

HOUSE BILL 3824

By Stewart

AN ACT to amend Tennessee Code Annotated, Title 48,  
Chapter 2, Part 1, relative to regulation of  
securities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 48-2-102, is amended by adding the following as a new definition in an appropriately designated subsection and by renumbering the remaining definitions accordingly:

( ) “Investment-related” means any activities connected to any of the following business areas:

- (A) Securities;
- (B) Commodities;
- (C) Banking;
- (D) Insurance; or
- (E) Real estate

SECTION 2. Tennessee Code Annotated, Section 48-2-103, is amended by deleting subdivision (a)(10) in its entirety and redesignating the remaining subdivisions accordingly.

SECTION 3. Tennessee Code Annotated, Section 48-2-112, is amended by deleting subdivision (a)(2)(F) in its entirety and by substituting instead the following:

“(F)

(i) Is the subject of any order entered within the past ten (10) years by the securities administrator of any other jurisdiction or by the securities and exchange commission or any other federal or state agency having jurisdiction over investment-related businesses:

(a) Denying or revoking any registration as a broker-dealer, agent, investment adviser, or investment adviser representative, or the substantial equivalent of those terms as defined in this part; or

(b) Ordering such person to cease and desist from any conduct or practice involving any aspect of the securities business or any investment-related business based on findings of fraud, deceit, or misrepresentation or violations of provisions of laws similar to § 48-2-121(a) or (b); or

(ii) Is the subject of an order suspending or expelling such person from a national securities exchange or national securities association registered under the Securities Exchange Act of 1934, as amended, or is the subject of a United States post office fraud order;

(iii) The commissioner may not either:

(a) Institute a revocation or suspension proceeding under this subdivision (a)(2)(F) more than one (1) year from the date of the order relied on as long as the registrant notified the commissioner within thirty (30) days of the date of the order; or

(b) Enter an order under this subdivision (a)(2)(F) on the basis of an order under another jurisdiction's act unless that order was based on facts which would currently constitute a ground for an order denying or revoking registration under this part, or is based on findings of fraud, deceit, misrepresentation or violations of provisions of law similar to § 48-2-121(a) and (b);”

SECTION 4. Tennessee Code Annotated, Section 48-2-121, is amended by adding the following as a new appropriately designated subsection:

( ) The commissioner may, after notice and opportunity for a hearing under the Uniform Administrative Procedures Act, compiled in title 4, chapter 5, impose a civil penalty against any person found to be in violation of this section, or any regulation, rule or order adopted or issued under this section, in an amount not to exceed five thousand dollars (\$5,000) per violation.

SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring it.