

MEMO# 4685

April 8, 1993

LEGISLATION INTRODUCED TO ESTABLISH A SECURITIES BROKERS RECOVERY ACCOUNT IN WASHINGTON

April 8, 1993 TO: INVESTMENT ADVISERS COMMITTEE NO. 7-93 WASHINGTON ASSOCIATE
INVESTMENT ADVISER MEMBERS RE: LEGISLATION INTRODUCED TO ESTABLISH A
SECURITIES BROKERS RECOVERY ACCOUNT IN WASHINGTON

Attached is a copy of Substitute Senate Bill 5184 which has been introduced to establish a Securities Brokers Recovery Fund ("Fund") in Washington. This legislation requires every "registered person" in Washington to pay a fee not to exceed \$25.00 to be credited to the Fund. "Registered person" has been defined to include, among other individuals, an "investment advisor or investment advisor salesperson". Under this proposal, a person may recover compensation from the Fund of the unpaid amount on a judgment or arbitration award that represents an actual and direct loss to an investor in a transaction or account. The maximum liability of the recovery amount may not exceed \$25,000 per transaction or \$150,000 per registered person. It is our understanding that the legislation has not been reported out of the Senate Committee on Labor & Commerce. We will keep you advised of developments. Patricia Louie Associate Counsel Attachment