

HB 2274 A -A6 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

Prepared By: Whitney Perez, LPRO Analyst

Meeting Dates: 4/20, 5/2

WHAT THE MEASURE DOES:

Allows Director of Department of Consumer and Business Services (DCBS) to make proper inquiry of specified persons connected with offering, purchasing, or selling any security or conducting securities business. Requires persons to respond truthfully and promptly to any inquiries made from director of DCBS in any matter connected with offering, purchasing, or selling any security or conducting securities business. Specifies confidentiality of certain documents and exceptions to confidentiality. Provides for civil penalties of up to \$60,000 per violation, up to maximum of \$300,000, if injured investor is a vulnerable person. Permits director of DCBS to order restitution. Operative January 1, 2024. Takes effect on 91st day following adjournment sine die.

FISCAL: No fiscal impact

REVENUE: No revenue impact

HOUSE VOTE: Ayes, 55; Nays 0

ISSUES DISCUSSED:

- public records exemptions in measure
- protection of sensitive information when records are released
- distribution of restitution
- negotiation process of securities fraud cases

EFFECT OF AMENDMENT:

-A6 Modifies and adds additional exceptions to confidentiality provision.

BACKGROUND:

The term "securities" can refer to a wide range of investment or other financial arrangements. It refers to when an investor provides money to a second party, often a company or similar entity, with the expectation that the investment will result in accrued value. The most common form of securities are corporate stocks, interest in a limited partnership, or United States savings bonds, though there are other types of financing arrangements that can involve a security. Entities that offer and sell securities in Oregon are generally required to register with the Department of Consumer and Business Services' Division of Financial Regulation, though there are some exemptions. Similarly, DCBS licenses individuals who sell securities, or who offer investment advice.

House Bill 2274 A updates DCBS oversight of securities and authorizes the imposition of an increased civil penalty in cases where an injured investor is a vulnerable person. A "vulnerable person" is defined as someone who is elderly, financially incapable, incapacitated, or a person with a disability who is susceptible to force, threat, duress, coercion, persuasion, or physical or emotional injury due to a physical or mental impairment.