

(Amendment appears on page 1313 of the Legislative Journal.)

PRESIDENT MOUL: Senator Landis.

SENATOR LANDIS: I believe this is my last amendment to the bill. I'll find out here in a moment. There is a statute of limitations in this measure covering violations of our security act, civil responsibility. This is where you can be sued under a civil cause of action for having violated the securities act. Currently, you may sue for damages within two years of the contract for sale of securities. This two-year provision comes from the 1956 Uniform Securities Act, and it was adopted in our state in 1965. Since then, uniform acts have occurred that suggest a longer statute of limitations should apply. The bill was initially introduced with a three, two, five-year statute that is to say; three from the sale, but two from the point of discovery of the...of the mistake or the fraud, and not jointly then for more than five. If the cause of action is not discovered within three years then the action may be commenced within two years from the date of discovery, that's the way you can get to a total of five. Well, what we found in discussions with the securities industry was that this was a rather exceptional statute of limitations, it was not a model provision. And, in fact, two-thirds of the states cut off civil cases in either two or three years, so that we would wind up at the very, very high end of the...the spectrum, if you will. Secondly, the rule applicable to actions, under the federal securities, is not as great as what was proposed in the original bill, it was one and three years. And, in other words, federal litigation must be commenced within one year after discovery of the violation, and within three years after such violation as a total. What we do with this amendment is to alter the three, two, five to a straight three years. That raises from two to three the number of years that you have to commence an action for a violation of the securities law. This moderate position is probably right where the vast majority of states are in the country, and it also resolves the difference. Both the Banking Department and the securities industry agree to the extension, from two to three years, the amount of statute of limitations on one of these kinds of transactions. I would urge the adoption of the amendment.

PRESIDENT MOUL: Thank you, Senator Landis. Before we proceed with debate, I would like to call the senators' attention again to the south balcony. Special guests today of Senators Witek