

HB 1480 -- SECURITIES REGULATION

SPONSOR: Webber

This bill modifies the securities regulation law of the uniform securities act. In its main provisions, the bill:

(1) Defines whistleblower as a person who, under the whistleblower program, discloses information regarding a violation or potential violation of securities law or a rule adopted or order issued under securities laws and the person is employed by or associated with:

(a) A broker-dealer;

(b) An issuer; or

(c) A person that advises others for compensation, either directly or indirectly or through publications or writings, as to the value of securities or the advisability of investing, purchasing, or selling securities or that, for compensation and as part of a regular business, issues or promulgates analyses or reports relating to securities;

(2) Creates the "Whistleblower Program" to receive information or records from a whistleblower and, at the discretion of the Commissioner of Securities under the Secretary of State, to maintain the confidentiality of a whistleblower. The commissioner can:

(a) Collaborate with the Attorney General or the proper prosecuting attorney to implement procedures to ensure the confidentiality of a whistleblower; or

(b) Implement initiatives to inform the public of the whistleblower program;

(3) Exempts a sale or an offer to sell securities of an issuer from the requirements of Sections 409.3 - 301 to 409.3 - 306 and 409.5 - 504, if the sale or offer to sell is part of a single issue in which the issuer and the issuer's predecessors, affiliated issuers, directors, officers, general partners, managing members, promoters, solicitors, or beneficial owners of ten percent or more of any class of the issuer's equity securities are not subject to discipline under Section 409.4 - 412(d)(3), (4), (5), (6), (11), (12), or (13). The provisions of this subsection will not apply if;

(a) The commissioner issues an order, before the relevant sale, waiving disqualification under this subsection; or

(b) The issuer did not know, and in the exercise of reasonable care could not have known, of an event leading to disqualification under this subsection;

(4) Makes a person liable to a whistleblower if that person employs the whistleblower and discharges, demotes, suspends, threatens, harasses, denies promotion to, or in any other manner discriminates against the whistleblower for participating in the whistleblower program.

(5) Allows the whistleblower to maintain an action within one year for:

(a) Reinstatement to their position without loss of seniority;

(b) Back pay;

(c) Punitive damages; and

(d) Costs and reasonable attorneys' fees determined by the court;

(6) Prohibits a whistleblower from obtaining relief if the employer sustains the burden of proof that:

(a) The action is clearly frivolous or vexatious;

(b) The whistleblower planned, initiated, or participated in the violation; or

(c) The whistleblower is criminally convicted for the violation;

(7) Maintains a record obtained by the commissioner through the whistleblower program is not a public record unless the commissioner finds that disclosure is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes intended under law and information received through the whistleblower program is not subject to discovery, subpoena, or other means of legal compulsion for release in any proceeding under Section 409.4 - 412, 409.5 - 509, 409.6 - 603, or 409.6 - 604; and

(8) Allows disclosure by the commissioner of a record obtained through the whistleblower program for the purpose of a civil, administrative, or criminal investigation, action, or proceeding or to a person specified in Section 409.6-608(a).