

CHAPTER 98-221

House Bill No. 3239

An act relating to securities transactions; amending s. 517.021, F.S.; revising certain definitions; amending s. 517.051, F.S.; specifying additional securities as exempt from certain registration requirements; specifying priority of application; amending s. 517.061, F.S.; clarifying the exemption of certain securities in certain transactions from registration requirements; specifying additional transactions as exempt from certain registration requirements; amending ss. 517.081, 517.082, and 517.12, F.S.; authorizing the Department of Banking and Finance to adopt certain rules for electronic deposits and filings; correcting a cross reference; including certain notice filing requirements within application of certain registration provisions; requiring certain dealers to comply with net capital and ratio requirements; providing application; creating s. 517.1201, F.S.; specifying notice filing requirements for federal covered advisers; prohibiting certain activities; providing for certain fees; authorizing the Department of Banking and Finance to adopt rules; providing for permits for certain purposes; amending ss. 517.1205 and 517.131, F.S.; including federal covered advisers within application of certain registration requirements; amending s. 517.161, F.S.; specifying additional conditions for denial, revocation, restriction, or suspension of certain registrations; amending s. 517.302, F.S.; providing for additional uses of moneys in the Anti-Fraud Trust Fund; amending s. 517.311, F.S.; clarifying application of false representation and deceptive words proscriptions to notice filings; providing an appropriation; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsections (8)-(19) of section 517.021, Florida Statutes, are renumbered as subsections (9)-(20), respectively, a new subsection (8) is added to said section, and subsection (2) and paragraph (b) of renumbered subsection (12) of said section are amended, to read:

517.021 Definitions.—When used in this chapter, unless the context otherwise indicates, the following terms have the following respective meanings:

(2) “Associated person” means:

(a) With respect to a dealer or investment adviser, any of the following:

1.(a) Any partner, officer, director, or branch manager of a dealer or investment adviser or any person occupying a similar status or performing similar functions;

2.(b) Any natural person directly or indirectly controlling or controlled by such dealer or investment adviser, other than an employee whose function is only clerical or ministerial; or

3.(e) Any natural person, other than a dealer, employed, appointed, or authorized by a dealer, investment adviser, or issuer to sell securities in any manner or act as an investment adviser as defined in this section.

The partners of a partnership and the executive officers of a corporation or other association registered as a dealer, and any person whose transactions in this state are limited to those transactions described in s. 15(h)(2) of the Securities Exchange Act of 1934, are not “associated persons” within the meaning of this definition.

(b) With respect to a federal covered adviser, any person who is an investment adviser representative and who has a place of business in this state, as such terms are defined in Rule 203A-3 of the Securities and Exchange Commission adopted under the Investment Advisers Act of 1940.

(8) “Federal covered adviser” means a person who is registered or required to be registered under s. 203 of the Investment Advisers Act of 1940. The term “federal covered adviser” does not include any person who is excluded from the definition of investment adviser under subparagraphs (12)(b)1.-8.

~~(12)(11)~~

(b) The term “investment adviser” does not include the following:

1. Any licensed practicing attorney whose performance of such services is solely incidental to the practice of her or his profession;

2. Any licensed certified public accountant whose performance of such services is solely incidental to the practice of his profession;

3. Any bank authorized to do business in this state;

4. Any bank holding company as defined in the Bank Holding Company Act of 1956, as amended, authorized to do business in this state;

5. Any trust company having trust powers which it is authorized to exercise in the state, which trust company renders or performs services in a fiduciary capacity incidental to the exercise of its trust powers;

6. Any person who renders investment advice exclusively to insurance or investment companies;

7. Any person who does not hold herself or himself out to the general public as an investment adviser and has ~~at least 6 but~~ no more than 15 clients within 12 consecutive months in this state; ~~or~~

8. Any person whose transactions in this state are limited to those transactions described in s. 222(d) of the Investment Advisers Act of 1940. Those clients listed in subparagraph 5. may not be included when determining the number of clients of an investment adviser for purposes of s. 222(d) of the Investment Advisers Act of 1940; or.

9. A federal covered adviser.

Section 2. Subsection (9) of section 517.051, Florida Statutes, is amended to read:

517.051 Exempt securities.—The exemptions provided herein from the registration requirements of s. 517.07 are self-executing and do not require any filing with the department prior to claiming such exemption. Any person who claims entitlement to any of these exemptions bears the burden of proving such entitlement in any proceeding brought under this chapter. The registration provisions of s. 517.07 do not apply to any of the following securities:

(9) A security issued by a corporation organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit, no part of the net earnings of which corporation inures to the benefit of any private stockholder or individual, or any security of a fund that is excluded from the definition of an investment company under s. 3(c)(10)(B) of the Investment Company Act of 1940; provided that no person shall directly or indirectly offer or sell securities under this subsection except by an offering circular containing full and fair disclosure, as prescribed by the rules of the department, of all material information, including, but not limited to, a description of the securities offered and terms of the offering, a description of the nature of the issuer's business, a statement of the purpose of the offering and the intended application by the issuer of the proceeds thereof, and financial statements of the issuer prepared in conformance with generally accepted accounting principles. Section 6(c) of the Philanthropy Protection Act of 1995, P.L. 104-62, shall not preempt any provision of this chapter.

Section 3. Subsection (17) of section 517.061, Florida Statutes, is amended, and subsection (20) is added to said section, to read:

517.061 Exempt transactions.—The exemption for each transaction listed below is self-executing and does not require any filing with the department prior to claiming such exemption. Any person who claims entitlement to any of the exemptions bears the burden of proving such entitlement in any proceeding brought under this chapter. The registration provisions of s. 517.07 do not apply to any of the following transactions; however, such transactions are subject to the provisions of ss. 517.301, 517.311, and 517.312:

(17)(a) The offer or sale of securities, as agent or principal, by a dealer registered pursuant to s. 517.12, when such securities are offered or sold at a price reasonably related to the current market price of such securities, provided such securities are:

1. Securities of an issuer for which reports are required to be filed by s. 13 or s. 15(d) of the Securities Exchange Act of 1934, as amended;

2. Securities of a company registered under the Investment Company Act of 1940, as amended;

3. Securities of an insurance company, as that term is defined in s. 2(a)(17) of the Investment Company Act of 1940, as amended;

4. Securities, other than any security that is a federal covered security pursuant to s. 18(b)(1) of the Securities Act of 1933 and is not subject to any registration or filing requirements under this act, which appear in any list of securities dealt in on any stock exchange registered pursuant to the Securities Exchange Act of 1934, as amended, and which securities have been listed or approved for listing upon notice of issuance by such exchange, and also all securities senior to any securities so listed or approved for listing upon notice of issuance, or represented by subscription rights which have been so listed or approved for listing upon notice of issuance, or evidences of indebtedness guaranteed by companies any stock of which is so listed or approved for listing upon notice of issuance, such securities to be exempt only so long as such listings or approvals remain in effect. The exemption provided for herein does not apply when the securities are suspended from listing approval for listing or trading; ~~or~~

~~5. Securities as to which the following information is published in a recognized manual of securities for a period of not less than 90 days prior to the transaction:~~

~~a. A balance sheet as of a date not more than 18 months prior to the date of the sale; and~~

~~b. Profit and loss statements for a period of not less than 2 years next prior to the date of the balance sheet or for the period as of the date of the balance sheet if the period of existence is less than 2 years.~~

(b) The exemption provided in this subsection does not apply if the sale is made for the direct or indirect benefit of an issuer or controlling persons of such issuer or if such securities constitute the whole or part of an unsold allotment to, or subscription or participation by, a dealer as an underwriter of such securities.

(c) This exemption shall not be available for any securities which have been denied registration by the department pursuant to s. 517.111. Additionally, the department may deny this exemption with reference to any particular security, other than a federal covered security, by order published in such manner as the department finds proper.

(20) Any nonissuer transaction by a registered associated person of a registered dealer, and any resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least 90 days provided, at the time of the transaction:

(a) The issuer of the security is actually engaged in business and is not in the organization stage or in bankruptcy or receivership and is not a blank check, blind pool, or shell company whose primary plan of business is to engage in a merger or combination of the business with, or an acquisition of, any unidentified person;

(b) The security is sold at a price reasonably related to the current market price of the security;

(c) The security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security;

(d) A nationally recognized securities manual designated by rule or order of the department or a document filed with the Securities and Exchange Commission that is publicly available through the commission's electronic data gathering and retrieval system contains:

1. A description of the business and operations of the issuer;

2. The names of the issuer's officers and directors, if any, or, in the case of an issuer not domiciled in the United States, the corporate equivalents of such persons in the issuer's country of domicile;

3. An audited balance sheet of the issuer as of a date within 18 months before such transaction or, in the case of a reorganization or merger in which parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet; and

4. An audited income statement for each of the issuer's immediately preceding 2 fiscal years, or for the period of existence of the issuer, if in existence for less than 2 years or, in the case of a reorganization or merger in which the parties to the reorganization or merger had such audited income statement, a pro forma income statement; and

(e) The issuer of the security has a class of equity securities listed on a national securities exchange registered under the Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers Automated Quotation System, unless:

1. The issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;

2. The issuer of the security has been engaged in continuous business, including predecessors, for at least 3 years; or

3. The issuer of the security has total assets of at least \$2 million based on an audited balance sheet as of a date within 18 months before such transaction or, in the case of a reorganization or merger in which parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet.

Section 4. Subsection (2) and paragraph (g) of subsection (3) of section 517.081, Florida Statutes, are amended to read:

517.081 Registration procedure.—

(2) The department shall receive and act upon applications to have securities registered and may prescribe forms on which it may require such

applications to be submitted. Applications shall be duly signed by the applicant, sworn to by any person having knowledge of the facts, and filed with the department. The department may establish, by rule, procedures for depositing fees and filing documents by electronic means provided such procedures provide the department with the information and data required by this section. An application may be made either by the issuer of the securities for which registration is applied or by any registered dealer desiring to sell the same within the state.

(3) The department may require the applicant to submit to the department the following information concerning the issuer and such other relevant information as the department may in its judgment deem necessary to enable it to ascertain whether such securities shall be registered pursuant to the provisions of this section:

(g)1. A specimen copy of the security and a copy of any circular, prospectus, advertisement, or other description of such securities.

2. The department shall adopt a form for a simplified offering circular to be used solely by corporations to register, under this section, securities of the corporation that are sold in offerings in which the aggregate offering price in any consecutive 12-month period does not exceed the amount provided in s. 3(b) of the Securities Act of 1933 ~~lesser of the aggregate offering price in 17 C.F.R. s. 230.251 or \$5 million.~~ The following issuers shall not be eligible to submit a simplified offering circular adopted pursuant to this subparagraph:

a. An issuer seeking to register securities for resale by persons other than the issuer.

b. An issuer who is subject to any of the disqualifications described in 17 C.F.R. s. 230.262, adopted pursuant to the Securities Act of 1933, or who has been or is engaged or is about to engage in an activity that would be grounds for denial, revocation, or suspension under s. 517.111. For purposes of this subparagraph, an issuer includes an issuer's director, officer, shareholder who owns at least 10 percent of the shares of the issuer, promoter, or selling agent of the securities to be offered or any officer, director, or partner of such selling agent.

c. An issuer who is a development-stage company that either has no specific business plan or purpose or has indicated that its business plan is to merge with an unidentified company or companies.

d. An issuer of offerings in which the specific business or properties cannot be described.

e. Any issuer the department determines is ineligible if the form would not provide full and fair disclosure of material information for the type of offering to be registered by the issuer.

f. Any corporation which has failed to provide the department the reports required for a previous offering registered pursuant to this subparagraph.

As a condition precedent to qualifying for use of the simplified offering circular, a corporation shall agree to provide the department with an annual financial report containing a balance sheet as of the end of the issuer's fiscal year and a statement of income for such year, prepared in accordance with generally accepted accounting principles and accompanied by an independent accountant's report. If the issuer has more than 100 security holders at the end of a fiscal year, the financial statements must be audited. Annual financial reports must be filed with the department within 90 days after the close of the issuer's fiscal year for each of the first 5 years following the effective date of the registration.

Section 5. Subsections (1), (3), and (4) of section 517.082, Florida Statutes, are amended to read:

517.082 Notification registration.—

(1) Except as provided in subsection (3), securities offered or sold pursuant to a registration statement filed under the Securities Act of 1933 ~~or the Investment Company Act of 1940~~ shall be entitled to registration by notification in the manner provided in subsection (2), provided that prior to the offer or sale the registration statement has become effective.

(3) ~~Except for securities offered or sold pursuant to a registration statement filed under the Investment Company Act of 1940,~~ units of limited partnership interests, or such other securities as the department describes by rule as exempt from this subsection due to high investment quality, the provisions of this section may not be used to register securities if the offering price at the time of effectiveness with the Securities and Exchange Commission is \$5 or less per share, unless such securities are listed or designated, or approved for listing or designation upon notice of issuance, on a stock exchange registered pursuant to the Securities Exchange Act of 1934 or on the National Association of Securities Dealers Automated Quotation (NASDAQ) System, or unless such securities are of the same issuer and of senior or substantially equal rank to securities so listed or designated.

(4) In lieu of filing with the department the application, fees, and documents for registration required by subsection (2), the department may establish, by rule, procedures for depositing the deposit of fees and the filing of documents by electronic means to be made through the Securities Registration Depository as developed under contract with the North American Securities Administrators Association, Inc., provided such procedures shall provide the department with the information and data required by this section. ~~Should a filer be unable to use the Securities Registration Depository, such filings, including the statutory fee, may be made directly with the department.~~

Section 6. Subsections (1), (4), (6), and (9) and paragraph (b) of subsection (12) of section 517.12, Florida Statutes, are amended to read:

517.12 Registration of dealers, associated persons, investment advisers, and branch offices.—

(1) No dealer, associated person, or issuer of securities shall sell or offer for sale any securities in or from offices in this state, or sell securities to persons in this state from offices outside this state, by mail or otherwise, unless the person has been registered with the department pursuant to the provisions of this section. The department shall not register any person as an associated person of a dealer ~~or investment adviser~~ unless the dealer ~~or investment adviser~~ with which the applicant seeks registration is lawfully registered with the department pursuant to this chapter.

(4) No investment adviser or associated person of an investment adviser or federal covered adviser shall engage in business from offices in this state, or render investment advice to persons of this state, by mail or otherwise, unless the federal covered adviser has made a notice filing with the department pursuant to s. 517.1201 or the investment adviser is registered pursuant to the provisions of this chapter and associated persons of the federal covered adviser or investment adviser have been registered with the department pursuant to this section. The department shall not register any person or an associated person of a federal covered adviser or an investment adviser unless the federal covered adviser or investment adviser with which the applicant seeks registration is in compliance with the notice filing requirements of s. 517.1201 or is lawfully registered with the department pursuant to this chapter. A dealer or associated person who is registered pursuant to this section may render investment advice upon notification to and approval from the department.

(6) A dealer, associated person, investment adviser, or branch office, in order to obtain registration, must file with the department a written application, on ~~in~~ a form which the department may by rule prescribe, verified under oath. The department may establish, by rule, procedures for depositing fees and filing documents by electronic means provided such procedures provide the department with the information and data required by this section. Each dealer or investment adviser must also file an irrevocable written consent to service of civil process similar to that provided for in s. 517.101. The application shall contain such information as the department may require concerning such matters as:

(a) The name of the applicant and the address of its principal office and each office in this state.

(b) The applicant's form and place of organization; and, if the applicant is a corporation, a copy of its articles of incorporation and amendments to the articles of incorporation or, if a partnership, a copy of the partnership agreement.

(c) The applicant's proposed method of doing business and financial condition and history, including a certified financial statement showing all assets and all liabilities, including contingent liabilities of the applicant as of a date not more than 90 days prior to the filing of the application.

(d) The names and addresses of all associated persons of the applicant to be employed in this state and the offices to which they will be assigned.

(9)(a) All dealers, except securities dealers who are designated by the Federal Reserve Bank of New York as primary government securities dealers or securities dealers registered as issuers of securities, shall comply with the net capital and ratio requirements imposed pursuant to the Securities Exchange Act of 1934. The department may by rule require a dealer to file with the department any financial or operational information that is required to be filed by the Securities Exchange Act of 1934 or any rules adopted under such act.

(b) The department may by rule require the maintenance of a minimum net capital for securities registered dealers who are designated by the Federal Reserve Bank of New York as primary government securities dealers and securities dealers registered as issuers of securities and investment advisers, or prescribe a ratio between net capital and aggregate indebtedness, to assure adequate protection for the investing public. The provisions of this section shall not apply to any investment adviser that maintains its principal place of business in a state other than this state, provided such investment adviser is registered in the state where it maintains its principal place of business and is in compliance with such state's net capital requirements.

(12)

(b) Every dealer, or investment adviser, or federal covered adviser shall promptly file with the department, as prescribed by rules adopted by the department, notice as to the termination of employment of any associated person registered for such dealer or investment adviser in this state and shall also furnish the reason or reasons for such termination.

Section 7. Section 517.1201, Florida Statutes, is created to read:

517.1201 Notice filing requirements for federal covered advisers.—

(1) It is unlawful for a person to transact business in this state as a federal covered adviser unless such person has made a notice filing with the department. A notice filing under this section shall consist of a copy of those documents that have been filed or are required to be filed by the federal covered adviser with the Securities and Exchange Commission that the department by rule requires to be filed, together with a consent to service of process and a filing fee of \$200. The department may establish by rule procedures for the deposit of fees and the filing of documents to be made through electronic means, if the procedures provide to the department the information and data required by this section.

(2) A notice filing shall be effective upon receipt. A notice filing shall expire on December 31 of the year in which the filing became effective unless the federal covered adviser has renewed the filing on or before that date. A federal covered adviser may renew a notice filing by furnishing to the department such information that has been filed or is required to be filed with the Securities and Exchange Commission, as the department may require, together with a renewal fee of \$200 and the payment of any amount due and owing the department pursuant to any agreement with the department. Any federal covered adviser who has not renewed a notice filing by the time a

current notice filing expires may request reinstatement of such notice filing by filing with the department, on or before January 31 of the year following the year the notice filing expires, such information that has been filed or is required to be filed with the Securities and Exchange Commission as may be required by the department, together with the payment of \$200 and a late fee equal to \$200. Any reinstatement of a notice filing granted by the department during the month of January shall be deemed effective retroactive to January 1 of that year.

(3) The department may require, by rule, a federal covered adviser who has made a notice filing pursuant to this section to file with the department copies of any amendments filed or required to be filed with the Securities and Exchange Commission.

(4) The department may issue a permit to evidence the effectiveness of a notice filing for a federal covered adviser.

(5) A notice filing may be terminated by filing notice of such termination with the department. Unless another date is specified by the federal covered adviser, such notice shall be effective upon its receipt by the department.

(6) All fees collected under this section become the revenue of the state, except for those assessments provided for under s. 517.131(1) until such time as the Securities Guaranty Fund satisfies the statutory limits, and are not returnable in the event that a notice filing is withdrawn.

Section 8. Section 517.1205, Florida Statutes, is amended to read:

517.1205 Registration of associated persons specific as to securities dealer, ~~or investment adviser, or federal covered adviser~~ identified at time of registration approval.—Inasmuch as this chapter is intended to protect investors in securities offerings and other investment transactions regulated by that chapter, its provisions are to be construed to require full and fair disclosure of all, but only, those matters material to the investor's evaluation of the offering or other transaction. It should, furthermore, be construed to impose the standards provided by law on all those seeking to participate in the state's securities industry through registration as a securities ~~dealer~~ dealers, investment ~~adviser~~ advisers, or ~~their~~ associated person. To this end, it is declared to be the intent of the Legislature that the registration of associated persons required by law is specific to the securities dealer, ~~or investment adviser, or federal covered adviser~~ identified at the time such registration is approved. Notwithstanding any interpretation of law to the contrary, the historical practice of the Department of Banking and Finance, reflected in its rules, that requires a new application for registration from a previously registered associated person when that person seeks to be associated with a new securities dealer or investment adviser is hereby ratified and approved as consistent with legislative intent. It is, finally, declared to be the intent of the Legislature that while approval of an application for registration of a securities dealer, investment adviser, associated person, or branch office requires a finding of the applicant's good repute and character, such finding is precluded by a determination that the applicant may be denied registration on grounds provided by law.

Section 9. Paragraph (a) of subsection (1) of section 517.131, Florida Statutes, is amended to read:

517.131 Securities Guaranty Fund.—

(1)(a) The Treasurer shall establish a Securities Guaranty Fund. An amount not exceeding 20 percent of all revenues received as assessment fees pursuant to s. 517.12(10) and (11) for dealers and investment advisers or s. 517.1201 for federal covered advisers and an amount not exceeding 10 percent of all revenues received as assessment fees pursuant to s. 517.12(10) and (11) for associated persons shall be allocated to the fund. An additional amount not exceeding 3.5 percent of all revenues received as assessment fees for associated persons pursuant to s. 517.12(10) and (11) shall be allocated to the Securities Guaranty Fund upon a determination, by final order of the department, that sufficient funds have been allocated to the fund pursuant to s. 517.1203 to satisfy all valid claims filed in accordance with s. 517.1203(2). This assessment fee shall be part of the regular license fee and shall be transferred to or deposited in the Securities Guaranty Fund.

Section 10. Paragraph (m) of subsection (1) of section 517.161, Florida Statutes, is amended to read:

517.161 Revocation, denial, or suspension of registration of dealer, investment adviser, associated person, or branch office.—

(1) Registration under s. 517.12 may be denied or any registration granted may be revoked, restricted, or suspended by the department if the department determines that such applicant or registrant:

(m) Has been the subject of any decision, finding, injunction, suspension, prohibition, revocation, denial, judgment, or administrative order by any court of competent jurisdiction, administrative law judge, or by any state or federal agency, national securities, commodities, or option exchange, or national securities, commodities, or option association, involving a violation of any federal or state securities or commodities law or any rule or regulation promulgated thereunder, or any rule or regulation of any national securities, commodities, or options exchange or national securities, commodities, or options association, or has been the subject of any injunction or adverse administrative order by a state or federal agency regulating banking, insurance, finance or small loan companies, real estate, mortgage brokers, or other related or similar industries. For purposes of this subsection, the department may not deny registration to any applicant who has been continuously registered with the department for 5 years from the entry of such decision, finding, injunction, suspension, prohibition, revocation, denial, judgment, or administrative order provided such decision, finding, injunction, suspension, prohibition, revocation, denial, judgment, or administrative order has been timely reported to the department pursuant to the department's rules and regulations.

Section 11. Paragraph (a) of subsection (3) of section 517.302, Florida Statutes, is amended to read:

517.302 Criminal penalties; alternative fine; Anti-Fraud Trust Fund; time limitation for criminal prosecution.—

(3) In lieu of a fine otherwise authorized by law, a person who has been convicted of or who has pleaded guilty or no contest to having engaged in conduct in violation of the provisions of this chapter may be sentenced to pay a fine that does not exceed the greater of three times the gross value gained or three times the gross loss caused by such conduct, plus court costs and the costs of investigation and prosecution reasonably incurred.

(a) There is created within the department a trust fund to be known as the Anti-Fraud Trust Fund. Any amounts assessed as costs of investigation and prosecution under this subsection shall be deposited in the trust fund. Funds deposited in such trust fund shall be used, when authorized by appropriation, for investigation and prosecution of administrative, civil, and criminal actions arising under the provisions of this chapter. Funds may also be used to improve the public's awareness and understanding of prudent investing.

Section 12. Subsection (2) and paragraph (a) of subsection (4) of section 517.311, Florida Statutes, are amended to read:

517.311 False representations; deceptive words; enforcement.—

(2) It is unlawful for any person registered or required to be registered, or subject to the notice requirements, under any section of this chapter, including such persons and issuers within the purview of ss. 517.051 and 517.061, to misrepresent that such person has been sponsored, recommended, or approved, or that her or his abilities or qualifications have in any respect been passed upon, by the state or any agency or officer of the state or by the United States or any agency or officer of the United States.

(4)(a) No provision of subsection (1) or subsection (2) shall be construed to prohibit a statement that a person or security is registered or has made a notice filing under this chapter if such statement ~~of registration~~ is required by the provisions of this chapter or rules promulgated thereunder, if such statement is true in fact, and if the effect of such statement ~~of registration~~ is not misrepresented.

Section 13. The sum of \$75,000 is hereby appropriated from the Anti-Fraud Trust Fund in the Department of Banking and Finance, to the department, for fiscal year 1998-1999, to be used to improve the public's awareness and understanding of prudent investing.

Section 14. This act shall take effect upon becoming a law.

Became a law without the Governor's approval May 24, 1998.

Filed in Office Secretary of State May 22, 1998.