9 automatically effective as of the time of the earlier
10 expiration provided that the proper fee has been paid to the
11 Secretary of State.

12 Each registered dealer, limited Canadian dealer, Internet
13 portal, or investment adviser shall continue to be registered
14 if the registrant changes his, her, or its form of organization
15 provided that the dealer or investment adviser files an
16 amendment to his, her, or its application not later than 30
17 days following the occurrence of the change and pays the
18 Secretary of State a fee in the amount established under
19 Section 11a of this Act.

20 I. (1)(a) Every registered dealer, limited Canadian
21 dealer, Internet portal, and investment adviser shall make and
22 keep for such periods, such accounts, correspondence,
23 memoranda, papers, books and records as the Secretary of State
24 may by rule or regulation prescribe. All records so required
25 shall be preserved for 3 years unless the Secretary of State by

1 rule, regulation or order prescribes otherwise for particular
2 types of records.

3 (b) Every registered dealer, limited Canadian dealer,
4 Internet portal, and investment adviser shall provide to the
5 Secretary of State, upon request, such accounts,
6 correspondence, memoranda, papers, books, and records as the
7 Secretary of State may by rule or regulation prescribe, that it
8 possesses and that it preserves for periods of longer than 3
9 years.

10 (2) Every registered dealer, limited Canadian dealer,
11 Internet portal, and investment adviser shall file such
12 financial reports as the Secretary of State may by rule or
13 regulation prescribe.

14 (3) All the books and records referred to in paragraph (1)
15 of this subsection I are subject at any time or from time to
16 time to such reasonable periodic, special or other audits,
17 examinations, or inspections by representatives of the
18 Secretary of State, within or without this State, as the
19 Secretary of State deems necessary or appropriate in the public
20 interest or for the protection of investors.

21 (4) At the time of an audit, examination, or inspection,
22 the Secretary of State, by his or her designees, may conduct an
23 interview of any person employed or appointed by or affiliated
24 with a registered dealer, limited Canadian dealer, Internet
25 portal, or investment advisor, provided that the dealer,
26 limited Canadian dealer, Internet portal, or investment

1 advisor shall be given reasonable notice of the time and place
2 for the interview. At the option of the dealer, limited
3 Canadian dealer, Internet portal, or investment advisor, a
4 representative of the dealer or investment advisor with
5 supervisory responsibility over the individual being
6 interviewed may be present at the interview.

7 J. The Secretary of State may require by rule or regulation
8 the payment of an additional fee for the filing of information
9 or documents required to be filed by this Section which have
10 not been filed in a timely manner. The Secretary of State may
11 also require by rule or regulation the payment of an
12 examination fee for administering any examination which it may
13 conduct pursuant to subsection B, C, D, or D-5 of this Section
14 8.

15 K. The Secretary of State may declare any application for
16 registration or limited registration under this Section 8
17 abandoned by order if the applicant fails to pay any fee or
18 file any information or document required under this Section 8
19 or by rule or regulation for more than 30 days after the
20 required payment or filing date. The applicant may petition the
21 Secretary of State for a hearing within 15 days after the
22 applicant's receipt of the order of abandonment, provided that
23 the petition sets forth the grounds upon which the applicant
24 seeks a hearing.

1 L. Any document being filed pursuant to this Section 8
2 shall be deemed filed, and any fee being paid pursuant to this
3 Section 8 shall be deemed paid, upon the date of actual receipt
4 thereof by the Secretary of State or his or her designee.

5 M. (Blank).

6 (Source: P.A. 100-872, eff. 8-14-18; 101-563, eff. 8-23-19.)

7 (815 ILCS 5/11) (from Ch. 121 1/2, par. 137.11)

8 Sec. 11. Duties and powers of the Secretary of State.

9 A. (1) The administration of this Act is vested in the
10 Secretary of State, who may from time to time make, amend and
11 rescind such rules and regulations as may be necessary to carry
12 out this Act, including rules and regulations governing
13 procedures of registration, statements, applications and
14 reports for various classes of securities, persons and matters
15 within his or her jurisdiction and defining any terms, whether
16 or not used in this Act, insofar as the definitions are not
17 inconsistent with this Act. The rules and regulations adopted
18 by the Secretary of State under this Act shall be effective in
19 the manner provided for in the Illinois Administrative
20 Procedure Act.

21 (2) Among other things, the Secretary of State shall have
22 authority, for the purposes of this Act, to prescribe the form
23 or forms in which required information shall be set forth,

1 accounting practices, the items or details to be shown in
2 balance sheets and earning statements, and the methods to be
3 followed in the preparation of accounts, in the appraisal or
4 valuation of assets and liabilities, in the determination of
5 depreciation and depletion, in the differentiation of
6 recurring and non-recurring income, in the differentiation of
7 investment and operating income, and in the preparation of
8 consolidated balance sheets or income accounts of any person,
9 directly or indirectly, controlling or controlled by the
10 issuer, or any person under direct or indirect common control
11 with the issuer.

12 (3) No provision of this Act imposing any liability shall
13 apply to any act done or omitted in good faith in conformity
14 with any rule or regulation of the Secretary of State under
15 this Act, notwithstanding that the rule or regulation may,
16 after the act or omission, be amended or rescinded or be
17 determined by judicial or other authority to be invalid for any
18 reason.

19 (4) The Securities Department of the Office of the
20 Secretary of State shall be deemed a criminal justice agency
21 for purposes of all federal and state laws and regulations and,
22 in that capacity, shall be entitled to access to any
23 information available to criminal justice agencies and has the
24 power to appoint special agents to conduct all investigations,
25 searches, seizures, arrests, and other duties imposed under the
26 provisions of any law administered by the Department. The

1 special agents have and may exercise all the powers of peace
2 officers solely for the purpose of enforcing provisions of this
3 Act.

4 The Director must authorize to each special agent employed
5 under this Section a distinct badge that, on its face, (i)
6 clearly states that the badge is authorized by the Department
7 and (ii) contains a unique and identifying number.

8 Special agents shall comply with all training requirements
9 established for law enforcement officers by provisions of the
10 Illinois Police Training Act.

11 (5) The Secretary of State, by rule, may conditionally or
12 unconditionally exempt any person, security, or transaction,
13 or any class or classes of persons, securities, or transactions
14 from any provision of Section 5, 6, 7, 8, 8a, or 9 of this Act
15 or of any rule promulgated under these Sections, to the extent
16 that such exemption is necessary or appropriate in the public
17 interest, and is consistent with the protection of investors.

18 B. The Secretary of State may, anything in this Act to the
19 contrary notwithstanding, require financial statements and
20 reports of the issuer, dealer, Internet portal, salesperson,
21 investment adviser, or investment adviser representative as
22 often as circumstances may warrant. In addition, the Secretary
23 of State may secure information or books and records from or
24 through others and may make or cause to be made investigations
25 respecting the business, affairs, and property of the issuer of
26 securities, any person involved in the sale or offer for sale,

1 purchase or offer to purchase of any mineral investment
2 contract, mineral deferred delivery contract, or security and
3 of dealers, Internet portals, salespersons, investment
4 advisers, and investment adviser representatives that are
5 registered or are the subject of an application for
6 registration under this Act. The costs of an investigation
7 shall be borne by the registrant or the applicant, provided
8 that the registrant or applicant shall not be obligated to pay
9 the costs without his, her or its consent in advance.

10 C. Whenever it shall appear to the Secretary of State,
11 either upon complaint or otherwise, that this Act, or any rule
12 or regulation prescribed under authority thereof, has been or
13 is about to be violated, he or she may, in his or her
14 discretion, do one or more of the following:

15 (1) require or permit the person to file with the
16 Secretary of State a statement in writing under oath, or
17 otherwise, as to all the facts and circumstances concerning
18 the subject matter which the Secretary of State believes to
19 be in the public interest to investigate, audit, examine,
20 or inspect;

21 (2) conduct an investigation, audit, examination, or
22 inspection as necessary or advisable for the protection of
23 the interests of the public; and

24 (3) appoint investigators to conduct all
25 investigations, searches, seizures, arrests, and other
26 duties imposed under the provisions of any law administered

1 by the Department. The Director must authorize to each
2 investigator employed under this Section a distinct badge
3 that, on its face, (i) clearly states that the badge is
4 authorized by the Department and (ii) contains a unique and
5 identifying number.

6 D. (1) For the purpose of all investigations, audits,
7 examinations, or inspections which in the opinion of the
8 Secretary of State are necessary and proper for the enforcement
9 of this Act, the Secretary of State or a person designated by
10 him or her is empowered to administer oaths and affirmations,
11 subpoena witnesses, take evidence, and require, by subpoena or
12 other lawful means provided by this Act or the rules adopted by
13 the Secretary of State, the production of any books and
14 records, papers, or other documents which the Secretary of
15 State or a person designated by him or her deems relevant or
16 material to the inquiry.

17 (2) The Secretary of State or a person designated by him or
18 her is further empowered to administer oaths and affirmations,
19 subpoena witnesses, take evidence, and require the production
20 of any books and records, papers, or other documents in this
21 State at the request of a securities agency of another state,
22 if the activities constituting the alleged violation for which
23 the information is sought would be in violation of Section 12
24 of this Act if the activities had occurred in this State.

25 (3) The Circuit Court of any County of this State, upon
26 application of the Secretary of State or a person designated by

1 him or her may order the attendance of witnesses, the
2 production of books and records, papers, accounts and documents
3 and the giving of testimony before the Secretary of State or a
4 person designated by him or her; and any failure to obey the
5 order may be punished by the Circuit Court as a contempt
6 thereof.

7 (4) The fees of subpoenaed witnesses under this Act for
8 attendance and travel shall be the same as fees of witnesses
9 before the Circuit Courts of this State, to be paid when the
10 witness is excused from further attendance, provided, the
11 witness is subpoenaed at the instance of the Secretary of
12 State; and payment of the fees shall be made and audited in the
13 same manner as other expenses of the Secretary of State.

14 (5) Whenever a subpoena is issued at the request of a
15 complainant or respondent as the case may be, the Secretary of
16 State may require that the cost of service and the fee of the
17 witness shall be borne by the party at whose instance the
18 witness is summoned.

19 (6) The Secretary of State shall have power at his or her
20 discretion, to require a deposit to cover the cost of the
21 service and witness fees and the payment of the legal witness
22 fee and mileage to the witness served with subpoena.

23 (7) A subpoena issued under this Act shall be served in the
24 same manner as a subpoena issued out of a circuit court.

25 (8) The Secretary of State may in any investigation,
26 audits, examinations, or inspections cause the taking of

1 depositions of persons residing within or without this State in
2 the manner provided in civil actions under the laws of this
3 State.

4 E. Anything in this Act to the contrary notwithstanding:

5 (1) If the Secretary of State shall find that the offer
6 or sale or proposed offer or sale or method of offer or
7 sale of any securities by any person, whether exempt or
8 not, in this State, is fraudulent, or would work or tend to
9 work a fraud or deceit, or is being offered or sold in
10 violation of Section 12, or there has been a failure or
11 refusal to submit any notification filing or fee required
12 under this Act, the Secretary of State may by written order
13 prohibit or suspend the offer or sale of securities by that
14 person or deny or revoke the registration of the securities
15 or the exemption from registration for the securities.

16 (2) If the Secretary of State shall find that any
17 person has violated subsection C, D, E, F, G, H, I, J, or K
18 of Section 12 of this Act, the Secretary of State may by
19 written order temporarily or permanently prohibit or
20 suspend the person from offering or selling any securities,
21 any mineral investment contract, or any mineral deferred
22 delivery contract in this State, provided that any person
23 who is the subject of an order of permanent prohibition may
24 petition the Secretary of State for a hearing to present
25 evidence of rehabilitation or change in circumstances
26 justifying the amendment or termination of the order of

1 permanent prohibition.

2 (3) If the Secretary of State shall find that any
3 person is engaging or has engaged in the business of
4 selling or offering for sale securities as a dealer,
5 Internet portal, or salesperson or is acting or has acted
6 as an investment adviser, investment adviser
7 representative, or federal covered investment adviser,
8 without prior thereto and at the time thereof having
9 complied with the registration or notice filing
10 requirements of this Act, the Secretary of State may by
11 written order prohibit or suspend the person from engaging
12 in the business of selling or offering for sale securities,
13 or acting as an investment adviser, investment adviser
14 representative, or federal covered investment adviser, in
15 this State.

16 (4) In addition to any other sanction or remedy
17 contained in this subsection E, the Secretary of State,
18 after finding that any provision of this Act has been
19 violated, may impose a fine as provided by rule, regulation
20 or order not to exceed \$10,000 for each violation of this
21 Act, may issue an order of public censure against the
22 violator, and may charge as costs of investigation all
23 reasonable expenses, including attorney's fees and witness
24 fees.

25 F. (1) The Secretary of State shall not deny, suspend or
26 revoke the registration of securities, suspend or revoke the

1 registration of a dealer, Internet portal, salesperson,
2 investment adviser, or investment adviser representative,
3 prohibit or suspend the offer or sale of any securities,
4 prohibit or suspend any person from offering or selling any
5 securities in this State, prohibit or suspend a dealer or
6 salesperson from engaging in the business of selling or
7 offering for sale securities, prohibit or suspend a person from
8 acting as an investment adviser or federal covered investment
9 adviser, or investment adviser representative, impose any fine
10 for violation of this Act, issue an order of public censure, or
11 enter into an agreed settlement except after an opportunity for
12 hearing upon not less than 10 days notice given by personal
13 service or registered mail or certified mail, return receipt
14 requested, to the person or persons concerned. Such notice
15 shall state the date and time and place of the hearing and
16 shall contain a brief statement of the proposed action of the
17 Secretary of State and the grounds for the proposed action. A
18 failure to appear at the hearing or otherwise respond to the
19 allegations set forth in the notice of hearing shall constitute
20 an admission of any facts alleged therein and shall constitute
21 sufficient basis to enter an order.

22 (2) Anything herein contained to the contrary
23 notwithstanding, the Secretary of State may temporarily
24 prohibit or suspend, for a maximum period of 90 days, by an
25 order effective immediately, the offer or sale or registration
26 of securities, the registration of a dealer, Internet portal,

1 salesperson, investment adviser, or investment adviser
2 representative, or the offer or sale of securities by any
3 person, or the business of rendering investment advice, without
4 the notice and prior hearing in this subsection prescribed, if
5 the Secretary of State shall in his or her opinion, based on
6 credible evidence, deem it necessary to prevent an imminent
7 violation of this Act or to prevent losses to investors which
8 the Secretary of State reasonably believes will occur as a
9 result of a prior violation of this Act. Immediately after
10 taking action without such notice and hearing, the Secretary of
11 State shall deliver a copy of the temporary order to the
12 respondent named therein by personal service or registered mail
13 or certified mail, return receipt requested. The temporary
14 order shall set forth the grounds for the action and shall
15 advise that the respondent may request a hearing, that the
16 request for a hearing will not stop the effectiveness of the
17 temporary order and that respondent's failure to request a
18 hearing within 30 days after the date of the entry of the
19 temporary order shall constitute an admission of any facts
20 alleged therein and shall constitute sufficient basis to make
21 the temporary order final. Any provision of this paragraph (2)
22 to the contrary notwithstanding, the Secretary of State may not
23 pursuant to the provisions of this paragraph (2) suspend the
24 registration of a dealer, limited Canadian dealer,
25 salesperson, investment adviser, or investment adviser
26 representative based upon sub-paragraph (n) of paragraph (1) of

1 subsection E of Section 8 of this Act or revoke the
2 registration of securities or revoke the registration of any
3 dealer, salesperson, investment adviser representative, or
4 investment adviser.

5 (3) The Secretary of State may issue a temporary order
6 suspending or delaying the effectiveness of any registration of
7 securities under subsection A or B of Section 5, 6 or 7 of this
8 Act subsequent to and upon the basis of the issuance of any
9 stop, suspension or similar order by the Securities and
10 Exchange Commission with respect to the securities which are
11 the subject of the registration under subsection A or B of
12 Section 5, 6 or 7 of this Act, and the order shall become
13 effective as of the date and time of effectiveness of the
14 Securities and Exchange Commission order and shall be vacated
15 automatically at such time as the order of the Securities and
16 Exchange Commission is no longer in effect.

17 (4) When the Secretary of State finds that an application
18 for registration as a dealer, Internet portal, salesperson,
19 investment adviser, or investment adviser representative
20 should be denied, the Secretary of State may enter an order
21 denying the registration. Immediately after taking such
22 action, the Secretary of State shall deliver a copy of the
23 order to the respondent named therein by personal service or
24 registered mail or certified mail, return receipt requested.
25 The order shall state the grounds for the action and that the
26 matter will be set for hearing upon written request filed with

1 the Secretary of State within 30 days after the receipt of the
2 request by the respondent. The respondent's failure to request
3 a hearing within 30 days after receipt of the order shall
4 constitute an admission of any facts alleged therein and shall
5 make the order final. If a hearing is held, the Secretary of
6 State shall affirm, vacate, or modify the order.

7 (5) The findings and decision of the Secretary of State
8 upon the conclusion of each final hearing held pursuant to this
9 subsection shall be set forth in a written order signed on
10 behalf of the Secretary of State by his or her designee and
11 shall be filed as a public record. All hearings shall be held
12 before a person designated by the Secretary of State, and
13 appropriate records thereof shall be kept.

14 (6) Notwithstanding the foregoing, the Secretary of State,
15 after notice and opportunity for hearing, may at his or her
16 discretion enter into an agreed settlement, stipulation or
17 consent order with a respondent in accordance with the
18 provisions of the Illinois Administrative Procedure Act. The
19 provisions of the agreed settlement, stipulation or consent
20 order shall have the full force and effect of an order issued
21 by the Secretary of State.

22 (7) Anything in this Act to the contrary notwithstanding,
23 whenever the Secretary of State finds that a person is
24 currently expelled from, refused membership in or association
25 with, or limited in any material capacity by a self-regulatory
26 organization registered under the Federal 1934 Act or the

1 Federal 1974 Act because of a fraudulent or deceptive act or a
2 practice in violation of a rule, regulation, or standard duly
3 promulgated by the self-regulatory organization, the Secretary
4 of State may, at his or her discretion, enter a Summary Order
5 of Prohibition, which shall prohibit the offer or sale of any
6 securities, mineral investment contract, or mineral deferred
7 delivery contract by the person in this State. The order shall
8 take effect immediately upon its entry. Immediately after
9 taking the action the Secretary of State shall deliver a copy
10 of the order to the named Respondent by personal service or
11 registered mail or certified mail, return receipt requested. A
12 person who is the subject of an Order of Prohibition may
13 petition the Secretary of State for a hearing to present
14 evidence of rehabilitation or change in circumstances
15 justifying the amendment or termination of the Order of
16 Prohibition.

17 G. No administrative action shall be brought by the
18 Secretary of State for relief under this Act or upon or because
19 of any of the matters for which relief is granted by this Act
20 after ~~the earlier to occur of (i)~~ 3 years from the date upon
21 which the Secretary of State had notice of facts which in the
22 exercise of reasonable diligence would lead to actual knowledge
23 of the alleged violation of the Act, ~~or (ii) 5 years from the~~
24 ~~date on which the alleged violation occurred.~~

25 H. The action of the Secretary of State in denying,
26 suspending, or revoking the registration of a dealer, Internet

1 portal, limited Canadian dealer, salesperson, investment
2 adviser, or investment adviser representative, in prohibiting
3 any person from engaging in the business of offering or selling
4 securities as a dealer, limited Canadian dealer, or
5 salesperson, in prohibiting or suspending the offer or sale of
6 securities by any person, in prohibiting a person from acting
7 as an investment adviser, federal covered investment adviser,
8 or investment adviser representative, in denying, suspending,
9 or revoking the registration of securities, in prohibiting or
10 suspending the offer or sale or proposed offer or sale of
11 securities, in imposing any fine for violation of this Act, or
12 in issuing any order shall be subject to judicial review in the
13 Circuit Courts of Cook or Sangamon Counties in this State. The
14 Administrative Review Law shall apply to and govern every
15 action for the judicial review of final actions or decisions of
16 the Secretary of State under this Act.

17 I. Notwithstanding any other provisions of this Act to the
18 contrary, whenever it shall appear to the Secretary of State
19 that any person is engaged or about to engage in any acts or
20 practices which constitute or will constitute a violation of
21 this Act or of any rule or regulation prescribed under
22 authority of this Act, the Secretary of State may at his or her
23 discretion, through the Attorney General take any of the
24 following actions:

25 (1) File a complaint and apply for a temporary
26 restraining order without notice, and upon a proper showing

1 the court may enter a temporary restraining order without
2 bond, to enforce this Act.

3 (2) File a complaint and apply for a preliminary or
4 permanent injunction, and, after notice and a hearing and
5 upon a proper showing, the court may grant a preliminary or
6 permanent injunction and may order the defendant to make an
7 offer of rescission with respect to any sales or purchases
8 of securities, mineral investment contracts, or mineral
9 deferred delivery contracts determined by the court to be
10 unlawful under this Act.

11 (3) Seek the seizure of assets when probable cause
12 exists that the assets were obtained by a defendant through
13 conduct in violation of Section 12, paragraph F, G, I, J,
14 K, or L of this Act, and thereby subject to a judicial
15 forfeiture hearing as required under this Act.

16 (a) In the event that such probable cause exists
17 that the subject of an investigation who is alleged to
18 have committed one of the relevant violations of this
19 Act has in his possession assets obtained as a result
20 of the conduct giving rise to the violation, the
21 Secretary of State may seek a seizure warrant in any
22 circuit court in Illinois.

23 (b) In seeking a seizure warrant, the Secretary of
24 State, or his or her designee, shall submit to the
25 court a sworn affidavit detailing the probable cause
26 evidence for the seizure, the location of the assets to

1 be seized, the relevant violation under Section 12 of
2 this Act, and a statement detailing any known owners or
3 interest holders in the assets.

4 (c) Seizure of the assets shall be made by any
5 peace officer upon process of the seizure warrant
6 issued by the court. Following the seizure of assets
7 under this Act and pursuant to a seizure warrant,
8 notice of seizure, including a description of the
9 seized assets, shall immediately be returned to the
10 issuing court. Seized assets shall be maintained
11 pending a judicial forfeiture hearing in accordance
12 with the instructions of the court.

13 (d) In the event that management of seized assets
14 becomes necessary to prevent the devaluation,
15 dissipation, or otherwise to preserve the property,
16 the court shall have jurisdiction to appoint a
17 receiver, conservator, ancillary receiver, or
18 ancillary conservator for that purpose, as provided in
19 item (2) of this subsection.

20 (4) Seek the forfeiture of assets obtained through
21 conduct in violation of Section 12, paragraph F, G, H, I,
22 J, K, or L when authorized by law. A forfeiture must be
23 ordered by a circuit court or an action brought by the
24 Secretary of State as provided for in this Act, under a
25 verified complaint for forfeiture.

26 (a) In the event assets have been seized pursuant

1 to this Act, forfeiture proceedings shall be
2 instituted by the Attorney General within 45 days of
3 seizure.

4 (b) Service of the complaint filed under the
5 provisions of this Act shall be made in the manner as
6 provided in civil actions in this State.

7 (c) Only an owner of or interest holder in the
8 property may file an answer asserting a claim against
9 the property. For purposes of this Section, the owner
10 or interest holder shall be referred to as claimant.

11 (d) The answer must be signed by the owner or
12 interest holder under penalty of perjury and must set
13 forth:

14 (i) the caption of the proceedings as set forth
15 on the notice of pending forfeiture and the name of
16 the claimant;

17 (ii) the address at which the claimant will
18 accept mail;

19 (iii) the nature and extent of the claimant's
20 interest in the property;

21 (iv) the date, identity of the transferor, and
22 circumstances of the claimant's acquisition of the
23 interest in the property;

24 (v) the names and addresses of all other
25 persons known to have an interest in the property;

26 (vi) the specific provisions of this Act

1 relied on in asserting that the property is not
2 subject to forfeiture;

3 (vii) all essential facts supporting each
4 assertion; and

5 (viii) the precise relief sought.

6 (e) The answer must be filed with the court within
7 45 days after service of the complaint.

8 (f) A property interest is exempt from forfeiture
9 under this Act if its owner or interest holder
10 establishes by a preponderance of evidence that the
11 owner or interest holder:

12 (i) is not legally accountable for the conduct
13 giving rise to the forfeiture, did not acquiesce in
14 it, and did not know and could not reasonably have
15 known of the conduct or that the conduct was likely
16 to occur;

17 (ii) with respect to conveyances, did not hold
18 the property jointly or in common with a person
19 whose conduct gave rise to the forfeiture;

20 (iii) does not hold the property for the
21 benefit of or as a nominee for any person whose
22 conduct gave rise to its forfeiture and the owner
23 or interest holder acquires it as a bona fide
24 purchaser for value without knowingly taking part
25 in the conduct giving rise to the forfeiture; or

26 (iv) acquired the interest after the

1 commencement of the conduct giving rise to its
2 forfeiture and the owner or interest holder
3 acquired the interest as a mortgagee, secured
4 creditor, lienholder, or bona fide purchaser for
5 value without knowledge of the conduct that gave
6 rise to the forfeiture.

7 (g) The hearing must be held within 60 days after
8 the answer is filed unless continued for good cause.

9 (h) During the probable cause portion of the
10 judicial in rem proceeding wherein the Secretary of
11 State presents its case-in-chief, the court must
12 receive and consider, among other things, any relevant
13 hearsay evidence and information. The laws of evidence
14 relating to civil actions shall apply to all other
15 portions of the judicial in rem proceeding.

16 (i) The Secretary of State shall show the existence
17 of probable cause for forfeiture of the property. If
18 the Secretary of State shows probable cause, the
19 claimant has the burden of showing by a preponderance
20 of the evidence that the claimant's interest in the
21 property is not subject to forfeiture.

22 (j) If the Secretary of State does not show the
23 existence of probable cause or a claimant has an
24 interest that is exempt under subdivision I (4) (d) of
25 this Section, the court shall order the interest in the
26 property returned or conveyed to the claimant and shall

1 order all other property forfeited to the Secretary of
2 State pursuant to all provisions of this Act. If the
3 Secretary of State does show the existence of probable
4 cause and the claimant does not establish by a
5 preponderance of the evidence that the claimant has an
6 interest that is exempt under subsection D herein, the
7 court shall order all the property forfeited to the
8 Secretary of State pursuant to the provisions of the
9 Section.

10 (k) A defendant convicted in any criminal
11 proceeding is precluded from later denying the
12 essential allegations of the criminal offense of which
13 the defendant was convicted in any proceeding for
14 violations of the Act giving rise to forfeiture of
15 property herein regardless of the pendency of an appeal
16 from that conviction. However, evidence of the
17 pendency of an appeal is admissible.

18 (l) An acquittal or dismissal in a criminal
19 proceeding for violations of the Act giving rise to the
20 forfeiture of property herein shall not preclude civil
21 proceedings under this provision; however, for good
22 cause shown, on a motion by the Secretary of State, the
23 court may stay civil forfeiture proceedings during the
24 criminal trial for a related criminal indictment or
25 information alleging violation of the provisions of
26 Section 12 of the Illinois Securities Law of 1953.

1 Property subject to forfeiture under this Section
2 shall not be subject to return or release by a court
3 exercising jurisdiction over a criminal case involving
4 the seizure of the property unless the return or
5 release is consented to by the Secretary of State.

6 (m) All property declared forfeited under this Act
7 vests in the State on the commission of the conduct
8 giving rise to forfeiture together with the proceeds of
9 the property after that time. Any such property or
10 proceeds subsequently transferred to any person remain
11 subject to forfeiture and thereafter shall be ordered
12 forfeited unless the transferee claims and establishes
13 in a hearing under the provisions of this Act that the
14 transferee's interest is exempt under the Act. Any
15 assets forfeited to the State shall be disposed of in
16 following manner:

17 (i) all forfeited property and assets shall be
18 liquidated by the Secretary of State in accordance
19 with all laws and rules governing the disposition
20 of such property;

21 (ii) the Secretary of State shall provide the
22 court at the time the property and assets are
23 declared forfeited a verified statement of
24 investors subject to the conduct giving rise to the
25 forfeiture;

26 (iii) after payment of any costs of sale,

1 receivership, storage, or expenses for
2 preservation of the property seized, other costs
3 to the State, and payment to claimants for any
4 amount deemed exempt from forfeiture, the proceeds
5 from liquidation shall be distributed pro rata to
6 investors subject to the conduct giving rise to the
7 forfeiture; and

8 (iv) any proceeds remaining after all verified
9 investors have been made whole shall be
10 distributed 25% to the Securities Investors
11 Education Fund, 25% to the Securities Audit and
12 Enforcement Fund, 25% to the Attorney General or
13 any State's Attorney bringing criminal charges for
14 the conduct giving rise to the forfeiture, and 25%
15 to other law enforcement agencies participating in
16 the investigation of the criminal charges for the
17 conduct giving rise to the forfeiture. In the event
18 that no other law enforcement agencies are
19 involved in the investigation of the conduct
20 giving rise to the forfeiture, then the portion to
21 other law enforcement agencies shall be
22 distributed to the Securities Investors Education
23 Fund.

24 (n) The Secretary of State shall notify by
25 certified mail, return receipt requested, all known
26 investors in the matter giving rise to the forfeiture

1 of the forfeiture proceeding and sale of assets
2 forfeited arising from the violations of this Act, and
3 shall further publish notice in a paper of general
4 circulation in the district in which the violations
5 were prosecuted. The notice to investors shall
6 identify the name, address, and other identifying
7 information about any defendant prosecuted for
8 violations of this Act that resulted in forfeiture and
9 sale of property, the offense for which the defendant
10 was convicted, and that the court has ordered
11 forfeiture and sale of property for claims of investors
12 who incurred losses or damages as a result of the
13 violations. Investors may then file a claim in a form
14 prescribed by the Secretary of State in order to share
15 in disbursement of the proceeds from sale of the
16 forfeited property. Investor claims must be filed with
17 the Secretary of State within 30 days after receipt of
18 the certified mail return receipt, or within 30 days
19 after the last date of publication of the general
20 notice in a paper of general circulation in the
21 district in which the violations were prosecuted,
22 whichever occurs last.

23 (o) A civil action under this subsection must be
24 commenced within 5 years after the last conduct giving
25 rise to the forfeiture became known or should have
26 become known or 5 years after the forfeitable property

1 is discovered, whichever is later, excluding time
2 during which either the property or claimant is out of
3 this State or in confinement or during which criminal
4 proceedings relating to the same conduct are in
5 progress.

6 (p) If property is seized for evidence and for
7 forfeiture, the time periods for instituting judicial
8 forfeiture proceedings shall not begin until the
9 property is no longer necessary for evidence.

10 (q) Notwithstanding other provisions of this Act,
11 the Secretary of State and a claimant of forfeitable
12 property may enter into an agreed-upon settlement
13 concerning the forfeitable property in such an amount
14 and upon such terms as are set out in writing in a
15 settlement agreement.

16 (r) Nothing in this Act shall apply to property
17 that constitutes reasonable bona fide attorney's fees
18 paid to an attorney for services rendered or to be
19 rendered in the forfeiture proceeding or criminal
20 proceeding relating directly thereto when the property
21 was paid before its seizure and before the issuance of
22 any seizure warrant or court order prohibiting
23 transfer of the property and when the attorney, at the
24 time he or she received the property, did not know that
25 it was property subject to forfeiture under this Act.

26 The court shall further have jurisdiction and authority, in

1 addition to the penalties and other remedies in this Act
2 provided, to enter an order for the appointment of the court or
3 a person as a receiver, conservator, ancillary receiver or
4 ancillary conservator for the defendant or the defendant's
5 assets located in this State, or to require restitution,
6 damages or disgorgement of profits on behalf of the person or
7 persons injured by the act or practice constituting the subject
8 matter of the action, and may assess costs against the
9 defendant for the use of the State; provided, however, that the
10 civil remedies of rescission and appointment of a receiver,
11 conservator, ancillary receiver or ancillary conservator shall
12 not be available against any person by reason of the failure to
13 file with the Secretary of State, or on account of the contents
14 of, any report of sale provided for in subsection G or P of
15 Section 4, paragraph (2) of subsection D of Sections 5 and 6,
16 or paragraph (2) of subsection F of Section 7 of this Act.
17 Appeals may be taken as in other civil cases.

18 I-5. Property forfeited under this Section is subject to
19 reporting under the Seizure and Forfeiture Reporting Act.

20 J. In no case shall the Secretary of State, or any of his
21 or her employees or agents, in the administration of this Act,
22 incur any official or personal liability by instituting an
23 injunction or other proceeding or by denying, suspending or
24 revoking the registration of a dealer or salesperson, or by
25 denying, suspending or revoking the registration of securities
26 or prohibiting the offer or sale of securities, or by

1 suspending or prohibiting any person from acting as a dealer,
2 limited Canadian dealer, salesperson, investment adviser, or
3 investment adviser representative or from offering or selling
4 securities.

5 K. No provision of this Act shall be construed to require
6 or to authorize the Secretary of State to require any
7 investment adviser or federal covered investment adviser
8 engaged in rendering investment supervisory services to
9 disclose the identity, investments, or affairs of any client of
10 the investment adviser or federal covered investment adviser,
11 except insofar as the disclosure may be necessary or
12 appropriate in a particular proceeding or investigation having
13 as its object the enforcement of this Act.

14 L. Whenever, after an examination, investigation or
15 hearing, the Secretary of State deems it of public interest or
16 advantage, he or she may certify a record to the State's
17 Attorney of the county in which the act complained of, examined
18 or investigated occurred. The State's Attorney of that county
19 within 90 days after receipt of the record shall file a written
20 statement at the Office of the Secretary of State, which
21 statement shall set forth the action taken upon the record, or
22 if no action has been taken upon the record that fact, together
23 with the reasons therefor, shall be stated.

24 M. The Secretary of State may initiate, take, pursue, or
25 prosecute any action authorized or permitted under Section 6d
26 of the Federal 1974 Act.

1 N. (1) Notwithstanding any provision of this Act to the
2 contrary, to encourage uniform interpretation, administration,
3 and enforcement of the provisions of this Act, the Secretary of
4 State may cooperate with the securities agencies or
5 administrators of one or more states, Canadian provinces or
6 territories, or another country, the North American Securities
7 Administrators Association, the Securities and Exchange
8 Commission, the Commodity Futures Trading Commission, the
9 Securities Investor Protection Corporation, any
10 self-regulatory organization, and any governmental law
11 enforcement or regulatory agency.

12 (2) The cooperation authorized by paragraph (1) of this
13 subsection includes, but is not limited to, the following:

14 (a) establishing or participating in a central
15 depository or depositories for registration under this Act
16 and for documents or records required under this Act;

17 (b) making a joint audit, inspection, examination, or
18 investigation;

19 (c) holding a joint administrative hearing;

20 (d) filing and prosecuting a joint civil or criminal
21 proceeding;

22 (e) sharing and exchanging personnel;

23 (f) sharing and exchanging information and documents;

24 or

25 (g) issuing any joint statement or policy.

26 (Source: P.A. 99-182, eff. 1-1-16; 100-512, eff. 7-1-18;

1 100-699, eff. 8-3-18.)

2 (815 ILCS 5/11.7 new)

3 Sec. 11.7. Vulnerable adult protection.

4 (a) As used in this Section:

5 "Eligible adult" means (1) a person 60 years of age or
6 older or (2) a person subject to the Adult Protective Services
7 Act.

8 "Financial exploitation" means (1) the wrongful or
9 unauthorized taking, withholding, appropriation, or use of
10 money, assets, or property of an eligible adult or (2) any act
11 or omission taken by a person, including through the use of a
12 power of attorney, guardianship, or conservatorship of an
13 eligible adult, to:

14 (A) obtain control, through deception, intimidation or
15 undue influence, over the eligible adult's money, assets,
16 or property to deprive the eligible adult of the ownership,
17 use, benefit, or possession of his or her money, assets, or
18 property; or

19 (B) convert money, assets, or property of the eligible
20 adult to deprive such eligible adult of the ownership, use,
21 benefit, or possession of his or her money, assets, or
22 property.

23 "Qualified individual" means any salesperson, investment
24 adviser, investment adviser representative, or person who
25 serves in a supervisory, compliance, legal, or investor

1 protection capacity for a broker-dealer or investment adviser.

2 (b) Disclosures to governmental agency. If a qualified
3 individual reasonably believes that financial exploitation of
4 an eligible adult may have occurred, may have been attempted,
5 or is being attempted, the qualified individual shall notify a
6 governmental agency or agent thereof responsible for adult
7 protective services and the Illinois Securities Department
8 (collectively the "Agencies").

9 (c) Third-party disclosures. If a qualified individual
10 reasonably believes that financial exploitation of an eligible
11 adult may have occurred, may have been attempted, or is being
12 attempted, the qualified individual may notify any third party
13 that is reasonably associated with the eligible adult or
14 otherwise permitted by law. Disclosure may not be made to any
15 designated third party that is suspected of financial
16 exploitation or other abuse of the eligible adult.

17 (d) Delaying transactions or disbursements.

18 (1) A broker-dealer or investment adviser may delay a
19 transaction or disbursement from an account of an eligible
20 adult or an account on which an eligible adult is a
21 beneficiary if:

22 (A) the broker-dealer, investment adviser, or
23 qualified individual reasonably believes, after
24 initiating an internal review of the requested
25 transaction or disbursement, that the requested
26 transaction or disbursement may result in financial

1 exploitation of an eligible adult; and

2 (B) the broker-dealer or investment adviser:

3 (i) immediately, but in no event more than 2
4 business days after the date on which the
5 broker-dealer or investment adviser first delayed
6 the transaction or disbursement of the funds,
7 provides written notification of the delay and the
8 reason for the delay to all parties authorized to
9 transact business on the account, unless any such
10 party is reasonably believed to have engaged in
11 suspected or attempted financial exploitation of
12 the eligible adult;

13 (ii) immediately, but in no event more than 2
14 business days after the date on which the
15 transaction or disbursement was first delayed,
16 notifies the Agencies; and

17 (iii) continues its internal review of the
18 suspected or attempted financial exploitation of
19 the eligible adult, as necessary, and provides
20 updates to the Agencies upon request.

21 (2) Any delay of a transaction or disbursement as
22 authorized by this Section shall expire upon the sooner of:

23 (A) a determination by the broker-dealer or
24 investment adviser that the transaction or
25 disbursement will not result in financial exploitation
26 of the eligible adult; or

1 (B) fifteen business days after the date on which
2 the broker-dealer or investment adviser first delayed
3 the transaction or disbursement of the funds, unless
4 either of the Agencies requests that the broker-dealer
5 or investment adviser extend the delay, in which case
6 the delay shall expire no more than 25 business days
7 after the date on which the broker-dealer or investment
8 adviser first delayed the transaction or disbursement
9 of the funds, unless sooner terminated or further
10 extended by either of the Agencies or an order of a
11 court.

12 (e) Records. A broker-dealer or investment adviser shall
13 provide access to or copies of records that are relevant to the
14 suspected or attempted financial exploitation of an eligible
15 adult to Agencies charged with administering state adult
16 protective services laws and to law enforcement, either as part
17 of a referral to the Agencies or to law enforcement, or upon
18 request of the agency or law enforcement pursuant to an
19 investigation. The records may include historical records as
20 well as records relating to the most recent transaction or
21 transactions that may comprise financial exploitation of an
22 eligible adult. All records made available to the Agencies
23 under this Section shall not be considered a public record.
24 Nothing in this provision shall limit or otherwise impede the
25 authority of the Illinois Securities Department to access or
26 examine the books and records of broker-dealers and investment

1 advisers as otherwise provided by law.

2 (f) Disclosure to reporting party. Notwithstanding any
3 provision of law to the contrary, the Agencies may disclose to
4 any notifying qualified person the general status or final
5 disposition of any investigation that arose from a report made
6 by the qualified person.

7 (g) Liability. The Secretary shall not bring any
8 administrative or civil action against a qualified individual,
9 broker-dealer, or investment adviser for delaying a
10 transaction or disbursement when acting in good faith and
11 exercising reasonable care in accordance with this Section.

12 (815 ILCS 5/12) (from Ch. 121 1/2, par. 137.12)

13 Sec. 12. Violation. It shall be a violation of the
14 provisions of this Act for any person:

15 A. To offer or sell any security except in accordance
16 with the provisions of this Act.

17 B. To deliver to a purchaser any security required to
18 be registered under Section 5, Section 6 or Section 7
19 hereof unless accompanied or preceded by a prospectus that
20 meets the requirements of the pertinent subsection of
21 Section 5 or of Section 6 or of Section 7.

22 C. To act as a dealer, Internet portal, salesperson,
23 investment adviser, or investment adviser representative,
24 unless registered as such, where such registration is
25 required, under the provisions of this Act.

1 D. To fail to file with the Secretary of State any
2 application, report or document required to be filed under
3 the provisions of this Act or any rule or regulation made
4 by the Secretary of State pursuant to this Act or to fail
5 to comply with the terms of any order of the Secretary of
6 State issued pursuant to Section 11 hereof.

7 E. To make, or cause to be made, (1) in any sworn
8 testimony before the Secretary of State or the Illinois
9 Securities Department within the Office of the Secretary,
10 or application, report or document filed under this Act or
11 any rule or regulation made by the Secretary of State
12 pursuant to this Act, any statement which was false or
13 misleading with respect to any material fact or (2) any
14 statement to the effect that a security (other than a
15 security issued by the State of Illinois) has been in any
16 way endorsed or approved by the Secretary of State or the
17 State of Illinois.

18 F. To engage in any transaction, practice or course of
19 business in connection with the sale or purchase of
20 securities which works or tends to work a fraud or deceit
21 upon the purchaser or seller thereof.

22 G. To obtain money or property through the sale of
23 securities by means of any untrue statement of a material
24 fact or any omission to state a material fact necessary in
25 order to make the statements made, in the light of the
26 circumstances under which they were made, not misleading.

1 H. To sign or circulate any statement, prospectus, or
2 other paper or document required by any provision of this
3 Act or pertaining to any security knowing or having
4 reasonable grounds to know any material representation
5 therein contained to be false or untrue.

6 I. To employ any device, scheme or artifice to defraud
7 in connection with the sale or purchase of any security,
8 directly or indirectly.

9 J. When acting as an investment adviser, investment
10 adviser representative, ~~or~~ federal covered investment
11 adviser, or in the course of providing investment advice,
12 by any means or instrumentality, directly or indirectly:

13 (1) To employ any device, scheme or artifice to defraud
14 any client or prospective client;

15 (2) To engage in any transaction, practice, or
16 course of business which operates as a fraud or deceit
17 upon any client or prospective client; or

18 (3) To engage in any act, practice, or course of
19 business which is fraudulent, deceptive or
20 manipulative. The Secretary of State shall for the
21 purposes of this paragraph (3), by rules and
22 regulations, define and prescribe means reasonably
23 designed to prevent such acts, practices, and courses
24 of business as are fraudulent, deceptive, or
25 manipulative.

26 K. When offering or selling any mineral investment

1 contract or mineral deferred delivery contract:

2 (1) To employ any device, scheme, or artifice to
3 defraud any customer, prospective customer, or
4 offeree;

5 (2) To engage in any transaction, practice, or course
6 of business that operates as a fraud or deceit upon any
7 customer, prospective customer, or offeree; or

8 (3) To engage in any act, practice, or course of
9 business that is fraudulent, deceptive, or
10 manipulative. The Secretary of State shall for the
11 purposes of this paragraph (3), by rules and
12 regulations, define and prescribe means reasonably
13 designed to prevent acts, practices, and courses of
14 business as are fraudulent, deceptive, or
15 manipulative.

16 L. To knowingly influence, coerce, manipulate, or
17 mislead any person engaged in the preparation or audit of
18 financial statements or appraisals to be used in the offer
19 or sale of securities for the purpose of rendering such
20 financial statements or appraisals materially misleading.

21 (Source: P.A. 101-563, eff. 8-23-19.)

22 (815 ILCS 5/12.5 new)

23 Sec. 12.5. Non-public distribution of information.
24 Information and documents obtained or generated by employees of
25 the Secretary pursuant to the provisions of Section 11 shall,

1 unless made a matter of public record, be deemed confidential.
2 Confidential information and documents or any other non-public
3 records of the Illinois Securities Department shall not be made
4 public unless the Secretary or his or her designee authorizes
5 the disclosure of the information or the production of the
6 documents as not being contrary to the public interest.
7 Notices, orders, settlement agreements, and evidence presented
8 in administrative hearings shall be considered public records.
9 The Illinois Securities Department administrative hearings
10 shall be open to the public.

11 (815 ILCS 5/14) (from Ch. 121 1/2, par. 137.14)

12 Sec. 14. Sentence.

13 A. Any person who violates any of the provisions of
14 subsection A, B, C, or D of Section 12 or paragraph (3) of
15 subsection K of Section 12 of this Act shall be guilty of a
16 Class 4 felony.

17 B. Any person who violates any of the provisions of
18 subsection E, F, G, H, I, or J, paragraph (1) or (2) of
19 subsection K, or subsection L of Section 12 of this Act shall
20 be guilty of a Class 3 felony.

21 B-5. A person who violates a provision of subsection E, F,
22 G, H, I, or J or paragraph (1) or (2) of subsection K of Section
23 12 of this Act by use of a plan, program, or campaign that is
24 conducted using one or more telephones for the purpose of
25 inducing the purchase or sale of securities is guilty of a

1 Class 2 felony.

2 B-10. A person who in the course of violating a provision
3 of subsection E, F, G, H, I, or J or paragraph (1) or (2) of
4 subsection K of Section 12 of this Act induces a person 60
5 years of age or older to purchase or sell securities is guilty
6 of a Class 2 felony.

7 C. No prosecution for violation of any provision of this
8 Act shall bar or be barred by any prosecution for the violation
9 of any other provision of this Act or of any other statute; but
10 all prosecutions under this Act or based upon any provision of
11 this Act must be commenced within 3 years after the violation
12 upon which such prosecution is based; provided however, that if
13 the accused has intentionally concealed evidence of a violation
14 of subsection E, F, G, H, I, J, or K of Section 12 of this Act,
15 the period of limitation prescribed herein shall be extended up
16 to an additional 2 years after the proper prosecuting officer
17 becomes aware of the offense ~~but in no such event shall the~~
18 ~~period of limitation so extended be more than 2 years beyond~~
19 ~~the expiration of the period otherwise applicable.~~

20 D. For the purposes of this Act all persons who shall sell
21 or offer for sale, or who shall purchase or offer to purchase,
22 securities in violation of the provisions of this Act, or who
23 shall in any manner knowingly authorize, aid or assist in any
24 unlawful conduct under this Act shall be deemed equally guilty,
25 and may be tried and punished in the county in which said
26 unlawful sale or offering for sale or unlawful purchase or

1 offer to purchase was made, or in the county in which the
2 securities so sold or offered for sale or so purchased or
3 offered to be purchased were delivered or proposed to be
4 delivered to the purchaser thereof or by the seller thereof, as
5 the case may be.

6 E. Any person who shall be convicted of a second or any
7 subsequent offense specified in subsection A, B, C, D, or
8 paragraph (3) of subsection K of Section 12 of this Act shall
9 be guilty of a Class 3 felony, and any person who shall be
10 convicted of a second or any subsequent offense specified in
11 subsection E, F, G, H, I, J, or paragraph (1) or (2) of
12 subsection K of Section 12 of this Act shall be guilty of a
13 Class 2 felony.

14 F. If any person referred to in this Section is not a
15 natural person, it may upon conviction of a first offense be
16 fined up to \$25,000, and if convicted of a second and
17 subsequent offense, may be fined up to \$50,000, in addition to
18 any other sentence authorized by law.

19 G. This Act shall not be construed to repeal or affect any
20 law now in force relating to the organization of corporations
21 in this State or the admission of any foreign corporation to do
22 business in this State.

23 H. For the purposes of this Act, all persons who sell or
24 offer for sale, or who purchase or offer to purchase any
25 mineral investment contract or mineral deferred delivery
26 contract in violation of the provisions of this Act or who, in

1 any manner, knowingly authorize, aid, or assist in any unlawful
2 sale or offer for sale or unlawful purchase or offer to
3 purchase any mineral investment contract or mineral deferred
4 delivery contract shall be deemed equally guilty and may be
5 tried and punished in the county in which the unlawful sale or
6 offer for sale or unlawful purchase or offer to purchase any
7 mineral investment contract or mineral deferred delivery
8 contract was made or in the county in which the mineral
9 investment contract or mineral deferred delivery contract so
10 sold or offered for sale or so purchased or offered to be
11 purchased was delivered or proposed to be delivered to the
12 purchaser thereof or by the seller thereof, as the case may be,
13 or in Sangamon County.

14 (Source: P.A. 92-308, eff. 1-1-02; 93-580, eff. 8-21-03.)

15 (815 ILCS 5/2.14 rep.)

16 Section 10. The Illinois Securities Law of 1953 is amended
17 by repealing Section 2.14.