

MEMO# 3366

December 17, 1991

DRAFT LEGISLATION TO ESTABLISH AN INVESTMENT ADVISER GUARANTY FUND IN MARYLAND

December 17, 1991 TO: INVESTMENT ADVISERS COMMITTEE NO. 62-91 MARYLAND
ASSOCIATE INVESTMENT ADVISER MEMBERS RE: DRAFT LEGISLATION TO ESTABLISH AN
INVESTMENT ADVISER GUARANTY FUND IN MARYLAND

Attached is a copy of draft legislation to establish an Investment Adviser Guaranty Fund in Maryland. This proposal requires every registered investment adviser (or applicant) in Maryland to pay a fee not to exceed \$150 and every registered investment adviser representative (or applicant) to pay a fee not to exceed \$25 to be credited to the Fund. Under this proposal, a person may recover compensation from the Fund for an actual loss not in excess of \$25,000 for each claim. A claim against the Fund must be based on an act or omission that occurs in Maryland by a registrant (1) in which money or property is obtained from a person by theft, embezzlement, false pretenses, or forgery, or (2) that constitutes fraud or misrepresentation. It is our understanding that the Securities Commissioner will be recommending that the proposal be modified before it is formally introduced. If you have any comments or questions on the proposal, please contact me at 202/955-3523. We recommend that you do not call the General Assembly of Maryland or the Securities Commission about the proposal until it is formally introduced. We will keep you informed of developments. Amy B.R. Lancellotta Associate General Counsel Attachment

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