

SESSION OF 2003

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE BILL NO. 110**

As Agreed to April 1, 2003

Brief *

SB 110 would amend the Kansas Securities Act to create graduated penalties for certain existing crimes depending on the dollar amount at issue, create several new crimes, and increase civil penalties for violations.

The securities fraud statute, KSA 17-1253, is amended to modify and graduate the penalty provisions:

- ! For an intentional violation resulting in a loss of \$1,000,000 or more from a severity level 6, nonperson felony to a severity level 4, nonperson felony offense;
- ! For a loss of at least \$100,000 but less than \$1,000,000, a severity level 4, nonperson felony offense;
- ! For a loss of at least \$25,000 but less than \$100,000, a severity level 5, nonperson felony offense; and
- ! For a loss of less than \$25,000, a severity level 7, nonperson felony offense.

Violations of the broker-dealer or agent registration statute, KSA 17-1254, where the penalty is modified are as follows:

- ! For an intentional violation resulting in a loss of \$1,000,000 or more from a severity level 7, nonperson felony to a severity level 5, nonperson felony offense;

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- ! For a loss of at least \$100,000 but less than \$1,000,000, a severity level 5, nonperson felony offense;
- ! For a loss of at least \$25,000 but less than \$100,000, a severity level 6, nonperson felony offense; and
- ! For a loss of less than \$25,000, a severity level 7, nonperson felony offense.

Violations of KSA 17-1255, another securities fraud statute, are modified as follows:

- ! For a loss of \$1,000,000 or more from a severity level 7, nonperson felony to a severity level 5, nonperson felony offense;
- ! For a loss of at least \$100,000 but less than \$1,000,000, a severity level 5, nonperson felony; and
- ! For a loss of at least \$25,000 but less than \$100,000, a severity level 6, nonperson felony; and a loss of less than \$25,000, a severity level 7, nonperson felony.

For a violation of the false or misleading statements statute KSA 17-1264 from a severity level 10, nonperson felony to a severity level 8, nonperson felony offense.

Special investigators appointed to investigate violations of the Kansas Securities Act are allowed to carry concealed weapons while making investigations and generally to enforce all the criminal state laws as violations are encountered.

The bill creates a new severity level 8, nonperson felony offense for the crime of intentionally influencing, coercing, manipulating, or misleading any person in connection with financial statements or appraisals to be used in the offer, sale, or purchase of securities for the purpose of rendering such financial statements or appraisals materially misleading.

A new severity level 8, nonperson felony offense is created for the crimes of: altering, destroying, shredding, mutilating, concealing, covering up or falsifying any record with the intent to impede an investigation; altering, destroying, shredding, mutilating, or concealing

any record with the intent to impair the object's integrity or availability for use in any proceeding before the Kansas Securities Commissioner; or to take any action harmful to a person with the intent to retaliate against a person for providing truthful information relating to a violation of the Kansas Securities Act.

Background

The Conference Committee agreed to the amendments to SB 110 agreed to by a representative of the Kansas Sentencing Commission and the Office of the Securities Commissioner. The two charts attached reflect the current law, the Senate version, the House version, and the Conference Committee proposal.