

HB 2327 -- Missouri Securities Act

Sponsor: Lipke

This bill changes the laws regarding the Missouri Securities Act. In its main provisions, the bill:

(1) Establishes the Whistleblower Program to receive and evaluate information received from individuals voluntarily disclosing potential securities violations while, as appropriate, maintaining the confidentiality or anonymity of those individuals;

(2) Allows the Commissioner of Securities within the Office of the Secretary of State to pay a monetary award from the Investor Education and Protection Fund to certain whistleblowers providing information leading to the successful resolution of an administrative or civil enforcement action of up to 30% of the monetary sanctions imposed in the enforcement action. No award will be given to any member, officer, or employee of any regulatory agency or to a whistleblower who is convicted of a criminal violation related to the action or who fails to submit information in an acceptable or useable manner to the commissioner;

(3) Requires the commissioner to inform the public of the program and make available a toll-free number and allows the commissioner to establish incentives for individuals and companies to fully and truthfully cooperate and assist with investigations and enforcement actions;

(4) Requires every broker-dealer, investment advisor, issuer, firm, or any other person who employs an individual engaged in the business of effecting transactions in securities or advising others as to the value of securities to post and keep posted on its premises, in conspicuous places where employees are employed, a notice regarding the whistleblower program. The information must also be provided to all new employees;

(5) Prohibits any broker-dealer, investor advisor, issuer, firm or other person who employs an individual engaged in the business of effecting transactions in securities or advising others as to the value of securities from discharging, demoting, suspending, threatening, harassing, or discriminating against a whistleblower regarding his or her employment for lawfully providing information under this program. Any whistleblower alleging discharge or discrimination may bring an action in the appropriate court seeking necessary relief including reinstatement of seniority; back pay with interest; and compensation for litigation costs, expert witness fees, and

attorney fees; and

(6) Requires information delivered to the commissioner by the whistleblower to be confidential and privileged as an evidentiary matter and must be exempt from disclosure unless and until required to be disclosed to a defendant or respondent in connection with a public proceeding instituted by the commissioner or any other agency or regulatory entity or unless the commissioner deems it necessary to protect investors.