

2017 LEGISLATION ALERTS

Business and Securities Law

SB 95 (Ch. 514) Securities Law and Elder Abuse

SB 95 adds new provisions to the Oregon Securities Law. New provisions define the term “financial exploitation” and establish the requirement that “qualified individuals,” including persons who serve in a compliance or legal capacity for a broker-dealer or state investment advisor, must notify the Department of Consumer and Business Services (DCBS) when they have reasonable cause to believe that someone has attempted or is attempting to financially exploit a “vulnerable person,” or that a vulnerable person has been financially exploited.

In addition, SB 95 authorizes qualified individuals to notify a third party previously designated by a vulnerable person, or another person or entity the qualified individual may notify under state or federal law, of the suspected financial exploitation. However, a qualified individual may not notify the party suspected of attempting or committing the financial exploitation of the vulnerable individual.

Finally, the bill creates safe harbor for qualified individuals, broker-dealers, and state investment advisers, and it amends ORS 59.995 to authorize the director of the DCBS to issue a civil penalty of up to \$1,000 against a person who violates the reporting requirement.

SB 95 takes effect on January 1, 2018.

HB 2191 (Ch. 705) Corporate Formation

HB 2191 gives the Secretary of State certain investigatory and enforcement authority relating to the formation of a corporation and authorization to transact business in Oregon. The Department of Revenue may recommend to the Secretary of State that the Secretary of State administratively dissolve a corporation for failure to comply with Oregon’s tax laws.

The bill also provides that an officer, director, employee, or agent of a shell entity may be liable for damages to a person who suffers an ascertainable loss of money or property as a result of certain conduct by the officer, director, employee, or agent. Such conduct includes making known false statements about the shell entity’s financial health or business operations, causing another person to falsify information in a shell entity’s books, or removing information from a shell entity’s books with the intent to deceive another person.

Under the bill, articles of incorporation must include a physical street address and contact information for at least one individual. The bill adds a prohibition that a registered agent cannot be at a mail-forwarding company or a virtual office.

HB 2191 took effect on August 15, 2017. Most provisions of the bill become operative on January 1, 2018. The Secretary of State and the Director of the Department of Revenue may take certain action before January 1, 2018.