

107TH CONGRESS
2D SESSION

H. R. 4084

To amend the Securities Exchange Act of 1934 to prohibit certain employees and shareholders from obtaining special loans, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 9, 2002

Ms. RIVERS introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Securities Exchange Act of 1934 to prohibit certain employees and shareholders from obtaining special loans, and for other purposes.

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 “Corporate Asset Pro-
5 tection Act of 2002”.

1 **SEC. 2. PROHIBITION ON SPECIAL EMPLOYEE OR SHARE-**
2 **HOLDER LOANS BY PUBLICLY TRADED COM-**
3 **PANIES.**

4 (a) IN GENERAL.—The Securities Exchange Act of
5 1934 (15 U.S.C. 78a et seq.) is amended by inserting after
6 section 21E the following new section:

7 **“SEC. 21F. PROHIBITION ON INSIDER LOANS.**

8 “(a) OFFERING OR PROVIDING LOANS.—A reporting
9 issuer may not offer or provide a loan to an insider and
10 no insider may accept such a loan, unless the issuer is
11 a financial institution and the loan is not substantially
12 more advantageous for the insider than for an individual
13 who is not an insider.

14 “(b) CIVIL PENALTY.—The following persons shall
15 each be liable to the United States for a civil penalty, not
16 to exceed the greater of three times the amount of the
17 loan that violates this section or \$100,000, imposed in an
18 action brought by the Commission:

19 “(1) A reporting issuer that offers or provides
20 a loan in violation of subsection (a).

21 “(2) An official who has exercised decision-
22 making authority on behalf of a reporting issuer
23 with respect to a loan that violates subsection (a).

24 “(3) An insider who obtains a loan in knowing
25 violation of subsection (a).

26 “(c) DEFINITIONS.—In this section:

1 “(1) The term ‘reporting issuer’ means any reg-
2 istrant under section 12 or any other issuer required
3 to file periodic reports under section 13 or 15, or an
4 affiliate (including a wholly owned subsidiary) of
5 such registrant or issuer.

6 “(2) The term ‘insider’ means an individual
7 who is an employee, officer, board member, share-
8 holder, consultant, or independent contractor of a
9 reporting issuer, or any entity in which such an indi-
10 vidual has an ownership interest greater than 1 per-
11 cent (in accordance with regulations of the Commis-
12 sion to determine such ownership interest).

13 “(3) The term ‘financial institution’ has the
14 meaning given that term in section 509 of the
15 Gramm-Leach-Bliley Act (15 U.S.C. 6809).

16 “(d) RULEMAKING.—The Commission may prescribe
17 regulations to carry out this section.”.

18 (b) CONFORMING AMENDMENT.—Section 32(a) of
19 such Act (15 U.S.C. 78ff(a)) is amended by inserting “or
20 section 21F” after “other than section 30A”.

