



SPONSOR: Sen. Gay & Rep. Griffith
Sens. Ennis, Sokola; Reps. Briggs King, K. Johnson,
Mitchell, Osienski

DELAWARE STATE SENATE
151st GENERAL ASSEMBLY

SENATE BILL NO. 259

AN ACT TO AMEND TITLE 6 OF THE DELAWARE CODE RELATING TO THE INVESTOR PROTECTION FUND.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend Chapter 73, Title 6 of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underline as follows:

3 § 73-703. Investor Protection Fund.

4 (a) All moneys as described in subsection (b) of this section shall be credited by the State Treasurer to a fund to be
5 known as the "Investor Protection Fund."

6 (b) The Investor Protection Fund will be a revolving fund and shall be funded as follows:

7 (1) Beginning on July 1 of each year (after the funds for the operations of the Investor Protection Unit
8 have been deposited and credited to the Securities Administrative Payroll Appropriation pursuant to the Budget
9 Act for that fiscal year) any moneys collected by the Unit shall be credited to the Investor Protection Fund and
10 shall continue to be credited to the fund until such time as the amount so credited to the fund equals ~~\$100,000~~
11 \$550,000. Such ~~\$100,000~~ \$550,000 shall be in addition to any moneys credited to the Investor Protection Fund
12 under any other provision in this section.

13 (2) Any moneys paid pursuant to court order or judgment, including costs and attorney's fees, in a
14 securities action brought by the Attorney General or the Investor Protection Director pursuant to this chapter shall
15 be credited to the Investor Protection Fund; and

16 (3) Any moneys received by the Director pursuant to any settlement agreement shall be credited to the
17 Investor Protection Fund.

18 (c) Any fines, costs or other moneys (except those obtained as restitution or rescission) received by the Director as
19 a result of an administrative order (other than a consent order) shall be credited to the General Fund.

20 (d) If, at the end of any fiscal year, the balance in the Investor Protection Fund exceeds ~~\$300,000~~ \$750,000, the
21 excess shall be withdrawn from the Investor Protection Fund and deposited in the General Fund.

22 (e) The Attorney General is authorized to expend from the Investor Protection Fund such moneys as are necessary

23 ~~for~~ for the payment of costs, expenses, and charges incurred in connection with the activities of the Investor Protection
24 Unit under this chapter, including enforcement, training, education, and dissemination of information to the public, and, if
25 approved by the Director of the Fraud and Consumer Protection Division, such other costs, expenses, and charges incurred
26 by the Fraud and Consumer Protection Division in connection with activities related to consumer protection and financial
27 fraud.

28 (1) ~~The payment of costs, expenses and charges incurred in the preparation, institution and maintenance~~
29 ~~of administrative and court actions authorized under this chapter;~~

30 (2) ~~The payment of costs, expenses and charges incurred in the training and education of Investor~~
31 ~~Protection Unit personnel; and~~

32 (3) ~~The payment of costs, expenses and charges incurred in connection with the dissemination of~~
33 ~~information to the public, to include the costs of printing copies of this statute and the Director's administrative~~
34 ~~rules. Moneys from the Investor Protection Fund may not be used for any purpose unrelated to the administration~~
35 ~~or enforcement of this chapter.~~

36 (f) The Attorney General and the Investor Protection Director shall provide such reports as to the expenditure of
37 moneys from the Investor Protection Fund to the Director of the Office of Management and Budget and the Controller
38 General, and in such detail as they require.

SYNOPSIS

This bill increases the amount of funds deposited into the Investor Protection Fund from money collected by the Investor Protection Unit from \$100,000 to \$550,000. In addition, it increases the retention cap of the Investor Protection Fund from \$300,000 to \$750,000. Lastly, it expands the permissible uses of the Investor Protection Fund to include expenses of the Fraud and Consumer Protection Division of the Department of Justice (DOJ) related to consumer protection and financial fraud.

The Investor Protection Fund receives revenues from fees collected by the Unit, as well as any settlement recoveries of the Unit. It is largely used to pay the non-personnel expenses of DOJ's Investor Protection Unit, which is a part of DOJ's Fraud and Consumer Protection Division.

Author: Senator Gay