

111TH CONGRESS  
2D SESSION

# H. R. 5042

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.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 15, 2010

Ms. WATERS (for herself and Mr. FRANK of Massachusetts) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## 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 2010”.

1 **SEC. 2. PRIVATE CIVIL ACTIONS FOR AIDING AND ABET-**  
2 **TING.**

3 Section 20(e) of the Securities Exchange Act of 1934  
4 (15 U.S.C. 78t(e)) is amended—

5 (1) in the subsection heading, by striking  
6 “PROSECUTION OF” and inserting “ACTIONS  
7 AGAINST”;

8 (2) by striking “For purposes” and inserting  
9 the following:

10 “(1) ACTIONS BROUGHT BY COMMISSION.—For  
11 purposes”;

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

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

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

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