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Investor Protection Act of 2002

Congress: 107 (2001–2003, Ended)

Chamber: Senate

Policy Area: Finance and Financial Sector

Introduced: Feb 12, 2002

Current Status: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (text of measure as

Latest Action: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (text of measure as introduced: CR S661-662) (Feb 12, 2002)

Official Text: <https://www.congress.gov/bill/107th-congress/senate-bill/1933>

Sponsor

Name: Sen. Shelby, Richard C. [R-AL]

Party: Democratic • **State:** AL • **Chamber:** Senate

Cosponsors (1 total)

Cosponsor	Party / State	Role	Date Joined
Sen. Durbin, Richard J. [D-IL]	D · IL		Mar 7, 2002

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Feb 12, 2002

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

No related bills are listed.

Summary (as of Feb 12, 2002)

Investor Protection Act of 2002 - Amends the Securities Exchange Act of 1934 regarding liability standards in private securities litigation to repeal: (1) the scienter requirement limiting joint and several liability for damages to covered persons who knowingly committed a violation of the securities laws; and (2) the allowance of proportionate liability, under which a covered person is liable solely for the portion of a judgment that corresponds to the person's percentage of responsibility for a securities violation. (Thus makes any covered person against whom a final judgment is entered in private securities litigation liable for one hundred percent of damages jointly and severally, even if the securities violation was not committed knowingly.)

Deems any person that recklessly provides substantial assistance to (aids or abets) another person in violation of Federal securities laws to be in violation of such laws to the same extent as the person to whom such assistance is provided.

Establishes a statute of limitations for an implied private right of action of: (1) five years after an alleged violation occurred; or (2) three years after it was discovered.

Repeals the prohibition against all but specified types of private class actions alleging either misrepresentation or omission of a material fact or manipulative or deceptive practices in connection with securities sales or purchases (thus permitting private class actions without limitation).

Actions Timeline

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