

111TH CONGRESS
1ST SESSION

S. 1551

To amend section 20 of the Securities Exchange Act of 1934 to allow for a private civil action against a person that provides substantial assistance in violation of such Act.

IN THE SENATE OF THE UNITED STATES

JULY 30, 2009

Mr. SPECTER (for himself, Mr. REED, and Mr. KAUFMAN) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To amend section 20 of the Securities Exchange Act of 1934 to allow for a private civil action against a person that provides substantial assistance in violation of such Act.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Liability for Aiding
5 and Abetting Securities Violations Act of 2009”.

6 **SEC. 2. PRIVATE CIVIL ACTION FOR AIDING AND ABETTING.**

7 Section 20(e) of the Securities Exchange Act of 1934
8 (15 U.S.C. 78t(e)) is amended—

1 (1) in the subsection heading, by striking
2 “PROSECUTION OF” and inserting “ACTIONS
3 AGAINST”;

4 (2) by striking “For purposes” and inserting
5 the following:

6 “(1) ACTIONS BROUGHT BY COMMISSION.—For
7 purposes”;

8 (3) in paragraph (1), as so designated, by in-
9 serting “or recklessly” after “knowingly”; and

10 (4) by adding at the end the following:

11 “(2) PRIVATE CIVIL ACTIONS.—For purposes of
12 any private civil action implied under this title, any
13 person that knowingly or recklessly provides sub-
14 stantial assistance to another person in violation of
15 this title, or of any rule or regulation issued under
16 this title, shall be deemed to be in violation of this
17 title to the same extent as the person to whom such
18 assistance is provided.”.

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