

1 AN ACT concerning securities regulation.

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 8, 11, 11b, 12, and 14 as follows:

6 (815 ILCS 5/8) (from Ch. 121 1/2, par. 137.8)

7 Sec. 8. Registration of dealers, limited Canadian
8 dealers, salespersons, investment advisers, and investment
9 adviser representatives.

10 A. Except as otherwise provided in this subsection A,
11 every dealer, limited Canadian dealer, salesperson,
12 investment adviser, and investment adviser representative
13 shall be registered as such with the Secretary of State. No
14 dealer or salesperson need be registered as such when
15 offering or selling securities in transactions exempted by
16 subsection A, B, C, D, E, G, H, I, J, K, M, O, P, Q, R or S
17 of Section 4 of this Act, provided that such dealer or
18 salesperson is not regularly engaged in the business of
19 offering or selling securities in reliance upon the exemption
20 set forth in subsection G or M of Section 4 of this Act. No
21 dealer, issuer or controlling person shall employ a
22 salesperson unless such salesperson is registered as such
23 with the Secretary of State or is employed for the purpose of
24 offering or selling securities solely in transactions
25 exempted by subsection A, B, C, D, E, G, H, I, J, K, L, M, O,
26 P, Q, R or S of Section 4 of this Act; provided that such
27 salesperson need not be registered when effecting
28 transactions in this State limited to those transactions
29 described in Section 15(h)(2) of the Federal 1934 Act or
30 engaging in the offer or sale of securities in respect of
31 which he or she has beneficial ownership and is a controlling

1 person. The Secretary of State may, by rule, regulation or
2 order and subject to such terms, conditions, and fees as may
3 be prescribed in such rule, regulation or order, exempt from
4 the registration requirements of this Section 8 any
5 investment adviser, if the Secretary of State shall find that
6 such registration is not necessary in the public interest by
7 reason of the small number of clients or otherwise limited
8 character of operation of such investment adviser.

9 B. An application for registration as a dealer or
10 limited Canadian dealer, executed, verified, or authenticated
11 by or on behalf of the applicant, shall be filed with the
12 Secretary of State, in such form as the Secretary of State
13 may by rule, regulation or order prescribe, setting forth or
14 accompanied by:

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

18 (2) A statement of any other Federal or state
19 licenses or registrations which have been granted the
20 applicant and whether any such licenses or registrations
21 have ever been refused, cancelled, suspended, revoked or
22 withdrawn;

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

26 (4) (a) A brief description of any civil or
27 criminal proceeding of which fraud is an essential
28 element pending against the applicant and whether the
29 applicant has ever been convicted of a felony, or of any
30 misdemeanor of which fraud is an essential element;

31 (b) A list setting forth the name, residence and
32 business address and a 10 year occupational statement of
33 each principal of the applicant and a statement
34 describing briefly any civil or criminal proceedings of

1 which fraud is an essential element pending against any
2 such principal and the facts concerning any conviction of
3 any such principal of a felony, or of any misdemeanor of
4 which fraud is an essential element;

5 (5) If the applicant is a corporation: a list of
6 its officers and directors setting forth the residence
7 and business address of each; a 10-year occupational
8 statement of each such officer or director; and a
9 statement describing briefly any civil or criminal
10 proceedings of which fraud is an essential element
11 pending against each such officer or director and the
12 facts concerning any conviction of any officer or
13 director of a felony, or of any misdemeanor of which
14 fraud is an essential element;

15 (6) If the applicant is a sole proprietorship, a
16 partnership, limited liability company, an unincorporated
17 association or any similar form of business organization:
18 the name, residence and business address of the
19 proprietor or of each partner, member, officer, director,
20 trustee or manager; the limitations, if any, of the
21 liability of each such individual; a 10-year occupational
22 statement of each such individual; a statement describing
23 briefly any civil or criminal proceedings of which fraud
24 is an essential element pending against each such
25 individual and the facts concerning any conviction of any
26 such individual of a felony, or of any misdemeanor of
27 which fraud is an essential element;

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

32 (8) (a) No applicant shall be registered or
33 re-registered as a dealer or limited Canadian dealer
34 under this Section unless and until each principal of the

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

30 (b) Unless an applicant is a member of the body
31 corporate known as the Securities Investor Protection
32 Corporation established pursuant to the Act of Congress
33 of the United States known as the Securities Investor
34 Protection Act of 1970, as amended, a member of an

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

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

23 (10) The Secretary of State shall notify the dealer
24 or limited Canadian dealer by written notice (which may
25 be by electronic or facsimile transmission) of the
26 effectiveness of the registration as a dealer in this
27 State.

28 (11) Any change which renders no longer accurate
29 any information contained in any application for
30 registration or re-registration of a dealer or limited
31 Canadian dealer shall be reported to the Secretary of
32 State within 10 business days after the occurrence of
33 such change; but in respect to assets and liabilities
34 only materially adverse changes need be reported.

1 C. Any registered dealer, limited Canadian dealer,
2 issuer, or controlling person desiring to register a
3 salesperson shall file an application with the Secretary of
4 State, in such form as the Secretary of State may by rule or
5 regulation prescribe, which the salesperson is required by
6 this Section to provide to the dealer, issuer, or controlling
7 person, executed, verified, or authenticated by the
8 salesperson setting forth or accompanied by:

9 (1) the name, residence and business address of the
10 salesperson;

11 (2) whether any federal or State license or
12 registration as dealer, limited Canadian dealer, or
13 salesperson has ever been refused the salesperson or
14 cancelled, suspended, revoked, withdrawn, barred,
15 limited, or otherwise adversely affected in a similar
16 manner or whether the salesperson has ever been censured
17 or expelled;

18 (3) the nature of employment with, and names and
19 addresses of, employers of the salesperson for the 10
20 years immediately preceding the date of application;

21 (4) a brief description of any civil or criminal
22 proceedings of which fraud is an essential element
23 pending against the salesperson, and whether the
24 salesperson has ever been convicted of a felony, or of
25 any misdemeanor of which fraud is an essential element;

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

30 (6) no individual shall be registered or
31 re-registered as a salesperson under this Section unless
32 and until such individual has passed an examination
33 conducted by the Secretary of State or a self-regulatory
34 organization of securities dealers or similar person,

1 which examination has been designated by the Secretary of
2 State by rule, regulation or order to be satisfactory for
3 purposes of determining whether the applicant has
4 sufficient knowledge of the securities business and laws
5 relating thereto to act as a registered salesperson.

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

25 (7) The application for registration of a
26 salesperson shall be accompanied by a filing fee and a
27 Securities Audit and Enforcement Fund fee, each in the
28 amount established pursuant to Section 11a of this Act,
29 which shall not be returnable in any event.

30 (8) Any change which renders no longer accurate any
31 information contained in any application for registration
32 or re-registration as a salesperson shall be reported to
33 the Secretary of State within 10 business days after the
34 occurrence of such change. If the activities are

1 terminated which rendered an individual a salesperson for
2 the dealer, issuer or controlling person, the dealer,
3 issuer or controlling person, as the case may be, shall
4 notify the Secretary of State, in writing, within 30 days
5 of the salesperson's cessation of activities, using the
6 appropriate termination notice form.

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

19 C-5. Except with respect to federal covered investment
20 advisers whose only clients are investment companies as
21 defined in the Federal 1940 Act, other investment advisers,
22 federal covered investment advisers, or any similar person
23 which the Secretary of State may prescribe by rule or order,
24 a federal covered investment adviser shall file with the
25 Secretary of State, prior to acting as a federal covered
26 investment adviser in this State, such documents as have been
27 filed with the Securities and Exchange Commission as the
28 Secretary of State by rule or order may prescribe. The
29 notification of a federal covered investment adviser shall be
30 accompanied by a notification filing fee established pursuant
31 to Section 11a of this Act, which shall not be returnable in
32 any event. Every person acting as a federal covered
33 investment adviser in this State shall file a notification
34 filing and pay an annual notification filing fee established

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

18 D. An application for registration as an investment
19 adviser, executed, verified, or authenticated by or on behalf
20 of the applicant, shall be filed with the Secretary of State,
21 in such form as the Secretary of State may by rule or
22 regulation prescribe, setting forth or accompanied by:

23 (1) The name and form of organization under which
24 the investment adviser engages or intends to engage in
25 business; the state or country and date of its
26 organization; the location of the adviser's principal
27 business office and branch offices, if any; the names and
28 addresses of the adviser's principal, partners, officers,
29 directors, and persons performing similar functions or,
30 if the investment adviser is an individual, of the
31 individual; and the number of the adviser's employees who
32 perform investment advisory functions;

33 (2) The education, the business affiliations for
34 the past 10 years, and the present business affiliations

1 of the investment adviser and of the adviser's principal,
2 partners, officers, directors, and persons performing
3 similar functions and of any person controlling the
4 investment adviser;

5 (3) The nature of the business of the investment
6 adviser, including the manner of giving advice and
7 rendering analyses or reports;

8 (4) The nature and scope of the authority of the
9 investment adviser with respect to clients' funds and
10 accounts;

11 (5) The basis or bases upon which the investment
12 adviser is compensated;

13 (6) Whether the investment adviser or any
14 principal, partner, officer, director, person performing
15 similar functions or person controlling the investment
16 adviser (i) within 10 years of the filing of the
17 application has been convicted of a felony, or of any
18 misdemeanor of which fraud is an essential element, or
19 (ii) is permanently or temporarily enjoined by order or
20 judgment from acting as an investment adviser,
21 underwriter, dealer, principal or salesperson, or from
22 engaging in or continuing any conduct or practice in
23 connection with any such activity or in connection with
24 the purchase or sale of any security, and in each case
25 the facts relating to the conviction, order or judgment;

26 (7) (a) A statement as to whether the investment
27 adviser is engaged or is to engage primarily in the
28 business of rendering investment supervisory services;
29 and

30 (b) A statement that the investment adviser will
31 furnish his, her, or its clients with such information as
32 the Secretary of State deems necessary in the form
33 prescribed by the Secretary of State by rule or
34 regulation;

1 (8) Such additional information as the Secretary of
2 State may, by rule, regulation or order prescribe as
3 necessary to determine the applicant's financial
4 responsibility, business repute and qualification to act
5 as an investment adviser.

6 (9) No applicant shall be registered or
7 re-registered as an investment adviser under this Section
8 unless and until each principal of the applicant who is
9 actively engaged in the conduct and management of the
10 applicant's advisory business in this State has passed an
11 examination or completed an educational program conducted
12 by the Secretary of State or an association of investment
13 advisers or similar person, which examination or
14 educational program has been designated by the Secretary
15 of State by rule, regulation or order to be satisfactory
16 for purposes of determining whether the applicant has
17 sufficient knowledge of the securities business and laws
18 relating thereto to conduct the business of a registered
19 investment adviser.

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

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

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

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

25 (12) The Secretary of State shall notify the
26 investment adviser by written notice (which may be by
27 electronic or facsimile transmission) of the
28 effectiveness of the registration as an investment
29 adviser in this State.

30 (13) Any change which renders no longer accurate
31 any information contained in any application for
32 registration or re-registration of an investment adviser
33 shall be reported to the Secretary of State within 10
34 business days after the occurrence of the change. In

1 respect to assets and liabilities of an investment
2 adviser that retains custody of clients' cash or
3 securities or accepts pre-payment of fees in excess of
4 \$500 per client and 6 or more months in advance only
5 materially adverse changes need be reported by written
6 notice (which may be by electronic or facsimile
7 transmission) no later than the close of business on the
8 second business day following the discovery thereof.

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

17 D-5. A registered investment adviser or federal covered
18 investment adviser desiring to register an investment
19 adviser representative shall file an application with the
20 Secretary of State, in the form as the Secretary of State may
21 by rule or order prescribe, which the investment adviser
22 representative is required by this Section to provide to the
23 investment adviser, executed, verified, or authenticated by
24 the investment adviser representative and setting forth or
25 accompanied by:

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

28 (2) A statement whether any federal or state
29 license or registration as a dealer, salesperson,
30 investment adviser, or investment adviser representative
31 has ever been refused, canceled, suspended, revoked or
32 withdrawn;

33 (3) The nature of employment with, and names and
34 addresses of, employers of the investment adviser

1 representative for the 10 years immediately preceding the
2 date of application;

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

9 (5) Such additional information as the Secretary of
10 State may by rule or order prescribe as necessary to
11 determine the investment adviser representative's
12 business repute or qualification to act as an investment
13 adviser representative;

14 (6) Documentation that the individual has passed an
15 examination conducted by the Secretary of State, an
16 organization of investment advisers, or similar person,
17 which examination has been designated by the Secretary of
18 State by rule or order to be satisfactory for purposes of
19 determining whether the applicant has sufficient
20 knowledge of the investment advisory or securities
21 business and laws relating to that business to act as a
22 registered investment adviser representative; and

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

26 The Secretary of State may by order waive the examination
27 requirement for an applicant for registration under this
28 subsection D-5 who has had the experience or education
29 relating to the investment advisory or securities business as
30 may be determined by the Secretary of State to be the
31 equivalent of the examination. A request for a waiver shall
32 be filed with the Secretary of State in the form as may be
33 prescribed by rule or order.

34 A change that renders no longer accurate any information

1 contained in any application for registration or
2 re-registration as an investment adviser representative must
3 be reported to the Secretary of State within 10 business days
4 after the occurrence of the change. If the activities that
5 rendered an individual an investment adviser representative
6 for the investment adviser are terminated, the investment
7 adviser shall notify the Secretary of State in writing (which
8 may be by electronic or facsimile transmission), within 30
9 days of the investment adviser representative's termination,
10 using the appropriate termination notice form as the
11 Secretary of State may prescribe by rule or order.

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

24 E. (1) Subject to the provisions of subsection F of
25 Section 11 of this Act, the registration of a dealer, limited
26 Canadian dealer, salesperson, investment adviser, or
27 investment adviser representative may be denied, suspended or
28 revoked if the Secretary of State finds that the dealer,
29 limited Canadian dealer, salesperson, investment adviser, or
30 investment adviser representative or any principal officer,
31 director, partner, member, trustee, manager or any person who
32 performs a similar function of the dealer, limited Canadian
33 dealer, or investment adviser:

34 (a) has been convicted of any felony during the 10

1 year period preceding the date of filing of any
2 application for registration or at any time thereafter,
3 or of any misdemeanor of which fraud is an essential
4 element;

5 (b) has engaged in any unethical practice in
6 connection with any security, ~~the offer or sale of~~
7 securities or in any fraudulent business practice;

8 (c) has failed to account for any money or
9 property, or has failed to deliver any security, to any
10 person entitled thereto when due or within a reasonable
11 time thereafter;

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

14 (e) in the case of a dealer, limited Canadian
15 dealer, salesperson, or registered principal of a dealer
16 or limited Canadian dealer (i) has failed reasonably to
17 supervise the securities activities of any of its
18 salespersons or other employees and the failure has
19 permitted or facilitated a violation of Section 12 of
20 this Act or (ii) is offering or selling or has offered or
21 sold securities in this State through a salesperson other
22 than a registered salesperson, or, in the case of a
23 salesperson, is selling or has sold securities in this
24 State for a dealer, limited Canadian dealer, issuer or
25 controlling person with knowledge that the dealer,
26 limited Canadian dealer, issuer or controlling person has
27 not complied with the provisions of this Act or (iii) has
28 failed reasonably to supervise the implementation of
29 compliance measures following notice by the Secretary of
30 State of noncompliance with the Act or with the
31 regulations promulgated thereunder or both or (iv) has
32 failed to maintain and enforce written procedures to
33 supervise the types of business in which it engages and
34 to supervise the activities of its salespersons that are

1 reasonably designed to achieve compliance with applicable
2 securities laws and regulations;

3 (f) in the case of an investment adviser, has
4 failed reasonably to supervise the advisory activities of
5 any of its investment adviser representatives or
6 employees and the failure has permitted or facilitated a
7 violation of Section 12 of this Act;

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

9 (h) has made any material misrepresentation to the
10 Secretary of State in connection with any information
11 deemed necessary by the Secretary of State to determine a
12 dealer's, limited Canadian dealer's, or investment
13 adviser's financial responsibility or a dealer's, limited
14 Canadian dealer's, investment adviser's, salesperson's,
15 or investment adviser representative's business repute or
16 qualifications, or has refused to furnish any such
17 information requested by the Secretary of State;

18 (i) has had a license or registration under any
19 Federal or State law regulating ~~the offer or sale of~~
20 securities, or commodity futures contracts, or stock
21 futures contracts refused, cancelled, suspended,
22 withdrawn, revoked, or otherwise adversely affected in a
23 similar manner;

24 (j) has had membership in or association with any
25 self-regulatory organization registered under the Federal
26 1934 Act or the Federal 1974 Act suspended, revoked,
27 refused, expelled, cancelled, barred, limited in any
28 capacity, or otherwise adversely affected in a similar
29 manner arising from any fraudulent or deceptive act or a
30 practice in violation of any rule, regulation or standard
31 duly promulgated by the self-regulatory organization;

32 (k) has had any order entered against it after
33 notice and opportunity for hearing by a securities agency
34 of any state, any foreign government or agency thereof,

1 the Securities and Exchange Commission, or the Federal
2 Commodities Futures Trading Commission arising from any
3 fraudulent or deceptive act or a practice in violation of
4 any statute, rule or regulation administered or
5 promulgated by the agency or commission;

6 (l) in the case of a dealer or limited Canadian
7 dealer, fails to maintain a minimum net capital in an
8 amount which the Secretary of State may by rule or
9 regulation require;

10 (m) has conducted a continuing course of dealing of
11 such nature as to demonstrate an inability to properly
12 conduct the business of the dealer, limited Canadian
13 dealer, salesperson, investment adviser, or investment
14 adviser representative;

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

27 (o) has failed to file a return, or to pay the tax,
28 penalty or interest shown in a filed return, or to pay
29 any final assessment of tax, penalty or interest, as
30 required by any tax Act administered by the Illinois
31 Department of Revenue, until such time as the
32 requirements of that tax Act are satisfied;

33 (p) in the case of a natural person who is a
34 dealer, limited Canadian dealer, salesperson, investment

1 adviser, or investment adviser representative, has
2 defaulted on an educational loan guaranteed by the
3 Illinois Student Assistance Commission, until the natural
4 person has established a satisfactory repayment record as
5 determined by the Illinois Student Assistance Commission;

6 (q) has failed to maintain the books and records
7 required under this Act or rules or regulations
8 promulgated under this Act or under any requirements
9 established by the Securities and Exchange Commission or
10 a self-regulatory organization within-a-reasonable-time
11 ~~after-receiving-notice-of-any-deficiency;~~

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

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

19 (t) has refused the Secretary of State or his or
20 her designee access to any office or location within an
21 office to conduct an investigation, audit, examination,
22 or inspection;

23 (u) has advised or caused a public pension fund or
24 retirement system established under the Illinois Pension
25 Code to make an investment or engage in a transaction not
26 authorized by that Code;

27 (v) if a corporation, limited liability company, or
28 limited liability partnership has been suspended,
29 canceled, revoked, or has failed to register as a foreign
30 corporation, limited liability company, or limited
31 liability partnership with the Secretary of State;

32 (w) is permanently or temporarily enjoined by any
33 court of competent jurisdiction, including any state,
34 federal, or foreign government, from engaging in or

1 continuing any conduct or practice involving any aspect
2 of the securities or commodities business or in any other
3 business where the conduct or practice enjoined involved
4 investments, franchises, insurance, banking, or finance;

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

18 (3) Withdrawal of an application for registration or
19 withdrawal from registration as a dealer, limited Canadian
20 dealer, salesperson, investment adviser, or investment
21 adviser representative becomes effective 30 days after
22 receipt of an application to withdraw or within such shorter
23 period of time as the Secretary of State may determine,
24 unless any proceeding is pending under Section 11 of this Act
25 when the application is filed or a proceeding is instituted
26 within 30 days after the application is filed. If a
27 proceeding is pending or instituted, withdrawal becomes
28 effective at such time and upon such conditions as the
29 Secretary of State by order determines. If no proceeding is
30 pending or instituted and withdrawal automatically becomes
31 effective, the Secretary of State may nevertheless institute
32 a revocation or suspension proceeding within 2 years after
33 withdrawal became effective and enter a revocation or
34 suspension order as of the last date on which registration

1 was effective.

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

20 G. The registration or re-registration of a dealer or
21 limited Canadian dealer and of all salespersons registered
22 upon application of the dealer or limited Canadian dealer
23 shall expire on the next succeeding anniversary date of the
24 registration or re-registration of the dealer; and the
25 registration or re-registration of an investment adviser and
26 of all investment adviser representatives registered upon
27 application of the investment adviser shall expire on the
28 next succeeding anniversary date of the registration of the
29 investment adviser; provided, that the Secretary of State may
30 by rule or regulation prescribe an alternate date which any
31 dealer registered under the Federal 1934 Act or a member of
32 any self-regulatory association approved pursuant thereto, a
33 member of a self-regulatory organization or stock exchange in

1 Canada, or any investment adviser may elect as the expiration
2 date of its dealer or limited Canadian dealer and salesperson
3 registrations, or the expiration date of its investment
4 adviser registration, as the case may be. A registration of
5 a salesperson registered upon application of an issuer or
6 controlling person shall expire on the next succeeding
7 anniversary date of the registration, or upon termination or
8 expiration of the registration of the securities, if any,
9 designated in the application for his or her registration or
10 the alternative date as the Secretary may prescribe by rule
11 or regulation. Subject to paragraph (9) of subsection C of
12 this Section 8, a salesperson's registration also shall
13 terminate upon cessation of his or her employment, or
14 termination of his or her appointment or authorization, in
15 each case by the person who applied for the salesperson's
16 registration, provided that the Secretary of State may by
17 rule or regulation prescribe an alternate date for the
18 expiration of the registration.

19 H. Applications for re-registration of dealers, limited
20 Canadian dealers, salespersons, investment advisers, and
21 investment adviser representatives shall be filed with the
22 Secretary of State prior to the expiration of the then
23 current registration and shall contain such information as
24 may be required by the Secretary of State upon initial
25 application with such omission therefrom or addition thereto
26 as the Secretary of State may authorize or prescribe. Each
27 application for re-registration of a dealer, limited Canadian
28 dealer, or investment adviser shall be accompanied by a
29 filing fee, each application for re-registration as a
30 salesperson shall be accompanied by a filing fee and a
31 Securities Audit and Enforcement Fund fee established
32 pursuant to Section 11a of this Act, and each application for
33 re-registration as an investment adviser representative shall
34 be accompanied by a Securities Audit and Enforcement Fund fee

1 established under Section 11a of this Act, which shall not be
2 returnable in any event. Notwithstanding the foregoing,
3 applications for re-registration of dealers, limited Canadian
4 dealers, and investment advisers may be filed within 30 days
5 following the expiration of the registration provided that
6 the applicant pays the annual registration fee together with
7 an additional amount equal to the annual registration fee and
8 files any other information or documents that the Secretary
9 of State may prescribe by rule or regulation or order. Any
10 application filed within 30 days following the expiration of
11 the registration shall be automatically effective as of the
12 time of the earlier expiration provided that the proper fee
13 has been paid to the Secretary of State.

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

22 I. (1) Every registered dealer, limited Canadian dealer,
23 and investment adviser shall make and keep for such periods,
24 such accounts, correspondence, memoranda, papers, books and
25 records as the Secretary of State may by rule or regulation
26 prescribe. All records so required shall be preserved for 3
27 years unless the Secretary of State by rule, regulation or
28 order prescribes otherwise for particular types of records.

29 (2) Every registered dealer, limited Canadian dealer,
30 and investment adviser shall file such financial reports as
31 the Secretary of State may by rule or regulation prescribe.

32 (3) All the books and records referred to in paragraph
33 (1) of this subsection I are subject at any time or from time
34 to time to such reasonable periodic, special or other audits,

1 examinations, or inspections by representatives of the
2 Secretary of State, within or without this State, as the
3 Secretary of State deems necessary or appropriate in the
4 public interest or for the protection of investors.

5 (4) At the time of an audit, examination, or inspection,
6 the Secretary of State, by his or her designees, may conduct
7 an interview of any person employed or appointed by or
8 affiliated with a registered dealer, limited Canadian dealer,
9 or investment advisor, provided that the dealer, limited
10 Canadian dealer, or investment advisor shall be given
11 reasonable notice of the time and place for the interview.
12 At the option of the dealer, limited Canadian dealer, or
13 investment advisor, a representative of the dealer or
14 investment advisor with supervisory responsibility over the
15 individual being interviewed may be present at the interview.

16 J. The Secretary of State may require by rule or
17 regulation the payment of an additional fee for the filing of
18 information or documents required to be filed by this Section
19 which have not been filed in a timely manner. The Secretary
20 of State may also require by rule or regulation the payment
21 of an examination fee for administering any examination which
22 it may conduct pursuant to subsection B, C, D, or D-5 of this
23 Section 8.

24 K. The Secretary of State may declare any application
25 for registration or limited registration under this Section 8
26 abandoned by order if the applicant fails to pay any fee or
27 file any information or document required under this Section
28 8 or by rule or regulation for more than 30 days after the
29 required payment or filing date. The applicant may petition
30 the Secretary of State for a hearing within 15 days after the
31 applicant's receipt of the order of abandonment, provided
32 that the petition sets forth the grounds upon which the
33 applicant seeks a hearing.

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

6 M. The Secretary of State shall provide to the Illinois
7 Student Assistance Commission annually or at mutually agreed
8 periodic intervals the names and social security numbers of
9 natural persons registered under subsections B, C, D, and D-5
10 of this Section. The Illinois Student Assistance Commission
11 shall determine if any student loan defaulter is registered
12 as a dealer, limited Canadian dealer, salesperson, or
13 investment adviser under this Act and report its
14 determination to the Secretary of State or his or her
15 designee.

16 (Source: P.A. 91-809, eff. 1-1-01; 92-308, eff. 1-1-02.)

17 (815 ILCS 5/11) (from Ch. 121 1/2, par. 137.11)

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

19 A. (1) The administration of this Act is vested in the
20 Secretary of State, who may from time to time make, amend and
21 rescind such rules and regulations as may be necessary to
22 carry out this Act, including rules and regulations governing
23 procedures of registration, statements, applications and
24 reports for various classes of securities, persons and
25 matters within his or her jurisdiction and defining any
26 terms, whether or not used in this Act, insofar as the
27 definitions are not inconsistent with this Act. The rules
28 and regulations adopted by the Secretary of State under this
29 Act shall be effective in the manner provided for in the
30 Illinois Administrative Procedure Act.

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

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

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

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

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

34 Special agents shall comply with all training

1 requirements established for law enforcement officers by
2 provisions of the Illinois Police Training Act.

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

11 B. The Secretary of State may, anything in this Act to
12 the contrary notwithstanding, require financial statements
13 and reports of the issuer, dealer, salesperson, ~~or~~ investment
14 adviser, or investment adviser representative as often as
15 circumstances may warrant. In addition, the Secretary of
16 State may secure information or books and records from or
17 through others and may make or cause to be made
18 investigations respecting the business, affairs, and property
19 of the issuer of securities, any person involved in the sale
20 or offer for sale, purchase or offer to purchase of any
21 mineral investment contract, mineral deferred delivery
22 contract, or security and of dealers, salespersons, and
23 investment advisers, and investment adviser representatives
24 that are registered or are the subject of an application for
25 registration under this Act. The costs of an investigation
26 shall be borne by the registrant or the applicant, provided
27 that the registrant or applicant shall not be obligated to
28 pay the costs without his, her or its consent in advance.

29 C. Whenever it shall appear to the Secretary of State,
30 either upon complaint or otherwise, that this Act, or any
31 rule or regulation prescribed under authority thereof, has
32 been or is about to be violated, he or she may, in his or her
33 discretion, do one or more ~~both~~ of the following:

34 (1) require or permit the person to file with the

1 Secretary of State a statement in writing under oath, or
2 otherwise, as to all the facts and circumstances
3 concerning the subject matter which the Secretary of
4 State believes to be in the public interest to
5 investigate, audit, examine, or inspect; and

6 (2) conduct an investigation, audit, examination,
7 or inspection as necessary or advisable for the
8 protection of the interests of the public; and-

9 (3) appoint investigators to conduct all
10 investigations, searches, seizures, arrests, and other
11 duties imposed under the provisions of any law
12 administered by the Department. The investigators have
13 and may exercise all the powers of peace officers solely
14 for the purpose of enforcing provisions of the Illinois
15 Securities Law of 1953 and any laws, rules, and
16 regulations administered by the Department. The Director
17 must authorize to each investigator employed under this
18 Section and to any other employee of the Department
19 exercising the powers of a peace officer a distinct badge
20 that, on its face, (i) clearly states that the badge is
21 authorized by the Department and (ii) contains a unique
22 and identifying number.

23 D. (1) For the purpose of all investigations, audits,
24 examinations, or inspections which in the opinion of the
25 Secretary of State are necessary and proper for the
26 enforcement of this Act, the Secretary of State or a person
27 designated by him or her is empowered to administer oaths and
28 affirmations, subpoena witnesses, take evidence, and require,
29 by subpoena or other lawful means provided by this Act or the
30 rules adopted by the Secretary of State, the production of
31 any books and records, papers, or other documents which the
32 Secretary of State or a person designated by him or her deems
33 relevant or material to the inquiry.

34 (2) The Secretary of State or a person designated by him

1 or her is further empowered to administer oaths and
2 affirmations, subpoena witnesses, take evidence, and require
3 the production of any books and records, papers, or other
4 documents in this State at the request of a securities agency
5 of another state, if the activities constituting the alleged
6 violation for which the information is sought would be in
7 violation of Section 12 of this Act if the activities had
8 occurred in this State.

9 (3) The Circuit Court of any County of this State, upon
10 application of the Secretary of State or a person designated
11 by him or her may order the attendance of witnesses, the
12 production of books and records, papers, accounts and
13 documents and the giving of testimony before the Secretary of
14 State or a person designated by him or her; and any failure
15 to obey the order may be punished by the Circuit Court as a
16 contempt thereof.

17 (4) The fees of subpoenaed witnesses under this Act for
18 attendance and travel shall be the same as fees of witnesses
19 before the Circuit Courts of this State, to be paid when the
20 witness is excused from further attendance, provided, the
21 witness is subpoenaed at the instance of the Secretary of
22 State; and payment of the fees shall be made and audited in
23 the same manner as other expenses of the Secretary of State.

24 (5) Whenever a subpoena is issued at the request of a
25 complainant or respondent as the case may be, the Secretary
26 of State may require that the cost of service and the fee of
27 the witness shall be borne by the party at whose instance the
28 witness is summoned.

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

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

1 (8) The Secretary of State may in any investigation,
2 audits, examinations, or inspections cause the taking of
3 depositions of persons residing within or without this State
4 in the manner provided in civil actions under the laws of
5 this State.

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

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

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

31 (3) If the Secretary of State shall find that any
32 person is engaging or has engaged in the business of
33 selling or offering for sale securities as a dealer or
34 salesperson or is acting or has acted as an investment

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

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

19 F. (1) The Secretary of State shall not deny, suspend or
20 revoke the registration of securities, suspend or revoke the
21 registration of a dealer, salesperson, ~~or~~ investment adviser,
22 or investment adviser representative, prohibit or suspend the
23 offer or sale of any securities, prohibit or suspend any
24 person from offering or selling any securities in this State,
25 prohibit or suspend a dealer or salesperson from engaging in
26 the business of selling or offering for sale securities,
27 prohibit or suspend a person from acting as an investment
28 adviser or federal covered investment adviser, or investment
29 adviser representative, impose any fine for violation of this
30 Act, issue an order of public censure, or enter into an
31 agreed settlement except after an opportunity for hearing
32 upon not less than 10 days notice given by personal service
33 or registered mail or certified mail, return receipt
34 requested, to the person or persons concerned. Such notice

1 shall state the date and time and place of the hearing and
2 shall contain a brief statement of the proposed action of the
3 Secretary of State and the grounds for the proposed action.
4 A failure to appear at the hearing or otherwise respond to
5 the allegations set forth in the notice of hearing shall
6 constitute an admission of any facts alleged therein and
7 shall constitute sufficient basis to enter an order.

8 (2) Anything herein contained to the contrary
9 notwithstanding, the Secretary of State may temporarily
10 prohibit or suspend, for a maximum period of 90 days, by an
11 order effective immediately, the offer or sale or
12 registration of securities, the registration of a dealer,
13 salesperson, investment adviser, or investment adviser
14 representative, or the offer or sale of securities by any
15 person, or the business of rendering investment advice,
16 without the notice and prior hearing in this subsection
17 prescribed, if the Secretary of State shall in his or her
18 opinion, based on credible evidence, deem it necessary to
19 prevent an imminent violation of this Act or to prevent
20 losses to investors which the Secretary of State reasonably
21 believes will occur as a result of a prior violation of this
22 Act. Immediately after taking action without such notice and
23 hearing, the Secretary of State shall deliver a copy of the
24 temporary order to the respondent named therein by personal
25 service or registered mail or certified mail, return receipt
26 requested. The temporary order shall set forth the grounds
27 for the action and shall advise that the respondent may
28 request a hearing, that the request for a hearing will not
29 stop the effectiveness of the temporary order and that
30 respondent's failure to request a hearing within 30 days
31 after the date of the entry of the temporary order shall
32 constitute an admission of any facts alleged therein and
33 shall constitute sufficient basis to make the temporary order
34 final. Any provision of this paragraph (2) to the contrary

1 notwithstanding, the Secretary of State may not pursuant to
2 the provisions of this paragraph (2) suspend the registration
3 of a dealer, limited Canadian dealer, salesperson, investment
4 adviser, or investment adviser representative based upon
5 sub-paragraph (n) of paragraph (1) of subsection E of Section
6 8 of this Act or revoke the registration of securities or
7 revoke the registration of any dealer, salesperson,
8 investment adviser representative, or investment adviser.

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

21 (4) When the Secretary of State finds that an
22 application for registration as a dealer, salesperson, ~~or~~
23 investment adviser, or investment adviser representative
24 should be denied, the Secretary of State may enter an order
25 denying the registration. Immediately after taking such
26 action, the Secretary of State shall deliver a copy of the
27 order to the respondent named therein by personal service or
28 registered mail or certified mail, return receipt requested.
29 The order shall state the grounds for the action and that the
30 matter will be set for hearing upon written request filed
31 with the Secretary of State within 30 days after the receipt
32 of the request by the respondent. The respondent's failure
33 to request a hearing within 30 days after receipt of the
34 order shall constitute an admission of any facts alleged

1 therein and shall make the order final. If a hearing is
2 held, the Secretary of State shall affirm, vacate, or modify
3 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
7 on behalf of the Secretary of State by his or her designee
8 and shall be filed as a public record. All hearings shall be
9 held before a person designated by the Secretary of State,
10 and appropriate records thereof shall be kept.

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

19 (7) Anything in this Act to the contrary
20 notwithstanding, whenever the Secretary of State finds that a
21 person is currently expelled from, refused membership in or
22 association with, or limited in any material capacity by a
23 self-regulatory organization registered under the Federal
24 1934 Act or the Federal 1974 Act because of a fraudulent or
25 deceptive act or a practice in violation of a rule,
26 regulation, or standard duly promulgated by the
27 self-regulatory organization, the Secretary of State may, at
28 his or her discretion, enter a Summary Order of Prohibition,
29 which shall prohibit the offer or sale of any securities,
30 mineral investment contract, or mineral deferred delivery
31 contract by the person in this State. The order shall take
32 effect immediately upon its entry. Immediately after taking
33 the action the Secretary of State shall deliver a copy of the
34 order to the named Respondent by personal service or

1 registered mail or certified mail, return receipt requested.
2 A person who is the subject of an Order of Prohibition may
3 petition the Secretary of State for a hearing to present
4 evidence of rehabilitation or change in circumstances
5 justifying the amendment or termination of the Order of
6 Prohibition.

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

16 H. The action of the Secretary of State in denying,
17 suspending, or revoking the registration of a dealer, limited
18 Canadian dealer, salesperson, investment adviser, or
19 investment adviser representative, in prohibiting any person
20 from engaging in the business of offering or selling
21 securities as a dealer, limited Canadian dealer, or
22 salesperson, in prohibiting or suspending the offer or sale
23 of securities by any person, in prohibiting a person from
24 acting as an investment adviser, federal covered investment
25 adviser, or investment adviser representative, in denying,
26 suspending, or revoking the registration of securities, in
27 prohibiting or suspending the offer or sale or proposed offer
28 or sale of securities, in imposing any fine for violation of
29 this Act, or in issuing any order shall be subject to
30 judicial review in the Circuit Courts of Cook or Sangamon
31 Counties in this State. The Administrative Review Law shall
32 apply to and govern every action for the judicial review of
33 final actions or decisions of the Secretary of State under
34 this Act.

1 I. Notwithstanding any other provisions of this Act to
2 the contrary, whenever it shall appear to the Secretary of
3 State that any person is engaged or about to engage in any
4 acts or practices which constitute or will constitute a
5 violation of this Act or of any rule or regulation prescribed
6 under authority of this Act, the Secretary of State may at
7 his or her discretion, through the Attorney General take any
8 of the following actions:

9 (1) File a complaint and apply for a temporary
10 restraining order without notice, and upon a proper
11 showing the court may enter a temporary restraining order
12 without bond, to enforce this Act, ~~and~~

13 (2) File a complaint and apply for a preliminary or
14 permanent injunction, and, after notice and a hearing and
15 upon a proper showing, the court may grant a preliminary
16 or permanent injunction and may order the defendant to
17 make an offer of rescission with respect to any sales or
18 purchases of securities, mineral investment contracts, or
19 mineral deferred delivery contracts determined by the
20 court to be unlawful under this Act.

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

26 (a) In the event that such probable cause
27 exists that the subject of an investigation who is
28 alleged to have committed one of the relevant
29 violations of this Act has in his possession assets
30 obtained as a result of the conduct giving rise to
31 the violation, the Secretary of State may seek a
32 seizure warrant in any circuit court in Illinois.

33 (b) In seeking a seizure warrant, the
34 Secretary of State, or his or her designee, shall

1 submit to the court a sworn affidavit detailing the
2 probable cause evidence for the seizure, the
3 location of the assets to be seized, the relevant
4 violation under Section 12 of this Act, and a
5 statement detailing any known owners or interest
6 holders in the assets.

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

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

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

29 (a) In the event assets have been seized
30 pursuant to this Act, forfeiture proceedings shall
31 be instituted by the Attorney General within 45 days
32 of seizure.

33 (b) Service of the complaint filed under the
34 provisions of this Act shall be made in the manner

1 as provided in civil actions in this State.

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

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

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

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

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

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

20 (v) the name and address of all other
21 persons known to have an interest in the
22 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
27 assertion; and

28 (viii) the precise relief sought.

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

31 (f) A property interest is exempt from
32 forfeiture under this Act if its owner or interest
33 holder establishes by a preponderance of evidence
34 that the owner or interest holder:

1 (i) is not legally accountable for the
2 conduct giving rise to the forfeiture, did not
3 acquiesce in it, and did not know and could not
4 reasonably have known of the conduct or that
5 the conduct was likely to occur;

6 (ii) with respect to conveyances, did not
7 hold the property jointly or in common with a
8 person whose conduct gave rise to the
9 forfeiture;

10 (iii) does not hold the property for the
11 benefit of or as a nominee for any person whose
12 conduct gave rise to its forfeiture and the
13 owner or interest holder acquires it as a bona
14 fide purchaser for value without knowingly
15 taking part in the conduct giving rise to the
16 forfeiture; or

17 (iv) acquired the interest after the
18 commencement of the conduct giving rise to its
19 forfeiture and the owner or interest holder
20 acquired the interest as a mortgagee, secured
21 creditor, lienholder, or bona fide purchaser
22 for value without knowledge of the conduct that
23 gave rise to the forfeiture.

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

27 (h) During the probable cause portion of the
28 judicial in rem proceeding wherein the Secretary of
29 State presents its case-in-chief, the court must
30 receive and consider, among other things, any
31 relevant hearsay evidence and information. The laws
32 of evidence relating to civil actions shall apply to
33 all other portions of the judicial in rem
34 proceeding.

1 (i) The Secretary of State shall show the
2 existence of probable cause for forfeiture of the
3 property. If the Secretary of State shows probable
4 cause, the claimant has the burden of showing by a
5 preponderance of the evidence that the claimant's
6 interest in the property is not subject to
7 forfeiture.

8 (j) If the Secretary of State does not show
9 the existence of probable cause or a claimant has an
10 interest that is exempt under subdivision I (4)(d)
11 of this Section, the court shall order the interest
12 in the property returned or conveyed to the claimant
13 and shall order all other property forfeited to the
14 Secretary of State pursuant to all provisions of
15 this Act. If the Secretary of State does show the
16 existence of probable cause and the claimant does
17 not establish by a preponderance of the evidence
18 that the claimant has an interest that is exempt
19 under subsection D herein, the court shall order all
20 the property forfeited to the Secretary of State
21 pursuant to the provisions of the Section.

22 (k) A defendant convicted in any criminal
23 proceeding is precluded from later denying the
24 essential allegations of the criminal offense of
25 which the defendant was convicted in any proceeding
26 for violations of the Act giving rise to forfeiture
27 of property herein regardless of the pendency of an
28 appeal from that conviction. However, evidence of
29 the pendency of an appeal is admissible.

30 (l) An acquittal or dismissal in a criminal
31 proceeding for violations of the Act giving rise to
32 the forfeiture of property herein shall not preclude
33 civil proceedings under this provision; however, for
34 good cause shown, on a motion by the Secretary of

1 State, the court may stay civil forfeiture
2 proceedings during the criminal trial for a related
3 criminal indictment or information alleging
4 violation of the provisions of Section 12 of the
5 Illinois Securities Law of 1953. Property subject to
6 forfeiture under this Section shall not be subject
7 to return or release by a court exercising
8 jurisdiction over a criminal case involving the
9 seizure of the property unless the return or release
10 is consented to by the Secretary of State.

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

23 (i) all forfeited property and assets
24 shall be liquidated by the Secretary of State
25 in accordance with all laws and rules governing
26 the disposition of such property;

27 (ii) the Secretary of State shall provide
28 the court at the time the property and assets
29 are declared forfeited a verified statement of
30 investors subject to the conduct giving rise to
31 the forfeiture;

32 (iii) after payment of any costs of sale,
33 receivership, storage, or expenses for
34 preservation of the property seized, other

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

22 (n) The Secretary of State shall notify by
23 certified mail, return receipt requested, all known
24 investors in the matter giving rise to the
25 forfeiture of the forfeiture proceeding and sale of
26 assets forfeited arising from the violations of this
27 Act, and shall further publish notice in a paper of
28 general circulation in the district in which the
29 violations were prosecuted. The notice to investors
30 shall identify the name, address, and other
31 identifying information about any defendant
32 prosecuted for violations of this Act that resulted
33 in forfeiture and sale of property, the offense for
34 which the defendant was convicted, and that the

1 court has ordered forfeiture and sale of property
2 for claims of investors who incurred losses or
3 damages as a result of the violations. Investors may
4 then file a claim in a form prescribed by the
5 Secretary of State in order to share in disbursement
6 of the proceeds from sale of the forfeited property.
7 Investor claims must be filed with the Secretary of
8 State within 30 days after receipt of the certified
9 mail return receipt, or within 30 days after the
10 last date of publication of the general notice in a
11 paper of general circulation in the district in
12 which the violations were prosecuted, whichever
13 occurs last.

14 (o) A civil action under this subsection must
15 be commenced within 5 years after the last conduct
16 giving rise to the forfeiture became known or should
17 have become known or 5 years after the forfeitable
18 property is discovered, whichever is later,
19 excluding time during which either the property or
20 claimant is out of this State or in confinement or
21 during which criminal proceedings relating to the
22 same conduct are in progress.

23 (p) If property is seized for evidence and for
24 forfeiture, the time periods for instituting
25 judicial forfeiture proceedings shall not begin
26 until the property is no longer necessary for
27 evidence.

28 (q) Notwithstanding other provisions of this
29 Act, the Secretary of State and a claimant of
30 forfeitable property may enter into an agreed-upon
31 settlement concerning the forfeitable property in
32 such an amount and upon such terms as are set out in
33 writing in a settlement agreement.

34 (r) Nothing in this Act shall apply to

1 property that constitutes reasonable bona fide
2 attorney's fees paid to an attorney for services
3 rendered or to be rendered in the forfeiture
4 proceeding or criminal proceeding relating directly
5 thereto when the property was paid before its
6 seizure and before the issuance of any seizure
7 warrant or court order prohibiting transfer of the
8 property and when the attorney, at the time he or
9 she received the property, did not know that it was
10 property subject to forfeiture under this Act.

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

30 J. In no case shall the Secretary of State, or any of
31 his or her employees or agents, in the administration of this
32 Act, incur any official or personal liability by instituting
33 an injunction or other proceeding or by denying, suspending
34 or revoking the registration of a dealer or salesperson, or

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

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

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

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

30 N. (1) Notwithstanding any provision of this Act to the
31 contrary, to encourage uniform interpretation,
32 administration, and enforcement of the provisions of this
33 Act, the Secretary of State may cooperate with the securities
34 agencies or administrators of one or more states, Canadian

1 provinces or territories, or another country, the Securities
2 and Exchange Commission, the Commodity Futures Trading
3 Commission, the Securities Investor Protection Corporation,
4 any self-regulatory organization, and any governmental law
5 enforcement or regulatory agency.

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

8 (a) establishing or participating in a central
9 depository or depositories for registration under this
10 Act and for documents or records required under this Act;

11 (b) making a joint audit, inspection, examination,
12 or investigation;

13 (c) holding a joint administrative hearing;

14 (d) filing and prosecuting a joint civil or
15 criminal proceeding;

16 (e) sharing and exchanging personnel;

17 (f) sharing and exchanging information and
18 documents; or

19 (g) issuing any joint statement or policy.

20 (Source: P.A. 91-809, eff. 1-1-01; 92-308, eff. 1-1-02.)

21 (815 ILCS 5/11b) (from Ch. 121 1/2, par. 137.11b)

22 Sec. 11b. Special funds. All moneys received by the
23 State of Illinois in furtherance of activities, duties, and
24 responsibilities under the Illinois Securities Law of 1953
25 from government or non-governmental sources, except funds
26 received pursuant to Section 981, 982, or 1963 of Title 18 of
27 the United States Code, which shall be deposited into the
28 Securities Audit and Enforcement Fund, and funds payable as
29 specific grants or the finances, payments, or fees required
30 under Section 5, 6, 7, or 8, or in connection with violations
31 of Section 12 of this Act, the Business Opportunity Sales Law
32 of 1995, the Illinois Business Brokers Act of 1995, or the
33 Illinois Loan Brokers Act of 1995 to be deposited into the

1 Securities Investors Education Fund or the Securities Audit
2 and Enforcement Fund, shall be placed in the General Revenue
3 Fund of the State treasury.

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

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

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

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

10 B. To deliver to a purchaser any security required to be
11 registered under Section 5, Section 6 or Section 7 hereof
12 unless accompanied or preceded by a prospectus that meets the
13 requirements of the pertinent subsection of Section 5 or of
14 Section 6 or of Section 7.

15 C. To act as a dealer, salesperson, investment adviser,
16 or investment adviser representative, unless registered as
17 such, where such registration is required, under the
18 provisions of this Act.

19 D. To fail to file with the Secretary of State any
20 application, report or document required to be filed under
21 the provisions of this Act or any rule or regulation made by
22 the Secretary of State pursuant to this Act or to fail to
23 comply with the terms of any order of the Secretary of State
24 issued pursuant to Section 11 hereof.

25 E. To make, or cause to be made, (1) in any application,
26 report or document filed under this Act or any rule or
27 regulation made by the Secretary of State pursuant to this
28 Act, any statement which was false or misleading with respect
29 to any material fact or (2) any statement to the effect that
30 a security (other than a security issued by the State of
31 Illinois) has been in any way endorsed or approved by the
32 Secretary of State or the State of Illinois.

33 F. To engage in any transaction, practice or course of

1 business in connection with the sale or purchase of
2 securities which works or tends to work a fraud or deceit
3 upon the purchaser or seller thereof.

4 G. To obtain money or property through the sale of
5 securities by means of any untrue statement of a material
6 fact or any omission to state a material fact necessary in
7 order to make the statements made, in the light of the
8 circumstances under which they were made, not misleading.

9 H. To sign or circulate any statement, prospectus, or
10 other paper or document required by any provision of this Act
11 or pertaining to any security knowing or having reasonable
12 grounds to know any material representation therein contained
13 to be false or untrue.

14 I. To employ any device, scheme or artifice to defraud
15 in connection with the sale or purchase of any security,
16 directly or indirectly.

17 J. When acting as an investment adviser, investment
18 adviser representative, or federal covered investment
19 adviser, by any means or instrumentality, directly or
20 indirectly:

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

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

26 (3) To engage in any act, practice, or course of
27 business which is fraudulent, deceptive or manipulative.

28 The Secretary of State shall for the purposes of this
29 paragraph (3), by rules and regulations, define and
30 prescribe means reasonably designed to prevent such acts,
31 practices, and courses of business as are fraudulent,
32 deceptive, or manipulative.

33 K. When offering or selling any mineral investment
34 contract or mineral deferred delivery contract:

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

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

6 (3) To engage in any act, practice, or course of
7 business that is fraudulent, deceptive, or manipulative.

8 The Secretary of State shall for the purposes of this
9 paragraph (3), by rules and regulations, define and
10 prescribe means reasonably designed to prevent acts,
11 practices, and courses of business as are fraudulent,
12 deceptive, or manipulative.

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

18 (Source: P.A. 90-70, eff. 7-8-97; 91-809, eff. 1-1-01.)

19 (815 ILCS 5/14) (from Ch. 121 1/2, par. 137.14)

20 Sec. 14. Sentence.

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

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

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

1 guilty of a Class 2 felony.

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

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

21 D. For the purposes of this Act all persons who shall
22 sell or offer for sale, or who shall purchase or offer to
23 purchase, securities in violation of the provisions of this
24 Act, or who shall in any manner knowingly authorize, aid or
25 assist in any unlawful conduct under this Act shall be deemed
26 ~~sale--or--offering--for-sale-or-unlawful-purchase-or-offer-to~~
27 ~~purchase-shall-be-deemed~~ equally guilty, and may be tried and
28 punished in the county in which said unlawful sale or
29 offering for sale or unlawful purchase or offer to purchase
30 was made, or in the county in which the securities so sold or
31 offered for sale or so purchased or offered to be purchased
32 were delivered or proposed to be delivered to the purchaser
33 thereof or by the seller thereof, as the case may be.

34 E. Any person who shall be convicted of a second or any

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

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

13 G. This Act shall not be construed to repeal or affect
14 any law now in force relating to the organization of
15 corporations in this State or the admission of any foreign
16 corporation to do business in this State.

17 H. For the purposes of this Act, all persons who sell or
18 offer for sale, or who purchase or offer to purchase any
19 mineral investment contract or mineral deferred delivery
20 contract in violation of the provisions of this Act or who,
21 in any manner, knowingly authorize, aid, or assist in any
22 unlawful sale or offer for sale or unlawful purchase or offer
23 to purchase any mineral investment contract or mineral
24 deferred delivery contract shall be deemed equally guilty and
25 may be tried and punished in the county in which the unlawful
26 sale or offer for sale or unlawful purchase or offer to
27 purchase any mineral investment contract or mineral deferred
28 delivery contract was made or in the county in which the
29 mineral investment contract or mineral deferred delivery
30 contract so sold or offered for sale or so purchased or
31 offered to be purchased was delivered or proposed to be
32 delivered to the purchaser thereof or by the seller thereof,
33 as the case may be, or in Sangamon County.

34 (Source: P.A. 92-308, eff. 1-1-02.)

1 Section 99. Effective date. This Act takes effect upon
2 becoming law.