

118TH CONGRESS  
1ST SESSION

# S. 837

To enhance civil penalties under the Federal securities laws, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MARCH 16, 2023

Mr. REED (for himself and Mr. GRASSLEY) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To enhance civil penalties under the Federal securities laws, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stronger Enforcement  
5 of Civil Penalties Act of 2023”.

6 **SEC. 2. UPDATED CIVIL MONEY PENALTIES FOR SECURI-**  
7 **TIES LAWS VIOLATIONS.**

8 (a) SECURITIES ACT OF 1933.—

1           (1) MONEY PENALTIES IN ADMINISTRATIVE AC-  
2           TIONS.—Section 8A(g)(2) of the Securities Act of  
3           1933 (15 U.S.C. 77h–1(g)(2)) is amended—

4                   (A) in subparagraph (A)—

5                           (i) by striking “\$7,500” and inserting  
6                           “\$10,000”; and

7                           (ii) by striking “\$75,000” and insert-  
8                           ing “\$100,000”;

9                   (B) in subparagraph (B)—

10                           (i) by striking “\$75,000” and insert-  
11                           ing “\$100,000”; and

12                           (ii) by striking “\$375,000” and in-  
13                           serting “\$500,000”; and

14                   (C) by striking subparagraph (C) and in-  
15                   serting the following:

16                           “(C) THIRD TIER.—

17                                   “(i) IN GENERAL.—Notwithstanding  
18                                   subparagraphs (A) and (B), for a third  
19                                   tier act or omission, the amount of penalty  
20                                   for each such act or omission shall not ex-  
21                                   ceed the greater of—

22   “(I) \$1,000,000 for a natural  
23   person or \$10,000,000 for any other  
24   person;

1                   “(II) 3 times the gross amount of  
2                   pecuniary gain to the person who  
3                   committed the act or omission; or

4                   “(III) the amount of losses in-  
5                   curred by victims as a result of the  
6                   act or omission.

7                   “(ii) THIRD TIER ACT OR OMISSION.—  
8                   For the purposes of this subparagraph, the  
9                   term ‘third tier act or omission’ means an  
10                  act or omission described in paragraph (1)  
11                  that—

12                  “(I) involved fraud, deceit, ma-  
13                  nipulation, or deliberate or reckless  
14                  disregard of a regulatory requirement;  
15                  and

16                  “(II) directly or indirectly—

17                          “(aa) resulted in substantial  
18                          losses to other persons;

19                          “(bb) created a significant  
20                          risk of substantial losses to other  
21                          persons; or

22                          “(cc) resulted in substantial  
23                          pecuniary gain to the person who  
24                          committed the act or omission.”.

1           (2) MONEY PENALTIES IN CIVIL ACTIONS.—  
2           Section 20(d)(2) of the Securities Act of 1933 (15  
3           U.S.C. 77t(d)(2)) is amended—

4                   (A) in subparagraph (A)—

5                           (i) by striking “\$5,000” and inserting  
6                           “\$10,000”; and

7                           (ii) by striking “\$50,000” and insert-  
8                           ing “\$100,000”;

9                   (B) in subparagraph (B)—

10                           (i) by striking “\$50,000” and insert-  
11                           ing “\$100,000”; and

12                           (ii) by striking “\$250,000” and in-  
13                           serting “\$500,000”; and

14                   (C) by striking subparagraph (C) and in-  
15                   serting the following:

16                           “(C) THIRD TIER.—

17                                   “(i) IN GENERAL.—Notwithstanding  
18                                   subparagraphs (A) and (B), for a third  
19                                   tier violation, the amount of penalty for  
20                                   each such violation shall not exceed the  
21                                   greater of—

22   “(I) \$1,000,000 for a natural  
23   person or \$10,000,000 for any other  
24   person;

1                   “(II) 3 times the gross amount of  
2                   pecuniary gain to the person who  
3                   committed the violation; or

4                   “(III) the amount of losses in-  
5                   curred by victims as a result of the  
6                   violation.

7                   “(ii) THIRD TIER VIOLATION.—For  
8                   the purposes of this subparagraph, the  
9                   term ‘third tier violation’ means a violation  
10                  described in paragraph (1) that—

11                  “(I) involved fraud, deceit, ma-  
12                  nipulation, or deliberate or reckless  
13                  disregard of a regulatory requirement;  
14                  and

15                  “(II) directly or indirectly—

16                          “(aa) resulted in substantial  
17                          losses to other persons;

18                          “(bb) created a significant  
19                          risk of substantial losses to other  
20                          persons; or

21                          “(cc) resulted in substantial  
22                          pecuniary gain to the person who  
23                          committed the violation.”.

24                  (b) SECURITIES EXCHANGE ACT OF 1934.—

1           (1) MONEY PENALTIES IN CIVIL ACTIONS.—  
2           Section 21(d)(3)(B) of the Securities Exchange Act  
3           of 1934 (15 U.S.C. 78u(d)(3)(B)) is amended—

4                   (A) in clause (i)—

5                           (i) by striking “\$5,000” and inserting  
6                           “\$10,000”; and

7                           (ii) by striking “\$50,000” and insert-  
8                           ing “\$100,000”;

9                   (B) in clause (ii)—

10                           (i) by striking “\$50,000” and insert-  
11                           ing “\$100,000”; and

12                           (ii) by striking “\$250,000” and in-  
13                           serting “\$500,000”; and

14                   (C) by striking clause (iii) and inserting  
15           the following:

16                           “(iii) THIRD TIER.—

17                                   “(I) IN GENERAL.—Notwith-  
18                                   standing clauses (i) and (ii), for a  
19                                   third tier violation, the amount of  
20                                   penalty for each such violation shall  
21                                   not exceed the greater of—

22   “(aa) \$1,000,000 for a nat-  
23   ural person or \$10,000,000 for  
24   any other person;

1           “(bb) 3 times the gross  
2 amount of pecuniary gain to the  
3 person who committed the viola-  
4 tion; or

5           “(cc) the amount of losses  
6 incurred by victims as a result of  
7 the violation.

8           “(II) THIRD TIER VIOLATION.—  
9 For the purposes of this clause, the  
10 term ‘third tier violation’ means a vio-  
11 lation described in subparagraph (A)  
12 that—

13           “(aa) involved fraud, deceit,  
14 manipulation, or deliberate or  
15 reckless disregard of a regulatory  
16 requirement; and

17           “(bb) directly or indirectly—

18           “(AA) resulted in sub-  
19 stantial losses to other per-  
20 sons;

21           “(BB) created a signifi-  
22 cant risk of substantial  
23 losses to other persons; or

24           “(CC) resulted in sub-  
25 stantial pecuniary gain to

1 the person who committed  
2 the violation.”.

3 (2) MONEY PENALTIES IN ADMINISTRATIVE AC-  
4 TIONS.—Section 21B(b) of the Securities Exchange  
5 Act of 1934 (15 U.S.C. 78u–2(b)) is amended—

6 (A) in paragraph (1)—

7 (i) by striking “\$5,000” and inserting  
8 “\$10,000”; and

9 (ii) by striking “\$50,000” and insert-  
10 ing “\$100,000”;

11 (B) in paragraph (2)—

12 (i) by striking “\$50,000” and insert-  
13 ing “\$100,000”; and

14 (ii) by striking “\$250,000” and in-  
15 serting “\$500,000”; and

16 (C) by striking paragraph (3) and insert-  
17 ing the following:

18 “(3) THIRD TIER.—

19 “(A) IN GENERAL.—Notwithstanding  
20 paragraphs (1) and (2), for a third tier act or  
21 omission, the amount of penalty for each such  
22 act or omission shall not exceed the greater  
23 of—

24 “(i) \$1,000,000 for a natural person  
25 or \$10,000,000 for any other person;



1 “(ii) 3 times the gross amount of pe-  
 2 cuniary gain to the person who committed  
 3 the act or omission; or

4 “(iii) the amount of losses incurred by  
 5 victims as a result of the act or omission.

6 “(B) THIRD TIER ACT OR OMISSION.—For  
 7 the purposes of this paragraph, the term ‘third  
 8 tier act or omission’ means an act or omission  
 9 described in paragraph (1) that—

10 “(i) involved fraud, deceit, manipula-  
 11 tion, or deliberate or reckless disregard of  
 12 a regulatory requirement; and

13 “(ii) directly or indirectly—

14 “(I) resulted in substantial losses  
 15 to other persons;

16 “(II) created a significant risk of  
 17 substantial losses to other persons; or

18 “(III) resulted in substantial pe-  
 19 cuniary gain to the person who com-  
 20 mitted the act or omission.”.

21 (c) INVESTMENT COMPANY ACT OF 1940.—

22 (1) MONEY PENALTIES IN ADMINISTRATIVE AC-  
 23 TIONS.—Section 9(d)(2) of the Investment Company  
 24 Act of 1940 (15 U.S.C. 80a-9(d)(2)) is amended—

25 (A) in subparagraph (A)—

1 (i) by striking “\$5,000” and inserting  
2 “\$10,000”; and

3 (ii) by striking “\$50,000” and insert-  
4 ing “\$100,000”;

5 (B) in subparagraph (B)—

6 (i) by striking “\$50,000” and insert-  
7 ing “\$100,000”; and

8 (ii) by striking “\$250,000” and in-  
9 serting “\$500,000”; and

10 (C) by striking subparagraph (C) and in-  
11 serting the following:

12 “(C) THIRD TIER.—

13 “(i) IN GENERAL.—Notwithstanding  
14 subparagraphs (A) and (B), for a third  
15 tier act or omission, the amount of penalty  
16 for each such act or omission shall not ex-  
17 ceed the greater of—

18 “(I) \$1,000,000 for a natural  
19 person or \$10,000,000 for any other  
20 person;

21 “(II) 3 times the gross amount of  
22 pecuniary gain to the person who  
23 committed the act or omission; or

1                   “(III) the amount of losses in-  
2                   curred by victims as a result of the  
3                   act or omission.

4                   “(ii) THIRD TIER ACT OR OMISSION.—  
5                   For the purposes of this subparagraph, the  
6                   term ‘third tier act or omission’ means an  
7                   act or omission described in paragraph (1)  
8                   that—

9                   “(I) involved fraud, deceit, ma-  
10                  nipulation, or deliberate or reckless  
11                  disregard of a regulatory requirement;  
12                  and

13                  “(II) directly or indirectly—

14                         “(aa) resulted in substantial  
15                         losses to other persons;

16                         “(bb) created a significant  
17                         risk of substantial losses to other  
18                         persons; or

19                         “(cc) resulted in substantial  
20                         pecuniary gain to the person who  
21                         committed the act or omission.”.

22                   (2) MONEY PENALTIES IN CIVIL ACTIONS.—  
23                   Section 42(e)(2) of the Investment Company Act of  
24                   1940 (15 U.S.C. 80a–41(e)(2)) is amended—

25                         (A) in subparagraph (A)—

1 (i) by striking “\$5,000” and inserting  
2 “\$10,000”; and

3 (ii) by striking “\$50,000” and insert-  
4 ing “\$100,000”;

5 (B) in subparagraph (B)—

6 (i) by striking “\$50,000” and insert-  
7 ing “\$100,000”; and

8 (ii) by striking “\$250,000” and in-  
9 serting “\$500,000”; and

10 (C) by striking subparagraph (C) and in-  
11 serting the following:

12 “(C) THIRD TIER.—

13 “(i) IN GENERAL.—Notwithstanding  
14 subparagraphs (A) and (B), for a third  
15 tier violation, the amount of penalty for  
16 each such violation shall not exceed the  
17 greater of—

18 “(I) \$1,000,000 for a natural  
19 person or \$10,000,000 for any other  
20 person;

21 “(II) 3 times the gross amount of  
22 pecuniary gain to the person who  
23 committed the violation; or

1                   “(III) the amount of losses in-  
 2                   curred by victims as a result of the  
 3                   violation.

4                   “(ii) THIRD TIER VIOLATION.—For  
 5                   the purposes of this subparagraph, the  
 6                   term ‘third tier violation’ means a violation  
 7                   described in paragraph (1) that—

8                   “(I) involved fraud, deceit, ma-  
 9                   nipulation, or deliberate or reckless  
 10                  disregard of a regulatory requirement;  
 11                  and

12                  “(II) directly or indirectly—

13                         “(aa) resulted in substantial  
 14                         losses to other persons;

15                         “(bb) created a significant  
 16                         risk of substantial losses to other  
 17                         persons; or

18                         “(cc) resulted in substantial  
 19                         pecuniary gain to the person who  
 20                         committed the violation.”.

21                  (d) INVESTMENT ADVISERS ACT OF 1940.—

22                         (1) MONEY PENALTIES IN ADMINISTRATIVE AC-  
 23                         TIONS.—Section 203(i)(2) of the Investment Advis-  
 24                         ers Act of 1940 (15 U.S.C. 80b-3(i)(2)) is amend-  
 25                         ed—

1 (A) in subparagraph (A)—

2 (i) by striking “\$5,000” and inserting  
3 “\$10,000”; and

4 (ii) by striking “\$50,000” and insert-  
5 ing “\$100,000”;

6 (B) in subparagraph (B)—

7 (i) by striking “\$50,000” and insert-  
8 ing “\$100,000”; and

9 (ii) by striking “\$250,000” and in-  
10 sserting “\$500,000”; and

11 (C) by striking subparagraph (C) and in-  
12 sserting the following:

13 “(C) THIRD TIER.—

14 “(i) IN GENERAL.—Notwithstanding  
15 subparagraphs (A) and (B), for a third  
16 tier act or omission, the amount of penalty  
17 for each such act or omission shall not ex-  
18 ceed the greater of—

19 “(I) \$1,000,000 for a natural  
20 person or \$10,000,000 for any other  
21 person;

22 “(II) 3 times the gross amount of  
23 pecuniary gain to the person who  
24 committed the act or omission; or

1 “(III) the amount of losses in-  
 2 curred by victims as a result of the  
 3 act or omission.

4 “(ii) THIRD TIER ACT OR OMISSION.—  
 5 For the purposes of this subparagraph, the  
 6 term ‘third tier act or omission’ means an  
 7 act or omission described in paragraph (1)  
 8 that—

9 “(I) involved fraud, deceit, ma-  
 10 nipulation, or deliberate or reckless  
 11 disregard of a regulatory requirement;  
 12 and

13 “(II) directly or indirectly—

14 “(aa) resulted in substantial  
 15 losses to other persons;

16 “(bb) created a significant  
 17 risk of substantial losses to other  
 18 persons; or

19 “(cc) resulted in substantial  
 20 pecuniary gain to the person who  
 21 committed the act or omission.”.

22 (2) MONEY PENALTIES IN CIVIL ACTIONS.—  
 23 Section 209(e)(2) of the Investment Advisers Act of  
 24 1940 (15 U.S.C. 80b–9(e)(2)) is amended—

25 (A) in subparagraph (A)—

1 (i) by striking “\$5,000” and inserting  
2 “\$10,000”; and

3 (ii) by striking “\$50,000” and insert-  
4 ing “\$100,000”;

5 (B) in subparagraph (B)—

6 (i) by striking “\$50,000” and insert-  
7 ing “\$100,000”; and

8 (ii) by striking “\$250,000” and in-  
9 serting “\$500,000”; and

10 (C) by striking subparagraph (C) and in-  
11 serting the following:

12 “(C) THIRD TIER.—

13 “(i) IN GENERAL.—Notwithstanding  
14 subparagraphs (A) and (B), for a third  
15 tier violation, the amount of penalty for  
16 each such violation shall not exceed the  
17 greater of—

18 “(I) \$1,000,000 for a natural  
19 person or \$10,000,000 for any other  
20 person;

21 “(II) 3 times the gross amount of  
22 pecuniary gain to the person who  
23 committed the violation; or



1                   “(III) the amount of losses in-  
2                   curred by victims as a result of the  
3                   violation.

4                   “(ii) THIRD TIER VIOLATION.—For  
5                   the purposes of this subparagraph, the  
6                   term ‘third tier violation’ means a violation  
7                   described in paragraph (1) that—

8                   “(I) involved fraud, deceit, ma-  
9                   nipulation, or deliberate or reckless  
10                  disregard of a regulatory requirement;  
11                  and

12                  “(II) directly or indirectly—

13                         “(aa) resulted in substantial  
14                         losses to other persons;

15                         “(bb) created a significant  
16                         risk of substantial losses to other  
17                         persons; or

18                         “(cc) resulted in substantial  
19                         pecuniary gain to the person who  
20                         committed the violation.”.

21 **SEC. 3. PENALTIES FOR RECIDIVISTS.**

22           (a) SECURITIES ACT OF 1933.—

23                         (1) CEASE-AND-DESIST PROCEEDINGS.—Section  
24                         8A(g)(2) of the Securities Act of 1933 (15 U.S.C.

1 77h-1(g)(2)) is amended by adding at the end the  
2 following:

3 “(D) FOURTH TIER.—Notwithstanding  
4 subparagraphs (A), (B), and (C), the maximum  
5 amount of penalty for each such act or omission  
6 shall be 3 times the otherwise applicable  
7 amount in such subparagraphs if, within the 5-  
8 year period preceding such act or omission, the  
9 person who committed the act or omission was  
10 criminally convicted for securities fraud or be-  
11 came subject to a judgment or order imposing  
12 monetary, equitable, or administrative relief in  
13 any Commission action alleging fraud by that  
14 person.”.

15 (2) INJUNCTIONS AND PROSECUTION OF OF-  
16 FENSES.—Section 20(d)(2) of the Securities Act of  
17 1933 (15 U.S.C. 77t(d)(2)) is amended by adding at  
18 the end the following:

19 “(D) FOURTH TIER.—Notwithstanding  
20 subparagraphs (A), (B), and (C), the maximum  
21 amount of penalty for each such violation shall  
22 be 3 times the otherwise applicable amount in  
23 such subparagraphs if, within the 5-year period  
24 preceding such violation, the defendant was  
25 criminally convicted for securities fraud or be-

1           came subject to a judgment or order imposing  
2           monetary, equitable, or administrative relief in  
3           any Commission action alleging fraud by that  
4           defendant.”.

5           (b) SECURITIES EXCHANGE ACT OF 1934.—

6           (1) CIVIL ACTIONS.—Section 21(d)(3)(B) of the  
7           Securities Exchange Act of 1934 (15 U.S.C.  
8           78u(d)(3)(B)) is amended by adding at the end the  
9           following:

10           “(iv) FOURTH TIER.—Notwithstanding  
11           clauses (i), (ii), and (iii), the maximum amount  
12           of penalty for each such violation shall be 3  
13           times the otherwise applicable amount in such  
14           clauses if, within the 5-year period preceding  
15           such violation, the defendant was criminally  
16           convicted for securities fraud or became subject  
17           to a judgment or order imposing monetary, eq-  
18           uitable, or administrative relief in any Commis-  
19           sion action alleging fraud by that defendant.”.

20           (2) ADMINISTRATIVE PROCEEDINGS.—Section  
21           21B(b) of the Securities Exchange Act of 1934 (15  
22           U.S.C. 78u–2(b)) is amended by adding at the end  
23           the following:

24           “(4) FOURTH TIER.—Notwithstanding para-  
25           graphs (1), (2), and (3), the maximum amount of

1 penalty for each such act or omission shall be 3  
2 times the otherwise applicable amount in such para-  
3 graphs if, within the 5-year period preceding such  
4 act or omission, the person who committed the act  
5 or omission was criminally convicted for securities  
6 fraud or became subject to a judgment or order im-  
7 posing monetary, equitable, or administrative relief  
8 in any Commission action alleging fraud by that per-  
9 son.”.

10 (c) INVESTMENT COMPANY ACT OF 1940.—

11 (1) INELIGIBILITY OF CERTAIN UNDERWRITERS  
12 AND AFFILIATES.—Section 9(d)(2) of the Invest-  
13 ment Company Act of 1940 (15 U.S.C. 80a-9(d)(2))  
14 is amended by adding at the end the following:

15 “(D) FOURTH TIER.—Notwithstanding  
16 subparagraphs (A), (B), and (C), the maximum  
17 amount of penalty for each such act or omission  
18 shall be 3 times the otherwise applicable  
19 amount in such subparagraphs if, within the 5-  
20 year period preceding such act or omission, the  
21 person who committed the act or omission was  
22 criminally convicted for securities fraud or be-  
23 came subject to a judgment or order imposing  
24 monetary, equitable, or administrative relief in

1 any Commission action alleging fraud by that  
2 person.”.

3 (2) ENFORCEMENT.—Section 42(e)(2) of the  
4 Investment Company Act of 1940 (15 U.S.C. 80a–  
5 41(e)(2)) is amended by adding at the end the fol-  
6 lowing:

7 “(D) FOURTH TIER.—Notwithstanding  
8 subparagraphs (A), (B), and (C), the maximum  
9 amount of penalty for each such violation shall  
10 be 3 times the otherwise applicable amount in  
11 such subparagraphs if, within the 5-year period  
12 preceding such violation, the defendant was  
13 criminally convicted for securities fraud or be-  
14 came subject to a judgment or order imposing  
15 monetary, equitable, or administrative relief in  
16 any Commission action alleging fraud by that  
17 defendant.”.

18 (d) INVESTMENT ADVISERS ACT OF 1940.—The In-  
19 vestment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.)  
20 is amended—

21 (1) in section 203(i)(2) (15 U.S.C. 80b–  
22 3(i)(2)), by adding at the end the following:

23 “(D) FOURTH TIER.—Notwithstanding  
24 subparagraphs (A), (B), and (C), the maximum  
25 amount of penalty for each such act or omission

1 shall be 3 times the otherwise applicable  
2 amount in such subparagraphs if, within the 5-  
3 year period preceding such act or omission, the  
4 person who committed the act or omission was  
5 criminally convicted for securities fraud or be-  
6 came subject to a judgment or order imposing  
7 monetary, equitable, or administrative relief in  
8 any Commission action alleging fraud by that  
9 person.”; and

10 (2) in section 209(e)(2) (15 U.S.C. 80b-  
11 9(e)(2)) by adding at the end the following:

12 “(D) FOURTH TIER.—Notwithstanding  
13 subparagraphs (A), (B), and (C), the maximum  
14 amount of penalty for each such violation shall  
15 be 3 times the otherwise applicable amount in  
16 such subparagraphs if, within the 5-year period  
17 preceding such violation, the defendant was  
18 criminally convicted for securities fraud or be-  
19 came subject to a judgment or order imposing  
20 monetary, equitable, or administrative relief in  
21 any Commission action alleging fraud by that  
22 defendant.”.

23 **SEC. 4. VIOLATIONS OF INJUNCTIONS AND BARS.**

24 (a) SECURITIES ACT OF 1933.—Section 20(d) of the  
25 Securities Act of 1933 (15 U.S.C. 77t(d)) is amended—

1           (1) in paragraph (1), by inserting after “the  
2 rules or regulations thereunder,” the following: “a  
3 Federal court injunction or a bar obtained or en-  
4 tered by the Commission under this title,”; and

5           (2) by striking paragraph (4) and inserting the  
6 following:

7           “(4) SPECIAL PROVISIONS RELATING TO A VIO-  
8 LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

9           “(A) IN GENERAL.—Each separate viola-  
10 tion of an injunction or order described in sub-  
11 paragraph (B) shall be a separate offense, ex-  
12 cept that in the case of a violation through a  
13 continuing failure to comply with such injunc-  
14 tion or order, each day of the failure to comply  
15 with the injunction or order shall be deemed a  
16 separate offense.

17           “(B) INJUNCTIONS AND ORDERS.—Sub-  
18 paragraph (A) shall apply with respect to any  
19 action to enforce—

20           “(i) a Federal court injunction ob-  
21 tained pursuant to this title;

22           “(ii) an order entered or obtained by  
23 the Commission pursuant to this title that  
24 bars, suspends, places limitations on the

1 activities or functions of, or prohibits the  
2 activities of a person; or

3 “(iii) a cease-and-desist order entered  
4 by the Commission pursuant to section  
5 8A.”.

6 (b) SECURITIES EXCHANGE ACT OF 1934.—Section  
7 21(d)(3) of the Securities Exchange Act of 1934 (15  
8 U.S.C. 78u(d)(3)) is amended—

9 (1) in subparagraph (A), by inserting after “the  
10 rules or regulations thereunder,” the following: “a  
11 Federal court injunction or a bar obtained or en-  
12 tered by the Commission under this title,”; and

13 (2) by striking subparagraph (D) and inserting  
14 the following:

15 “(D) SPECIAL PROVISIONS RELATING TO A VIO-  
16 LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

17 “(i) IN GENERAL.—Each separate violation  
18 of an injunction or order described in clause (ii)  
19 shall be a separate offense, except that in the  
20 case of a violation through a continuing failure  
21 to comply with such injunction or order, each  
22 day of the failure to comply with the injunction  
23 or order shall be deemed a separate offense.



1           “(ii) INJUNCTIONS AND ORDERS.—Clause  
2           (i) shall apply with respect to an action to en-  
3           force—

4                   “(I) a Federal court injunction ob-  
5                   tained pursuant to this title;

6                   “(II) an order entered or obtained by  
7                   the Commission pursuant to this title that  
8                   bars, suspends, places limitations on the  
9                   activities or functions of, or prohibits the  
10                  activities of a person; or

11                  “(III) a cease-and-desist order entered  
12                  by the Commission pursuant to section  
13                  21C.”.

14           (c) INVESTMENT COMPANY ACT OF 1940.—Section  
15   42(e) of the Investment Company Act of 1940 (15 U.S.C.  
16   80a–41(e)) is amended—

17           (1) in paragraph (1), by inserting after “the  
18           rules or regulations thereunder,” the following: “a  
19           Federal court injunction or a bar obtained or en-  
20           tered by the Commission under this title,”; and

21           (2) by striking paragraph (4) and inserting the  
22           following:

23                   “(4) SPECIAL PROVISIONS RELATING TO A VIO-  
24                  LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

1           “(A) IN GENERAL.—Each separate viola-  
2           tion of an injunction or order described in sub-  
3           paragraph (B) shall be a separate offense, ex-  
4           cept that in the case of a violation through a  
5           continuing failure to comply with such injunc-  
6           tion or order, each day of the failure to comply  
7           with the injunction or order shall be deemed a  
8           separate offense.

9           “(B) INJUNCTIONS AND ORDERS.—Sub-  
10          paragraph (A) shall apply with respect to any  
11          action to enforce—

12                 “(i) a Federal court injunction ob-  
13                 tained pursuant to this title;

14                 “(ii) an order entered or obtained by  
15                 the Commission pursuant to this title that  
16                 bars, suspends, places limitations on the  
17                 activities or functions of, or prohibits the  
18                 activities of a person; or

19                 “(iii) a cease-and-desist order entered  
20                 by the Commission pursuant to section  
21                 9(f).”.

22          (d) INVESTMENT ADVISERS ACT OF 1940.—Section  
23          209(e) of the Investment Advisers Act of 1940 (15 U.S.C.  
24          80b–9(e)) is amended—

1           (1) in paragraph (1), by inserting after “the  
2 rules or regulations thereunder,” the following: “a  
3 Federal court injunction or a bar obtained or en-  
4 tered by the Commission under this title,”; and

5           (2) by striking paragraph (4) and inserting the  
6 following:

7           “(4) SPECIAL PROVISIONS RELATING TO A VIO-  
8 LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

9           “(A) IN GENERAL.—Each separate viola-  
10 tion of an injunction or order described in sub-  
11 paragraph (B) shall be a separate offense, ex-  
12 cept that in the case of a violation through a  
13 continuing failure to comply with such injunc-  
14 tion or order, each day of the failure to comply  
15 with the injunction or order shall be deemed a  
16 separate offense.

17           “(B) INJUNCTIONS AND ORDERS.—Sub-  
18 paragraph (A) shall apply with respect to any  
19 action to enforce—

20           “(i) a Federal court injunction ob-  
21 tained pursuant to this title;

22           “(ii) an order entered or obtained by  
23 the Commission pursuant to this title that  
24 bars, suspends, places limitations on the

1 activities or functions of, or prohibits the  
2 activities of a person; or

3 “(iii) a cease-and-desist order entered  
4 by the Commission pursuant to section  
5 203(k).”.

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