

No. 1996-54

AN ACT

SB 1047

Amending the act of December 5, 1972 (P.L.1280, No.284), entitled "An act relating to securities; prohibiting fraudulent practices in relation thereto; requiring the registration of broker-dealers, agents, investment advisers, and securities; and making uniform the law with reference thereto," providing for prohibited transactions involving nonprofit organizations; and further providing for criminal penalties.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. The act of December 5, 1972 (P.L.1280, No.284), known as the Pennsylvania Securities Act of 1972, is amended by adding a section to read:

Section 408. Prohibited Transactions Involving Nonprofit Organizations.—*It is unlawful for any person to purchase or sell or induce or attempt to induce the purchase or sale of any security in this Commonwealth by means of any manipulative, deceptive or other fraudulent scheme, device or contrivance, or in violation of this act or any regulation or order hereunder, in a transaction involving an organization formed exclusively for educational, benevolent, fraternal, religious, charitable, social, athletic, reformatory or cultural purposes and not for pecuniary profit or other charitable organization as defined under section 3 of the act of December 19, 1990 (P.L.1200, No.202), known as the "Solicitation of Funds for Charitable Purposes Act," in which the purchase or sale of the security is a condition for receipt by the organization of a gift, grant, donation or similar contribution or of a promise therefor.*

Section 2. Section 511 of the act, reenacted December 18, 1990 (P.L.755, No.190), is amended to read:

Section 511. Criminal Penalties.—[Any] (a) *Except as provided in subsection (b), a person who wilfully violates any material provision of this act, except section 407(a), or any rule under this act, or any order of which he has notice, or who violates section 407(a) knowing that the statement made was false or misleading in any material respect, commits a misdemeanor of the first degree and may be fined not more than five thousand dollars (\$5,000) or imprisoned not more than five years, or both. [Each of the acts specified shall constitute a separate offense and a prosecution or conviction for any one of such offenses shall not bar prosecution or conviction for any other offense. No indictment or information may be returned under this act more than five years after the alleged violation.] In addition to fine or imprisonment, or both, a person may be sentenced to make restitution.*

(b) A person who wilfully violates section 401(a), 401(c) or 408 commits a felony of the third degree and may be fined not more than ten thousand dollars (\$10,000) or imprisoned for not more than seven years, or both. In addition to fine or imprisonment, or both, the person may be sentenced to make restitution.

(c) Each of the acts specified in subsections (a) and (b) shall constitute a separate offense and a prosecution or conviction for any one of such offenses shall not bar prosecution or conviction for any other offense. No indictment or information may be returned under this act more than five years after the alleged violation.

Section 3. This act shall take effect immediately.

APPROVED—The 19th day of June, A.D. 1996.

THOMAS J. RIDGE