

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Securities Law of 1953 is amended
5 by changing Sections 4, 8, 11, 11a, 12, 13, and 18.1 and by
6 adding Sections 2.34, 2.35, 2.36, and 8d as follows:

7 (815 ILCS 5/2.34 new)

8 Sec. 2.34. Accredited investor. "Accredited investor" has
9 the meaning given to that term in 17 CFR 230.501(a), as amended
10 and in effect from time to time.

11 (815 ILCS 5/2.35 new)

12 Sec. 2.35. Qualified escrowee. "Qualified escrowee" means
13 a person, firm, partnership, association, corporation, or
14 other legal entity who: (a) falls under the definition of
15 "title insurance company" under, and pursuant to the terms and
16 requirements of, the Title Insurance Act; (b) is certified as
17 an independent escrowee under, and pursuant to the terms and
18 requirements of, the Title Insurance Act; or (c) is a bank,
19 regulated trust company, savings bank, savings and loan
20 association, or credit union which is authorized to do business
21 in the State and which maintains at least one physical business
22 location within the State.

1 (815 ILCS 5/2.36 new)

2 Sec. 2.36. Registered Internet portal. "Registered
3 Internet portal" means an Internet portal maintained by a
4 corporation or other legal entity that is being used to offer
5 or sell securities and that meets the requirements of Section
6 8d of this Act.

7 (815 ILCS 5/4) (from Ch. 121 1/2, par. 137.4)

8 Sec. 4. Exempt transactions. The provisions of Sections 2a,
9 5, 6 and 7 of this Act shall not apply to any of the following
10 transactions, except where otherwise specified in this Section
11 4:

12 A. Any offer or sale, whether through a dealer or
13 otherwise, of securities by a person who is not an issuer,
14 underwriter, dealer or controlling person in respect of such
15 securities, and who, being the bona fide owner of such
16 securities, disposes thereof for his or her own account;
17 provided, that such offer or sale is not made directly or
18 indirectly for the benefit of the issuer or of an underwriter
19 or controlling person.

20 B. Any offer, sale, issuance or exchange of securities of
21 the issuer to or with security holders of the issuer except to
22 or with persons who are security holders solely by reason of
23 holding transferable warrants, transferable options, or
24 similar transferable rights of the issuer, if no commission or

1 other remuneration is paid or given directly or indirectly for
2 or on account of the procuring or soliciting of such sale or
3 exchange (other than a fee paid to underwriters based on their
4 undertaking to purchase any securities not purchased by
5 security holders in connection with such sale or exchange).

6 C. Any offer, sale or issuance of securities to any
7 corporation, bank, savings bank, savings institution, savings
8 and loan association, trust company, insurance company,
9 building and loan association, or dealer; to a pension fund,
10 pension trust, or employees' profit sharing trust, other
11 financial institution or institutional investor, any
12 government or political subdivision or instrumentality
13 thereof, whether the purchaser is acting for itself or in some
14 fiduciary capacity; to any partnership or other association
15 engaged as a substantial part of its business or operations in
16 purchasing or holding securities; to any trust in respect of
17 which a bank or trust company is trustee or co-trustee; to any
18 entity in which at least 90% of the equity is owned by persons
19 described under subsection C, H, or S of this Section 4; to any
20 employee benefit plan within the meaning of Title I of the
21 Federal ERISA Act if (i) the investment decision is made by a
22 plan fiduciary as defined in Section 3(21) of the Federal ERISA
23 Act and such plan fiduciary is either a bank, savings and loan
24 association, insurance company, registered investment adviser
25 or an investment adviser registered under the Federal 1940
26 Investment Advisers Act, or (ii) the plan has total assets in

1 excess of \$5,000,000, or (iii) in the case of a self-directed
2 plan, investment decisions are made solely by persons that are
3 described under subsection C, D, H or S of this Section 4; to
4 any plan established and maintained by, and for the benefit of
5 the employees of, any state or political subdivision or agency
6 or instrumentality thereof if such plan has total assets in
7 excess of \$5,000,000; or to any organization described in
8 Section 501(c)(3) of the Internal Revenue Code of 1986, any
9 Massachusetts or similar business trust, or any partnership, if
10 such organization, trust, or partnership has total assets in
11 excess of \$5,000,000.

12 D. The Secretary of State is granted authority to create by
13 rule or regulation a limited offering transactional exemption
14 that furthers the objectives of compatibility with federal
15 exemptions and uniformity among the states. The Secretary of
16 State shall prescribe by rule or regulation the amount of the
17 fee for filing any report required under this subsection, but
18 the fee shall not be less than the minimum amount nor more than
19 the maximum amount established under Section 11a of this Act
20 and shall not be returnable in any event.

21 E. Any offer or sale of securities by an executor,
22 administrator, guardian, receiver or trustee in insolvency or
23 bankruptcy, or at any judicial sale, or at a public sale by
24 auction held at an advertised time and place, or the offer or
25 sale of securities in good faith and not for the purpose of
26 avoiding the provisions of this Act by a pledgee of securities

1 pledged for a bona fide debt.

2 F. Any offer or sale by a registered dealer, either as
3 principal or agent, of any securities (except face amount
4 certificate contracts and investment fund shares) at a price
5 reasonably related to the current market price of such
6 securities, provided:

7 (1) (a) the securities are issued and outstanding;

8 (b) the issuer is required to file reports pursuant
9 to Section 13 or Section 15(d) of the Federal 1934 Act
10 and has been subject to such requirements during the 90
11 day period immediately preceding the date of the offer
12 or sale, or is an issuer of a security covered by
13 Section 12(g) (2) (B) or (G) of the Federal 1934 Act;

14 (c) the dealer has a reasonable basis for believing
15 that the issuer is current in filing the reports
16 required to be filed at regular intervals pursuant to
17 the provisions of Section 13 or Section 15(d), as the
18 case may be, of the Federal 1934 Act, or in the case of
19 insurance companies exempted from Section 12(g) of the
20 Federal 1934 Act by subparagraph 12(g) (2) (G) thereof,
21 the annual statement referred to in Section
22 12(g) (2) (G) (i) of the Federal 1934 Act; and

23 (d) the dealer has in its records, and makes
24 reasonably available upon request to any person
25 expressing an interest in a proposed transaction in the
26 securities, the issuer's most recent annual report

1 filed pursuant to Section 13 or 15(d), as the case may
2 be, of the Federal 1934 Act or the annual statement in
3 the case of an insurance company exempted from Section
4 12(g) of the Federal 1934 Act by subparagraph
5 12(g)(2)(G) thereof, together with any other reports
6 required to be filed at regular intervals under the
7 Federal 1934 Act by the issuer after such annual report
8 or annual statement; provided that the making
9 available of such reports pursuant to this
10 subparagraph, unless otherwise represented, shall not
11 constitute a representation by the dealer that the
12 information is true and correct, but shall constitute a
13 representation by the dealer that the information is
14 reasonably current; or

15 (2) (a) prior to any offer or sale, an application for
16 the authorization thereof and a report as set forth
17 under sub-paragraph (d) of this paragraph (2) has been
18 filed by any registered dealer with and approved by the
19 Secretary of State pursuant to such rules and
20 regulations as the Secretary of State may prescribe;

21 (b) the Secretary of State shall have the power by
22 order to refuse to approve any application or report
23 filed pursuant to this paragraph (2) if

24 (i) the application or report does not comply
25 with the provisions of this paragraph (2), or

26 (ii) the offer or sale of such securities would

1 work or tend to work a fraud or deceit, or
2 (iii) the issuer or the applicant has violated
3 any of the provisions of this Act;

4 (c) each application and report filed pursuant to
5 this paragraph (2) shall be accompanied by a filing fee
6 and an examination fee in the amount established
7 pursuant to Section 11a of this Act, which shall not be
8 returnable in any event;

9 (d) there shall be submitted to the Secretary of
10 State no later than 120 days following the end of the
11 issuer's fiscal year, each year during the period of
12 the authorization, one copy of a report which shall
13 contain a balance sheet and income statement prepared
14 as of the issuer's most recent fiscal year end
15 certified by an independent certified public
16 accountant, together with such current information
17 concerning the securities and the issuer thereof as the
18 Secretary of State may prescribe by rule or regulation
19 or order;

20 (e) prior to any offer or sale of securities under
21 the provisions of this paragraph (2), each registered
22 dealer participating in the offer or sale of such
23 securities shall provide upon request of prospective
24 purchasers of such securities a copy of the most recent
25 report required under the provisions of sub-paragraph
26 (d) of this paragraph (2);

1 (f) approval of an application filed pursuant to
2 this paragraph (2) of subsection F shall expire 5 years
3 after the date of the granting of the approval, unless
4 said approval is sooner terminated by (1) suspension or
5 revocation by the Secretary of State in the same manner
6 as is provided for in subsections E, F and G of Section
7 11 of this Act, or (2) the applicant filing with the
8 Secretary of State an affidavit to the effect that (i)
9 the subject securities have become exempt under
10 Section 3 of this Act or (ii) the applicant no longer
11 is capable of acting as the applicant and stating the
12 reasons therefor or (iii) the applicant no longer
13 desires to act as the applicant. In the event of the
14 filing of an affidavit under either preceding
15 sub-division (ii) or (iii) the Secretary of State may
16 authorize a substitution of applicant upon the new
17 applicant executing the application as originally
18 filed. However, the aforementioned substituted
19 execution shall have no effect upon the previously
20 determined date of expiration of approval of the
21 application. Notwithstanding the provisions of this
22 subparagraph (f), approvals granted under this
23 paragraph (2) of subsection F prior to the effective
24 date of this Act shall be governed by the provisions of
25 this Act in effect on such date of approval; and

26 (g) no person shall be considered to have violated

1 Section 5 of this Act by reason of any offer or sale
2 effected in reliance upon an approval granted under
3 this paragraph (2) after a termination thereof under
4 the foregoing subparagraph (f) if official notice of
5 such termination has not been circulated generally to
6 dealers by the Secretary of State and if such person
7 sustains the burden of proof that he or she did not
8 know, and in the exercise of reasonable care, could not
9 have known, of the termination; or

10 (3) the securities, or securities of the same class,
11 are the subject of an existing registration under Section 5
12 of this Act.

13 The exemption provided in this subsection F shall apply
14 only if the offer or sale is made in good faith and not for the
15 purpose of avoiding any of the provisions of this Act, and only
16 if the offer or sale is not made for the direct or indirect
17 benefit of the issuer of the securities, or the controlling
18 person in respect of such issuer.

19 G. (1) Any offer, sale or issuance of a security, whether
20 to residents or to non-residents of this State, where:

21 (a) all sales of such security to residents of this
22 State (including the most recent such sale) within the
23 immediately preceding 12-month period have been made
24 to not more than 35 persons or have involved an
25 aggregate sales price of not more than \$1,000,000;

26 (b) such security is not offered or sold by means

1 of any general advertising or general solicitation in
2 this State; and

3 (c) no commission, discount, or other remuneration
4 exceeding 20% of the sale price of such security, if
5 sold to a resident of this State, is paid or given
6 directly or indirectly for or on account of such sales.

7 (2) In computing the number of resident purchasers or
8 the aggregate sales price under paragraph (1) (a) above,
9 there shall be excluded any purchaser or dollar amount of
10 sales price, as the case may be, with respect to any
11 security which at the time of its sale was exempt under
12 Section 3 or was registered under Section 5, 6 or 7 or was
13 sold in a transaction exempt under other subsections of
14 this Section 4.

15 (3) A prospectus or preliminary prospectus with
16 respect to a security for which a registration statement is
17 pending or effective under the Federal 1933 Act shall not
18 be deemed to constitute general advertising or general
19 solicitation in this State as such terms are used in
20 paragraph (1) (b) above, provided that such prospectus or
21 preliminary prospectus has not been sent or otherwise
22 delivered to more than 150 residents of this State.

23 (4) The Secretary of State shall by rule or regulation
24 require the filing of a report or reports of sales made in
25 reliance upon the exemption provided by this subsection G
26 and prescribe the form of such report and the time within

1 which such report shall be filed. Such report shall set
2 forth the name and address of the issuer and of the
3 controlling person, if the sale was for the direct or
4 indirect benefit of such person, and any other information
5 deemed necessary by the Secretary of State to enforce
6 compliance with this subsection G. The Secretary of State
7 shall prescribe by rule or regulation the amount of the fee
8 for filing any such report, established pursuant to Section
9 11a of this Act, which shall not be returnable in any
10 event. The Secretary of State may impose, in such cases as
11 he or she may deem appropriate, a penalty for failure to
12 file any such report in a timely manner, but no such
13 penalty shall exceed an amount equal to five times the
14 filing fee. The contents of any such report or portion
15 thereof may be deemed confidential by the Secretary of
16 State by rule or order and if so deemed shall not be
17 disclosed to the public except by order of court or in
18 court proceedings. The failure to file any such report
19 shall not affect the availability of such exemption, but
20 such failure to file any such report shall constitute a
21 violation of subsection D of Section 12 of this Act,
22 subject to the penalties enumerated in Section 14 of this
23 Act. The civil remedies provided for in subsection A of
24 Section 13 of this Act and the civil remedies of rescission
25 and appointment of a receiver, conservator, ancillary
26 receiver or ancillary conservator provided for in

1 subsection F of Section 13 of this Act shall not be
2 available against any person by reason of the failure to
3 file any such report or on account of the contents of any
4 such report.

5 H. Any offer, sale or issuance of a security to an
6 accredited investor provided that such security is not offered
7 or sold by means of any general advertising or general
8 solicitation, except as otherwise permitted in this Act. ~~(1)~~
9 ~~any natural person who has, or is reasonably believed by the~~
10 ~~person relying upon this subsection H to have, a net worth or~~
11 ~~joint net worth with that person's spouse, at the time of the~~
12 ~~offer, sale or issuance, in excess of \$1,000,000 excluding the~~
13 ~~value of a principal residence, or (2) any natural person who~~
14 ~~had, or is reasonably believed by the person relying upon this~~
15 ~~subsection H to have had, an income or joint income with that~~
16 ~~person's spouse, in excess of \$200,000 in each of the two most~~
17 ~~recent years and who reasonably expects, or is reasonably~~
18 ~~expected to have, an income in excess of \$200,000 in the~~
19 ~~current year, or (3) any person that is not a natural person~~
20 ~~and in which at least 90% of the equity interest is owned by~~
21 ~~persons who meet either of the tests set forth in clauses (1)~~
22 ~~or (2) of this subsection H; provided that such security is not~~
23 ~~offered or sold by means of any general advertising or general~~
24 ~~solicitation in this State.~~

25 I. Any offer, sale or issuance of securities to or for the
26 benefit of security holders of any person incident to a vote by

1 such security holders pursuant to such person's organizational
2 document or any applicable statute of the jurisdiction of such
3 person's organization, on a merger, consolidation,
4 reclassification of securities, or sale or transfer of assets
5 in consideration of or exchange for securities of the same or
6 another person.

7 J. Any offer, sale or issuance of securities in exchange
8 for one or more outstanding securities, claims or property
9 interests, or partly in such exchange and partly for cash,
10 where such offer, sale or issuance is incident to a
11 reorganization, recapitalization, readjustment, composition or
12 settlement of a claim, as approved by a court of competent
13 jurisdiction of the United States, or any state.

14 K. Any offer, sale or issuance of securities for patronage,
15 or as patronage refunds, or in connection with marketing
16 agreements by cooperative associations organized exclusively
17 for agricultural, producer, marketing, purchasing, or consumer
18 purposes; and the sale of subscriptions for or shares of stock
19 of cooperative associations organized exclusively for
20 agricultural, producer, marketing, purchasing, or consumer
21 purposes, if no commission or other remuneration is paid or
22 given directly or indirectly for or on account of such
23 subscription, sale or resale, and if any person does not own
24 beneficially more than 5% of the aggregate amount of issued and
25 outstanding capital stock of such cooperative association.

26 L. Offers for sale or solicitations of offers to buy (but

1 not the acceptance thereof), of securities which are the
2 subject of a pending registration statement filed under the
3 Federal 1933 Act and which are the subject of a pending
4 application for registration under this Act.

5 M. Any offer or sale of preorganization subscriptions for
6 any securities prior to the incorporation, organization or
7 formation of any issuer under the laws of the United States, or
8 any state, or the issuance by such issuer, after its
9 incorporation, organization or formation, of securities
10 pursuant to such preorganization subscriptions, provided the
11 number of subscribers does not exceed 25 and either (1) no
12 commission or other remuneration is paid or given directly or
13 indirectly for or on account of such sale or sales or issuance,
14 or (2) if any commission or other remuneration is paid or given
15 directly or indirectly for or on account of such sale or sales
16 or issuance, the securities are not offered or sold by any
17 means of general advertising or general solicitation in this
18 State.

19 N. The execution of orders for purchase of securities by a
20 registered salesperson and dealer, provided such persons act as
21 agent for the purchaser, have made no solicitation of the order
22 to purchase the securities, have no direct interest in the sale
23 or distribution of the securities ordered, receive no
24 commission, profit, or other compensation other than the
25 commissions involved in the purchase and sale of the securities
26 and deliver to the purchaser written confirmation of the order

1 which clearly identifies the commissions paid to the registered
2 dealer.

3 O. Any offer, sale or issuance of securities, other than
4 fractional undivided interests in an oil, gas or other mineral
5 lease, right or royalty, for the direct or indirect benefit of
6 the issuer thereof, or of a controlling person, whether through
7 a dealer (acting either as principal or agent) or otherwise, if
8 the securities sold, immediately following the sale or sales,
9 together with securities already owned by the purchaser, would
10 constitute 50% or more of the equity interest of any one
11 issuer, provided that the number of purchasers is not more than
12 5 and provided further that no commission, discount or other
13 remuneration exceeding 15% of the aggregate sale price of the
14 securities is paid or given directly or indirectly for or on
15 account of the sale or sales.

16 P. Any offer, sale or issuance of securities (except face
17 amount certificate contracts and investment fund shares)
18 issued by and representing an interest in an issuer which is a
19 business corporation incorporated under the laws of this State,
20 the purposes of which are to provide capital and supervision
21 solely for the redevelopment of blighted urban areas located in
22 a municipality in this State and whose assets are located
23 entirely within that municipality, provided: (1) no
24 commission, discount or other remuneration is paid or given
25 directly or indirectly for or on account of the sale or sales
26 of such securities; (2) the aggregate amount of any securities

1 of the issuer owned of record or beneficially by any one person
2 will not exceed the lesser of \$5,000 or 4% of the equity
3 capitalization of the issuer; (3) the officers and directors of
4 the corporation have been bona fide residents of the
5 municipality not less than 3 years immediately preceding the
6 effectiveness of the offering sheet for the securities under
7 this subsection P; and (4) the issuer files with the Secretary
8 of State an offering sheet descriptive of the securities
9 setting forth:

10 (a) the name and address of the issuer;

11 (b) the title and total amount of securities to be
12 offered;

13 (c) the price at which the securities are to be
14 offered; and

15 (d) such additional information as the Secretary of
16 State may prescribe by rule and regulation.

17 The Secretary of State shall within a reasonable time
18 examine the offering sheet so filed and, unless the Secretary
19 of State shall make a determination that the offering sheet so
20 filed does not conform to the requirements of this subsection
21 P, shall declare the offering sheet to be effective, which
22 offering sheet shall continue effective for a period of 12
23 months from the date it becomes effective. The fee for
24 examining the offering sheet shall be as established pursuant
25 to Section 11a of this Act, and shall not be returnable in any
26 event. The Secretary of State shall by rule or regulation

1 require the filing of a report or reports of sales made to
2 residents of this State in reliance upon the exemption provided
3 by this subsection P and prescribe the form of such report and
4 the time within which such report shall be filed. The Secretary
5 of State shall prescribe by rule or regulation the amount of
6 the fee for filing any such report, but such fee shall not be
7 less than the minimum amount nor more than the maximum amount
8 established pursuant to Section 11a of this Act, and shall not
9 be returnable in any event. The Secretary of State may impose,
10 in such cases as he or she may deem appropriate, a penalty for
11 failure to file any such report in a timely manner, but no such
12 penalty shall exceed an amount equal to five times the filing
13 fee. The contents of any such report shall be deemed
14 confidential and shall not be disclosed to the public except by
15 order of court or in court proceedings. The failure to file any
16 such report shall not affect the availability of such
17 exemption, but such failure to file any such report shall
18 constitute a violation of subsection D of Section 12 of this
19 Act, subject to the penalties enumerated in Section 14 of this
20 Act. The civil remedies provided for in subsection A of Section
21 13 of this Act and the civil remedies of rescission and
22 appointment of a receiver, conservator, ancillary receiver or
23 ancillary conservator provided for in subsection F of Section
24 13 of this Act shall not be available against any person by
25 reason of the failure to file any such report or on account of
26 the contents of any such report.

1 Q. Any isolated transaction, whether effected by a dealer
2 or not.

3 R. Any offer, sale or issuance of a security to any person
4 who purchases at least \$150,000 of the securities being
5 offered, where the purchaser's total purchase price does not,
6 or it is reasonably believed by the person relying upon this
7 subsection R that said purchase price does not, exceed 20
8 percent of the purchaser's net worth at the time of sale, or if
9 a natural person a joint net worth with that person's spouse,
10 for one or any combination of the following: (i) cash, (ii)
11 securities for which market quotations are readily available,
12 (iii) an unconditional obligation to pay cash or securities for
13 which quotations are readily available, which obligation is to
14 be discharged within five years of the sale of the securities
15 to the purchaser, or (iv) the cancellation of any indebtedness
16 owed by the issuer to the purchaser; provided that such
17 security is not offered or sold by means of any general
18 advertising or general solicitation in this State.

19 S. Any offer, sale or issuance of a security to any person
20 who is, or who is reasonably believed by the person relying
21 upon this subsection S to be, a director, executive officer, or
22 general partner of the issuer of the securities being offered
23 or sold, or any director, executive officer, or general partner
24 of a general partner of that issuer. For purposes of this
25 subsection S, "executive officer" shall mean the president, any
26 vice president in charge of a principal business unit, division

1 or function (such as sales, administration or finance), any
2 other officer who performs a policy making function, or any
3 other person who performs similar policy making functions for
4 the issuer. Executive officers of subsidiaries may be deemed
5 executive officers of the issuer if they perform such policy
6 making functions for the issuer.

7 A document being filed pursuant to this Section 4 shall be
8 deemed filed, and any fee paid pursuant to this Section 4 shall
9 be deemed paid, upon the date of actual receipt thereof by the
10 Secretary of State.

11 T. An offer or sale of a security by an issuer that is
12 organized and, as of the time of the offer and the time of
13 sale, in good standing under the laws of the State of Illinois,
14 made solely to persons or entities that are, as of the time of
15 the offer and time of sale, residents of the State of Illinois,
16 provided:

17 (1) The offering meets all of the requirements of the
18 federal exemption for intrastate offerings provided in
19 Section 3(a)(11) of the Securities Act of 1933 (15 U.S.C.
20 77c(a)(11)) and Rule 147 adopted under the Securities Act
21 of 1933 (17 CFR 230.147).

22 (2) The aggregate purchase price of all securities sold
23 by an issuer in reliance on the exemption under this
24 subsection, within any 12-month period, does not exceed:
25 (i) \$1,000,000; or (ii) \$4,000,000 if the issuer has
26 undergone and made available (directly, or through a

1 registered Internet portal), to each prospective purchaser
2 and the Secretary of State, copies of its most recent
3 financial statements which have been audited by an
4 independent auditor and certified by a senior officer of
5 the issuer as fairly, completely, and accurately
6 presenting the financial condition of the issuer, in all
7 material respects, as of the dates indicated therein.
8 Amounts received in connection with any offer or sale to
9 any accredited investor or any of the following shall not
10 count toward the calculation of the foregoing monetary
11 limitations:

12 (a) any entity (including, without limitation, any
13 trust) in which all of the equity interests are owned
14 by (or with respect to any trust, the primary
15 beneficiaries are) persons who are accredited
16 investors or who meet one or more of the criteria in
17 subparagraphs (b) through (d) of this paragraph (2);

18 (b) with respect to participating in an offering of
19 a particular issuer, a natural person serving as an
20 officer, director, partner, or trustee of, or
21 otherwise occupying similar status or performing
22 similar functions with respect to, such issuer;

23 (c) with respect to participating in an offering of
24 a particular issuer, a natural person or entity who
25 owns 10% or more of the then aggregate outstanding
26 voting capital securities of such issuer; or

1 (d) such other person or entity as the Secretary of
2 State may hereafter exempt by rule.

3 The Secretary of State may hereafter cumulatively
4 increase the dollar limitations provided in this
5 paragraph.

6 (3) The aggregate amount sold by an issuer to any
7 purchaser (other than an accredited investor or a person or
8 entity which meets one or more of the criteria in
9 subparagraphs (a) through (d) of paragraph (2) of this
10 subsection T) in an offering of securities made in reliance
11 on the exemption provided in this subsection T, within any
12 consecutive 12-month period, does not exceed \$5,000.

13 (4) The Secretary of State shall establish by rule the
14 duties of the issuer including disclosure and filing
15 requirements, treatment of escrow funds and agreements,
16 production of financial statements, and other requirements
17 as deemed necessary.

18 (5) The issuer has made available, to each prospective
19 purchaser and the Secretary of State, copies of its most
20 recent financial statements personally certified by one or
21 more senior officers of the issuer as fairly, completely,
22 and accurately presenting the financial condition of the
23 issuer, in all material respects, as of the dates indicated
24 therein.

25 (6) No commission or other remuneration is paid or
26 given directly or indirectly to any person or entity

1 (including, without limitation, any registered Internet
2 portal) for soliciting any person in this State, except to
3 registered dealers and registered salespersons licensed in
4 this State.

5 (7) Not less than 15 days before the earlier of the
6 first sale of securities made in reliance on the exemption
7 provided in this subsection T, or the use of any general
8 solicitation with respect thereto (other than a general
9 announcement made by (or on behalf of), an issuer shall
10 file forms, materials, and fees as required by the
11 Secretary of State by rule.

12 The Secretary of State shall prescribe by rule the
13 amount of the fee for filing the notice required in
14 subparagraph (a), established pursuant to Section 11a of
15 this Act. The Secretary of State may impose, in such cases
16 as he or she may deem appropriate, a penalty for failure to
17 file any such notice in a timely manner, but no such
18 penalty shall exceed an amount equal to 5 times the filing
19 fee. The contents of any such notice or portion thereof may
20 be deemed confidential by the Secretary of State by rule or
21 order and if so deemed shall not be disclosed to the public
22 except by order of court or in court proceedings. The
23 failure to file any such notice does not affect the
24 availability of such exemption, but such failure to file
25 any such report constitutes a violation of subsection D of
26 Section 12 of this Act and is subject to the penalties and

1 remedies available in this Act and under the law.

2 (8) All payments for purchase of securities offered
3 pursuant to the exemption provided under this subsection T
4 are made directly to, and held by, the qualified escrowee
5 identified in the escrow agreement required pursuant to
6 subparagraph (c) of paragraph (4).

7 (9) The issuer includes each of the following in one or
8 more of the offering materials delivered to a prospective
9 purchaser, or to which a prospective purchaser has been
10 granted electronic access, in connection with the
11 offering:

12 (a) a description of the issuer, its type of
13 entity, the address, and telephone number of its
14 principal office;

15 (b) a reasonably detailed description of the
16 intended use of the offering proceeds, including any
17 amounts to be paid, as compensation or otherwise, to
18 any owner, executive officer, director, managing
19 member, or other person occupying a similar status or
20 performing similar functions on behalf of the issuer;

21 (c) the identity of all persons owning more than
22 10% of the voting capital securities of the issuer;

23 (d) the identity of the executive officers,
24 directors, managing members, and other persons
25 occupying a similar status or performing similar
26 functions in the name of and on behalf of the issuer,

1 including their titles and a reasonably detailed
2 description of their prior experience;

3 (e) the identity of any person or entity who has
4 been or will be retained by the issuer to assist the
5 issuer in conducting the offering and sale of the
6 securities (including all registered Internet portals
7 but excluding persons acting solely as accountants or
8 attorneys and employees whose primary job
9 responsibilities involve the operating business of the
10 issuer rather than assisting the issuer in raising
11 capital) and a description of the consideration being
12 paid to each such person or entity for such assistance;

13 (f) any additional information material to the
14 offering, including a description of significant
15 factors that make the offering speculative or risky for
16 the purchaser;

17 (g) the information required pursuant to
18 subparagraphs (a) and (b) of paragraph (4) of this
19 subsection T;

20 (h) such other information as the Secretary of
21 State may hereafter require by rule.

22 (10) The issuer (directly or through a registered
23 Internet portal) requires each purchaser to certify, in
24 writing or electronically, that the purchaser:

25 (a) is a resident of the State of Illinois;

26 (b) understands that he or she is investing in a

1 high-risk, highly speculative, business venture, that
2 he or she may lose all of his or her investment, and
3 that he or she can afford such a loss of his or her
4 investment;

5 (c) understands that the securities being offered
6 are highly illiquid, that there is no ready market for
7 the sale of such securities, that it may be difficult
8 or impossible for purchaser to sell or otherwise
9 dispose of such securities, and (where applicable)
10 that purchaser may be required to hold the securities
11 for an indefinite period of time; and

12 (d) understands that purchaser may be subject to
13 the payment of certain taxes with respect to the
14 securities being purchased whether or not purchaser
15 has sold, or otherwise disposed of, such securities or
16 whether purchaser has received any distributions or
17 other amounts from the issuer.

18 (11) The issuer (directly or through a registered
19 Internet portal) obtains from each purchaser of a security
20 offered under this subsection T evidence that the purchaser
21 is a resident of this State and, if applicable, is an
22 accredited investor. Without limiting the generality of
23 the foregoing, and not to the exclusion of other reasonable
24 methods which may be used by the issuer in connection with
25 the foregoing, an issuer may rely.

26 (12) The issuer (and to the extent a registered

1 Internet portal is used, such registered Internet portal)
2 maintains records of all offers and sales of securities
3 made pursuant to the exemption granted by this subsection T
4 and provides ready access to such records to the Secretary
5 of State, upon notice from the Secretary of State.

6 (13) The issuer is not, either before or as a result of
7 the offering:

8 (a) an investment company, as defined in Section 3
9 of the Investment Company Act of 1940 (15 U.S.C.
10 80a-3), as amended and in effect (unless the issuer
11 qualifies for exclusion from such definition pursuant
12 to one or more of the exceptions provided in Section
13 3(c) of the Investment Company Act of 1940, any other
14 provision of the Investment Company Act of 1940, or any
15 administrative rule or regulation promulgated with
16 respect to the Investment Company Act of 1940 or in
17 connection therewith); or

18 (b) subject to the reporting requirements of
19 Section 13 or 15(d) of the Securities Exchange Act of
20 1934 (15 U.S.C. 78m or 15 U.S.C. 78o(d)).

21 (14) Neither the issuer, nor any person affiliated with
22 the issuer (either before or as a result of the offering),
23 nor the offering itself, nor the registered Internet portal
24 (to the extent used) is subject to disqualification
25 established by the Secretary of State by rule or contained
26 in the Securities Act of 1933 (15 U.S.C. 77c(a)(11)) and

1 Rule 147 adopted under the Securities Act of 1933 (17 CFR
2 230.147), unless both of the following are met:

3 (a) on a showing of good cause and without
4 prejudice to any other action by the Secretary of
5 State, the Secretary of State determines that it is not
6 necessary under the circumstances that an exemption is
7 denied; and

8 (b) the issuer establishes that it made a factual
9 inquiry into whether any disqualification existed
10 under this paragraph (14), but did not know, and in the
11 exercise of reasonable care could not have known, that
12 a disqualification existed under this paragraph (14);
13 the nature and scope of the requisite inquiry will vary
14 based on the circumstances of the issuer and the other
15 offering participants.

16 (Source: P.A. 90-70, eff. 7-8-97; 91-809, eff. 1-1-01.)

17 (815 ILCS 5/8) (from Ch. 121 1/2, par. 137.8)

18 Sec. 8. Registration of dealers, limited Canadian dealers,
19 internet portals, salespersons, investment advisers, and
20 investment adviser representatives.

21 A. Except as otherwise provided in this subsection A, every
22 dealer, limited Canadian dealer, salesperson, investment
23 adviser, and investment adviser representative shall be
24 registered as such with the Secretary of State. No dealer or

1 salesperson need be registered as such when offering or selling
2 securities in transactions exempted by subsection A, B, C, D,
3 E, G, H, I, J, K, M, O, P, Q, R or S of Section 4 of this Act,
4 provided that such dealer or salesperson is not regularly
5 engaged in the business of offering or selling securities in
6 reliance upon the exemption set forth in subsection G or M of
7 Section 4 of this Act. No dealer, issuer or controlling person
8 shall employ a salesperson unless such salesperson is
9 registered as such with the Secretary of State or is employed
10 for the purpose of offering or selling securities solely in
11 transactions exempted by subsection A, B, C, D, E, G, H, I, J,
12 K, L, M, O, P, Q, R or S of Section 4 of this Act; provided that
13 such salesperson need not be registered when effecting
14 transactions in this State limited to those transactions
15 described in Section 15(h)(2) of the Federal 1934 Act or
16 engaging in the offer or sale of securities in respect of which
17 he or she has beneficial ownership and is a controlling person.
18 The Secretary of State may, by rule, regulation or order and
19 subject to such terms, conditions, and fees as may be
20 prescribed in such rule, regulation or order, exempt from the
21 registration requirements of this Section 8 any investment
22 adviser, if the Secretary of State shall find that such
23 registration is not necessary in the public interest by reason
24 of the small number of clients or otherwise limited character
25 of operation of such investment adviser.

1 B. An application for registration as a dealer or limited
2 Canadian dealer, executed, verified, or authenticated by or on
3 behalf of the applicant, shall be filed with the Secretary of
4 State, in such form as the Secretary of State may by rule,
5 regulation or order prescribe, setting forth or accompanied by:

6 (1) The name and address of the applicant, the location
7 of its principal business office and all branch offices, if
8 any, and the date of its organization;

9 (2) A statement of any other Federal or state licenses
10 or registrations which have been granted the applicant and
11 whether any such licenses or registrations have ever been
12 refused, cancelled, suspended, revoked or withdrawn;

13 (3) The assets and all liabilities, including
14 contingent liabilities of the applicant, as of a date not
15 more than 60 days prior to the filing of the application;

16 (4) (a) A brief description of any civil or criminal
17 proceeding of which fraud is an essential element pending
18 against the applicant and whether the applicant has ever
19 been convicted of a felony, or of any misdemeanor of which
20 fraud is an essential element;

21 (b) A list setting forth the name, residence and
22 business address and a 10 year occupational statement of
23 each principal of the applicant and a statement describing
24 briefly any civil or criminal proceedings of which fraud is
25 an essential element pending against any such principal and
26 the facts concerning any conviction of any such principal

1 of a felony, or of any misdemeanor of which fraud is an
2 essential element;

3 (5) If the applicant is a corporation: a list of its
4 officers and directors setting forth the residence and
5 business address of each; a 10-year occupational statement
6 of each such officer or director; and a statement
7 describing briefly any civil or criminal proceedings of
8 which fraud is an essential element pending against each
9 such officer or director and the facts concerning any
10 conviction of any officer or director of a felony, or of
11 any misdemeanor of which fraud is an essential element;

12 (6) If the applicant is a sole proprietorship, a
13 partnership, limited liability company, an unincorporated
14 association or any similar form of business organization:
15 the name, residence and business address of the proprietor
16 or of each partner, member, officer, director, trustee or
17 manager; the limitations, if any, of the liability of each
18 such individual; a 10-year occupational statement of each
19 such individual; a statement describing briefly any civil
20 or criminal proceedings of which fraud is an essential
21 element pending against each such individual and the facts
22 concerning any conviction of any such individual of a
23 felony, or of any misdemeanor of which fraud is an
24 essential element;

25 (7) Such additional information as the Secretary of
26 State may by rule or regulation prescribe as necessary to

1 determine the applicant's financial responsibility,
2 business repute and qualification to act as a dealer.

3 (8) (a) No applicant shall be registered or
4 re-registered as a dealer or limited Canadian dealer under
5 this Section unless and until each principal of the dealer
6 has passed an examination conducted by the Secretary of
7 State or a self-regulatory organization of securities
8 dealers or similar person, which examination has been
9 designated by the Secretary of State by rule, regulation or
10 order to be satisfactory for purposes of determining
11 whether the applicant has sufficient knowledge of the
12 securities business and laws relating thereto to act as a
13 registered dealer. Any dealer who was registered on
14 September 30, 1963, and has continued to be so registered;
15 and any principal of any registered dealer, who was acting
16 in such capacity on and continuously since September 30,
17 1963; and any individual who has previously passed a
18 securities dealer examination administered by the
19 Secretary of State or any examination designated by the
20 Secretary of State to be satisfactory for purposes of
21 determining whether the applicant has sufficient knowledge
22 of the securities business and laws relating thereto to act
23 as a registered dealer by rule, regulation or order, shall
24 not be required to pass an examination in order to continue
25 to act in such capacity. The Secretary of State may by
26 order waive the examination requirement for any principal

1 of an applicant for registration under this subsection B
2 who has had such experience or education relating to the
3 securities business as may be determined by the Secretary
4 of State to be the equivalent of such examination. Any
5 request for such a waiver shall be filed with the Secretary
6 of State in such form as may be prescribed by rule or
7 regulation.

8 (b) Unless an applicant is a member of the body
9 corporate known as the Securities Investor Protection
10 Corporation established pursuant to the Act of Congress of
11 the United States known as the Securities Investor
12 Protection Act of 1970, as amended, a member of an
13 association of dealers registered as a national securities
14 association pursuant to Section 15A of the Federal 1934
15 Act, or a member of a self-regulatory organization or stock
16 exchange in Canada which the Secretary of State has
17 designated by rule or order, an applicant shall not be
18 registered or re-registered unless and until there is filed
19 with the Secretary of State evidence that such applicant
20 has in effect insurance or other equivalent protection for
21 each client's cash or securities held by such applicant,
22 and an undertaking that such applicant will continually
23 maintain such insurance or other protection during the
24 period of registration or re-registration. Such insurance
25 or other protection shall be in a form and amount
26 reasonably prescribed by the Secretary of State by rule or

1 regulation.

2 (9) The application for the registration of a dealer or
3 limited Canadian dealer shall be accompanied by a filing
4 fee and a fee for each branch office in this State, in each
5 case in the amount established pursuant to Section 11a of
6 this Act, which fees shall not be returnable in any event.

7 (10) The Secretary of State shall notify the dealer or
8 limited Canadian dealer by written notice (which may be by
9 electronic or facsimile transmission) of the effectiveness
10 of the registration as a dealer in this State.

11 (11) Any change which renders no longer accurate any
12 information contained in any application for registration
13 or re-registration of a dealer or limited Canadian dealer
14 shall be reported to the Secretary of State within 10
15 business days after the occurrence of such change; but in
16 respect to assets and liabilities only materially adverse
17 changes need be reported.

18 C. Any registered dealer, limited Canadian dealer, issuer,
19 or controlling person desiring to register a salesperson shall
20 file an application with the Secretary of State, in such form
21 as the Secretary of State may by rule or regulation prescribe,
22 which the salesperson is required by this Section to provide to
23 the dealer, issuer, or controlling person, executed, verified,
24 or authenticated by the salesperson setting forth or
25 accompanied by:

1 (1) the name, residence and business address of the
2 salesperson;

3 (2) whether any federal or State license or
4 registration as dealer, limited Canadian dealer, or
5 salesperson has ever been refused the salesperson or
6 cancelled, suspended, revoked, withdrawn, barred, limited,
7 or otherwise adversely affected in a similar manner or
8 whether the salesperson has ever been censured or expelled;

9 (3) the nature of employment with, and names and
10 addresses of, employers of the salesperson for the 10 years
11 immediately preceding the date of application;

12 (4) a brief description of any civil or criminal
13 proceedings of which fraud is an essential element pending
14 against the salesperson, and whether the salesperson has
15 ever been convicted of a felony, or of any misdemeanor of
16 which fraud is an essential element;

17 (5) such additional information as the Secretary of
18 State may by rule, regulation or order prescribe as
19 necessary to determine the salesperson's business repute
20 and qualification to act as a salesperson; and

21 (6) no individual shall be registered or re-registered
22 as a salesperson under this Section unless and until such
23 individual has passed an examination conducted by the
24 Secretary of State or a self-regulatory organization of
25 securities dealers or similar person, which examination
26 has been designated by the Secretary of State by rule,

1 regulation or order to be satisfactory for purposes of
2 determining whether the applicant has sufficient knowledge
3 of the securities business and laws relating thereto to act
4 as a registered salesperson.

5 Any salesperson who was registered prior to September
6 30, 1963, and has continued to be so registered, and any
7 individual who has passed a securities salesperson
8 examination administered by the Secretary of State or an
9 examination designated by the Secretary of State by rule,
10 regulation or order to be satisfactory for purposes of
11 determining whether the applicant has sufficient knowledge
12 of the securities business and laws relating thereto to act
13 as a registered salesperson, shall not be required to pass
14 an examination in order to continue to act as a
15 salesperson. The Secretary of State may by order waive the
16 examination requirement for any applicant for registration
17 under this subsection C who has had such experience or
18 education relating to the securities business as may be
19 determined by the Secretary of State to be the equivalent
20 of such examination. Any request for such a waiver shall be
21 filed with the Secretary of State in such form as may be
22 prescribed by rule, regulation or order.

23 (7) The application for registration of a salesperson
24 shall be accompanied by a filing fee and a Securities Audit
25 and Enforcement Fund fee, each in the amount established
26 pursuant to Section 11a of this Act, which shall not be

1 returnable in any event.

2 (8) Any change which renders no longer accurate any
3 information contained in any application for registration
4 or re-registration as a salesperson shall be reported to
5 the Secretary of State within 10 business days after the
6 occurrence of such change. If the activities are terminated
7 which rendered an individual a salesperson for the dealer,
8 issuer or controlling person, the dealer, issuer or
9 controlling person, as the case may be, shall notify the
10 Secretary of State, in writing, within 30 days of the
11 salesperson's cessation of activities, using the
12 appropriate termination notice form.

13 (9) A registered salesperson may transfer his or her
14 registration under this Section 8 for the unexpired term
15 thereof from one registered dealer or limited Canadian
16 dealer to another by the giving of notice of the transfer
17 by the new registered dealer or limited Canadian dealer to
18 the Secretary of State in such form and subject to such
19 conditions as the Secretary of State shall by rule or
20 regulation prescribe. The new registered dealer or limited
21 Canadian dealer shall promptly file an application for
22 registration of such salesperson as provided in this
23 subsection C, accompanied by the filing fee prescribed by
24 paragraph (7) of this subsection C.

25 C-5. Except with respect to federal covered investment

1 advisers whose only clients are investment companies as defined
2 in the Federal 1940 Act, other investment advisers, federal
3 covered investment advisers, or any similar person which the
4 Secretary of State may prescribe by rule or order, a federal
5 covered investment adviser shall file with the Secretary of
6 State, prior to acting as a federal covered investment adviser
7 in this State, such documents as have been filed with the
8 Securities and Exchange Commission as the Secretary of State by
9 rule or order may prescribe. The notification of a federal
10 covered investment adviser shall be accompanied by a
11 notification filing fee established pursuant to Section 11a of
12 this Act, which shall not be returnable in any event. Every
13 person acting as a federal covered investment adviser in this
14 State shall file a notification filing and pay an annual
15 notification filing fee established pursuant to Section 11a of
16 this Act, which is not returnable in any event. The failure to
17 file any such notification shall constitute a violation of
18 subsection D of Section 12 of this Act, subject to the
19 penalties enumerated in Section 14 of this Act. Until October
20 10, 1999 or other date as may be legally permissible, a federal
21 covered investment adviser who fails to file the notification
22 or refuses to pay the fees as required by this subsection shall
23 register as an investment adviser with the Secretary of State
24 under Section 8 of this Act. The civil remedies provided for in
25 subsection A of Section 13 of this Act and the civil remedies
26 of rescission and appointment of receiver, conservator,

1 ancillary receiver, or ancillary conservator provided for in
2 subsection F of Section 13 of this Act shall not be available
3 against any person by reason of the failure to file any such
4 notification or to pay the notification fee or on account of
5 the contents of any such notification.

6 D. An application for registration as an investment
7 adviser, executed, verified, or authenticated by or on behalf
8 of the applicant, shall be filed with the Secretary of State,
9 in such form as the Secretary of State may by rule or
10 regulation prescribe, setting forth or accompanied by:

11 (1) The name and form of organization under which the
12 investment adviser engages or intends to engage in
13 business; the state or country and date of its
14 organization; the location of the adviser's principal
15 business office and branch offices, if any; the names and
16 addresses of the adviser's principal, partners, officers,
17 directors, and persons performing similar functions or, if
18 the investment adviser is an individual, of the individual;
19 and the number of the adviser's employees who perform
20 investment advisory functions;

21 (2) The education, the business affiliations for the
22 past 10 years, and the present business affiliations of the
23 investment adviser and of the adviser's principal,
24 partners, officers, directors, and persons performing
25 similar functions and of any person controlling the

1 investment adviser;

2 (3) The nature of the business of the investment
3 adviser, including the manner of giving advice and
4 rendering analyses or reports;

5 (4) The nature and scope of the authority of the
6 investment adviser with respect to clients' funds and
7 accounts;

8 (5) The basis or bases upon which the investment
9 adviser is compensated;

10 (6) Whether the investment adviser or any principal,
11 partner, officer, director, person performing similar
12 functions or person controlling the investment adviser (i)
13 within 10 years of the filing of the application has been
14 convicted of a felony, or of any misdemeanor of which fraud
15 is an essential element, or (ii) is permanently or
16 temporarily enjoined by order or judgment from acting as an
17 investment adviser, underwriter, dealer, principal or
18 salesperson, or from engaging in or continuing any conduct
19 or practice in connection with any such activity or in
20 connection with the purchase or sale of any security, and
21 in each case the facts relating to the conviction, order or
22 judgment;

23 (7) (a) A statement as to whether the investment
24 adviser is engaged or is to engage primarily in the
25 business of rendering investment supervisory services; and

26 (b) A statement that the investment adviser will

1 furnish his, her, or its clients with such information as
2 the Secretary of State deems necessary in the form
3 prescribed by the Secretary of State by rule or regulation;

4 (8) Such additional information as the Secretary of
5 State may, by rule, regulation or order prescribe as
6 necessary to determine the applicant's financial
7 responsibility, business repute and qualification to act
8 as an investment adviser.

9 (9) No applicant shall be registered or re-registered
10 as an investment adviser under this Section unless and
11 until each principal of the applicant who is actively
12 engaged in the conduct and management of the applicant's
13 advisory business in this State has passed an examination
14 or completed an educational program conducted by the
15 Secretary of State or an association of investment advisers
16 or similar person, which examination or educational
17 program has been designated by the Secretary of State by
18 rule, regulation or order to be satisfactory for purposes
19 of determining whether the applicant has sufficient
20 knowledge of the securities business and laws relating
21 thereto to conduct the business of a registered investment
22 adviser.

23 Any person who was a registered investment adviser
24 prior to September 30, 1963, and has continued to be so
25 registered, and any individual who has passed an investment
26 adviser examination administered by the Secretary of

1 State, or passed an examination or completed an educational
2 program designated by the Secretary of State by rule,
3 regulation or order to be satisfactory for purposes of
4 determining whether the applicant has sufficient knowledge
5 of the securities business and laws relating thereto to
6 conduct the business of a registered investment adviser,
7 shall not be required to pass an examination or complete an
8 educational program in order to continue to act as an
9 investment adviser. The Secretary of State may by order
10 waive the examination or educational program requirement
11 for any applicant for registration under this subsection D
12 if the principal of the applicant who is actively engaged
13 in the conduct and management of the applicant's advisory
14 business in this State has had such experience or education
15 relating to the securities business as may be determined by
16 the Secretary of State to be the equivalent of the
17 examination or educational program. Any request for a
18 waiver shall be filed with the Secretary of State in such
19 form as may be prescribed by rule or regulation.

20 (10) No applicant shall be registered or re-registered
21 as an investment adviser under this Section 8 unless the
22 application for registration or re-registration is
23 accompanied by an application for registration or
24 re-registration for each person acting as an investment
25 adviser representative on behalf of the adviser and a
26 Securities Audit and Enforcement Fund fee that shall not be

1 returnable in any event is paid with respect to each
2 investment adviser representative.

3 (11) The application for registration of an investment
4 adviser shall be accompanied by a filing fee and a fee for
5 each branch office in this State, in each case in the
6 amount established pursuant to Section 11a of this Act,
7 which fees shall not be returnable in any event.

8 (12) The Secretary of State shall notify the investment
9 adviser by written notice (which may be by electronic or
10 facsimile transmission) of the effectiveness of the
11 registration as an investment adviser in this State.

12 (13) Any change which renders no longer accurate any
13 information contained in any application for registration
14 or re-registration of an investment adviser shall be
15 reported to the Secretary of State within 10 business days
16 after the occurrence of the change. In respect to assets
17 and liabilities of an investment adviser that retains
18 custody of clients' cash or securities or accepts
19 pre-payment of fees in excess of \$500 per client and 6 or
20 more months in advance only materially adverse changes need
21 be reported by written notice (which may be by electronic
22 or facsimile transmission) no later than the close of
23 business on the second business day following the discovery
24 thereof.

25 (14) Each application for registration as an
26 investment adviser shall become effective automatically on

1 the 45th day following the filing of the application,
2 required documents or information, and payment of the
3 required fee unless (i) the Secretary of State has
4 registered the investment adviser prior to that date or
5 (ii) an action with respect to the applicant is pending
6 under Section 11 of this Act.

7 D-5. A registered investment adviser or federal covered
8 investment adviser desiring to register an investment adviser
9 representative shall file an application with the Secretary of
10 State, in the form as the Secretary of State may by rule or
11 order prescribe, which the investment adviser representative
12 is required by this Section to provide to the investment
13 adviser, executed, verified, or authenticated by the
14 investment adviser representative and setting forth or
15 accompanied by:

16 (1) The name, residence, and business address of the
17 investment adviser representative;

18 (2) A statement whether any federal or state license or
19 registration as a dealer, salesperson, investment adviser,
20 or investment adviser representative has ever been
21 refused, canceled, suspended, revoked or withdrawn;

22 (3) The nature of employment with, and names and
23 addresses of, employers of the investment adviser
24 representative for the 10 years immediately preceding the
25 date of application;

1 (4) A brief description of any civil or criminal
2 proceedings, of which fraud is an essential element,
3 pending against the investment adviser representative and
4 whether the investment adviser representative has ever
5 been convicted of a felony or of any misdemeanor of which
6 fraud is an essential element;

7 (5) Such additional information as the Secretary of
8 State may by rule or order prescribe as necessary to
9 determine the investment adviser representative's business
10 repute or qualification to act as an investment adviser
11 representative;

12 (6) Documentation that the individual has passed an
13 examination conducted by the Secretary of State, an
14 organization of investment advisers, or similar person,
15 which examination has been designated by the Secretary of
16 State by rule or order to be satisfactory for purposes of
17 determining whether the applicant has sufficient knowledge
18 of the investment advisory or securities business and laws
19 relating to that business to act as a registered investment
20 adviser representative; and

21 (7) A Securities Audit and Enforcement Fund fee
22 established under Section 11a of this Act, which shall not
23 be returnable in any event.

24 The Secretary of State may by order waive the examination
25 requirement for an applicant for registration under this
26 subsection D-5 who has had the experience or education relating

1 to the investment advisory or securities business as may be
2 determined by the Secretary of State to be the equivalent of
3 the examination. A request for a waiver shall be filed with the
4 Secretary of State in the form as may be prescribed by rule or
5 order.

6 A change that renders no longer accurate any information
7 contained in any application for registration or
8 re-registration as an investment adviser representative must
9 be reported to the Secretary of State within 10 business days
10 after the occurrence of the change. If the activities that
11 rendered an individual an investment adviser representative
12 for the investment adviser are terminated, the investment
13 adviser shall notify the Secretary of State in writing (which
14 may be by electronic or facsimile transmission), within 30 days
15 of the investment adviser representative's termination, using
16 the appropriate termination notice form as the Secretary of
17 State may prescribe by rule or order.

18 A registered investment adviser representative may
19 transfer his or her registration under this Section 8 for the
20 unexpired term of the registration from one registered
21 investment adviser to another by the giving of notice of the
22 transfer by the new investment adviser to the Secretary of
23 State in the form and subject to the conditions as the
24 Secretary of State shall prescribe. The new registered
25 investment adviser shall promptly file an application for
26 registration of the investment adviser representative as

1 provided in this subsection, accompanied by the Securities
2 Audit and Enforcement Fund fee prescribed by paragraph (7) of
3 this subsection D-5.

4 E. (1) Subject to the provisions of subsection F of Section
5 11 of this Act, the registration of a dealer, limited Canadian
6 dealer, salesperson, investment adviser, or investment adviser
7 representative may be denied, suspended or revoked if the
8 Secretary of State finds that the dealer, limited Canadian
9 dealer, internet portal, salesperson, investment adviser, or
10 investment adviser representative or any principal officer,
11 director, partner, member, trustee, manager or any person who
12 performs a similar function of the dealer, limited Canadian
13 dealer, internet portal, or investment adviser:

14 (a) has been convicted of any felony during the 10 year
15 period preceding the date of filing of any application for
16 registration or at any time thereafter, or of any
17 misdemeanor of which fraud is an essential element;

18 (b) has engaged in any unethical practice in connection
19 with any security, or in any fraudulent business practice;

20 (c) has failed to account for any money or property, or
21 has failed to deliver any security, to any person entitled
22 thereto when due or within a reasonable time thereafter;

23 (d) in the case of a dealer, limited Canadian dealer,
24 or investment adviser, is insolvent;

25 (e) in the case of a dealer, limited Canadian dealer,

1 salesperson, or registered principal of a dealer or limited
2 Canadian dealer (i) has failed reasonably to supervise the
3 securities activities of any of its salespersons or other
4 employees and the failure has permitted or facilitated a
5 violation of Section 12 of this Act or (ii) is offering or
6 selling or has offered or sold securities in this State
7 through a salesperson other than a registered salesperson,
8 or, in the case of a salesperson, is selling or has sold
9 securities in this State for a dealer, limited Canadian
10 dealer, issuer or controlling person with knowledge that
11 the dealer, limited Canadian dealer, issuer or controlling
12 person has not complied with the provisions of this Act or
13 (iii) has failed reasonably to supervise the
14 implementation of compliance measures following notice by
15 the Secretary of State of noncompliance with the Act or
16 with the regulations promulgated thereunder or both or (iv)
17 has failed to maintain and enforce written procedures to
18 supervise the types of business in which it engages and to
19 supervise the activities of its salespersons that are
20 reasonably designed to achieve compliance with applicable
21 securities laws and regulations;

22 (f) in the case of an investment adviser, has failed
23 reasonably to supervise the advisory activities of any of
24 its investment adviser representatives or employees and
25 the failure has permitted or facilitated a violation of
26 Section 12 of this Act;

1 (g) has violated any of the provisions of this Act;

2 (h) has made any material misrepresentation to the
3 Secretary of State in connection with any information
4 deemed necessary by the Secretary of State to determine a
5 dealer's, limited Canadian dealer's, or investment
6 adviser's financial responsibility or a dealer's, limited
7 Canadian dealer's, investment adviser's, salesperson's, or
8 investment adviser representative's business repute or
9 qualifications, or has refused to furnish any such
10 information requested by the Secretary of State;

11 (i) has had a license or registration under any Federal
12 or State law regulating securities, commodity futures
13 contracts, or stock futures contracts refused, cancelled,
14 suspended, withdrawn, revoked, or otherwise adversely
15 affected in a similar manner;

16 (j) has had membership in or association with any
17 self-regulatory organization registered under the Federal
18 1934 Act or the Federal 1974 Act suspended, revoked,
19 refused, expelled, cancelled, barred, limited in any
20 capacity, or otherwise adversely affected in a similar
21 manner arising from any fraudulent or deceptive act or a
22 practice in violation of any rule, regulation or standard
23 duly promulgated by the self-regulatory organization;

24 (k) has had any order entered against it after notice
25 and opportunity for hearing by a securities agency of any
26 state, any foreign government or agency thereof, the

1 Securities and Exchange Commission, or the Federal
2 Commodities Futures Trading Commission arising from any
3 fraudulent or deceptive act or a practice in violation of
4 any statute, rule or regulation administered or
5 promulgated by the agency or commission;

6 (l) in the case of a dealer or limited Canadian dealer,
7 fails to maintain a minimum net capital in an amount which
8 the Secretary of State may by rule or regulation require;

9 (m) has conducted a continuing course of dealing of
10 such nature as to demonstrate an inability to properly
11 conduct the business of the dealer, limited Canadian
12 dealer, salesperson, investment adviser, or investment
13 adviser representative;

14 (n) has had, after notice and opportunity for hearing,
15 any injunction or order entered against it or license or
16 registration refused, cancelled, suspended, revoked,
17 withdrawn, limited, or otherwise adversely affected in a
18 similar manner by any state or federal body, agency or
19 commission regulating banking, insurance, finance or small
20 loan companies, real estate or mortgage brokers or
21 companies, if the action resulted from any act found by the
22 body, agency or commission to be a fraudulent or deceptive
23 act or practice in violation of any statute, rule or
24 regulation administered or promulgated by the body, agency
25 or commission;

26 (o) has failed to file a return, or to pay the tax,

1 penalty or interest shown in a filed return, or to pay any
2 final assessment of tax, penalty or interest, as required
3 by any tax Act administered by the Illinois Department of
4 Revenue, until such time as the requirements of that tax
5 Act are satisfied;

6 (p) in the case of a natural person who is a dealer,
7 limited Canadian dealer, salesperson, investment adviser,
8 or investment adviser representative, has defaulted on an
9 educational loan guaranteed by the Illinois Student
10 Assistance Commission, until the natural person has
11 established a satisfactory repayment record as determined
12 by the Illinois Student Assistance Commission;

13 (q) has failed to maintain the books and records
14 required under this Act or rules or regulations promulgated
15 under this Act or under any requirements established by the
16 Securities and Exchange Commission or a self-regulatory
17 organization;

18 (r) has refused to allow or otherwise impeded designees
19 of the Secretary of State from conducting an audit,
20 examination, inspection, or investigation provided for
21 under Section 8 or 11 of this Act;

22 (s) has failed to maintain any minimum net capital or
23 bond requirement set forth in this Act or any rule or
24 regulation promulgated under this Act;

25 (t) has refused the Secretary of State or his or her
26 designee access to any office or location within an office

1 to conduct an investigation, audit, examination, or
2 inspection;

3 (u) has advised or caused a public pension fund or
4 retirement system established under the Illinois Pension
5 Code to make an investment or engage in a transaction not
6 authorized by that Code;

7 (v) if a corporation, limited liability company, or
8 limited liability partnership has been suspended,
9 canceled, revoked, or has failed to register as a foreign
10 corporation, limited liability company, or limited
11 liability partnership with the Secretary of State;

12 (w) is permanently or temporarily enjoined by any court
13 of competent jurisdiction, including any state, federal,
14 or foreign government, from engaging in or continuing any
15 conduct or practice involving any aspect of the securities
16 or commodities business or in any other business where the
17 conduct or practice enjoined involved investments,
18 franchises, insurance, banking, or finance;

19 (2) If the Secretary of State finds that any registrant or
20 applicant for registration is no longer in existence or has
21 ceased to do business as a dealer, limited Canadian dealer,
22 internet portal, salesperson, investment adviser, or
23 investment adviser representative, or is subject to an
24 adjudication as a person under legal disability or to the
25 control of a guardian, or cannot be located after reasonable
26 search, or has failed after written notice to pay to the

1 Secretary of State any additional fee prescribed by this
2 Section or specified by rule or regulation, or if a natural
3 person, has defaulted on an educational loan guaranteed by the
4 Illinois Student Assistance Commission, the Secretary of State
5 may by order cancel the registration or application.

6 (3) Withdrawal of an application for registration or
7 withdrawal from registration as a dealer, limited Canadian
8 dealer, salesperson, investment adviser, or investment adviser
9 representative becomes effective 30 days after receipt of an
10 application to withdraw or within such shorter period of time
11 as the Secretary of State may determine, unless any proceeding
12 is pending under Section 11 of this Act when the application is
13 filed or a proceeding is instituted within 30 days after the
14 application is filed. If a proceeding is pending or instituted,
15 withdrawal becomes effective at such time and upon such
16 conditions as the Secretary of State by order determines. If no
17 proceeding is pending or instituted and withdrawal
18 automatically becomes effective, the Secretary of State may
19 nevertheless institute a revocation or suspension proceeding
20 within 2 years after withdrawal became effective and enter a
21 revocation or suspension order as of the last date on which
22 registration was effective.

23 F. The Secretary of State shall make available upon request
24 the date that each dealer, investment adviser, salesperson, or
25 investment adviser representative was granted registration,

1 together with the name and address of the dealer, limited
2 Canadian dealer, or issuer on whose behalf the salesperson is
3 registered, and all orders of the Secretary of State denying or
4 abandoning an application, or suspending or revoking
5 registration, or censuring the persons. The Secretary of State
6 may designate by rule, regulation or order the statements,
7 information or reports submitted to or filed with him or her
8 pursuant to this Section 8 which the Secretary of State
9 determines are of a sensitive nature and therefore should be
10 exempt from public disclosure. Any such statement, information
11 or report shall be deemed confidential and shall not be
12 disclosed to the public except upon the consent of the person
13 filing or submitting the statement, information or report or by
14 order of court or in court proceedings.

15 G. The registration or re-registration of a dealer or
16 limited Canadian dealer and of all salespersons registered upon
17 application of the dealer or limited Canadian dealer shall
18 expire on the next succeeding anniversary date of the
19 registration or re-registration of the dealer; and the
20 registration or re-registration of an investment adviser and of
21 all investment adviser representatives registered upon
22 application of the investment adviser shall expire on the next
23 succeeding anniversary date of the registration of the
24 investment adviser; provided, that the Secretary of State may
25 by rule or regulation prescribe an alternate date which any

1 dealer registered under the Federal 1934 Act or a member of any
2 self-regulatory association approved pursuant thereto, a
3 member of a self-regulatory organization or stock exchange in
4 Canada, or any investment adviser may elect as the expiration
5 date of its dealer or limited Canadian dealer and salesperson
6 registrations, or the expiration date of its investment adviser
7 registration, as the case may be. A registration of a
8 salesperson registered upon application of an issuer or
9 controlling person shall expire on the next succeeding
10 anniversary date of the registration, or upon termination or
11 expiration of the registration of the securities, if any,
12 designated in the application for his or her registration or
13 the alternative date as the Secretary may prescribe by rule or
14 regulation. Subject to paragraph (9) of subsection C of this
15 Section 8, a salesperson's registration also shall terminate
16 upon cessation of his or her employment, or termination of his
17 or her appointment or authorization, in each case by the person
18 who applied for the salesperson's registration, provided that
19 the Secretary of State may by rule or regulation prescribe an
20 alternate date for the expiration of the registration.

21 H. Applications for re-registration of dealers, limited
22 Canadian dealers, internet portals, salespersons, investment
23 advisers, and investment adviser representatives shall be
24 filed with the Secretary of State prior to the expiration of
25 the then current registration and shall contain such

1 information as may be required by the Secretary of State upon
2 initial application with such omission therefrom or addition
3 thereto as the Secretary of State may authorize or prescribe.
4 Each application for re-registration of a dealer, limited
5 Canadian dealer, internet portal, or investment adviser shall
6 be accompanied by a filing fee, each application for
7 re-registration as a salesperson shall be accompanied by a
8 filing fee and a Securities Audit and Enforcement Fund fee
9 established pursuant to Section 11a of this Act, and each
10 application for re-registration as an investment adviser
11 representative shall be accompanied by a Securities Audit and
12 Enforcement Fund fee established under Section 11a of this Act,
13 which shall not be returnable in any event. Notwithstanding the
14 foregoing, applications for re-registration of dealers,
15 limited Canadian dealers, internet portals, and investment
16 advisers may be filed within 30 days following the expiration
17 of the registration provided that the applicant pays the annual
18 registration fee together with an additional amount equal to
19 the annual registration fee and files any other information or
20 documents that the Secretary of State may prescribe by rule or
21 regulation or order. Any application filed within 30 days
22 following the expiration of the registration shall be
23 automatically effective as of the time of the earlier
24 expiration provided that the proper fee has been paid to the
25 Secretary of State.

26 Each registered dealer, limited Canadian dealer, internet

1 portal, or investment adviser shall continue to be registered
2 if the registrant changes his, her, or its form of organization
3 provided that the dealer or investment adviser files an
4 amendment to his, her, or its application not later than 30
5 days following the occurrence of the change and pays the
6 Secretary of State a fee in the amount established under
7 Section 11a of this Act.

8 I. (1) Every registered dealer, limited Canadian dealer,
9 internet portal, and investment adviser shall make and keep for
10 such periods, such accounts, correspondence, memoranda,
11 papers, books and records as the Secretary of State may by rule
12 or regulation prescribe. All records so required shall be
13 preserved for 3 years unless the Secretary of State by rule,
14 regulation or order prescribes otherwise for particular types
15 of records.

16 (2) Every registered dealer, limited Canadian dealer,
17 internet portal, and investment adviser shall file such
18 financial reports as the Secretary of State may by rule or
19 regulation prescribe.

20 (3) All the books and records referred to in paragraph (1)
21 of this subsection I are subject at any time or from time to
22 time to such reasonable periodic, special or other audits,
23 examinations, or inspections by representatives of the
24 Secretary of State, within or without this State, as the
25 Secretary of State deems necessary or appropriate in the public

1 interest or for the protection of investors.

2 (4) At the time of an audit, examination, or inspection,
3 the Secretary of State, by his or her designees, may conduct an
4 interview of any person employed or appointed by or affiliated
5 with a registered dealer, limited Canadian dealer, internet
6 portal, or investment advisor, provided that the dealer,
7 limited Canadian dealer, internet portal, or investment
8 advisor shall be given reasonable notice of the time and place
9 for the interview. At the option of the dealer, limited
10 Canadian dealer, internet portal, or investment advisor, a
11 representative of the dealer or investment advisor with
12 supervisory responsibility over the individual being
13 interviewed may be present at the interview.

14 J. The Secretary of State may require by rule or regulation
15 the payment of an additional fee for the filing of information
16 or documents required to be filed by this Section which have
17 not been filed in a timely manner. The Secretary of State may
18 also require by rule or regulation the payment of an
19 examination fee for administering any examination which it may
20 conduct pursuant to subsection B, C, D, or D-5 of this Section
21 8.

22 K. The Secretary of State may declare any application for
23 registration or limited registration under this Section 8
24 abandoned by order if the applicant fails to pay any fee or

1 file any information or document required under this Section 8
2 or by rule or regulation for more than 30 days after the
3 required payment or filing date. The applicant may petition the
4 Secretary of State for a hearing within 15 days after the
5 applicant's receipt of the order of abandonment, provided that
6 the petition sets forth the grounds upon which the applicant
7 seeks a hearing.

8 L. Any document being filed pursuant to this Section 8
9 shall be deemed filed, and any fee being paid pursuant to this
10 Section 8 shall be deemed paid, upon the date of actual receipt
11 thereof by the Secretary of State or his or her designee.

12 M. The Secretary of State shall provide to the Illinois
13 Student Assistance Commission annually or at mutually agreed
14 periodic intervals the names and social security numbers of
15 natural persons registered under subsections B, C, D, and D-5
16 of this Section. The Illinois Student Assistance Commission
17 shall determine if any student loan defaulter is registered as
18 a dealer, limited Canadian dealer, internet portal
19 salesperson, or investment adviser under this Act and report
20 its determination to the Secretary of State or his or her
21 designee.

22 (Source: P.A. 92-308, eff. 1-1-02; 93-580, eff. 8-21-03.)

23 (815 ILCS 5/8d new)

1 Sec. 8d. Offerings made through registered Internet
2 portals.

3 (a) An issuer shall make an offering or sale of securities
4 pursuant to subsection T of Section 4 of this Act through the
5 use of one or more registered Internet portals.

6 (b) The Internet portal:

7 (1) shall be a registered broker-dealer under the
8 Securities Exchange Act of 1934 (15 U.S.C. 78o);

9 (2) shall be a funding portal registered under the
10 Securities Act of 1933 (15 U.S.C. 77d-1) and the Securities
11 and Exchange Commission has adopted rules under authority
12 of Section 3(h) of the Securities Exchange Act of 1934 (15
13 U.S.C. 78c) and Section 304 of the Jumpstart Our Business
14 Startups Act (P.L. 112-106) governing funding portals;

15 (3) shall be a dealer registered under this Act as of
16 the date of any offer or sale of securities made through
17 the Internet portal; or

18 (4) shall, to the extent it meets the qualifications
19 for exemption from registration pursuant to subsection (d)
20 of this Section:

21 (A) file, not later than 30 days before the date of
22 the first offer or sale of securities made within this
23 State, an application for registration (or renewal of
24 registration, as applicable) as a registered Internet
25 portal with the Secretary of State, in writing or in
26 electronic form as prescribed by the Secretary of

1 State, which the Secretary of State shall make
2 available as an electronic document on the Secretary of
3 State's Internet website, containing such information
4 and required deliveries as specified therein; and

5 (B) pay the application filing fee established
6 under Section 11a of this Act; the Secretary of State
7 shall, within a reasonable time, examine the filed
8 application and other materials filed and, approve or
9 deny the application.

10 (c) If any change occurs in the information submitted by,
11 or on behalf of, an Internet portal to the Secretary of State,
12 the Internet portal shall notify the Secretary of State within
13 10 days after such change occurs and shall provide the
14 Secretary of State with such additional information (if any)
15 requested by the Secretary of State in connection therewith.

16 (d) Notwithstanding anything contained in this Act to the
17 contrary, neither an Internet portal nor its owning or
18 operating entity is required to register as a dealer or an
19 investment advisor under this Act if each of the following
20 applies with respect to the Internet portal and its owning or
21 operating entity:

22 (1) It does not solicit purchases, sales, or offers to
23 buy the securities offered or displayed on the Internet
24 portal.

25 (2) It does not collect or hold funds in connection
26 with any purchase, sale, or offer to buy any securities

1 offered or displayed on the Internet portal.

2 (3) It does not compensate employees, agents, or other
3 persons for the solicitation or based on the sale of
4 securities displayed or referenced on the Internet portal.

5 (4) It is not compensated based on the amount of
6 securities sold.

7 (5) The fee it charges an issuer for an offering of
8 securities on the Internet portal is a fixed amount for
9 each offering, a variable amount based on the length of
10 time that the securities are offered on the Internet
11 portal, a variable amount based on the total proposed
12 offering amount, or any combination of such fixed and
13 variable amounts.

14 (6) It does not offer investment advice or
15 recommendations; however, an Internet portal is not deemed
16 to be offering investment advice or recommendations simply
17 by virtue of:

18 (A) selecting transactions in which the Internet
19 portal shall serve as an intermediary;

20 (B) establishing reasonable selection criteria for
21 an issuer to meet in order to establish an offer or
22 sale of securities through the Internet portal;

23 (C) establishing reasonable selection criteria for
24 a potential purchaser to meet in order to participate
25 in an offer or sale of securities made through the
26 Internet portal; or

1 (D) terminating an issuer transaction at any time
2 before the first sale of the securities of such issuer
3 if the Internet portal determines such action is
4 appropriate, after reasonable due diligence, to
5 protect potential purchasers, and the Internet portal
6 is able to direct the qualified escrowee to return all
7 funds then provided by potential purchasers, if any.

8 (7) It does not engage in such other activities as the
9 Secretary of State, by rule, determines are prohibited.

10 (e) Upon completion of an offering made pursuant to
11 subsection T of Section 4, each registered Internet portal
12 involved with the transactions (and the issuer, to the extent
13 applicable) shall store any and all electronic materials
14 related to the completed offering (including copies of all
15 offering documents, all offering materials, and all purchaser
16 information) on a secure, non-public, server or in such other
17 manner as the Secretary of State may hereafter deem acceptable
18 by rule.

19 (815 ILCS 5/11) (from Ch. 121 1/2, par. 137.11)

20 Sec. 11. Duties and powers of the Secretary of State.

21 A. (1) The administration of this Act is vested in the
22 Secretary of State, who may from time to time make, amend and
23 rescind such rules and regulations as may be necessary to carry
24 out this Act, including rules and regulations governing
25 procedures of registration, statements, applications and

1 reports for various classes of securities, persons and matters
2 within his or her jurisdiction and defining any terms, whether
3 or not used in this Act, insofar as the definitions are not
4 inconsistent with this Act. The rules and regulations adopted
5 by the Secretary of State under this Act shall be effective in
6 the manner provided for in the Illinois Administrative
7 Procedure Act.

8 (2) Among other things, the Secretary of State shall have
9 authority, for the purposes of this Act, to prescribe the form
10 or forms in which required information shall be set forth,
11 accounting practices, the items or details to be shown in
12 balance sheets and earning statements, and the methods to be
13 followed in the preparation of accounts, in the appraisal or
14 valuation of assets and liabilities, in the determination of
15 depreciation and depletion, in the differentiation of
16 recurring and non-recurring income, in the differentiation of
17 investment and operating income, and in the preparation of
18 consolidated balance sheets or income accounts of any person,
19 directly or indirectly, controlling or controlled by the
20 issuer, or any person under direct or indirect common control
21 with the issuer.

22 (3) No provision of this Act imposing any liability shall
23 apply to any act done or omitted in good faith in conformity
24 with any rule or regulation of the Secretary of State under
25 this Act, notwithstanding that the rule or regulation may,
26 after the act or omission, be amended or rescinded or be

1 determined by judicial or other authority to be invalid for any
2 reason.

3 (4) The Securities Department of the Office of the
4 Secretary of State shall be deemed a criminal justice agency
5 for purposes of all federal and state laws and regulations and,
6 in that capacity, shall be entitled to access to any
7 information available to criminal justice agencies and has the
8 power to appoint special agents to conduct all investigations,
9 searches, seizures, arrests, and other duties imposed under the
10 provisions of any law administered by the Department. The
11 special agents have and may exercise all the powers of peace
12 officers solely for the purpose of enforcing provisions of this
13 Act.

14 The Director must authorize to each special agent employed
15 under this Section a distinct badge that, on its face, (i)
16 clearly states that the badge is authorized by the Department
17 and (ii) contains a unique and identifying number.

18 Special agents shall comply with all training requirements
19 established for law enforcement officers by provisions of the
20 Illinois Police Training Act.

21 (5) The Secretary of State, by rule, may conditionally or
22 unconditionally exempt any person, security, or transaction,
23 or any class or classes of persons, securities, or transactions
24 from any provision of Section 5, 6, 7, 8, 8a, or 9 of this Act
25 or of any rule promulgated under these Sections, to the extent
26 that such exemption is necessary or appropriate in the public

1 interest, and is consistent with the protection of investors.

2 B. The Secretary of State may, anything in this Act to the
3 contrary notwithstanding, require financial statements and
4 reports of the issuer, dealer, internet portal, salesperson,
5 investment adviser, or investment adviser representative as
6 often as circumstances may warrant. In addition, the Secretary
7 of State may secure information or books and records from or
8 through others and may make or cause to be made investigations
9 respecting the business, affairs, and property of the issuer of
10 securities, any person involved in the sale or offer for sale,
11 purchase or offer to purchase of any mineral investment
12 contract, mineral deferred delivery contract, or security and
13 of dealers, internet portals, salespersons, investment
14 advisers, and investment adviser representatives that are
15 registered or are the subject of an application for
16 registration under this Act. The costs of an investigation
17 shall be borne by the registrant or the applicant, provided
18 that the registrant or applicant shall not be obligated to pay
19 the costs without his, her or its consent in advance.

20 C. Whenever it shall appear to the Secretary of State,
21 either upon complaint or otherwise, that this Act, or any rule
22 or regulation prescribed under authority thereof, has been or
23 is about to be violated, he or she may, in his or her
24 discretion, do one or more of the following:

- 25 (1) require or permit the person to file with the
26 Secretary of State a statement in writing under oath, or

1 otherwise, as to all the facts and circumstances concerning
2 the subject matter which the Secretary of State believes to
3 be in the public interest to investigate, audit, examine,
4 or inspect;

5 (2) conduct an investigation, audit, examination, or
6 inspection as necessary or advisable for the protection of
7 the interests of the public; and

8 (3) appoint investigators to conduct all
9 investigations, searches, seizures, arrests, and other
10 duties imposed under the provisions of any law administered
11 by the Department. The Director must authorize to each
12 investigator employed under this Section a distinct badge
13 that, on its face, (i) clearly states that the badge is
14 authorized by the Department and (ii) contains a unique and
15 identifying number.

16 D. (1) For the purpose of all investigations, audits,
17 examinations, or inspections which in the opinion of the
18 Secretary of State are necessary and proper for the enforcement
19 of this Act, the Secretary of State or a person designated by
20 him or her is empowered to administer oaths and affirmations,
21 subpoena witnesses, take evidence, and require, by subpoena or
22 other lawful means provided by this Act or the rules adopted by
23 the Secretary of State, the production of any books and
24 records, papers, or other documents which the Secretary of
25 State or a person designated by him or her deems relevant or
26 material to the inquiry.

1 (2) The Secretary of State or a person designated by him or
2 her is further empowered to administer oaths and affirmations,
3 subpoena witnesses, take evidence, and require the production
4 of any books and records, papers, or other documents in this
5 State at the request of a securities agency of another state,
6 if the activities constituting the alleged violation for which
7 the information is sought would be in violation of Section 12
8 of this Act if the activities had occurred in this State.

9 (3) The Circuit Court of any County of this State, upon
10 application of the Secretary of State or a person designated by
11 him or her may order the attendance of witnesses, the
12 production of books and records, papers, accounts and documents
13 and the giving of testimony before the Secretary of State or a
14 person designated by him or her; and any failure to obey the
15 order may be punished by the Circuit Court as a contempt
16 thereof.

17 (4) The fees of subpoenaed witnesses under this Act for
18 attendance and travel shall be the same as fees of witnesses
19 before the Circuit Courts of this State, to be paid when the
20 witness is excused from further attendance, provided, the
21 witness is subpoenaed at the instance of the Secretary of
22 State; and payment of the fees shall be made and audited in the
23 same manner as other expenses of the Secretary of State.

24 (5) Whenever a subpoena is issued at the request of a
25 complainant or respondent as the case may be, the Secretary of
26 State may require that the cost of service and the fee of the

1 witness shall be borne by the party at whose instance the
2 witness is summoned.

3 (6) The Secretary of State shall have power at his or her
4 discretion, to require a deposit to cover the cost of the
5 service and witness fees and the payment of the legal witness
6 fee and mileage to the witness served with subpoena.

7 (7) A subpoena issued under this Act shall be served in the
8 same manner as a subpoena issued out of a circuit court.

9 (8) The Secretary of State may in any investigation,
10 audits, examinations, or inspections cause the taking of
11 depositions of persons residing within or without this State in
12 the manner provided in civil actions under the laws of this
13 State.

14 E. Anything in this Act to the contrary notwithstanding:

15 (1) If the Secretary of State shall find that the offer
16 or sale or proposed offer or sale or method of offer or
17 sale of any securities by any person, whether exempt or
18 not, in this State, is fraudulent, or would work or tend to
19 work a fraud or deceit, or is being offered or sold in
20 violation of Section 12, or there has been a failure or
21 refusal to submit any notification filing or fee required
22 under this Act, the Secretary of State may by written order
23 prohibit or suspend the offer or sale of securities by that
24 person or deny or revoke the registration of the securities
25 or the exemption from registration for the securities.

26 (2) If the Secretary of State shall find that any

1 person has violated subsection C, D, E, F, G, H, I, J, or K
2 of Section 12 of this Act, the Secretary of State may by
3 written order temporarily or permanently prohibit or
4 suspend the person from offering or selling any securities,
5 any mineral investment contract, or any mineral deferred
6 delivery contract in this State, provided that any person
7 who is the subject of an order of permanent prohibition may
8 petition the Secretary of State for a hearing to present
9 evidence of rehabilitation or change in circumstances
10 justifying the amendment or termination of the order of
11 permanent prohibition.

12 (3) If the Secretary of State shall find that any
13 person is engaging or has engaged in the business of
14 selling or offering for sale securities as a dealer,
15 internet portal, or salesperson or is acting or has acted
16 as an investment adviser, investment adviser
17 representative, or federal covered investment adviser,
18 without prior thereto and at the time thereof having
19 complied with the registration or notice filing
20 requirements of this Act, the Secretary of State may by
21 written order prohibit or suspend the person from engaging
22 in the business of selling or offering for sale securities,
23 or acting as an investment adviser, investment adviser
24 representative, or federal covered investment adviser, in
25 this State.

26 (4) In addition to any other sanction or remedy

1 contained in this subsection E, the Secretary of State,
2 after finding that any provision of this Act has been
3 violated, may impose a fine as provided by rule, regulation
4 or order not to exceed \$10,000 for each violation of this
5 Act, may issue an order of public censure against the
6 violator, and may charge as costs of investigation all
7 reasonable expenses, including attorney's fees and witness
8 fees.

9 F. (1) The Secretary of State shall not deny, suspend or
10 revoke the registration of securities, suspend or revoke the
11 registration of a dealer, internet portal, salesperson,
12 investment adviser, or investment adviser representative,
13 prohibit or suspend the offer or sale of any securities,
14 prohibit or suspend any person from offering or selling any
15 securities in this State, prohibit or suspend a dealer or
16 salesperson from engaging in the business of selling or
17 offering for sale securities, prohibit or suspend a person from
18 acting as an investment adviser or federal covered investment
19 adviser, or investment adviser representative, impose any fine
20 for violation of this Act, issue an order of public censure, or
21 enter into an agreed settlement except after an opportunity for
22 hearing upon not less than 10 days notice given by personal
23 service or registered mail or certified mail, return receipt
24 requested, to the person or persons concerned. Such notice
25 shall state the date and time and place of the hearing and
26 shall contain a brief statement of the proposed action of the

1 Secretary of State and the grounds for the proposed action. A
2 failure to appear at the hearing or otherwise respond to the
3 allegations set forth in the notice of hearing shall constitute
4 an admission of any facts alleged therein and shall constitute
5 sufficient basis to enter an order.

6 (2) Anything herein contained to the contrary
7 notwithstanding, the Secretary of State may temporarily
8 prohibit or suspend, for a maximum period of 90 days, by an
9 order effective immediately, the offer or sale or registration
10 of securities, the registration of a dealer, internet portal,
11 salesperson, investment adviser, or investment adviser
12 representative, or the offer or sale of securities by any
13 person, or the business of rendering investment advice, without
14 the notice and prior hearing in this subsection prescribed, if
15 the Secretary of State shall in his or her opinion, based on
16 credible evidence, deem it necessary to prevent an imminent
17 violation of this Act or to prevent losses to investors which
18 the Secretary of State reasonably believes will occur as a
19 result of a prior violation of this Act. Immediately after
20 taking action without such notice and hearing, the Secretary of
21 State shall deliver a copy of the temporary order to the
22 respondent named therein by personal service or registered mail
23 or certified mail, return receipt requested. The temporary
24 order shall set forth the grounds for the action and shall
25 advise that the respondent may request a hearing, that the
26 request for a hearing will not stop the effectiveness of the

1 temporary order and that respondent's failure to request a
2 hearing within 30 days after the date of the entry of the
3 temporary order shall constitute an admission of any facts
4 alleged therein and shall constitute sufficient basis to make
5 the temporary order final. Any provision of this paragraph (2)
6 to the contrary notwithstanding, the Secretary of State may not
7 pursuant to the provisions of this paragraph (2) suspend the
8 registration of a dealer, limited Canadian dealer,
9 salesperson, investment adviser, or investment adviser
10 representative based upon sub-paragraph (n) of paragraph (1) of
11 subsection E of Section 8 of this Act or revoke the
12 registration of securities or revoke the registration of any
13 dealer, salesperson, investment adviser representative, or
14 investment adviser.

15 (3) The Secretary of State may issue a temporary order
16 suspending or delaying the effectiveness of any registration of
17 securities under subsection A or B of Section 5, 6 or 7 of this
18 Act subsequent to and upon the basis of the issuance of any
19 stop, suspension or similar order by the Securities and
20 Exchange Commission with respect to the securities which are
21 the subject of the registration under subsection A or B of
22 Section 5, 6 or 7 of this Act, and the order shall become
23 effective as of the date and time of effectiveness of the
24 Securities and Exchange Commission order and shall be vacated
25 automatically at such time as the order of the Securities and
26 Exchange Commission is no longer in effect.

1 (4) When the Secretary of State finds that an application
2 for registration as a dealer, internet portal, salesperson,
3 investment adviser, or investment adviser representative
4 should be denied, the Secretary of State may enter an order
5 denying the registration. Immediately after taking such
6 action, the Secretary of State shall deliver a copy of the
7 order to the respondent named therein by personal service or
8 registered mail or certified mail, return receipt requested.
9 The order shall state the grounds for the action and that the
10 matter will be set for hearing upon written request filed with
11 the Secretary of State within 30 days after the receipt of the
12 request by the respondent. The respondent's failure to request
13 a hearing within 30 days after receipt of the order shall
14 constitute an admission of any facts alleged therein and shall
15 make the order final. If a hearing is held, the Secretary of
16 State shall affirm, vacate, or modify the order.

17 (5) The findings and decision of the Secretary of State
18 upon the conclusion of each final hearing held pursuant to this
19 subsection shall be set forth in a written order signed on
20 behalf of the Secretary of State by his or her designee and
21 shall be filed as a public record. All hearings shall be held
22 before a person designated by the Secretary of State, and
23 appropriate records thereof shall be kept.

24 (6) Notwithstanding the foregoing, the Secretary of State,
25 after notice and opportunity for hearing, may at his or her
26 discretion enter into an agreed settlement, stipulation or

1 consent order with a respondent in accordance with the
2 provisions of the Illinois Administrative Procedure Act. The
3 provisions of the agreed settlement, stipulation or consent
4 order shall have the full force and effect of an order issued
5 by the Secretary of State.

6 (7) Anything in this Act to the contrary notwithstanding,
7 whenever the Secretary of State finds that a person is
8 currently expelled from, refused membership in or association
9 with, or limited in any material capacity by a self-regulatory
10 organization registered under the Federal 1934 Act or the
11 Federal 1974 Act because of a fraudulent or deceptive act or a
12 practice in violation of a rule, regulation, or standard duly
13 promulgated by the self-regulatory organization, the Secretary
14 of State may, at his or her discretion, enter a Summary Order
15 of Prohibition, which shall prohibit the offer or sale of any
16 securities, mineral investment contract, or mineral deferred
17 delivery contract by the person in this State. The order shall
18 take effect immediately upon its entry. Immediately after
19 taking the action the Secretary of State shall deliver a copy
20 of the order to the named Respondent by personal service or
21 registered mail or certified mail, return receipt requested. A
22 person who is the subject of an Order of Prohibition may
23 petition the Secretary of State for a hearing to present
24 evidence of rehabilitation or change in circumstances
25 justifying the amendment or termination of the Order of
26 Prohibition.

1 G. No administrative action shall be brought by the
2 Secretary of State for relief under this Act or upon or because
3 of any of the matters for which relief is granted by this Act
4 after the earlier to occur of (i) 3 years from the date upon
5 which the Secretary of State had notice of facts which in the
6 exercise of reasonable diligence would lead to actual knowledge
7 of the alleged violation of the Act, or (ii) 5 years from the
8 date on which the alleged violation occurred.

9 H. The action of the Secretary of State in denying,
10 suspending, or revoking the registration of a dealer, internet
11 portal, limited Canadian dealer, salesperson, investment
12 adviser, or investment adviser representative, in prohibiting
13 any person from engaging in the business of offering or selling
14 securities as a dealer, limited Canadian dealer, or
15 salesperson, in prohibiting or suspending the offer or sale of
16 securities by any person, in prohibiting a person from acting
17 as an investment adviser, federal covered investment adviser,
18 or investment adviser representative, in denying, suspending,
19 or revoking the registration of securities, in prohibiting or
20 suspending the offer or sale or proposed offer or sale of
21 securities, in imposing any fine for violation of this Act, or
22 in issuing any order shall be subject to judicial review in the
23 Circuit Courts of Cook or Sangamon Counties in this State. The
24 Administrative Review Law shall apply to and govern every
25 action for the judicial review of final actions or decisions of
26 the Secretary of State under this Act.

1 I. Notwithstanding any other provisions of this Act to the
2 contrary, whenever it shall appear to the Secretary of State
3 that any person is engaged or about to engage in any acts or
4 practices which constitute or will constitute a violation of
5 this Act or of any rule or regulation prescribed under
6 authority of this Act, the Secretary of State may at his or her
7 discretion, through the Attorney General take any of the
8 following actions:

9 (1) File a complaint and apply for a temporary
10 restraining order without notice, and upon a proper showing
11 the court may enter a temporary restraining order without
12 bond, to enforce this Act.

13 (2) File a complaint and apply for a preliminary or
14 permanent injunction, and, after notice and a hearing and
15 upon a proper showing, the court may grant a preliminary or
16 permanent injunction and may order the defendant to make an
17 offer of rescission with respect to any sales or purchases
18 of securities, mineral investment contracts, or mineral
19 deferred delivery contracts determined by the court to be
20 unlawful under this Act.

21 (3) Seek the seizure of assets when probable cause
22 exists that the assets were obtained by a defendant through
23 conduct in violation of Section 12, paragraph F, G, I, J,
24 K, or L of this Act, and thereby subject to a judicial
25 forfeiture hearing as required under this Act.

26 (a) In the event that such probable cause exists

1 that the subject of an investigation who is alleged to
2 have committed one of the relevant violations of this
3 Act has in his possession assets obtained as a result
4 of the conduct giving rise to the violation, the
5 Secretary of State may seek a seizure warrant in any
6 circuit court in Illinois.

7 (b) In seeking a seizure warrant, the Secretary of
8 State, or his or her designee, shall submit to the
9 court a sworn affidavit detailing the probable cause
10 evidence for the seizure, the location of the assets to
11 be seized, the relevant violation under Section 12 of
12 this Act, and a statement detailing any known owners or
13 interest holders in the assets.

14 (c) Seizure of the assets shall be made by any
15 peace officer upon process of the seizure warrant
16 issued by the court. Following the seizure of assets
17 under this Act and pursuant to a seizure warrant,
18 notice of seizure, including a description of the
19 seized assets, shall immediately be returned to the
20 issuing court. Seized assets shall be maintained
21 pending a judicial forfeiture hearing in accordance
22 with the instructions of the court.

23 (d) In the event that management of seized assets
24 becomes necessary to prevent the devaluation,
25 dissipation, or otherwise to preserve the property,
26 the court shall have jurisdiction to appoint a

1 receiver, conservator, ancillary receiver, or
2 ancillary conservator for that purpose, as provided in
3 item (2) of this subsection.

4 (4) Seek the forfeiture of assets obtained through
5 conduct in violation of Section 12, paragraph F, G, H, I,
6 J, K, or L when authorized by law. A forfeiture must be
7 ordered by a circuit court or an action brought by the
8 Secretary of State as provided for in this Act, under a
9 verified complaint for forfeiture.

10 (a) In the event assets have been seized pursuant
11 to this Act, forfeiture proceedings shall be
12 instituted by the Attorney General within 45 days of
13 seizure.

14 (b) Service of the complaint filed under the
15 provisions of this Act shall be made in the manner as
16 provided in civil actions in this State.

17 (c) Only an owner of or interest holder in the
18 property may file an answer asserting a claim against
19 the property. For purposes of this Section, the owner
20 or interest holder shall be referred to as claimant.

21 (d) The answer must be signed by the owner or
22 interest holder under penalty of perjury and must set
23 forth:

24 (i) the caption of the proceedings as set forth
25 on the notice of pending forfeiture and the name of
26 the claimant;

1 (ii) the address at which the claimant will
2 accept mail;

3 (iii) the nature and extent of the claimant's
4 interest in the property;

5 (iv) the date, identity of the transferor, and
6 circumstances of the claimant's acquisition of the
7 interest in the property;

8 (v) the name and address of all other persons
9 known to have an interest in the property;

10 (vi) the specific provisions of this Act
11 relied on in asserting that the property is not
12 subject to forfeiture;

13 (vii) all essential facts supporting each
14 assertion; and

15 (viii) the precise relief sought.

16 (e) The answer must be filed with the court within
17 45 days after service of the complaint.

18 (f) A property interest is exempt from forfeiture
19 under this Act if its owner or interest holder
20 establishes by a preponderance of evidence that the
21 owner or interest holder:

22 (i) is not legally accountable for the conduct
23 giving rise to the forfeiture, did not acquiesce in
24 it, and did not know and could not reasonably have
25 known of the conduct or that the conduct was likely
26 to occur;

1 (ii) with respect to conveyances, did not hold
2 the property jointly or in common with a person
3 whose conduct gave rise to the forfeiture;

4 (iii) does not hold the property for the
5 benefit of or as a nominee for any person whose
6 conduct gave rise to its forfeiture and the owner
7 or interest holder acquires it as a bona fide
8 purchaser for value without knowingly taking part
9 in the conduct giving rise to the forfeiture; or

10 (iv) acquired the interest after the
11 commencement of the conduct giving rise to its
12 forfeiture and the owner or interest holder
13 acquired the interest as a mortgagee, secured
14 creditor, lienholder, or bona fide purchaser for
15 value without knowledge of the conduct that gave
16 rise to the forfeiture.

17 (g) The hearing must be held within 60 days after
18 the answer is filed unless continued for good cause.

19 (h) During the probable cause portion of the
20 judicial in rem proceeding wherein the Secretary of
21 State presents its case-in-chief, the court must
22 receive and consider, among other things, any relevant
23 hearsay evidence and information. The laws of evidence
24 relating to civil actions shall apply to all other
25 portions of the judicial in rem proceeding.

26 (i) The Secretary of State shall show the existence

1 of probable cause for forfeiture of the property. If
2 the Secretary of State shows probable cause, the
3 claimant has the burden of showing by a preponderance
4 of the evidence that the claimant's interest in the
5 property is not subject to forfeiture.

6 (j) If the Secretary of State does not show the
7 existence of probable cause or a claimant has an
8 interest that is exempt under subdivision I (4) (d) of
9 this Section, the court shall order the interest in the
10 property returned or conveyed to the claimant and shall
11 order all other property forfeited to the Secretary of
12 State pursuant to all provisions of this Act. If the
13 Secretary of State does show the existence of probable
14 cause and the claimant does not establish by a
15 preponderance of the evidence that the claimant has an
16 interest that is exempt under subsection D herein, the
17 court shall order all the property forfeited to the
18 Secretary of State pursuant to the provisions of the
19 Section.

20 (k) A defendant convicted in any criminal
21 proceeding is precluded from later denying the
22 essential allegations of the criminal offense of which
23 the defendant was convicted in any proceeding for
24 violations of the Act giving rise to forfeiture of
25 property herein regardless of the pendency of an appeal
26 from that conviction. However, evidence of the

1 pendency of an appeal is admissible.

2 (l) An acquittal or dismissal in a criminal
3 proceeding for violations of the Act giving rise to the
4 forfeiture of property herein shall not preclude civil
5 proceedings under this provision; however, for good
6 cause shown, on a motion by the Secretary of State, the
7 court may stay civil forfeiture proceedings during the
8 criminal trial for a related criminal indictment or
9 information alleging violation of the provisions of
10 Section 12 of the Illinois Securities Law of 1953.
11 Property subject to forfeiture under this Section
12 shall not be subject to return or release by a court
13 exercising jurisdiction over a criminal case involving
14 the seizure of the property unless the return or
15 release is consented to by the Secretary of State.

16 (m) All property declared forfeited under this Act
17 vests in the State on the commission of the conduct
18 giving rise to forfeiture together with the proceeds of
19 the property after that time. Any such property or
20 proceeds subsequently transferred to any person remain
21 subject to forfeiture and thereafter shall be ordered
22 forfeited unless the transferee claims and establishes
23 in a hearing under the provisions of this Act that the
24 transferee's interest is exempt under the Act. Any
25 assets forfeited to the State shall be disposed of in
26 following manner:

1 (i) all forfeited property and assets shall be
2 liquidated by the Secretary of State in accordance
3 with all laws and rules governing the disposition
4 of such property;

5 (ii) the Secretary of State shall provide the
6 court at the time the property and assets are
7 declared forfeited a verified statement of
8 investors subject to the conduct giving rise to the
9 forfeiture;

10 (iii) after payment of any costs of sale,
11 receivership, storage, or expenses for
12 preservation of the property seized, other costs
13 to the State, and payment to claimants for any
14 amount deemed exempt from forfeiture, the proceeds
15 from liquidation shall be distributed pro rata to
16 investors subject to the conduct giving rise to the
17 forfeiture; and

18 (iv) any proceeds remaining after all verified
19 investors have been made whole shall be
20 distributed 25% to the Securities Investors
21 Education Fund, 25% to the Securities Audit and
22 Enforcement Fund, 25% to the Attorney General or
23 any State's Attorney bringing criminal charges for
24 the conduct giving rise to the forfeiture, and 25%
25 to other law enforcement agencies participating in
26 the investigation of the criminal charges for the

1 conduct giving rise to the forfeiture. In the event
2 that no other law enforcement agencies are
3 involved in the investigation of the conduct
4 giving rise to the forfeiture, then the portion to
5 other law enforcement agencies shall be
6 distributed to the Securities Investors Education
7 Fund.

8 (n) The Secretary of State shall notify by
9 certified mail, return receipt requested, all known
10 investors in the matter giving rise to the forfeiture
11 of the forfeiture proceeding and sale of assets
12 forfeited arising from the violations of this Act, and
13 shall further publish notice in a paper of general
14 circulation in the district in which the violations
15 were prosecuted. The notice to investors shall
16 identify the name, address, and other identifying
17 information about any defendant prosecuted for
18 violations of this Act that resulted in forfeiture and
19 sale of property, the offense for which the defendant
20 was convicted, and that the court has ordered
21 forfeiture and sale of property for claims of investors
22 who incurred losses or damages as a result of the
23 violations. Investors may then file a claim in a form
24 prescribed by the Secretary of State in order to share
25 in disbursement of the proceeds from sale of the
26 forfeited property. Investor claims must be filed with

1 the Secretary of State within 30 days after receipt of
2 the certified mail return receipt, or within 30 days
3 after the last date of publication of the general
4 notice in a paper of general circulation in the
5 district in which the violations were prosecuted,
6 whichever occurs last.

7 (o) A civil action under this subsection must be
8 commenced within 5 years after the last conduct giving
9 rise to the forfeiture became known or should have
10 become known or 5 years after the forfeitable property
11 is discovered, whichever is later, excluding time
12 during which either the property or claimant is out of
13 this State or in confinement or during which criminal
14 proceedings relating to the same conduct are in
15 progress.

16 (p) If property is seized for evidence and for
17 forfeiture, the time periods for instituting judicial
18 forfeiture proceedings shall not begin until the
19 property is no longer necessary for evidence.

20 (q) Notwithstanding other provisions of this Act,
21 the Secretary of State and a claimant of forfeitable
22 property may enter into an agreed-upon settlement
23 concerning the forfeitable property in such an amount
24 and upon such terms as are set out in writing in a
25 settlement agreement.

26 (r) Nothing in this Act shall apply to property

1 that constitutes reasonable bona fide attorney's fees
2 paid to an attorney for services rendered or to be
3 rendered in the forfeiture proceeding or criminal
4 proceeding relating directly thereto when the property
5 was paid before its seizure and before the issuance of
6 any seizure warrant or court order prohibiting
7 transfer of the property and when the attorney, at the
8 time he or she received the property, did not know that
9 it was property subject to forfeiture under this Act.

10 The court shall further have jurisdiction and authority, in
11 addition to the penalties and other remedies in this Act
12 provided, to enter an order for the appointment of the court or
13 a person as a receiver, conservator, ancillary receiver or
14 ancillary conservator for the defendant or the defendant's
15 assets located in this State, or to require restitution,
16 damages or disgorgement of profits on behalf of the person or
17 persons injured by the act or practice constituting the subject
18 matter of the action, and may assess costs against the
19 defendant for the use of the State; provided, however, that the
20 civil remedies of rescission and appointment of a receiver,
21 conservator, ancillary receiver or ancillary conservator shall
22 not be available against any person by reason of the failure to
23 file with the Secretary of State, or on account of the contents
24 of, any report of sale provided for in subsection G or P of
25 Section 4, paragraph (2) of subsection D of Sections 5 and 6,
26 or paragraph (2) of subsection F of Section 7 of this Act.

1 Appeals may be taken as in other civil cases.

2 J. In no case shall the Secretary of State, or any of his
3 or her employees or agents, in the administration of this Act,
4 incur any official or personal liability by instituting an
5 injunction or other proceeding or by denying, suspending or
6 revoking the registration of a dealer or salesperson, or by
7 denying, suspending or revoking the registration of securities
8 or prohibiting the offer or sale of securities, or by
9 suspending or prohibiting any person from acting as a dealer,
10 limited Canadian dealer, salesperson, investment adviser, or
11 investment adviser representative or from offering or selling
12 securities.

13 K. No provision of this Act shall be construed to require
14 or to authorize the Secretary of State to require any
15 investment adviser or federal covered investment adviser
16 engaged in rendering investment supervisory services to
17 disclose the identity, investments, or affairs of any client of
18 the investment adviser or federal covered investment adviser,
19 except insofar as the disclosure may be necessary or
20 appropriate in a particular proceeding or investigation having
21 as its object the enforcement of this Act.

22 L. Whenever, after an examination, investigation or
23 hearing, the Secretary of State deems it of public interest or
24 advantage, he or she may certify a record to the State's
25 Attorney of the county in which the act complained of, examined
26 or investigated occurred. The State's Attorney of that county

1 within 90 days after receipt of the record shall file a written
2 statement at the Office of the Secretary of State, which
3 statement shall set forth the action taken upon the record, or
4 if no action has been taken upon the record that fact, together
5 with the reasons therefor, shall be stated.

6 M. The Secretary of State may initiate, take, pursue, or
7 prosecute any action authorized or permitted under Section 6d
8 of the Federal 1974 Act.

9 N. (1) Notwithstanding any provision of this Act to the
10 contrary, to encourage uniform interpretation, administration,
11 and enforcement of the provisions of this Act, the Secretary of
12 State may cooperate with the securities agencies or
13 administrators of one or more states, Canadian provinces or
14 territories, or another country, the Securities and Exchange
15 Commission, the Commodity Futures Trading Commission, the
16 Securities Investor Protection Corporation, any
17 self-regulatory organization, and any governmental law
18 enforcement or regulatory agency.

19 (2) The cooperation authorized by paragraph (1) of this
20 subsection includes, but is not limited to, the following:

21 (a) establishing or participating in a central
22 depository or depositories for registration under this Act
23 and for documents or records required under this Act;

24 (b) making a joint audit, inspection, examination, or
25 investigation;

26 (c) holding a joint administrative hearing;

1 (d) filing and prosecuting a joint civil or criminal
2 proceeding;

3 (e) sharing and exchanging personnel;

4 (f) sharing and exchanging information and documents;

5 or

6 (g) issuing any joint statement or policy.

7 (Source: P.A. 92-308, eff. 1-1-02; 93-580, eff. 8-21-03.)

8 (815 ILCS 5/11a) (from Ch. 121 1/2, par. 137.11a)

9 Sec. 11a. Fees.

10 (1) The Secretary of State shall by rule or regulation
11 impose and shall collect reasonable fees necessary for the
12 administration of this Act including, but not limited to, fees
13 for the following purposes:

14 (a) filing an application pursuant to paragraph (2) of
15 subsection F of Section 4 of this Act;

16 (b) examining an application and report pursuant to
17 paragraph (2) of subsection F of Section 4 of this Act;

18 (c) filing a report pursuant to subsection G of Section
19 4 of this Act, determined in accordance with paragraph (4)
20 of subsection G of Section 4 of this Act;

21 (d) examining an offering sheet pursuant to subsection
22 P of Section 4 of this Act;

23 (e) filing a report pursuant to subsection P of Section
24 4, determined in accordance with subsection P of Section 4
25 of this Act;

1 (f) examining an application to register securities
2 under subsection B of Section 5 of this Act;

3 (g) examining an amended or supplemental prospectus
4 filed pursuant to the undertaking required by
5 sub-paragraph (i) of paragraph (2) of subsection B of
6 Section 5 of this Act;

7 (h) registering or renewing registration of securities
8 under Section 5, determined in accordance with subsection C
9 of Section 5 of this Act;

10 (i) registering securities in excess of the amount
11 initially registered, determined in accordance with
12 paragraph (2) of subsection C of Section 5 of this Act;

13 (j) failure to file timely an application for renewal
14 under subsection E of Section 5 of this Act;

15 (k) failure to file timely any document or information
16 required under Section 5 of this Act;

17 (l) examining an application to register face amount
18 certificate contracts under subsection B of Section 6 of
19 this Act;

20 (m) examining an amended or supplemental prospectus
21 filed pursuant to the undertaking required by
22 sub-paragraph (f) of paragraph (2) of subsection B of
23 Section 6 of this Act;

24 (n) registering or renewing registration of face
25 amount certificate contracts under Section 6 of this Act;

26 (o) amending a registration of face amount certificate

1 contracts pursuant to subsection E of Section 6 of this Act
2 to add any additional series, type or class of contract;

3 (p) failure to file timely an application for renewal
4 under subsection F of Section 6 of this Act;

5 (q) adding to or withdrawing from deposits with respect
6 to face amount certificate contracts pursuant to
7 subsection H of Section 6, a transaction charge payable at
8 the times and in the manner specified in subsection H of
9 Section 6 (which transaction charge shall be in addition to
10 the annual fee called for by subsection H of Section 6 of
11 this Act);

12 (r) failure to file timely any document or information
13 required under Section 6 of this Act;

14 (s) examining an application to register investment
15 fund shares under subsection B of Section 7 of this Act;

16 (t) examining an amended or supplemental prospectus
17 filed pursuant to the undertaking required by
18 sub-paragraph (f) of paragraph (2) of subsection B of
19 Section 7 of this Act;

20 (u) registering or renewing registration of investment
21 fund shares under Section 7 of this Act;

22 (v) amending a registration of investment fund shares
23 pursuant to subsection D of Section 7 of this Act to
24 register an additional class or classes of investment fund
25 shares;

26 (w) failure to file timely an application for renewal

1 under paragraph (1) of subsection G of Section 7 of this
2 Act;

3 (x) examining an application for renewal of
4 registration of investment fund shares under paragraph (2)
5 of subsection G of Section 7 of this Act;

6 (y) failure to file timely any document or information
7 required under Section 7 of this Act;

8 (z) filing an application for registration or
9 re-registration of a dealer or limited Canadian dealer
10 under Section 8 of this Act for each office in this State;

11 (aa) in connection with an application for the
12 registration or re-registration of a salesperson under
13 Section 8 of ~~or~~ this Act, for the following purposes:

14 (i) filing an application;

15 (ii) a Securities Audit and Enforcement Fund fee;

16 and

17 (iii) a notification filing of federal covered
18 investment advisers;

19 (bb) in connection with an application for the
20 registration or re-registration of an investment adviser
21 under Section 8 of this Act;

22 (cc) failure to file timely any document or information
23 required under Section 8 of this Act;

24 (dd) filing a consent to service of process under
25 Section 10 of this Act;

26 (ee) issuing a certificate pursuant to subsection B of

1 Section 15 of this Act;

2 (ff) issuing a certified copy pursuant to subsection C
3 of Section 15 of this Act;

4 (gg) issuing a non-binding statement pursuant to
5 Section 15a of this Act;

6 (hh) filings by Notification under Section 2a;

7 (ii) notification filing of federal Regulation D,
8 Section 506 offering under the Federal 1933 Act;

9 (jj) notification filing of securities and closed-end
10 investment company securities;

11 (kk) notification filing of face amount certificate
12 contracts;

13 (ll) notification filing of open-end investment
14 company securities;

15 (mm) filing a report pursuant to subsection D of
16 Section 4 of this Act;

17 (nn) in connection with the filing of an application
18 for registration or re-registration of an investment
19 adviser representative under subsection D of Section 8 of
20 this Act; -

21 (oo) filing a notice pursuant to paragraph (6) of
22 subsection T of Section 4 of this Act; and

23 (pp) applying for registration, or renewing
24 registration, as a registered Internet portal pursuant to
25 Section 8d of this Act.

26 (2) The Secretary of State may, by rule or regulation,

1 raise or lower any fee imposed by, and which he or she is
2 authorized by law to collect under, this Act.

3 (Source: P.A. 90-70, eff. 7-8-97; 91-357, eff. 7-29-99; revised
4 12-11-14.)

5 (815 ILCS 5/12) (from Ch. 121 1/2, par. 137.12)

6 Sec. 12. Violation. It shall be a violation of the
7 provisions of this Act for any person:

8 A. To offer or sell any security except in accordance with
9 the provisions of this Act.

10 B. To deliver to a purchaser any security required to be
11 registered under Section 5, Section 6 or Section 7 hereof
12 unless accompanied or preceded by a prospectus that meets the
13 requirements of the pertinent subsection of Section 5 or of
14 Section 6 or of Section 7.

15 C. To act as a dealer, internet portal, salesperson,
16 investment adviser, or investment adviser representative,
17 unless registered as such, where such registration is required,
18 under the provisions of this Act.

19 D. To fail to file with the Secretary of State any
20 application, report or document required to be filed under the
21 provisions of this Act or any rule or regulation made by the
22 Secretary of State pursuant to this Act or to fail to comply
23 with the terms of any order of the Secretary of State issued
24 pursuant to Section 11 hereof.

25 E. To make, or cause to be made, (1) in any application,

1 report or document filed under this Act or any rule or
2 regulation made by the Secretary of State pursuant to this Act,
3 any statement which was false or misleading with respect to any
4 material fact or (2) any statement to the effect that a
5 security (other than a security issued by the State of
6 Illinois) has been in any way endorsed or approved by the
7 Secretary of State or the State of Illinois.

8 F. To engage in any transaction, practice or course of
9 business in connection with the sale or purchase of securities
10 which works or tends to work a fraud or deceit upon the
11 purchaser or seller thereof.

12 G. To obtain money or property through the sale of
13 securities by means of any untrue statement of a material fact
14 or any omission to state a material fact necessary in order to
15 make the statements made, in the light of the circumstances
16 under which they were made, not misleading.

17 H. To sign or circulate any statement, prospectus, or other
18 paper or document required by any provision of this Act or
19 pertaining to any security knowing or having reasonable grounds
20 to know any material representation therein contained to be
21 false or untrue.

22 I. To employ any device, scheme or artifice to defraud in
23 connection with the sale or purchase of any security, directly
24 or indirectly.

25 J. When acting as an investment adviser, investment adviser
26 representative, or federal covered investment adviser, by any

1 means or instrumentality, directly or indirectly:

2 (1) To employ any device, scheme or artifice to defraud
3 any client or prospective client;

4 (2) To engage in any transaction, practice, or course
5 of business which operates as a fraud or deceit upon any
6 client or prospective client; or

7 (3) To engage in any act, practice, or course of
8 business which is fraudulent, deceptive or manipulative.
9 The Secretary of State shall for the purposes of this
10 paragraph (3), by rules and regulations, define and
11 prescribe means reasonably designed to prevent such acts,
12 practices, and courses of business as are fraudulent,
13 deceptive, or manipulative.

14 K. When offering or selling any mineral investment contract
15 or mineral deferred delivery contract:

16 (1) To employ any device, scheme, or artifice to
17 defraud any customer, prospective customer, or offeree;

18 (2) To engage in any transaction, practice, or course
19 of business that operates as a fraud or deceit upon any
20 customer, prospective customer, or offeree; or

21 (3) To engage in any act, practice, or course of
22 business that is fraudulent, deceptive, or manipulative.
23 The Secretary of State shall for the purposes of this
24 paragraph (3), by rules and regulations, define and
25 prescribe means reasonably designed to prevent acts,
26 practices, and courses of business as are fraudulent,

1 deceptive, or manipulative.

2 L. To knowingly influence, coerce, manipulate, or mislead
3 any person engaged in the preparation or audit of financial
4 statements or appraisals to be used in the offer or sale of
5 securities for the purpose of rendering such financial
6 statements or appraisals materially misleading.

7 (Source: P.A. 93-580, eff. 8-21-03.)

8 (815 ILCS 5/13) (from Ch. 121 1/2, par. 137.13)

9 Sec. 13. Private and other civil remedies; securities.

10 A. Every sale of a security made in violation of the
11 provisions of this Act shall be voidable at the election of the
12 purchaser exercised as provided in subsection B of this
13 Section; and the issuer, controlling person, underwriter,
14 dealer or other person by or on behalf of whom said sale was
15 made, and each underwriter, dealer, internet portal, or
16 salesperson who shall have participated or aided in any way in
17 making the sale, and in case the issuer, controlling person,
18 underwriter, ~~or~~ dealer, or internet portal is a corporation or
19 unincorporated association or organization, each of its
20 officers and directors (or persons performing similar
21 functions) who shall have participated or aided in making the
22 sale, shall be jointly and severally liable to the purchaser as
23 follows:

24 (1) for the full amount paid, together with interest
25 from the date of payment for the securities sold at the

1 rate of the interest or dividend stipulated in the
2 securities sold (or if no rate is stipulated, then at the
3 rate of 10% per annum) less any income or other amounts
4 received by the purchaser on the securities, upon offer to
5 tender to the seller or tender into court of the securities
6 sold or, where the securities were not received, of any
7 contract made in respect of the sale; or

8 (2) if the purchaser no longer owns the securities, for
9 the amounts set forth in clause (1) of this subsection A
10 less any amounts received by the purchaser for or on
11 account of the disposition of the securities.

12 If the purchaser shall prevail in any action brought to
13 enforce any of the remedies provided in this subsection, the
14 court shall assess costs together with the reasonable fees and
15 expenses of the purchaser's attorney against the defendant. Any
16 provision of this subsection A to the contrary notwithstanding,
17 the civil remedies provided in this subsection A shall not be
18 available against any person by reason of the failure to file
19 with the Secretary of State, or on account of the content of,
20 any report of sale provided for in subsection G or P of Section
21 4, paragraph (2) of subsection D of Sections 5 and 6, or
22 paragraph (2) of subsection F of Section 7 of this Act.

23 B. Notice of any election provided for in subsection A of
24 this Section shall be given by the purchaser within 6 months
25 after the purchaser shall have knowledge that the sale of the
26 securities to him or her is voidable, to each person from whom

1 recovery will be sought, by registered mail or certified mail,
2 return receipt requested, addressed to the person to be
3 notified at his or her last known address with proper postage
4 affixed, or by personal service.

5 C. No purchaser shall have any right or remedy under this
6 Section who shall fail, within 15 days from the date of receipt
7 thereof, to accept an offer to repurchase the securities
8 purchased by him or her for a price equal to the full amount
9 paid therefor plus interest thereon and less any income thereon
10 as set forth in subsection A of this Section. Every offer of
11 repurchase provided for in this subsection shall be in writing,
12 shall be delivered to the purchaser or sent by registered mail
13 or certified mail, return receipt requested, addressed to the
14 purchaser at his or her last known address, and shall offer to
15 repurchase the securities sold for a price equal to the full
16 amount paid therefor plus interest thereon and less any income
17 thereon as set forth in subsection A of this Section. Such
18 offer shall continue in force for 15 days from the date on
19 which it was received by the purchaser, shall advise the
20 purchaser of his or her rights and the period of time limited
21 for acceptance thereof, and shall contain such further
22 information, if any, as the Secretary of State may prescribe.
23 Any agreement not to accept or refusing or waiving any such
24 offer made during or prior to said 15 days shall be void.

25 D. No action shall be brought for relief under this Section
26 or upon or because of any of the matters for which relief is

1 granted by this Section after 3 years from the date of sale;
2 provided, that if the party bringing the action neither knew
3 nor in the exercise of reasonable diligence should have known
4 of any alleged violation of subsection E, F, G, H, I or J of
5 Section 12 of this Act which is the basis for the action, the 3
6 year period provided herein shall begin to run upon the earlier
7 of:

8 (1) the date upon which the party bringing the action
9 has actual knowledge of the alleged violation of this Act;

10 or

11 (2) the date upon which the party bringing the action
12 has notice of facts which in the exercise of reasonable
13 diligence would lead to actual knowledge of the alleged
14 violation of this Act.

15 E. The term purchaser as used in this Section shall include
16 the personal representative or representatives of the
17 purchaser.

18 F. Anything in this Act to the contrary notwithstanding and
19 in addition to all other remedies, the Secretary of State
20 through the Office of the Attorney General may bring an action
21 in any circuit court of the State of Illinois in the name and
22 on behalf of the State of Illinois against any person or
23 persons participating in or about to participate in a violation
24 of this Act to enjoin those persons who are continuing or doing
25 any act in violation of this Act or to enforce compliance with
26 this Act. Upon a proper showing the court may grant a permanent

1 or preliminary injunction or temporary restraining order
2 without bond, and may order the defendant to make an offer of
3 rescission of any sales or purchases of securities determined
4 by the court to be unlawful under this Act. The court shall
5 further have jurisdiction and authority, in addition to the
6 other penalties and remedies in this Act provided, to act or
7 appoint another person as a receiver, conservator, ancillary
8 receiver or ancillary conservator for the defendant or the
9 defendant's assets located in this State and may assess costs
10 against the defendant for the use of the State.

11 G. (1) Whenever any person has engaged or is about to
12 engage in any act or practice constituting a violation of this
13 Act, any party in interest may bring an action in the circuit
14 court of the county in which the party in interest resides, or
15 where the person has his, her or its principal office or
16 registered office or where any part of the transaction has or
17 will take place, to enjoin that person from continuing or doing
18 any act in violation of or to enforce compliance with this Act.
19 Upon a proper showing, the court shall grant a permanent or
20 preliminary injunction or temporary restraining order or
21 rescission of any sales or purchases of securities determined
22 to be unlawful under this Act, and may assess costs of the
23 proceedings against the defendant.

24 (2) A copy of the complaint shall be served upon the
25 Secretary of State within one business day of filing in the
26 form and manner prescribed by the Secretary of State by rule or

1 regulation; provided, that the failure to comply with this
2 provision shall not invalidate the action which is the subject
3 of the complaint.

4 H. Any provision of this Section 13 to the contrary
5 notwithstanding, neither the civil remedies provided in
6 subsection A of this Section 13 nor the remedies of rescission
7 and appointment of a receiver, conservator, ancillary receiver
8 or ancillary conservator provided in subsection I of Section 11
9 of this Act and in subsections F and G of this Section 13 of
10 this Act nor the remedies of restitution, damages or
11 disgorgement of profits provided in subsection I of Section 11
12 of this Act shall be available against any person by reason of
13 the failure to file with the Secretary of State, or on account
14 of the contents of, any notice filing under Section 2a of this
15 Act or subsection C-5 of Section 8 of this Act or any report of
16 sale provided for in subsection G or P of Section 4, paragraph
17 (2) of subsection D of Sections 5 and 6, or paragraph (2) of
18 subsection F of Section 7 of this Act.

19 (Source: P.A. 98-174, eff. 8-5-13.)

20 (815 ILCS 5/18.1)

21 Sec. 18.1. Additional fees. In addition to any other fee
22 that the Secretary of State may impose and collect pursuant to
23 the authority contained in Sections 4, 8, and 11a of this Act,
24 beginning on July 1, 2003 the Secretary of State shall also
25 collect the following additional fees:

1	Securities offered or sold under the Uniform	
2	Limited Offering Exemption Pursuant to	
3	Section 4.D of the Act	\$100
4	<u>Securities offered or sold under the Uniform</u>	
5	<u>Limited Offering Exemption pursuant to subsection</u>	
6	<u>T of Section 4 of this Act.....</u>	<u>\$100</u>
7	Registration and renewal of a dealer	\$300
8	<u>Registration and renewal of a registered Internet</u>	
9	<u>portal</u>	<u>\$300</u>
10	Registration and renewal of an investment adviser	\$200
11	Federal covered investment adviser notification	
12	filing and annual notification filing	\$200
13	Registration and renewal of a salesperson	\$75
14	Registration and renewal of an investment adviser	
15	representative and a federal covered	
16	investment adviser representative	\$75

17 Investment fund shares notification filing and annual
 18 notification filing: \$800 plus \$80 for each series, class, or
 19 portfolio.

20 All fees collected by the Secretary of State pursuant to
 21 this amendatory Act of the 93rd General Assembly shall be
 22 deposited into the General Revenue Fund in the State treasury.

23 (Source: P.A. 93-32, eff. 7-1-03.)