

Proposed Amendments to K.S.A. 17-12a601  
Regarding Use of the Investor Education Fund and  
To Establish a Securities Litigation Fund

(d) *Investor education.* (1) The administrator may develop and implement investor education initiatives to inform the public about investing in securities and personal financial literacy, with particular emphasis on the prevention and detection of securities fraud. In developing and implementing these initiatives, the administrator may collaborate with public and nonprofit organizations with an interest in financial literacy and investor education. The administrator may accept a grant or donation from a person that is not affiliated with the securities industry or from a nonprofit organization, regardless of whether the organization is affiliated with the securities industry, to develop and implement investor education initiatives. This subsection does not authorize the administrator to require participation or monetary contributions of a registrant in an investor education program.

(2) There is hereby established in the state treasury the investor education fund. ~~Such fund shall be administered by the administrator for the purposes described in subsection (d)(1) and for the education of registrants, including official hospitality.~~ Moneys collected as civil penalties under this act shall be credited to the investor education fund. The administrator may also receive payments designated to be credited to the investor education fund as a condition in settlements of cases arising out of investigations or examinations. All expenditures from the investor education fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the administrator or by a person or persons designated by the administrator. ~~Two years after the effective date of this act, the administrator shall conduct a review and submit a report to the governor and the legislature concerning the expenditures from the investor education fund and the results achieved from the investor education program. The investor education fund shall be administered by the administrator for the purposes described in subsection (d)(1) or for the following purposes at the discretion of the administrator:~~

- (A) Education of applicants for registration under this act and registrants or their representatives, including official hospitality;
- (B) training of the administrator's staff;
- (C) grants to public or private schools or universities in Kansas for education in personal or business finance and related subjects; or
- (D) transfers to the securities litigation fund as described in subsection (e).

(e) There is hereby established in the state treasury the securities litigation fund. Such fund shall be administered by the administrator for the purpose of enforcing provisions of this act through administrative hearings and legal actions in state and federal courts to resolve alleged violations of this act or a rule adopted or order issued under this act. All expenditures from the securities litigation fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the administrator or by a person or persons designated by the administrator. The administrator may make or authorize transfers from the investor education fund to the securities litigation fund when necessary to establish or replenish the fund for operations as deemed appropriate by the administrator.