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MEMORANDUM

To: Chairman Longbine and the Senate Committee on Financial Institutions and Insurance

From: Office of Revisor of Statutes

Date: February 6, 2024

Subject: **SB 405**, Holding a control person liable for violations of the Kansas Uniform Securities Act by an individual subject to discipline under the act unless the control person was unaware and could not have reasonably have known of the individual's violations.

SB 405 amends the Kansas uniform securities act, relating to violations of the act. Under current law, only an individual in control of someone violating the act under certain circumstances listed in 17-12a412(d) may be disciplined by the administrator.

SB 405 would add a provision stating that a person that directly or indirectly controls a person, who is engaging, about to engage or has engaged an action constituting a violation of the act, or a rule or regulation promulgated under the act may be held to the same discipline as the violating person, unless the controlling person did not know and could not have reasonably known of the violating person's actions or behavior.