

AMENDED IN ASSEMBLY MAY 7, 1998  
AMENDED IN ASSEMBLY APRIL 16, 1998

CALIFORNIA LEGISLATURE—1997-98 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2251**

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**Introduced by Assembly Member Honda**  
**(Coauthors: Assembly Members Brown, Leach, and**  
**Washington)**  
(Coauthor: Senator Watson)

February 19, 1998

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An act to amend Sections 25210 and 25213 of the Corporations Code, relating to broker-dealer agents.

LEGISLATIVE COUNSEL'S DIGEST

AB 2251, as amended, Honda. Broker-dealer agent: registration.

Existing law provides for the licensing of security brokers-dealers and the regulation of agents by the Commissioner of Corporations.

This bill would require the commissioner to review the disciplinary histories of securities sales agents upon the filing of certain notices, as specified. The bill would also make certain technical changes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. *This act shall be known and may be cited*  
2 *as the Investor Protection Act.*

3 SEC. 2. Section 25210 of the Corporations Code is  
4 amended to read:

5 25210. (a) Unless exempted under the provisions of  
6 Chapter 1 (commencing with Section 25200) of this part,  
7 no broker-dealer shall effect any transaction in, or induce  
8 or attempt to induce the purchase or sale of, any security  
9 in this state unless the broker-dealer has first applied for  
10 and secured from the commissioner a certificate, then in  
11 effect, authorizing that person to act in that capacity.

12 (b) No person shall, on behalf of a broker-dealer  
13 licensed pursuant to Section 25211, or on behalf of an  
14 issuer, effect any transaction in, or induce or attempt to  
15 induce the purchase or sale of, any security in this state  
16 unless that broker-dealer and agent have complied with  
17 any rules as the commissioner may adopt for the  
18 qualification and employment of those agents.

19 (c) The commissioner shall, consistent with Section  
20 25213, review the disciplinary histories of agents upon the  
21 filing of notice of (1) the employment or transfer of an  
22 agent for a broker-dealer, (2) an amendment to the  
23 information filed by the agent at the time of employment  
24 or transfer, and (3) the termination of employment of the  
25 agent from the broker-dealer.

26 (d) In order to encourage a minimal administrative  
27 burden, the commissioner may cooperate with the  
28 securities agencies or administrators of one or more  
29 states, Canadian provinces or territories, or another  
30 country, the Securities and Exchange Commission, the  
31 Commodity Futures Trading Commission, the Securities  
32 Investor Protection Cooperation, any self-regulatory  
33 organization, any national or international organization  
34 of securities officials or agencies, and any governmental  
35 law enforcement or regulatory agency.

36 ~~SEC. 2.~~

37 SEC. 3. Section 25213 of the Corporations Code is  
38 amended to read:



1 25213. The commissioner may, after appropriate  
2 notice and opportunity for hearing, by order censure, or  
3 suspend for a period not exceeding 12 months, or deny or  
4 bar from any position of employment, management or  
5 control of any broker-dealer or investment adviser, any  
6 officer, director, partner, agent, employee of, or person  
7 performing similar functions for, a broker-dealer, if the  
8 commissioner finds that the censure, suspension, denial,  
9 or bar is in the public interest and that the person has  
10 committed any act or omission enumerated in subdivision  
11 (a), (e), (f), or (g) of Section 25212 or has been convicted  
12 of, or pled nolo contendere to, any offense or been held  
13 liable in any civil action specified in subdivision (b) of  
14 Section 25212, or is enjoined from any act, conduct or  
15 practice specified in subdivision (c) of Section 25212 or is  
16 subject to any order specified in subdivision (d) of Section  
17 25212.

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