

## 104TH GENERAL ASSEMBLY

### State of Illinois

### 2025 and 2026

### SB1975

Introduced 2/6/2025, by Sen. Lakesia Collins

#### SYNOPSIS AS INTRODUCED:

815 ILCS 5/5	from Ch. 121 1/2, par. 137.5
815 ILCS 5/6	from Ch. 121 1/2, par. 137.6
815 ILCS 5/7	from Ch. 121 1/2, par. 137.7
815 ILCS 5/11	from Ch. 121 1/2, par. 137.11
815 ILCS 5/11c	from Ch. 121 1/2, par. 137.11c
815 ILCS 5/18.1	

Amends the Illinois Securities Law of 1953. Provides that the Secretary of State may provide funds for restitution assistance to victims that were awarded restitution in a final order issued by a court of competent jurisdiction in a legal action initiated by the Secretary of State and who have not received the full amount of restitution ordered one year after the date of the final order. Provides that the Secretary of State may adopt rules to implement this provision, including, but not be limited to, eligibility requirements for a restitution assistance award, applicable deadlines for applying for the award, and caps on the amount of restitution awards available from the Secretary of State. Provides that various additional fees collected by the Secretary of States shall be deposited into the Secretary of State Special Services Fund.

LRB104 10391 SPS 20466 b

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 5, 6, 7, 11, 11c, and 18.1 as follows:

6 (815 ILCS 5/5) (from Ch. 121 1/2, par. 137.5)

7 Sec. 5. Registration of Securities. All securities except  
8 those set forth under Section 2a of this Act, or those exempt  
9 under Section 3 of this Act, or those offered or sold in  
10 transactions exempt under Section 4 of this Act, or face  
11 amount certificate contracts required to be registered under  
12 Section 6 of this Act, or investment fund shares required to be  
13 registered under Section 7 of this Act, shall be registered  
14 either by coordination or by qualification, as hereinafter in  
15 this Section provided, prior to their offer or sale in this  
16 State.

17 A. Registration by Coordination.

18 (1) Securities which are being or have been registered  
19 under the Federal 1933 Act may be registered by  
20 coordination in the manner provided in this subsection A,  
21 if the effective date of the registration under the  
22 Federal 1933 Act is not more than 30 days before the filing  
23 with the Secretary of State.

1           (2) Securities may be registered by coordination by  
2           the filing with the Secretary of State by the issuer, by a  
3           controlling person or by a registered dealer of:

4                 (a) One copy of the registration statement  
5                 (without exhibits) descriptive of the securities on  
6                 file with the Securities and Exchange Commission in  
7                 its most recent form as of the date of the initial  
8                 filing under this subsection A.;

9                 (b) An application, in such form and executed,  
10                verified, or authenticated by such person as the  
11                Secretary of State shall by rule or regulation  
12                prescribe, setting forth the title and the total  
13                amount of securities to be offered, the amount of  
14                securities and the proposed maximum aggregate price  
15                thereof to be offered in this State under this  
16                subsection A and, if the applicant is electing the  
17                date of effectiveness of a post-effective amendment as  
18                its effective date as provided in Section 2.13 of this  
19                Act, specifying such date as the effective date for  
20                purposes of registration under this subsection A;

21                (c) An undertaking to forward to the Secretary of  
22                State, in writing (which may be by electronic or  
23                facsimile transmission), any and all subsequent  
24                amendments of and supplements to the registration  
25                statement not later than the 7th day after the  
26                forwarding thereof to the Securities and Exchange

1 Commission, or such longer period as the Secretary of  
2 State may permit by rule, regulation or order; and

3 (d) If the applicant is not a registered dealer,  
4 the name of at least one registered dealer for the  
5 securities being registered under this subsection A  
6 (except that, in the case of securities being offered  
7 and sold on a delayed or continuous basis pursuant to  
8 Rule 415 under the Federal 1933 Act, 17 C.F.R. Section  
9 230.415, or any similar or successor rule thereto as  
10 may be designated by the Secretary of State by rule or  
11 regulation, the name of the registered dealer may be  
12 furnished no later than the close of business on the  
13 second business day following the commencement of  
14 sales of the registered securities in this State) or a  
15 written statement setting forth the method of offer  
16 and sale in this State of the securities being  
17 registered in compliance with Section 8 of this Act.

18 (3) Registration of securities by coordination shall  
19 take effect automatically as of the effective date of the  
20 registration statement (or post-effective amendment) filed  
21 under the Federal 1933 Act, provided that on the effective  
22 date, the information required by sub-paragraphs (a), (b),  
23 and (d) and the undertaking required by sub-paragraph (c)  
24 of paragraph (2) of this subsection A have been on file  
25 with the Secretary of State for at least 10 business days,  
26 or such shorter period as the Secretary of State may

1 permit by rule, regulation or order. If, however, the time  
2 period referred to in the preceding sentence shall not  
3 have expired on the effective date of the registration  
4 statement (or post-effective amendment) filed under the  
5 Federal 1933 Act, registration of such securities by  
6 coordination shall, upon the expiration of such time  
7 period, take effect automatically as of the effective date  
8 of the registration statement (or post-effective  
9 amendment) filed under the Federal 1933 Act.

10 (4) If the information required by sub-paragraphs (a),  
11 (b), and (d) and the undertaking required by sub-paragraph  
12 (c) of paragraph (2) of this subsection A are not filed  
13 with the Secretary of State prior to the effective date of  
14 the registration statement (or post-effective amendment)  
15 filed under the Federal 1933 Act, any registration of  
16 securities by coordination under this subsection A shall  
17 take effect automatically as soon as all of the following  
18 conditions have been satisfied:

19 (a) the information required by sub-paragraphs  
20 (a), (b), and (d) and the undertaking required by  
21 sub-paragraph (c) of paragraph (2) of this subsection  
22 A have been on file with the Secretary of State for 10  
23 business days, or for such shorter period as the  
24 Secretary of State may permit by rule, regulation or  
25 order;

26 (b) the registration statement or post-effective

1 amendment filed under the Federal 1933 Act is then in  
2 effect; and

3 (c) the prospectus then on file with the Secretary  
4 of State satisfies the requirements of Section  
5 10(a)(3) of the Federal 1933 Act.

6 (5) The applicant shall furnish to the Secretary of  
7 State written notice (which may be by electronic or  
8 facsimile transmission) confirming the date of  
9 effectiveness and the title of the securities registered  
10 under the Federal 1933 Act, final pricing information, the  
11 total amount of securities registered under the Federal  
12 1933 Act, and the amount registered in this State if  
13 different than the amounts then on file with the Secretary  
14 of State, no later than the close of business on the second  
15 business day following the date on which the registration  
16 statement becomes effective under the Federal 1933 Act.

17 (6) No action by the Secretary of State shall be  
18 necessary to evidence the effectiveness of the  
19 registration by coordination under this subsection A. The  
20 Secretary of State may, at his or her discretion, provide  
21 a statement attesting to such registration, which  
22 statement shall be in such form as the Secretary of State  
23 may deem appropriate.

24 (7) Notwithstanding the foregoing, the issuer,  
25 controlling person or registered dealer who filed the  
26 application set forth in subparagraph (b) of paragraph (2)

1 of this subsection A may request, in writing (which may be  
2 by electronic or facsimile transmission) prior to or upon  
3 notice of effectiveness under the Federal 1933 Act, a  
4 waiver of automatic effectiveness of the registration of  
5 securities and the Secretary of State may, at his or her  
6 discretion, grant such waiver of automatic effectiveness.  
7 Upon the grant by the Secretary of State of the request of  
8 waiver of automatic effectiveness, such registration of  
9 securities shall become effective automatically on the  
10 date that the issuer, controlling person or registered  
11 dealer who filed the application set forth in subparagraph  
12 (b) of paragraph (2) of this subsection A notifies the  
13 Secretary of State in writing.

14 B. Registration by Qualification. Securities may be  
15 registered by qualification in the manner provided in this  
16 subsection B.

17 (1) An application for registration by qualification  
18 shall be made by the issuer, by a controlling person or by  
19 a registered dealer together with the examination fee  
20 established pursuant to Section 11a of this Act, which is  
21 not returnable in any event. Such application shall be  
22 executed, verified, or authenticated by the applicant and  
23 filed with the Secretary of State. The application shall  
24 set forth:

25 (a) The name and address of the issuer;

26 (b) The title and total amount of the securities

1 to be offered;

2 (c) The amount of the securities to be offered in  
3 this State;

4 (d) The price at which the securities are to be  
5 offered, or the method by which such price is to be  
6 determined, provided that such price or method may be  
7 furnished by written notice (which may be by  
8 electronic or facsimile transmission) to the Secretary  
9 of State subsequent to the filing of the application  
10 but prior to registration of the securities under this  
11 Law; and

12 (e) The aggregate underwriting commissions,  
13 remuneration or discount.

14 (2) If the issuer, dealer, or controlling person has  
15 not filed a registration statement that is then in effect  
16 under the Federal 1933 Act, there shall be filed with the  
17 application:

18 (a) (Blank);

19 (b) (Blank);

20 (c) A copy of the indenture or other instrument,  
21 if any, under which the securities are to be or have  
22 been issued;

23 (d) A specimen copy of the securities or a copy of  
24 the form of the instrument to evidence the securities;

25 (e) An opinion of counsel as to the legality of the  
26 securities;



1           (f) A copy of the underwriting and selling  
2 agreements, if any;

3           (g) An undertaking to file promptly (no later than  
4 2 business days after the occurrence of any event  
5 which requires a material change in the prospectus)  
6 with the Secretary of State all amendments of and  
7 supplements to the prospectus as theretofore filed  
8 under this subsection B, together with any additional  
9 information, document or undertaking which the  
10 Secretary of State, at his or her discretion, deems  
11 material, accompanied by the amendment filing fee  
12 established pursuant to Section 11a of this Act or, in  
13 lieu thereof, a notification in writing that all  
14 offers and sales of the securities have been suspended  
15 pending the filing with the Secretary of State of such  
16 amendment of or supplement to the prospectus; and

17           (h) A written statement setting forth the name of  
18 at least one registered dealer for the securities  
19 being registered under this subsection B, or an  
20 application for registration of a salesperson or a  
21 written statement setting forth the method of offer  
22 and sale in this State of the securities being  
23 registered in compliance with Section 8 of this Act.

24           (3) In addition, there shall be filed with the  
25 application such additional information and material in  
26 such form as the Secretary of State may by rule,

1 regulation or order prescribe and a prospectus which  
2 contains but is not limited to the following:

3 (a) The date and form of organization of the  
4 issuer;

5 (b) A brief description of the business conducted  
6 and intended to be conducted by the issuer and by its  
7 subsidiaries and the general development of such  
8 business during the past 5 years or such shorter  
9 period as the issuer and such subsidiaries may have  
10 been in existence;

11 (c) The location and general character of the  
12 physical properties of the issuer and of its  
13 subsidiaries;

14 (d) The authorized and issued capitalization of  
15 the issuer and a description of the securities being  
16 registered and of all authorized securities;

17 (e) The proposed method of sale of the securities,  
18 the price thereof to the public or the method by which  
19 such price is to be computed, and the underwriting and  
20 selling discounts and commissions;

21 (f) The intended use by the issuer of the proceeds  
22 of the securities;

23 (g) The names and addresses of all of the issuer's  
24 officers and directors, or persons performing similar  
25 functions, their business experience during the  
26 preceding 5 years and the remuneration paid to each by

1 the issuer and its subsidiaries during the fiscal year  
2 last past and proposed to be paid for the then current  
3 fiscal year;

4 (h) The names and addresses of all persons owning  
5 of record, and of all persons owning beneficially, to  
6 the extent known to the applicant, 10% or more of any  
7 class of equity securities of the issuer, and the  
8 percentage owned by each;

9 (i) A brief description of any pending material  
10 legal proceeding, and of any material legal proceeding  
11 known to be contemplated by governmental authorities,  
12 involving the issuer or its subsidiaries;

13 (j) The following financial statements of the  
14 issuer:

15 (i) A balance sheet as of a date within  
16 135 days prior to the date of submitting the  
17 application. If such balance sheet is not  
18 certified by an independent certified public  
19 accountant, the prospectus shall also contain  
20 a balance sheet certified by an independent  
21 certified public accountant as of the close of  
22 the issuer's last fiscal year, unless such  
23 fiscal year ended within 135 days prior to the  
24 time of filing the application, in which case  
25 the certified balance sheet may be as of the  
26 end of the preceding fiscal year.

1           (ii) An income statement for each of the  
2 issuer's 3 fiscal years (or for the period of  
3 existence of the issuer if less than 3 years)  
4 next preceding the date of the certified  
5 balance sheet and for the period, if any,  
6 between the date of the certified balance  
7 sheet and the date of the most recent balance  
8 sheet. Such statement shall be certified by an  
9 independent certified public accountant for  
10 the periods ending with the date of the  
11 certified balance sheet.

12           (iii) An analysis of each surplus account  
13 of the issuer for each period for which an  
14 income statement is filed, certified by an  
15 independent certified public accountant for  
16 the periods for which certified income  
17 statements are filed.

18           (iv) An analysis (which need not be  
19 certified to by independent certified public  
20 accountants and which may be in narrative form  
21 if desired by the applicant) of all surplus  
22 accounts of the issuer for a period beginning  
23 on a date not less than 8 years prior to the  
24 date of the certified balance sheet required  
25 by the above sub-division (i) of this  
26 sub-paragraph (j), or from the date of the

1 organization of the issuer, whichever is  
2 later, and ending on the day before the first  
3 day of the earliest period covered by the  
4 analysis of surplus accounts furnished  
5 pursuant to the above sub-division (iii) of  
6 this sub-paragraph (j); and

7 (k) If the issuer owns more than 50% of the voting  
8 securities of one or more entities, there shall also  
9 be included in the prospectus either (i) like  
10 financial statements for each such entity, or (ii)  
11 like consolidated financial statements for the issuer  
12 and such entities;

13 (l) Anything in sub-paragraphs (j) and (k) of this  
14 paragraph (3) to the contrary notwithstanding, the  
15 financial statements contained in the prospectus need  
16 not be certified by an independent certified public  
17 accountant if the securities being registered under  
18 this subsection B are covered by a Notification under  
19 Regulation A or an Offering Sheet under Regulation D  
20 adopted pursuant to the Federal 1933 Act or any other  
21 regulation so adopted which the Secretary of State may  
22 by rule or regulation or by order determine to have  
23 filing or disclosure requirements substantially  
24 similar to such Regulation A or Regulation D unless  
25 the financial statements furnished pursuant to any  
26 such Federal regulation are required to be or are

1           certified by an independent certified public  
2           accountant.

3           (4) If the securities being registered under this  
4           subsection B are certificates of deposit, voting trust  
5           certificates, collateral-trust certificates, certificates  
6           of interest, fractional interests in oil, gas or other  
7           mineral rights of unincorporated issuers or like  
8           securities, the prospectus may omit such of the foregoing  
9           items in sub-paragraphs (a) through (k) of paragraph (3)  
10          of this subsection B, but shall include such pertinent  
11          information, as the Secretary of State may by rule,  
12          regulation or order prescribe; such prospectus shall  
13          contain a description of the properties and businesses  
14          from which such certificates, shares or interests derive  
15          value.

16          (5) The Secretary of State may, upon written request  
17          by the applicant and where consistent with the protection  
18          of investors, permit the omission of one or more of the  
19          financial statements required by this subsection B or the  
20          filing in substitution therefor of appropriate financial  
21          statements of comparable character or permit the omission  
22          of any of the information required by this subsection B.  
23          The Secretary of State may also by written notice require  
24          the filing of other financial statements or information in  
25          addition to, or in substitution for, the financial  
26          statements or information required by this subsection B in

1       any case where such additional financial statements or  
2       information is necessary or appropriate for an adequate  
3       presentation of the financial condition of any issuer or  
4       otherwise required for fair disclosure respecting the  
5       business and property of any issuer.

6       (6) The Secretary of State shall within a reasonable  
7       time examine the application and documents filed with him  
8       or her, and unless the Secretary of State makes a  
9       determination that the application and documents so filed  
10      do not conform to the requirements of this subsection B,  
11      or there is a proceeding pending under Section 11 of this  
12      Act, shall register the securities for offer and sale in  
13      this State under this subsection B. If the securities  
14      registered shall not have been sold and distributed at the  
15      expiration of a period of 6 months following the date of  
16      registration, the Secretary of State may require the  
17      filing of such current information concerning the  
18      securities and the issuer thereof as he or she may by rule,  
19      regulation or order prescribe.

20      (7) The Secretary of State is granted authority to  
21      create by rule or regulation a limited offering  
22      registration provision that furthers the objectives of  
23      compatibility with federal exemptions and uniformity among  
24      the states. The Secretary of State shall prescribe by rule  
25      or regulation the amount of the fees for examining and  
26      filing any documents required under this subparagraph, but

1 each fee shall not be less than the minimum amount nor more  
2 than the maximum amount established under Section 11a of  
3 this Act and shall not be returnable in any event.

4 C. Pending Application, Filing Fee and Oversales of  
5 Securities.

6 (1) No application shall be deemed to be filed or  
7 pending and no securities covered by such application  
8 shall be deemed to be registered under subsection A of  
9 this Section 5 unless a filing fee has been paid. No  
10 application shall be deemed to be filed or pending and no  
11 securities covered by such application shall be deemed to  
12 be registered under subsection B of this Section 5 unless  
13 the examination fee and filing fee have been paid. The  
14 filing fee payable under the provisions of subsections A  
15 and B of this Section 5 shall be established by rule or  
16 regulation, but in no event shall the fee be less than the  
17 minimum amount nor more than the maximum amount of filing  
18 fee established pursuant to Section 11a of this Act, and  
19 in no case shall such fee be returnable. The "maximum  
20 aggregate price" as used in subsection A of this Section 5  
21 and in this subsection C shall be the applicant's bona  
22 fide estimate thereof, determined in the manner prescribed  
23 by the Secretary of State by rule or regulation.

24 (2) If after an offering of securities is registered  
25 under this Section 5 (except for securities registered  
26 under subsection B of this Section 5 wherein the entire



1 offering of securities was registered), the offeror sells  
2 or determines that it will sell, prior to the expiration  
3 of the period during which the offeror intends the  
4 registration of the securities together with any renewals  
5 thereof to remain in effect in this State, an amount of  
6 that offering in excess of the amount registered, the  
7 applicant may amend the registration and register the  
8 excess securities by filing an amended application and  
9 paying a filing fee equal to the difference between the  
10 initial filing fee paid and the filing fee which would  
11 have been paid under paragraph (1) of this subsection C  
12 for the entire amount registered together with an  
13 additional fee established pursuant to Section 11a of this  
14 Act. The fees shall not be returnable in any event. With  
15 respect to the excess securities being registered, the  
16 "maximum aggregate price" shall be the actual sales price  
17 of such securities. Upon receipt of such amended  
18 application, filing fee, and additional fee by the  
19 Secretary of State, registration of the excess securities  
20 shall become effective retroactively to the date of the  
21 initial registration.

22 D. Effective Period and Sales Reports.

23 (1) A registration effected under Section 5 of this  
24 Act shall continue effective for a period of one year from  
25 the date of registration or renewal of registration unless  
26 sooner terminated by (1) suspension or revocation by the

1 Secretary of State; or (2) the applicant filing with the  
2 Secretary of State an affidavit evidencing either that (a)  
3 the securities have been fully sold and distributed to the  
4 public or (b) that it is no longer desired to offer such  
5 securities in this State or (c) that such securities have  
6 become exempt from the registration requirements under  
7 Section 3 or paragraph (1) of subsection F of Section 4 of  
8 this Act.

9 (2) The Secretary of State may, at his or her  
10 discretion, require each issuer, controlling person or  
11 registered dealer on whose behalf a registration of  
12 securities is effected under this Section 5 to file a  
13 report, in such form and of such content and for such time  
14 period as the Secretary of State may by rule or regulation  
15 prescribe, stating the aggregate dollar amount of  
16 securities sold to Illinois residents. The civil remedies  
17 provided for in subsection A of Section 13 of this Act and  
18 the civil remedies of rescission and appointment of a  
19 receiver, conservator, ancillary receiver or ancillary  
20 conservator provided for in subsection I of Section 11 and  
21 in subsection F and G of Section 13 of this Act and the  
22 civil remedies of restitution, damages and disgorgement of  
23 profits provided for in subsection I of Section 11 of this  
24 Act shall not be available against any person by reason of  
25 the failure to file any such report or on account of the  
26 contents of any such report.

1       E. Renewal of Registration. A registration of securities  
2       in effect under subsection A of this Section 5 or subsection B  
3       of this Section 5 if a registration statement or  
4       post-effective amendment is then in effect under the Federal  
5       1933 Act may be renewed for the amount of securities which  
6       remain unsold under such registration as then in effect, by  
7       the issuer, by a controlling person or by a registered dealer  
8       by filing an application for renewal with the Secretary of  
9       State no later than 10 business days prior to the date (or such  
10      lesser period as the Secretary of State may prescribe by rule  
11      or regulation) upon which such registration would otherwise  
12      expire, in such form and executed, verified, or authenticated  
13      by such person as the Secretary of State shall prescribe by  
14      rule or regulation. Such application shall be accompanied by a  
15      prospectus in its most current form together with a renewal  
16      fee equal in amount to a registration fee calculated in  
17      accordance with paragraph (1) of subsection C of this Section  
18      5 and based upon the amount of securities initially registered  
19      for sale in this State but which remain unsold; except that the  
20      "maximum aggregate price" of such securities shall be the  
21      applicant's bona fide estimate thereof at the time the  
22      application for renewal of registration is filed with the  
23      Secretary of State pursuant to this subsection E. A renewal of  
24      registration of securities shall take effect as of the date  
25      and time that the prior registration under subsection A of  
26      this Section 5 or prior renewal under this subsection E would

1 otherwise have expired and thereafter shall be deemed to be a  
2 new registration of the amount of unsold securities specified  
3 in the application for renewal. The Secretary of State may by  
4 rule or regulation prescribe an additional fee for the failure  
5 to file timely an application for renewal and limit the number  
6 of times that a registration may be renewed.

7 F. The applicant or registrant shall notify the Secretary  
8 of State, by written notice (which may be by electronic or  
9 facsimile transmission), within 2 business days after its  
10 receipt of any stop order, denial, order to show cause,  
11 suspension or revocation order, injunction or restraining  
12 order, or similar order entered or issued by any state,  
13 federal or other regulatory authority or by any court,  
14 concerning the securities which are being or have been  
15 registered in this State or any other securities of the issuer  
16 currently being or proposed to be offered to the public, if the  
17 matter which is the subject of, or the failure to disclose the  
18 existence of, such order would in this State constitute a  
19 violation of subsection E, F, G, H, I or J of Section 12 of  
20 this Act. The obligation contained in this subsection F shall  
21 continue until such time as offers and sales of the securities  
22 registered under this Section 5 are no longer being made in  
23 this State by the applicant or registrant.

24 G. Any document being filed pursuant to this Section 5  
25 shall be deemed filed, and any fee being paid pursuant to this  
26 Section 5 shall be deemed paid, upon the date of actual receipt

1       thereof by the Secretary of State.

2           H. The Secretary of State may require by rule or  
3       regulation the payment of an additional fee for the filing of  
4       information or documents required to be filed by this Section  
5       5 which have not been filed in a timely manner. Such fees shall  
6       be deposited into the Secretary of State Special Services Fund  
7       ~~Securities Investors Education Fund, a special fund hereby~~  
8       ~~created in the State treasury. The amounts deposited into such~~  
9       ~~Fund shall be used to promote public awareness of the dangers~~  
10      ~~of securities fraud.~~

11      (Source: P.A. 89-209, eff. 1-1-96; 89-626, eff. 8-9-96; 90-70,  
12      eff. 7-8-97.)

13           (815 ILCS 5/6) (from Ch. 121 1/2, par. 137.6)

14           Sec. 6. Registration of Face Amount Certificate Contracts.  
15       All face amount certificate contracts except those set forth  
16       under Section 2a of this Act, or those exempt under Section 3  
17       of this Act, or those offered or sold in transactions exempt  
18       under Section 4 of this Act, shall be registered either by  
19       coordination or by qualification, as hereinafter in this  
20       Section provided, prior to their offer or sale in this State.

21           A. Registration of Face Amount Certificate Contracts by  
22       Coordination.

23               (1) Face amount certificate contracts which are being  
24               or have been registered under the Federal 1933 Act may be  
25               registered by coordination in the manner provided in this

1 subsection A, if the effective date of the registration  
2 under the Federal 1933 Act is not more than 30 days before  
3 the filing with the Secretary of State.

4 (2) Face amount certificate contracts may be  
5 registered by coordination by the filing with the  
6 Secretary of State by the issuer, by a controlling person  
7 or by a registered dealer of:

8 (a) One copy of the registration statement  
9 (without exhibits) descriptive of the face amount  
10 certificate contracts on file with the Securities and  
11 Exchange Commission in its most recent form as of the  
12 date of the initial filing under this subsection A;

13 (b) An application, in such form and executed,  
14 verified, or authenticated by such person as the  
15 Secretary of State shall by rule or regulation  
16 prescribe, setting forth the title of every series,  
17 type or class of face amount certificate contracts to  
18 be offered in this State under this subsection A and,  
19 if the applicant is electing the date of effectiveness  
20 of a post-effective amendment as its effective date as  
21 provided in Section 2.13 of this Act, specifying such  
22 date as the effective date for purposes of  
23 registration under this subsection A;

24 (c) An undertaking to forward to the Secretary of  
25 State, in writing (which may be by electronic or  
26 facsimile transmission), any and all subsequent

1           amendments of and supplements to the registration  
2           statement not later than the 7th day after the  
3           forwarding thereof to the Securities and Exchange  
4           Commission, or such longer period as the Secretary of  
5           State may permit by rule, regulation or order; and

6           (d) If the applicant is not a registered dealer,  
7           the name of at least one registered dealer for the face  
8           amount certificate contracts being registered under  
9           this subsection A or a written statement setting forth  
10          the method of offer and sale in this State of the face  
11          amount certificate contracts being registered in  
12          compliance with Section 8 of this Act.

13          (3) Registration of face amount certificate contracts  
14          by coordination shall take effect automatically as of the  
15          effective date of the registration statement (or  
16          post-effective amendment) filed under the Federal 1933  
17          Act, provided that on the effective date, the information  
18          required by sub-paragraphs (a), (b), and (d) and the  
19          undertaking required by sub-paragraph (c) of paragraph (2)  
20          of this subsection A have been on file with the Secretary  
21          of State for at least 10 business days, or such shorter  
22          period as the Secretary of State may permit by rule,  
23          regulation or order. If, however, the time period referred  
24          to in the preceding sentence shall not have expired on the  
25          effective date of the registration statement (or  
26          post-effective amendment) filed under the Federal 1933

1 Act, registration of such face amount certificate  
2 contracts by coordination shall, upon the expiration of  
3 such time period, take effect automatically as of the  
4 effective date of the registration statement (or  
5 post-effective amendment) filed under the Federal 1933  
6 Act.

7 (4) If the information required by sub-paragraphs (a),  
8 (b), and (d) and the undertaking required by sub-paragraph  
9 (c) of paragraph (2) of this subsection A are not filed  
10 with the Secretary of State prior to the effective date of  
11 the registration statement (or post-effective amendment)  
12 filed under the Federal 1933 Act, any registration of face  
13 amount certificate contracts by coordination under this  
14 subsection A shall take effect automatically as soon as  
15 all of the following conditions have been satisfied:

16 (a) the information required by sub-paragraphs  
17 (a), (b), and (d) and the undertaking required by  
18 sub-paragraph (c) of paragraph (2) of this subsection  
19 A have been on file with the Secretary of State for 10  
20 business days, or for such shorter period as the  
21 Secretary of State may permit by rule, regulation or  
22 order;

23 (b) the registration statement or post-effective  
24 amendment filed under the Federal 1933 Act is then in  
25 effect; and

26 (c) the prospectus then on file with the Secretary



1           of State satisfies the requirements of Section  
2           10(a)(3) of the Federal 1933 Act.

3           (5) The applicant shall furnish to the Secretary of  
4           State written notice (which may be by electronic or  
5           facsimile transmission) confirming the date of  
6           effectiveness and the title of the face amount certificate  
7           contracts registered under the Federal 1933 Act, no later  
8           than the close of business on the second business day  
9           following the date on which registration becomes effective  
10          under the Federal 1933 Act.

11          (6) No action by the Secretary of State shall be  
12          necessary to evidence the effectiveness of the  
13          registration by coordination under this subsection A. The  
14          Secretary of State may, at his or her discretion, provide  
15          a statement attesting to such registration, which  
16          statement shall be in such form as the Secretary of State  
17          may deem appropriate.

18          (7) Notwithstanding the foregoing, the issuer,  
19          controlling person or registered dealer who filed the  
20          application set forth in subparagraph (b) of paragraph (2)  
21          of this subsection A may request, in writing (which may be  
22          by electronic or facsimile transmission) prior to or upon  
23          notice of effectiveness under the Federal 1933 Act, a  
24          waiver of automatic effectiveness of the registration of  
25          the face amount certificate contracts and the Secretary of  
26          State may, at his or her discretion, grant such waiver of

1       automatic effectiveness. Upon the grant by the Secretary  
2       of State of the request of waiver of automatic  
3       effectiveness, such registration of the face amount  
4       certificate contracts shall become effective automatically  
5       on the date that the issuer, controlling person or  
6       registered dealer who filed the application set forth in  
7       subparagraph (b) of paragraph (2) of this subsection A  
8       notifies the Secretary of State in writing.

9       B. Registration of Face Amount Certificate Contracts by  
10      Qualification. Face amount certificate contracts may be  
11      registered by qualification in the manner provided in this  
12      subsection B.

13           (1) An application for registration by qualification  
14      shall be made by the issuer, by a controlling person or by  
15      a registered dealer together with the examination fee  
16      established pursuant to Section 11a of the Act, which  
17      shall not be returnable in any event. Such application  
18      shall be executed, verified, or authenticated by the  
19      applicant and filed with the Secretary of State. The  
20      application shall set forth:

21           (a) The names and addresses of the persons  
22      creating or sponsoring the face amount certificate  
23      contracts; and

24           (b) The title of each series, type or class of face  
25      amount certificate contracts to be offered.

26           (2) If the issuer, dealer, or controlling person has

1 not filed a registration statement or post-effective  
2 amendment which is then in effect under the Federal 1933  
3 Act, there shall be filed with the application:

4 (a) Specimen copies of each and every series, type  
5 or class of face amount certificate contract proposed  
6 to be offered in this State, and specimen copies of  
7 each and every form of face amount certificate  
8 contract or other security being issued or proposed to  
9 be offered and issued elsewhere;

10 (b) (Blank);

11 (c) (Blank);

12 (d) An opinion of counsel as to the legality of the  
13 face amount certificate contracts;

14 (e) An undertaking to file promptly (no later than  
15 2 business days after the occurrence of any event  
16 which requires a material change in the prospectus)  
17 with the Secretary of State any and all amendments of  
18 and supplements to the prospectus as theretofore filed  
19 under this subsection B, together with any additional  
20 information, document or undertaking which the  
21 Secretary of State at his or her discretion, deems  
22 material, accompanied by the amendment filing fee  
23 established pursuant to Section 11a of this Act or, in  
24 lieu thereof, a notification in writing that all  
25 offers and sales of the face amount certificate  
26 contracts have been suspended pending the filing with

1           the Secretary of State of such amendment of or  
2           supplement to the prospectus; and

3           (3) In addition, there shall be filed with the  
4           application such additional information and material in  
5           such form as the Secretary of State may by rule,  
6           regulation or order prescribe and a prospectus which  
7           contains, but is not limited to the following:

8                   (a) The date and form of organization of the  
9                   issuer;

10                   (b) A brief description of the business conducted  
11                   and intended to be conducted by the issuer and by its  
12                   subsidiaries and the general development of such  
13                   business during the past 5 years or such shorter  
14                   period as the issuer and such subsidiaries may have  
15                   been in existence;

16                   (c) The location and general character of the  
17                   physical properties of the issuer and of its  
18                   subsidiaries;

19                   (d) A complete description of the terms and  
20                   conditions of each and every series, type or class of  
21                   face amount certificate contracts being issued or  
22                   proposed to be offered in this State or elsewhere,  
23                   which description shall include appropriate tables of  
24                   initial or periodic installment payments required of  
25                   the purchaser, surrender or liquidation values,  
26                   maturity values, optional plans of extended contract

1 periods and schedules of annuity payments which may be  
2 elected by a face amount certificate contract holder;

3 (e) A schedule of all types of deductions which  
4 may be made from plan payments or the income therefrom  
5 or the avails thereof as charges prior to  
6 distributions to holders of the face amount  
7 certificate contracts;

8 (f) The names and addresses of all of the issuer's  
9 officers and directors, or persons performing similar  
10 functions, their business experience during the  
11 preceding 5 years and the remuneration paid to each by  
12 the issuer and its subsidiaries during the fiscal year  
13 last past and proposed to be paid for the then current  
14 fiscal year;

15 (g) The names and addresses of all persons owning  
16 of record, and of all persons owning beneficially, to  
17 the extent known to the applicant, 10% or more of any  
18 class of equity securities of the issuer, and the  
19 percentage owned by each;

20 (h) A brief description of any pending material  
21 legal proceeding, and of any material legal proceeding  
22 known to be contemplated by governmental authorities,  
23 involving the issuer or its subsidiaries; and

24 (i) The following financial statements of the  
25 issuer:

26 (i) a balance sheet as of a date within 135

1 days prior to the date application for  
2 registration is received by the Secretary of  
3 State, which balance sheet, if not certified by an  
4 independent certified public accountant, shall be  
5 accompanied by a certified balance sheet of the  
6 issuer as of the close of the last prior fiscal  
7 year;

8 (ii) a detailed statement of income and  
9 expenses, including income from investments,  
10 service fees, loading and other sources, operating  
11 expenses and provisions for contract reserves or  
12 any additional credits to contract liabilities,  
13 profits realized and losses sustained in  
14 transactions in investments, and all other charges  
15 to operations, for a period of not less than 3  
16 fiscal years (or for the period of existence of  
17 the issuer if less than 3 years) last preceding  
18 the date of the balance sheet presented under  
19 subdivision (i) of this subparagraph (i), which  
20 statement of income and expenses, if not certified  
21 by an independent certified public accountant,  
22 shall be accompanied by a certified statement of  
23 income and expenses for a period of 3 years last  
24 preceding the uncertified period or periods  
25 presented as and for this subdivision (ii);

26 (iii) a detailed analysis of each surplus and

1           reserve account for the same period or periods  
2           covered by subdivision (ii) of this subparagraph  
3           (i), with like requirement for independent  
4           certification; and

5                   (iv) such other financial data as the  
6           Secretary of State may reasonably require in any  
7           specific case or by rule or regulation.

8           (4) The Secretary of State shall within a reasonable  
9           time examine the application and related documents filed  
10          with him or her and, unless the Secretary of State makes a  
11          determination that the application and related documents  
12          so filed do not conform to the requirements of this  
13          subsection B or there is a proceeding pending under  
14          Section 11 of this Act, shall upon receipt of the deposit  
15          required by subsection G of this Section 6 and upon  
16          receipt of the registration fee as hereinafter prescribed,  
17          register the face amount certificate contracts, as  
18          described by series, type or class within the application,  
19          for offer and sale in this State under this subsection B.

20          C. Pending Application and Filing Fee. No application for  
21          registration of face amount certificate contracts shall be  
22          deemed to be filed or pending and no face amount certificate  
23          contracts covered by such application shall be deemed to be  
24          registered under subsection A of this Section 6 unless a  
25          filing fee in the amount established pursuant to Section 11a  
26          of this Act has been paid, which shall not be returnable in any

1 event. No application for registration of face amount  
2 certificate contracts shall be deemed to be filed or pending  
3 and no face amount certificate contracts covered by such  
4 application shall be deemed to be registered under subsection  
5 B of this Section 6 unless the examination fee and filing fee  
6 established pursuant to Section 11a of this Act have been  
7 paid, which fees shall not be returnable in any event.

8 D. Effective Period and Sales Reports.

9 (1) A registration under subsection A or B of this  
10 Section 6, unless sooner terminated by the voluntary  
11 action of the issuer, or by suspension or revocation by  
12 the Secretary of State, shall continue in force and effect  
13 for a period of one year from the date of registration or  
14 renewal of registration or such other period of time as  
15 the Secretary of State may prescribe by rule or  
16 regulation, and shall permit the offer and sale of face  
17 amount certificate contracts so registered without  
18 limitation as to number or aggregate amount during such  
19 period of registration; provided, however, that, in the  
20 case of face amount certificate contracts registered under  
21 subsection B of this Section 6, the issuer shall promptly  
22 file with the Secretary of State, throughout such  
23 registration year, (i) one specimen copy of each monthly,  
24 quarterly, semi-annual or other periodic or special report  
25 and of each financial statement distributed to contract  
26 holders; (ii) one certified copy of all statements and



1 reports filed with any regulatory authority or agency of  
2 the Federal Government which relate to the issuer or the  
3 issuance of the securities registered pursuant to this  
4 Section 6 and (iii) one copy of each independently  
5 certified audit report pertaining to the financial affairs  
6 and position of the issuer covering the issuer's fiscal  
7 year ending during the registration year, to be supplied  
8 to the Secretary of State as soon as available after the  
9 close of the issuer's fiscal year.

10 (2) The Secretary of State may, at his or her  
11 discretion, require each issuer, controlling person or  
12 registered dealer on whose behalf a registration of face  
13 amount certificate contracts is effective under this  
14 Section 6 to file a report, in such form and of such  
15 content and for such time period as the Secretary of State  
16 may by rule or regulation prescribe, stating the aggregate  
17 dollar amount of face amount certificate contracts sold to  
18 Illinois residents. The civil remedies provided for in  
19 subsection A of Section 13 of this Act and the civil  
20 remedies of rescission and appointment of a receiver,  
21 conservator, ancillary receiver or ancillary conservator  
22 provided for in subsection I of Section 11 and in  
23 subsections F and G of Section 13 of this Act and the civil  
24 remedies of restitution, damages and disgorgement of  
25 profits provided for in subsection I of Section 11 of this  
26 Act shall not be available against any person by reason of

1 the failure to file any such report or on account of the  
2 contents of any such report.

3 E. Amendatory statements and required fees. The Secretary  
4 of State may by rule or regulation require the filing of an  
5 amendatory statement and prescribe its form and content. The  
6 fee for filing the statement shall be established pursuant to  
7 Section 11a of this Act. The fee shall not be returnable in any  
8 event.

9 F. Renewal of Registration. A registration of face amount  
10 certificate contracts in effect under subsection A or B of  
11 this Section 6 may be renewed by the issuer by filing an  
12 application for renewal with the Secretary of State no later  
13 than 10 business days prior to the date upon which such  
14 registration would otherwise expire, (or such lesser period as  
15 the Secretary of State may prescribe by rule or regulation) in  
16 such form and executed, verified, or authenticated by such  
17 person as the Secretary of State shall prescribe by rule or  
18 regulation. Such application shall be accompanied by a  
19 prospectus in its most current form together with a renewal  
20 fee established pursuant to Section 11a of this Act, which  
21 shall not be returnable in any event. A renewal of  
22 registration of face amount certificate contracts shall take  
23 effect as of the date and time that the prior registration  
24 under subsection A of this Section 6 or prior renewal under  
25 this subsection F would otherwise have expired and (or such  
26 alternative date as the Secretary of State may prescribe by

1 rule or regulation) thereafter shall be deemed to be a new  
2 registration of the face amount certificate contracts covered  
3 thereby. The Secretary of State may by rule or regulation  
4 prescribe an additional fee for the failure to file timely an  
5 application for renewal and limit the number of times a  
6 registration may be renewed.

7 G. Deposit of Securities. No face amount certificate  
8 contract shall be registered under subsection B of this  
9 Section 6 unless the issuer shall establish and maintain with  
10 the Secretary of State, for the benefit of the holders of such  
11 contracts residing in this State, a deposit of securities  
12 representing debt obligations of the kind in which life  
13 insurance companies organized under the laws of this State are  
14 permitted to invest their funds, in an amount having a fair  
15 market value of not less than \$100,000 and at no time less than  
16 the current contract liability on all such face amount  
17 certificate contracts held by persons residing in this State,  
18 and provided further that deposited securities, other than  
19 those secured by entire first mortgage or trust deeds on  
20 improved unencumbered real estate, are issued by an issuer  
21 required to file reports pursuant to Section 13 or 15(d) of the  
22 Federal 1934 Act or are covered by Section 12(g)(2)(B) or (G)  
23 of the Federal 1934 Act, or appear in current quotations in  
24 transactions on exchanges recognized by subsection G of  
25 Section 3 of this Act, and provided further, that bonds or  
26 notes secured by mortgages or trust deeds be limited to those

1 (i) constituting the entire indebtedness secured thereby, (ii)  
2 establishing a first lien on improved real estate held in fee  
3 simple, and (iii) insured by the Federal Housing Administrator  
4 under an Act of Congress of the United States entitled  
5 "National Housing Act". Debentures issued by the Federal  
6 Housing Administrator under an Act of Congress of the United  
7 States entitled the "National Housing Act" may be included in  
8 the deposit prescribed by this subsection in amounts related  
9 to, and in substitution for, specific insured mortgage loans  
10 then included in the subject deposit which are in default, but  
11 at no time shall the aggregate principal amount of such  
12 debentures included in the subject deposit exceed 5% of the  
13 fair market value of securities comprising the subject  
14 deposit. The current contract liability in respect of  
15 contracts held by persons residing in this State shall be that  
16 as determined in such contracts as computed by the issuer and  
17 regularly certified to the Secretary of State, on or before  
18 the last day of each calendar month as of the close of the  
19 month last prior to the date of reporting.

20 Securities deposited as hereinabove required may be  
21 withdrawn by the depositor at any time, and from time to time,  
22 whenever other securities eligible for deposit and of a fair  
23 market value not less than that withdrawn are deposited in  
24 substitution for securities withdrawn.

25 The Secretary of State may, upon receipt of appropriate  
26 certification in writing, deemed by the Secretary of State to

1 be competent and adequate, evidencing the reduction of  
2 contract liability on contracts held by persons residing in  
3 this State to an aggregate amount representing not more than  
4 90% of the fair market value of the securities then on deposit,  
5 permit an equivalent reduction in the deposited securities.

6 H. Minimum Deposit; Annual Fee; Transaction Charge. The  
7 initial and continuing deposit required hereby shall, so long  
8 as the face amount certificate contracts registered under  
9 subsection B of this Section 6 are being offered and sold in  
10 this State, and until all contract liability on all contracts  
11 outstanding in this State has been discharged, include  
12 obligations of the United States or the State of Illinois in  
13 bearer form or fully registered, or registered as to  
14 principal, in the title of Treasurer of the State of Illinois,  
15 and his or her successors in office, in the minimum principal  
16 amount of \$50,000. An issuer of face amount certificate  
17 contracts, in respect of which a deposit is required to be  
18 established and maintained under this Section 6, and an issuer  
19 of face amount certificate contracts heretofore qualified for  
20 issuance to persons residing in this State under "An Act  
21 relating to the sale or other disposition of securities and  
22 providing penalties for the violation thereof and to repeal  
23 Acts in conflict therewith", approved June 10, 1919, as  
24 amended, and in respect of which a deposit of securities was  
25 established and has been maintained under the Act approved  
26 June 10, 1919, as cited above, shall pay to the Secretary of

1 State an annual fee determined at the rate of 1/30th of one  
2 percent on the average of quarterly computations on the  
3 aggregate of principal amounts of market-quoted or listed  
4 securities and the original loan amounts of real estate loans  
5 insured by the Federal Housing Administrator, and in addition  
6 each such issuer shall pay to the Secretary of State, against  
7 quarterly billings therefor, a transaction charge in the  
8 amount established pursuant to Section 11a of this Act, which  
9 annual fee and transaction charge shall not be returnable in  
10 any event, for each separate issue or loan included in  
11 additions to and withdrawals from such deposits, provided  
12 however that the transaction charge established pursuant to  
13 Section 11a of this Act for each separate issue of  
14 market-quoted or listed securities shall apply to all the  
15 items of that issue included in a single transaction,  
16 regardless of the aggregate principal amount, and in respect  
17 of real estate loans such transaction charge shall apply to  
18 the group of documents pertaining to each separate loan, and  
19 not to the separate items and documents included in such  
20 group.

21 Nothing herein contained in respect of prescribed custody  
22 of deposited securities with the State Treasurer and of  
23 permissible procedures of liquidation of deposited securities  
24 by the Secretary of State in the event of insolvency of an  
25 issuer of face amount certificate contracts, or the  
26 appointment of a trustee in bankruptcy, shall preclude the

1 surrender of deposited securities to a duly qualified trustee  
2 under appointment by a Court having jurisdiction under the  
3 Federal Bankruptcy Code under an appropriate order of such  
4 Court.

5 I. Liquidation of Securities. Upon the insolvency of the  
6 issuer of face amount certificate contracts or appointment of  
7 a receiver or trustee in bankruptcy, the Secretary of State,  
8 if not required otherwise under Federal law or under an order  
9 of a Federal Court of competent jurisdiction, may apply to the  
10 Circuit Court of Sangamon County, or any other court of  
11 competent jurisdiction, for authority to proceed for the  
12 liquidation of such securities held for the benefit of the  
13 holders of such contracts who reside in this State. The  
14 Secretary of State is hereby authorized to deal with such  
15 securities on deposit in this State for the benefit of the  
16 holders of such face amount certificate contracts, in his or  
17 her name or, if the Court shall so order, in the name of the  
18 issuer. The Secretary of State may, subject to the approval of  
19 the Court, sell or otherwise dispose of the securities so  
20 deposited or any part thereof. The Secretary of State shall as  
21 soon as may be conveniently possible, give notice by  
22 publication as provided by law, and as the Court may direct, to  
23 all contract holders residing in this State who may have  
24 claims against the issuer under such face amount certificate  
25 contracts and for whose benefit such deposit is held, to file  
26 and prove their claims in the manner and within the time the

1 Court shall direct. In order to preserve so far as possible the  
2 rights and interests of the holders of outstanding contracts  
3 of such issuer who reside in this State, the Secretary of State  
4 may liquidate such securities on deposit in this State by  
5 entering into contracts with any issuer or person able to buy  
6 such securities in whole, or in part. Upon receiving an offer  
7 or offers for the purchase of such securities in whole, or in  
8 part, the Secretary of State shall submit such offer or offers  
9 to the Court, and if, after a full hearing upon the petition  
10 filed by the Secretary of State, the court shall find that the  
11 Secretary of State endeavored to obtain the best contract  
12 price for the benefit of the contract holders, and if the court  
13 shall find that the best contract price in the interests of the  
14 contract holders has been obtained, and that it is for the best  
15 interests of the holders of such contracts that such  
16 securities be sold, the court shall, by written order approve  
17 the acts of the Secretary of State and authorize him or her to  
18 dispose of such securities. Upon the conversion of such  
19 securities to cash, the Secretary of State may then proceed to  
20 dispose of the sum received for such securities among the  
21 respective holders of such contracts as their interests may  
22 appear. Upon the liquidation and distribution of such funds,  
23 the Secretary of State may make proper liquidation of such  
24 securities and the distribution or disposition thereof or of  
25 the proceeds therefrom as herein provided.

26 For the purpose of liquidation of such securities, the



1 Secretary of State shall have the power to appoint one or more  
2 special deputies as his or her agent or agents and to employ  
3 such clerks, assistants or attorneys as may by him or her be  
4 deemed necessary and to give each of such persons such power to  
5 assist him or her as he or she may consider wise. The  
6 compensation of every such special deputy, agent, clerk,  
7 assistant or attorney shall be fixed, and all expenses of  
8 taking possession of such securities of the issuer and the  
9 administration thereof shall be approved, by the Secretary of  
10 State subject to the approval of the court and shall be paid  
11 out of the funds or assets received from the liquidation of  
12 such securities.

13 J. The applicant or registrant shall notify the Secretary  
14 of State, by written notice (which may be by electronic or  
15 facsimile transmission), within 2 business days after its  
16 receipt of any stop order, denial, order to show cause,  
17 suspension or revocation order, injunction or restraining  
18 order, or similar order entered or issued by any state,  
19 federal or other regulatory authority or by any court,  
20 concerning the face amount certificate contracts which are  
21 being or have been registered in this State or any other  
22 securities of the issuer currently being or proposed to be  
23 offered to the public, if the matter which is the subject of,  
24 or the failure to disclose the existence of, such order would  
25 in this State constitute a violation of subsection E, F, G, H,  
26 I or J of Section 12 of this Act. The obligation contained in

1 this subsection J shall continue until such time as offers and  
2 sales of the face amount certificate contracts registered  
3 under this Section 6 are no longer being made in this State by  
4 the applicant or registrant.

5 K. Any document being filed pursuant to this Section 6  
6 shall be deemed filed, and any fee being paid pursuant to this  
7 Section 6 shall be deemed paid, upon the date of actual receipt  
8 thereof by the Secretary of State.

9 L. The Secretary of State may require by rule or  
10 regulation the payment of an additional fee for the filing of  
11 information or documents required to be filed by this Section  
12 6 which have not been filed in a timely manner. Such fees shall  
13 be deposited into the Secretary of State Special Services Fund  
14 ~~Securities Investors Education Fund and used to promote public~~  
15 ~~awareness of the dangers of securities fraud.~~

16 (Source: P.A. 89-209, eff. 1-1-96; 90-70, eff. 7-8-97.)

17 (815 ILCS 5/7) (from Ch. 121 1/2, par. 137.7)

18 Sec. 7. Registration of Investment Fund Shares. All  
19 investment fund shares except those set forth under Section 2a  
20 of this Act, or those exempt under Section 3 of this Act, or  
21 those offered or sold in transactions exempt under Section 4  
22 of this Act, or face amount certificate contracts required to  
23 be registered under Section 6 of this Act, shall be registered  
24 either by coordination or by qualification, as hereinafter in  
25 this Section provided, prior to their offer or sale in this

1 State. Additional classes of shares that are of the same rank,  
2 general description, and characteristics as those currently  
3 registered may be added to a current registration under this  
4 Section upon the filing of an amendment and the payment of the  
5 additional fees as prescribed by the Secretary of State by  
6 rule or regulation. Any change in organization or plans of  
7 operation shall be disclosed to the Secretary of State by  
8 filing an amendment to a current registration and the payment  
9 of the additional fees as prescribed by the Secretary of State  
10 by rule or regulation.

11 A. Registration of Investment Fund Shares by Coordination.

12 (1) Investment fund shares which are being or have  
13 been registered under the Federal 1933 Act and the Federal  
14 1940 Investment Company Act may be registered by  
15 coordination in the manner provided in this subsection A,  
16 if the effective date of the registration under the  
17 Federal 1933 Act is not more than 30 days before the filing  
18 with the Secretary of State.

19 (2) Investment fund shares may be registered by  
20 coordination by the filing with the Secretary of State by  
21 the issuer, by a controlling person or by a registered  
22 dealer of:

23 (a) One copy of the registration statement  
24 (without exhibits) descriptive of the investment fund  
25 shares on file with the Securities and Exchange  
26 Commission in its most recent form as of the date of

1 the initial filing under this subsection A;

2 (b) An application, in such form and executed,  
3 verified, or authenticated by such person as the  
4 Secretary of State shall by rule or regulation  
5 prescribe, setting forth the title of the investment  
6 fund shares to be offered in this State under this  
7 subsection A and, if the applicant is electing the  
8 date of effectiveness of a post-effective amendment as  
9 its effective date as provided in Section 2.13 of this  
10 Act, specifying such date as the effective date for  
11 purposes of registration under this subsection A; and

12 (c) An undertaking to forward to the Secretary of  
13 State, in writing (which may be by electronic or  
14 facsimile transmission), any and all subsequent  
15 amendments of and supplements to the registration  
16 statement not later than the 7th day after the  
17 forwarding thereof to the Securities and Exchange  
18 Commission, or such longer period as the Secretary of  
19 State may permit by rule, regulation or order; and

20 (d) if the applicant is not a registered dealer,  
21 the name of at least one registered dealer for the  
22 investment fund shares being registered under this  
23 subsection A or a written statement setting forth the  
24 method of offer and sale in this State of the  
25 investment fund shares being registered in compliance  
26 with Section 8 of this Act.

1           (3) Registration of investment fund shares by  
2 coordination shall take effect automatically as of the  
3 effective date of the registration statement (or  
4 post-effective amendment) filed under the Federal 1933  
5 Act, provided that on the effective date, the information  
6 required by sub-paragraphs (a), (b), and (d) and the  
7 undertaking required by sub-paragraph (c) of paragraph (2)  
8 of this subsection A have been on file with the Secretary  
9 of State for at least 10 business days, or such shorter  
10 period as the Secretary of State may permit by rule,  
11 regulation or order. If, however, the time period referred  
12 to in the preceding sentence shall not have expired on the  
13 effective date of the registration statement (or  
14 post-effective amendment) filed under the Federal 1933  
15 Act, registration of such investment fund shares by  
16 coordination shall, upon the expiration of such time  
17 period, take effect automatically as of the effective date  
18 of the registration statement (or post-effective  
19 amendment) filed under the Federal 1933 Act.

20           (4) If the information required by sub-paragraphs (a),  
21 (b), and (d) and the undertaking required by sub-paragraph  
22 (c) of paragraph (2) of this subsection A are not filed  
23 with the Secretary of State prior to the effective date of  
24 the registration statement (or post-effective amendment)  
25 filed under the Federal 1933 Act, any registration of  
26 investment fund shares by coordination under this

1 subsection A shall take effect automatically as soon as  
2 all of the following conditions have been satisfied:

3 (a) the information required by sub-paragraphs  
4 (a), (b), and (d) and the undertaking required by  
5 sub-paragraph (c) of paragraph (2) of this subsection  
6 A have been on file with the Secretary of State for 10  
7 business days, or for such shorter period as the  
8 Secretary of State may permit by rule, regulation or  
9 order;

10 (b) the registration statement or post-effective  
11 amendment filed under the Federal 1933 Act is then in  
12 effect; and

13 (c) the prospectus then on file with the Secretary  
14 of State satisfies the requirements of Section  
15 10(a)(3) of the Federal 1933 Act.

16 (5) The applicant shall furnish to the Secretary of  
17 State written notice (which may be by electronic or  
18 facsimile transmission) confirming the date of  
19 effectiveness and the title of the investment fund shares  
20 registered under the Federal 1933 Act, no later than the  
21 close of business on the second business day following the  
22 date on which registration statement becomes effective  
23 under the Federal 1933 Act.

24 (6) No action by the Secretary of State shall be  
25 necessary to evidence the effectiveness of the  
26 registration by coordination under this subsection A. The

1 Secretary of State may, at his or her discretion, provide  
2 a statement attesting to such registration, which  
3 statement shall be in such form as the Secretary of State  
4 may deem appropriate.

5 (7) Notwithstanding the foregoing, the issuer,  
6 controlling person or registered dealer who filed the  
7 application set forth in subparagraph (b) of paragraph (2)  
8 of this subsection A may request, in writing (which may be  
9 by electronic or facsimile transmission) prior to or upon  
10 notice of effectiveness under the Federal 1933 Act, a  
11 waiver of automatic effectiveness of the registration of  
12 investment fund shares and the Secretary of State may, at  
13 his or her discretion, grant such waiver of automatic  
14 effectiveness. Upon the grant by the Secretary of State of  
15 the request of waiver of automatic effectiveness, such  
16 registration of investment fund shares shall become  
17 effective automatically on the date that the issuer,  
18 controlling person or registered dealer who filed the  
19 application set forth in subparagraph (b) of paragraph (2)  
20 of this subsection A notifies the Secretary of State in  
21 writing.

22 B. Registration of Investment Fund Shares by  
23 Qualification. Investment fund shares may be registered by  
24 qualification in the manner provided in this subsection B.

25 (1) An application for registration by qualification  
26 shall be made by the issuer, by a controlling person or by

1 a registered dealer together with the examination fee  
2 established pursuant to Section 11a of the Act, which  
3 shall not be returnable in any event. Such application  
4 shall be signed, verified, or authenticated by the  
5 applicant and filed with the Secretary of State. The  
6 application shall set forth:

7 (a) The name and address of the issuer;

8 (b) The title of the investment fund shares; and

9 (c) The names and addresses of the persons  
10 creating or sponsoring the investment fund shares.

11 (2) If the issuer, dealer, or controlling person has  
12 not filed a registration statement or post-effective  
13 amendment which is then in effect under the Federal 1933  
14 Act, there shall be filed with the application:

15 (a) A specimen copy of the investment fund shares,  
16 if any, or a copy of the form of the instrument to  
17 evidence the investment fund shares, if any;

18 (b) (Blank);

19 (c) (Blank);

20 (d) An opinion of counsel as to the legality of the  
21 investment fund shares;

22 (e) An undertaking to file promptly (not later  
23 than 2 business days after the occurrence of any event  
24 which requires a material change in the prospectus)  
25 with the Secretary of State any and all amendments of  
26 and supplements to the prospectus as theretofore filed



1 under this subsection B, together with any additional  
2 information, document or undertaking which the  
3 Secretary of State, at his or her discretion, deems  
4 material, accompanied by the amendment filing fee  
5 established pursuant to Section 11a of this Act or, in  
6 lieu thereof, a notification in writing that all  
7 offers and sales of the investment fund shares have  
8 been suspended pending the filing with the Secretary  
9 of State of the amendment of or supplement to the  
10 prospectus;

11 (f) A written statement setting forth the name of  
12 at least one registered dealer for the investment fund  
13 shares being registered under this subsection B or an  
14 application for registration of a salesperson or a  
15 written statement setting forth the method of offer  
16 and sale in this State of the investment fund shares  
17 being registered in compliance with Section 8 of this  
18 Act.

19 (3) In addition, there shall be filed with the  
20 application such additional information and material in  
21 such form as the Secretary of State may by rule,  
22 regulation or order prescribe and a prospectus which  
23 contains, but is not limited to the following:

24 (a) The date and form of organization of the fund  
25 or trust;

26 (b) The authorized and issued capitalization of

1 the fund or trust and a description of the investment  
2 fund shares being registered and of all authorized  
3 securities;

4 (c) A schedule of the types of deductions which  
5 may be made from the trust or corporate or fund assets  
6 and the income therefrom or the avails thereof as  
7 charges prior to distribution to holders of the  
8 investment fund shares;

9 (d) The names and addresses of all of the fund's or  
10 trust's officers and directors, or persons performing  
11 similar functions, their business experience during  
12 the preceding 5 years and the remuneration paid to  
13 each by the fund or trust or any affiliate thereof  
14 during the fiscal year last past and proposed to be  
15 paid for the then current fiscal year;

16 (e) A brief description of any pending material  
17 legal proceeding, and of any material legal proceeding  
18 known to be contemplated by governmental authorities  
19 involving the fund or trust;

20 (f) A statement of the plan of operation,  
21 management policies and provisions and restrictions in  
22 respect of investment and reinvestment of principal  
23 funds and undistributed income therefrom;

24 (g) A statement of the plan and intention in  
25 respect of distributions of ordinary income and  
26 capital gains, which statement shall disclose the

1 taking of adequate measures for specific separation  
2 and identification of distributions arising from  
3 ordinary income and those arising from profits  
4 realized from the disposition of securities;

5 (h) Specimen computations illustrating typical  
6 applications of the formulae to be used in determining  
7 asset value, offering price and liquidating price of  
8 the investment fund shares; and

9 (i) The following financial statements in respect  
10 of the issuer if the investment fund shares represent  
11 shares of an issuing corporation, or in respect of the  
12 trust fund, if the investment fund shares represent  
13 beneficial interests in a trust fund:

14 (i) a balance sheet as of a date within 135  
15 days prior to the date of submitting the  
16 application. If such balance sheet is not  
17 certified by an independent certified public  
18 accountant, the prospectus shall also contain a  
19 balance sheet certified by an independent  
20 certified public accountant as of the close of the  
21 fund's last fiscal year, unless such fiscal year  
22 ended within 135 days prior to the time of filing  
23 the application, in which case the certified  
24 balance sheet may be as of the end of the preceding  
25 fiscal year;

26 (ii) a detailed statement of income and

1 expenses and of profits realized and losses  
2 sustained from the sale of securities for each of  
3 the three fiscal years (or for the period of  
4 existence of the issuer if less than 3 years) next  
5 preceding the date of the certified balance sheet  
6 and for the period, if any, between the date of the  
7 certified balance sheet and the date of the most  
8 recent balance sheet. Such statements shall be  
9 certified by an independent certified public  
10 accountant for the periods ending with the date of  
11 the certified balance sheet;

12 (iii) an analysis of each surplus account (or,  
13 in lieu thereof, a statement of changes in net  
14 assets) for each period for which a statement of  
15 income and expenses is filed, certified by an  
16 independent certified public accountant for the  
17 periods for which certified statements of income  
18 and expenses are submitted; and

19 (iv) such other financial statements and  
20 supporting schedules as the Secretary of State may  
21 by rule or regulation prescribe.

22 (4) The Secretary of State may make or cause to be made  
23 an examination of matters pertaining to the investment  
24 fund shares as to which registration is sought under this  
25 subsection B and the persons creating, sponsoring or  
26 having general charge of the distribution of the

1 investment fund shares, or any of them, and may require  
2 the applicant to advance sufficient funds to defray all  
3 actual expenses of such examination. An itemized statement  
4 of such expenses shall be furnished to the applicant.

5 (5) No investment fund shares shall be registered  
6 under this subsection B unless the underlying securities  
7 or cash are and are to be deposited and held under an  
8 appropriate agreement for the benefit of the holders of  
9 the investment fund shares with and by a trustee or  
10 custodian which is a clearing corporation, bank, trust  
11 company or member of a national securities exchange  
12 registered under the Federal 1934 Act, provided that any  
13 such bank or trust company shall have an aggregate  
14 capital, surplus and undivided profits of at least  
15 \$2,000,000 and any such member of a national securities  
16 exchange shall have capital stock, additional paid-in  
17 capital and retained earnings of at least \$2,000,000 if a  
18 corporation or partnership capital of at least \$2,000,000  
19 if a partnership and further provided that any such member  
20 of a national securities exchange shall comply with the  
21 provisions of the Federal 1940 Investment Company Act and  
22 the rules and regulations of the Securities and Exchange  
23 Commission promulgated under that Act relating to the  
24 custody of the underlying securities of investment funds.

25 (6) The Secretary of State shall within a reasonable  
26 time examine the application and documents filed with him

1       or her and may make such additional examination pursuant  
2       to paragraph (4) of this subsection B as he or she may deem  
3       appropriate, and unless the Secretary of State makes a  
4       determination that the application and documents so filed  
5       do not conform to the requirements of this subsection B,  
6       or there is a proceeding pending under Section 11 of this  
7       Act, the Secretary of State shall register the investment  
8       fund shares for offer and sale in this State under this  
9       subsection B.

10       C. Pending Application and Filing Fee. No application for  
11       registration of investment fund shares shall be deemed to be  
12       filed or pending and no investment fund shares covered by such  
13       application shall be deemed to be registered under subsection  
14       A of this Section 7 unless a filing fee in the amount  
15       established pursuant to Section 11a of this Act has been paid,  
16       which fee shall not be returnable in any event. No application  
17       shall be deemed to be filed or pending and no investment fund  
18       shares covered by such application shall be deemed to be  
19       registered under subsection B of this Section 7 unless the  
20       examination fee and filing fee established pursuant to Section  
21       11a of this Act have been paid, which fees shall not be  
22       returnable in any event.

23       D. Amendatory statements and required fees. The Secretary  
24       of State may by rule or regulation require the filing of an  
25       amendatory statement and prescribe its form and content. The  
26       fee for filing the statement shall be established pursuant to

1 Section 11a of this Act. The fee shall not be returnable in any  
2 event.

3 E. Discontinuance of Registration. An amendatory statement  
4 or statements may be submitted by the applicant at any time,  
5 and from time to time, when it is desired to discontinue  
6 registration in respect of one or more classes, series, or  
7 portfolios and if the Secretary of State shall find that such  
8 discontinuance is not against the public interest, such  
9 amendatory statement or statements shall be filed by the  
10 Secretary of State without charge, but such discontinuance of  
11 registration shall not entitle the applicant to any refund of  
12 any fees previously paid in respect of such discontinued class  
13 or classes, series, or portfolios.

14 F. Effective Period and Sales Reports.

15 (1) A registration of investment fund shares under  
16 this Section 7, unless sooner terminated by the voluntary  
17 action of the applicant or by action of the Secretary of  
18 State under Section 11 hereof, shall continue in force and  
19 effect for a period of one year from the date of  
20 registration or renewal of registration (or such other  
21 period of time as the Secretary of State may prescribe by  
22 rule or regulation or order), without limitation as to  
23 number of shares or aggregate amount; provided, however,  
24 that in the case of investment fund shares registered  
25 under subsection B of this Section 7, the issuer which has  
26 no registration statement then in effect under the Federal

1        1933 Act and the Federal 1940 Investment Company Act shall  
2        promptly file with the Secretary of State throughout such  
3        registration period, one copy of each monthly, quarterly,  
4        semi-annual, annual or other periodic report and financial  
5        statement sent to holders of its outstanding investment  
6        fund shares, and one copy of each statement and report  
7        relating to such investment fund shares filed with any  
8        regulatory authority or agency of the Federal Government.

9        (2) The Secretary of State may, at his or her  
10       discretion, require each issuer, controlling person or  
11       registered dealer on whose behalf a registration of  
12       investment fund shares is effected under this Section 7 to  
13       file a report, in such form and of such content and for  
14       such time period as the Secretary of State may by rule or  
15       regulation prescribe, stating the aggregate dollar amount  
16       of investment fund shares sold to Illinois residents. The  
17       civil remedies provided for in subsection A of Section 13  
18       of this Act and the civil remedies of rescission and  
19       appointment of a receiver, conservator, ancillary receiver  
20       or ancillary conservator provided for in subsection I of  
21       Section 11 and in subsections F and G of Section 13 of this  
22       Act and the civil remedies of restitution, damages and  
23       disgorgement of profits provided for in subsection I of  
24       Section 11 of this Act shall not be available against any  
25       person by reason of the failure to file any such report or  
26       on account of the contents of any such report.



1           G. Renewal of Registration. A registration of investment  
2 fund shares in effect under subsection A or B of this Section 7  
3 may be renewed by the issuer by filing an application for  
4 renewal of registration with the Secretary of State no later  
5 than 10 business days prior to the date upon which such  
6 registration would otherwise expire or such lesser period as  
7 the Secretary of State may prescribe by rule or regulation, in  
8 such form and executed, verified, or authenticated by such  
9 person as the Secretary of State shall prescribe by rule or  
10 regulation. Such application shall be accompanied by a  
11 prospectus in its most current form together with a renewal  
12 fee established pursuant to Section 11a of this Act, which  
13 shall not be returnable in any event. A renewal of  
14 registration of securities shall take effect as of the date  
15 and time that the prior registration under subsection A of  
16 this Section 7 or prior renewal under this paragraph (1) would  
17 otherwise have expired (or such alternative date as the  
18 Secretary of State may prescribe by rule or regulation) and  
19 thereafter shall be deemed to be a new registration of the  
20 investment fund shares covered thereby. The Secretary of State  
21 may by rule or regulation prescribe an additional fee for the  
22 failure to file timely an application for renewal and limit  
23 the number of times a registration may be renewed.

24           H. The applicant or registrant shall notify the Secretary  
25 of State, by written notice (which may be by electronic or  
26 facsimile transmission), within 2 business days after its

1 receipt of any stop order, denial, order to show cause,  
2 suspension or revocation order, injunction or restraining  
3 order, or similar order entered or issued by any state,  
4 federal or other regulatory authority or by any court,  
5 concerning the investment fund shares which are being or have  
6 been registered in this State or any other securities of the  
7 issuer currently being or proposed to be offered to the  
8 public, if the matter which is the subject of, or the failure  
9 to disclose the existence of, such order would in this State  
10 constitute a violation of subsection E, F, G, H, I or J of  
11 Section 12 of this Act. The obligation contained in this  
12 subsection H shall continue until such time as offers and  
13 sales of the investment fund shares registered under this  
14 Section 7 are no longer being made in this State by the  
15 applicant or registrant.

16 I. Any document being filed pursuant to this Section 7  
17 shall be deemed filed, and any fee being paid pursuant to this  
18 Section 7 shall be deemed paid, upon the date of actual receipt  
19 thereof by the Secretary of State.

20 J. The Secretary of State may require by rule or  
21 regulation the payment of an additional fee for the filing of  
22 information or documents required to be filed by this Section  
23 7 which have not been filed in a timely manner. Such fees shall  
24 be deposited into the Secretary of State Special Services Fund  
25 ~~Securities Investors Education Fund and use to promote public~~  
26 ~~awareness of the dangers of securities fraud.~~

1 (Source: P.A. 89-209, eff. 1-1-96; 89-626, eff. 8-9-96; 90-70,  
2 eff. 7-8-97.)

3 (815 ILCS 5/11) (from Ch. 121 1/2, par. 137.11)

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

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

17 (2) Among other things, the Secretary of State shall have  
18 authority, for the purposes of this Act, to prescribe the form  
19 or forms in which required information shall be set forth,  
20 accounting practices, the items or details to be shown in  
21 balance sheets and earning statements, and the methods to be  
22 followed in the preparation of accounts, in the appraisal or  
23 valuation of assets and liabilities, in the determination of  
24 depreciation and depletion, in the differentiation of  
25 recurring and non-recurring income, in the differentiation of

1 investment and operating income, and in the preparation of  
2 consolidated balance sheets or income accounts of any person,  
3 directly or indirectly, controlling or controlled by the  
4 issuer, or any person under direct or indirect common control  
5 with the issuer.

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

13 (4) The Securities Department of the Office of the  
14 Secretary of State shall be deemed a criminal justice agency  
15 for purposes of all federal and state laws and regulations  
16 and, in that capacity, shall be entitled to access to any  
17 information available to criminal justice agencies and has the  
18 power to appoint special agents to conduct all investigations,  
19 searches, seizures, arrests, and other duties imposed under  
20 the provisions of any law administered by the Department. The  
21 special agents have and may exercise all the powers of peace  
22 officers solely for the purpose of enforcing provisions of  
23 this Act.

24 The Director must authorize to each special agent employed  
25 under this Section a distinct badge that, on its face, (i)  
26 clearly states that the badge is authorized by the Department

1 and (ii) contains a unique and identifying number.

2 Special agents shall comply with all training requirements  
3 established for law enforcement officers by provisions of the  
4 Illinois Police Training Act.

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

13 B. The Secretary of State may, anything in this Act to the  
14 contrary notwithstanding, require financial statements and  
15 reports of the issuer, dealer, Internet portal, salesperson,  
16 investment adviser, or investment adviser representative as  
17 often as circumstances may warrant. In addition, the Secretary  
18 of State may secure information or books and records from or  
19 through others and may make or cause to be made investigations  
20 respecting the business, affairs, and property of the issuer  
21 of securities, any person involved in the sale or offer for  
22 sale, purchase or offer to purchase of any mineral investment  
23 contract, mineral deferred delivery contract, or security and  
24 of dealers, Internet portals, salespersons, investment  
25 advisers, and investment adviser representatives that are  
26 registered or are the subject of an application for

1 registration under this Act. The costs of an investigation  
2 shall be borne by the registrant or the applicant, provided  
3 that the registrant or applicant shall not be obligated to pay  
4 the costs without his, her or its consent in advance.

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

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

16 (2) conduct an investigation, audit, examination, or  
17 inspection as necessary or advisable for the protection of  
18 the interests of the public; and

19 (3) appoint investigators to conduct all  
20 investigations, searches, seizures, arrests, and other  
21 duties imposed under the provisions of any law  
22 administered by the Department. The Director must  
23 authorize to each investigator employed under this Section  
24 a distinct badge that, on its face, (i) clearly states  
25 that the badge is authorized by the Department and (ii)  
26 contains a unique and identifying number.

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

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

20       (3) The Circuit Court of any County of this State, upon  
21 application of the Secretary of State or a person designated  
22 by him or her may order the attendance of witnesses, the  
23 production of books and records, papers, accounts and  
24 documents and the giving of testimony before the Secretary of  
25 State or a person designated by him or her; and any failure to  
26 obey the order may be punished by the Circuit Court as a

1 contempt thereof.

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

9 (5) Whenever a subpoena is issued at the request of a  
10 complainant or respondent as the case may be, the Secretary of  
11 State may require that the cost of service and the fee of the  
12 witness shall be borne by the party at whose instance the  
13 witness is summoned.

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

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

20 (8) The Secretary of State may in any investigation,  
21 audits, examinations, or inspections cause the taking of  
22 depositions of persons residing within or without this State  
23 in the manner provided in civil actions under the laws of this  
24 State.

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

26 (1) If the Secretary of State shall find that the



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

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

24 (3) If the Secretary of State shall find that any  
25 person is engaging or has engaged in the business of  
26 selling or offering for sale securities as a dealer,

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

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

21 F. (1) The Secretary of State shall not deny, suspend or  
22 revoke the registration of securities, suspend or revoke the  
23 registration of a dealer, Internet portal, salesperson,  
24 investment adviser, or investment adviser representative,  
25 prohibit or suspend the offer or sale of any securities,  
26 prohibit or suspend any person from offering or selling any

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

19 (2) Anything herein contained to the contrary  
20 notwithstanding, the Secretary of State may temporarily  
21 prohibit or suspend, for a maximum period of 90 days, by an  
22 order effective immediately, the offer or sale or registration  
23 of securities, the registration of a dealer, Internet portal,  
24 salesperson, investment adviser, or investment adviser  
25 representative, or the offer or sale of securities by any  
26 person, or the business of rendering investment advice,

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

1 investment adviser.

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

14 (4) When the Secretary of State finds that an application  
15 for registration as a dealer, Internet portal, salesperson,  
16 investment adviser, or investment adviser representative  
17 should be denied, the Secretary of State may enter an order  
18 denying the registration. Immediately after taking such  
19 action, the Secretary of State shall deliver a copy of the  
20 order to the respondent named therein by personal service or  
21 registered mail or certified mail, return receipt requested.  
22 The order shall state the grounds for the action and that the  
23 matter will be set for hearing upon written request filed with  
24 the Secretary of State within 30 days after the receipt of the  
25 request by the respondent. The respondent's failure to request  
26 a hearing within 30 days after receipt of the order shall

1 constitute an admission of any facts alleged therein and shall  
2 make the order final. If a hearing is held, the Secretary of  
3 State shall affirm, vacate, or modify the order.

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

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

19 (7) Anything in this Act to the contrary notwithstanding,  
20 whenever the Secretary of State finds that a person is  
21 currently expelled from, refused membership in or association  
22 with, or limited in any material capacity by a self-regulatory  
23 organization registered under the Federal 1934 Act or the  
24 Federal 1974 Act because of a fraudulent or deceptive act or a  
25 practice in violation of a rule, regulation, or standard duly  
26 promulgated by the self-regulatory organization, the Secretary

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

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

22 H. The action of the Secretary of State in denying,  
23 suspending, or revoking the registration of a dealer, Internet  
24 portal, limited Canadian dealer, salesperson, investment  
25 adviser, or investment adviser representative, in prohibiting  
26 any person from engaging in the business of offering or

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

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

22 (1) File a complaint and apply for a temporary  
23 restraining order without notice, and upon a proper  
24 showing the court may enter a temporary restraining order  
25 without bond, to enforce this Act.

26 (2) File a complaint and apply for a preliminary or



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

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

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

20 (b) In seeking a seizure warrant, the Secretary of  
21 State, or his or her designee, shall submit to the  
22 court a sworn affidavit detailing the probable cause  
23 evidence for the seizure, the location of the assets  
24 to be seized, the relevant violation under Section 12  
25 of this Act, and a statement detailing any known  
26 owners or interest holders in the assets.

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

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

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

23          (a) In the event assets have been seized pursuant  
24          to this Act, forfeiture proceedings shall be  
25          instituted by the Attorney General within 45 days of  
26          seizure.

1           (b) Service of the complaint filed under the  
2 provisions of this Act shall be made in the manner as  
3 provided in civil actions in this State.

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

8           (d) The answer must be signed by the owner or  
9 interest holder under penalty of perjury and must set  
10 forth:

11               (i) the caption of the proceedings as set  
12 forth on the notice of pending forfeiture and the  
13 name of the claimant;

14               (ii) the address at which the claimant will  
15 accept mail;

16               (iii) the nature and extent of the claimant's  
17 interest in the property;

18               (iv) the date, identity of the transferor, and  
19 circumstances of the claimant's acquisition of the  
20 interest in the property;

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

23               (vi) the specific provisions of this Act  
24 relied on in asserting that the property is not  
25 subject to forfeiture;

26               (vii) all essential facts supporting each

1           assertion; and

2                   (viii) the precise relief sought.

3           (e) The answer must be filed with the court within  
4           45 days after service of the complaint.

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

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

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

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

23                  (iv) acquired the interest after the  
24           commencement of the conduct giving rise to its  
25           forfeiture and the owner or interest holder  
26           acquired the interest as a mortgagee, secured

1 creditor, lienholder, or bona fide purchaser for  
2 value without knowledge of the conduct that gave  
3 rise to the forfeiture.

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

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

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

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

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

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

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

1           involving the seizure of the property unless the  
2           return or release is consented to by the Secretary of  
3           State.

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

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

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

24               (iii) after payment of any costs of sale,  
25               receivership, storage, or expenses for  
26               preservation of the property seized, other costs

1 to the State, and payment to claimants for any  
2 amount deemed exempt from forfeiture, the proceeds  
3 from liquidation shall be distributed pro rata to  
4 investors subject to the conduct giving rise to  
5 the forfeiture; and

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

22 Any additional fees established by administrative  
23 rule and collected by the Secretary of State pursuant  
24 to this subparagraph shall be deposited into the  
25 Secretary of State Special Services Fund.

26 (n) The Secretary of State shall notify by



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

25 (o) A civil action under this subsection must be  
26 commenced within 5 years after the last conduct giving

1           rise to the forfeiture became known or should have  
2           become known or 5 years after the forfeitable property  
3           is discovered, whichever is later, excluding time  
4           during which either the property or claimant is out of  
5           this State or in confinement or during which criminal  
6           proceedings relating to the same conduct are in  
7           progress.

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

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

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

1           it was property subject to forfeiture under this Act.

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

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

23          J. In no case shall the Secretary of State, or any of his  
24          or her employees or agents, in the administration of this Act,  
25          incur any official or personal liability by instituting an  
26          injunction or other proceeding or by denying, suspending or

1     revoking the registration of a dealer or salesperson, or by  
2     denying, suspending or revoking the registration of securities  
3     or prohibiting the offer or sale of securities, or by  
4     suspending or prohibiting any person from acting as a dealer,  
5     limited Canadian dealer, salesperson, investment adviser, or  
6     investment adviser representative or from offering or selling  
7     securities.

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

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

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

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

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

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

19 (b) making a joint audit, inspection, examination, or  
20 investigation;

21 (c) holding a joint administrative hearing;

22 (d) filing and prosecuting a joint civil or criminal  
23 proceeding;

24 (e) sharing and exchanging personnel;

25 (f) sharing and exchanging information and documents;

26 or

1 (g) issuing any joint statement or policy.

2 O. The Secretary of State may provide funds for  
3 restitution assistance to victims that were awarded  
4 restitution in a final order issued by a court of competent  
5 jurisdiction in a legal action initiated by the Secretary of  
6 State and who have not received the full amount of restitution  
7 ordered one year after the date of the final order. The  
8 Secretary of State may adopt rules to implement this  
9 subsection, including, but not be limited to, eligibility  
10 requirements for a restitution assistance award, applicable  
11 deadlines for applying for the award, and caps on the amount of  
12 restitution awards available from the Secretary of State.

13 (Source: P.A. 99-182, eff. 1-1-16; 100-512, eff. 7-1-18;  
14 100-699, eff. 8-3-18.)

15 (815 ILCS 5/11c) (from Ch. 121 1/2, par. 137.11c)

16 Sec. 11c. Securities Audit and Enforcement Fund.

17 (a) Except as provided in subsection (c), all ~~All~~ moneys  
18 received by the Secretary of State as a Securities Audit and  
19 Enforcement Fund fee or pursuant to Section 981, 982, or 1963  
20 of Title 18 of the United States Code shall be deposited into  
21 the Securities Audit and Enforcement Fund, a special fund  
22 hereby created in the State Treasury. The moneys in the fund  
23 shall be used, subject to appropriation, by the Secretary of  
24 State exclusively for the expenses of that office incurred in  
25 the administration of the duties and obligations imposed under

1 this Act, the Business Opportunity Sales Law of 1995, the  
2 Illinois Business Brokers Act of 1995, or the Illinois Loan  
3 Brokers Act of 1995.

4 (b) All interest or other income earned from the  
5 investment of moneys in the fund shall be deposited into the  
6 fund.

7 (c) Any additional fees established by administrative rule  
8 and collected by the Secretary of State pursuant to this  
9 Section shall be deposited into the Secretary of State Special  
10 Services Fund.

11 (Source: P.A. 89-209, eff. 1-1-96.)

12 (815 ILCS 5/18.1)

13 Sec. 18.1. Additional fees. In addition to any other fee  
14 that the Secretary of State may impose and collect pursuant to  
15 the authority contained in Sections 4, 8, and 11a of this Act,  
16 beginning on July 1, 2003 the Secretary of State shall also  
17 collect the following additional fees:

18 Securities offered or sold under the Uniform	
19 Limited Offering Exemption Pursuant to	
20 Section 4.D of the Act .....	\$100
21 Securities offered or sold under the Uniform	
22 Limited Offering Exemption pursuant to subsection	
23 T of Section 4 of this Act .....	\$100
24 Registration and renewal of a dealer .....	\$300

1	Registration and renewal of a registered Internet	
2	portal .....	\$300
3	Registration and renewal of an investment adviser	\$200
4	Federal covered investment adviser notification	
5	filing and annual notification filing .....	\$200
6	Registration and renewal of a salesperson .....	\$75
7	Registration and renewal of an investment adviser	
8	representative and a federal covered	
9	investment adviser representative .....	\$75

10       Investment fund shares notification filing and annual  
11 notification filing: \$800 plus \$80 for each series, class, or  
12 portfolio.

13       All fees collected by the Secretary of State pursuant to  
14 this Section ~~amendatory Act of the 93rd General Assembly~~ shall  
15 be deposited into the Secretary of State Special Services Fund  
16 ~~General Revenue Fund in the State treasury.~~

17       (Source: P.A. 99-182, eff. 1-1-16.)