

SENATE NO. 829

AN ACT TO INCREASE ENFORCEMENT AND PENALTIES FOR CORPORATE FRAUD

*Be it enacted by the Senate and House of Representatives in General Court assembled,
And by the authority of the same, as follows.*

1 SECTION 1. Chapter 10 of the General Laws is hereby amended by adding the following
2 section: -- Section 64. There shall be established and set up on the books of the commonwealth a
3 separate fund to be known as Worker and Small Investor Protection Fund. There shall be credited to
4 the fund all civil penalties and fines due the commonwealth collected under chapter 110A and any
5 income derived from investment of amounts credited to the fund. Amounts credited to the fund shall
6 be received and held in trust solely for investigations and enforcement of chapter 110A. Revenues and
7 expenditures of the Fund shall be reported on the Massachusetts management and accounting and
8 reporting system and maintained by the state treasurer. The Fund shall not exceed a maximum of
9 \$5,000,000. Amounts collected in excess of the maximum shall be deposited in the General Fund.
10 Expenditures from the Worker and Small Investor Protection Fund shall be made without further
11 appropriation but shall be approved in writing by the secretary of the commonwealth for the sole
12 purpose of investigating or enforcing chapter 110A.

13 SECTION 2. Chapter 10 of the General Laws is hereby amended by adding the following
14 section: -- Section 65. There shall be established and set up on the books of the commonwealth a
15 separate fund to be know as Securities Fraud Prosecution Fund. There shall be credited to the Fund all
16 criminal penalties, fines and settlements not intended to compensate victims of securities fraud due the
17 commonwealth collected under chapter 110A and any income derived from investment of amounts
18 credited to the fund. Amounts credited to the fund shall be received and held in trust solely for
19 investigations and enforcement of chapter 110A. Revenues and expenditures of the Fund shall be
20 reported on the Massachusetts management and accounting and reporting system and maintained by
21 the State Treasurer. The Fund shall not exceed a maximum of \$5,000,000. Amounts collected in
22 excess of the maximum shall be deposited in the General Fund. Expenditures from the Securities
23 Fraud Prosecution Fund shall be made without further appropriation but shall be approved in writing
24 by the attorney general for the sole purpose of investigating and enforcing chapter 110A.

25 SECTION 3. Section 407A of chapter 110A of the General Laws, as appearing in the 2000
26 Official Edition, is hereby amended by striking out, in line 10, the words “exceed ten thousand
27 dollars” and inserting in place thereof the following words: -- exceed \$25,000 and any fine collected
28 shall be deposited in the Worker and Small Investor Protection Fund established by section 64 of
29 chapter 10.

30 SECTION 4. Section 409 of said chapter 110A, as so appearing, is hereby amended by striking
31 out, in line 5, the words “five thousand dollars” and inserting in place thereof the following figure:--
32 \$100,000.

33 SECTION 5. Said section 409 of said chapter 110A, as so appearing, is hereby further
34 amended by striking out, in line 6, the words “three years” and inserting in place thereof the following
35 figure:--10 years in the state prison.

36 SECTION 6. Subsection (a) of said section 409 of said chapter 110A is hereby amended by
37 adding the following paragraph: -- Fines collected under this subsection shall be immediately sent to
38 the state treasurer for deposit in the Securities Fraud Prosecution Fund, established by section 65 of
39 chapter 10.

40