

**MEMO# 3055**

August 27, 1991

## **NORTH CAROLINA ENACTS NEW ENFORCEMENT PROVISIONS**

August 27, 1991 TO: INVESTMENT ADVISER MEMBERS NO. 36-91 INVESTMENT ADVISER ASSOCIATE MEMBERS NO. 35-91 RE: NORTH CAROLINA ENACTS NEW ENFORCEMENT PROVISIONS \_\_\_\_\_ Attached is a copy of legislation which was recently enacted in North Carolina effective October 1, 1991. The new legislation provides for a prohibition on the use of unlawful telephone rooms; a prohibition on the manipulation of any security; the appointment by the administrator of enforcement agents; restitution and civil penalties up to \$25,000 for violations; and a standard of "reasonable care" in place of the existing "reckless disregard" standard for untruths or omissions regarding material facts. We will keep you informed of related developments. W. Richard Mason Assistant Counsel - Pension Attachment

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