

INDIANA SECRETARY OF STATE CHARLIE WHITE



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New laws to protect Indiana investors take effect July 1st

FOR IMMEDIATE RELEASE
June 28, 2010

Restitution fund designed to help defrauded Hoosier investors is nation's first; New financial planners to undergo FBI criminal background checks

INDIANAPOLIS – Beginning July 1, eligible victims of securities fraud in Indiana will be able to recover a portion of their losses due to the establishment of the nation's first state Securities Restitution Fund. Also, anyone entering the financial planning profession as an Investment Adviser Representative in Indiana will first undergo an FBI criminal background check. Both new investor protection measures taking effect this week are the result of House Enrolled Act 1332, which was supported by Indiana Secretary of State Todd Rokita and passed by the Indiana General Assembly earlier this year.

"These new laws just add to the growing set of tools Indiana has forged to protect investors from financial attacks," said Secretary Rokita. "We have found ways to even more directly help victims avoid fraudsters and recover more of their losses when they do become victims of financial crimes."

The Securities Restitution Fund, believed to be the first of its kind created by any state, becomes an additional way for the Indiana Securities Division to leverage fines and settlements collected from violators of the Indiana Uniform Securities Act. For years the Division has successfully used such fines to support its operations and to educate Hoosiers about financial literacy.

With the Securities Restitution Fund, eligible victims of securities violations where the illegitimate transaction occurs on or after July 1, 2010, will be required to show proof that restitution was awarded by a court or administrative agency. The Securities Commissioner can award payment of up to \$15,000 or 25 percent of unrecovered awards (whichever is less). Victims will have access to an online portal where they can submit an application for awards from the fund.

The Securities Restitution Fund was established with an initial \$2 million investment from the Securities Division enforcement account, which consists of fines collected against violators of the Indiana Uniform Securities Act. The Securities Restitution Fund will not use any tax dollars.

Along with the Securities Restitution Fund and new criminal background check requirement, HEA 1332 includes a new provision that allows the Indiana Securities Commissioner to financially reward a whistleblower who reports Securities Act violations and also a new provision enabling the Securities Division to seek asset freezes and receiverships against Loan Brokers in fraud investigations.

About the [Indiana Securities Division](#):

The [Indiana Securities Division](#) oversees Indiana's securities industry as well as the activities of mortgage brokers, collection agencies, franchisors and continuing care retirement centers. The Division is charged with protecting Hoosier investors by bringing enforcement actions against companies and individuals selling securities in violation of Indiana's securities laws and by [educating Hoosiers about prudent investing](#).

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