



# Jesse White

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## SECRETARY OF STATE

# NEWS

### ILLINOIS SECRETARY OF STATE

#### FOR IMMEDIATE RELEASE

- **June 14, 2000**
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### **Secretary White Pleased with New Law – Gives More Protection to Investors**

**CHICAGO** — Illinois Secretary of State Jesse White commended Governor Ryan for signing legislation that will provide added protection to investors and streamline requirements for the securities industry.

White's securities department, which registers securities, broker-dealers, investment advisers and their representatives, proposed that amendments to the Securities Act be made.

"These days everyone is investing in the market," White said. "This new law will better protect the investor who doesn't have as much experience in the financial arena. It also will help us to more fully align our system with federal and state regulations."

The securities department will implement the new law, formerly HB3944, which includes changes to the Illinois Securities Law, the Illinois Business Brokers Act and the Illinois Business Opportunities Sales Law.

Many of the changes give more authority to White's securities department to investigate and file action against individuals who offer fraudulent investment opportunities.

Major changes to the Securities Act give the office authority to file actions against registered representatives who don't fully supervise their salespersons.

Other changes require that investment advisers and representatives who have assets under management of less

than \$25 million to register in Illinois. Those advisors and representatives are now subject to enforcement actions by the office. There are more than 7,000 investment adviser representatives registered in Illinois. Those who manage more than \$25 million fall under the jurisdiction of the Securities and Exchange Commission.

The new law also authorizes the office to issue a Temporary Order of Prohibition for a period of 90 days. Such orders are issued when the department receives evidence of wrongdoing. Extending the prohibition period to 90 days allows the department to further investigate while ensuring that additional investors are not solicited.

Under the new law, several definitions in the Securities Act were changed. For example, a securities "offer" includes those made orally, in printed form, or via the electronic media. This change was implemented in response to complaints involving investments offered over the Internet and at seminars.

The new law also gives White's securities department jurisdiction to take action against business opportunity companies that commit fraud, regardless of the price the opportunity is sold for. Prior to the amendment, the department only had authority over business opportunities sold for \$500 or more, and also exempted those sellers who had a net worth of more than \$1 million.

"This is just another way we are trying to implement changes in the law that are in line with the changing times," White said.