

UNIFORM SECURITIES ACT (2002) (EXCERPT)
Act 551 of 2008

***** 451.2413.new THIS NEW SECTION IS EFFECTIVE OCTOBER 1, 2009 *****

451.2413.new Broker-dealer acting as finder; prohibited conduct.

Sec. 413. A broker-dealer acting as a finder shall not do any of the following:

(a) Take possession of funds or securities in connection with the transaction for which payment is made for services as a finder.

(b) Fail to disclose clearly and conspicuously in writing to all persons involved in the transaction as a result of the broker-dealer's finding activities before the sale or purchase that the person is acting as a finder, any payment for services as a finder, the method and amount of payment, and any beneficial interest, direct or indirect, of the broker-dealer, or a member of the broker-dealer's immediate family if the broker-dealer is an individual, in the issue of the securities that are the subject of services as a finder.

(c) Participate in the offer, purchase, or sale of a security in violation of section 301. However, if the broker-dealer makes a reasonable effort to ascertain if a registration has been effected or an exemption order granted in this state or to ascertain the basis for an exemption claim and does not have knowledge that the proposed transaction would violate section 301, the broker-dealer's activities as a finder do not violate section 301.

(d) Participate in the offer, purchase, or sale of a security without obtaining information relative to the risks of the transaction, the direct or indirect compensation to be received by promoters, partners, officers, directors, or their affiliates, the financial condition of the issuer, and the use of proceeds to be received from investors, or fail to read any offering materials obtained. This section does not require independent investigation or alteration of offering materials furnished to the broker-dealer.

(e) Fail to inform or otherwise ensure disclosure to all persons involved in the transaction as a result of the broker-dealer's finding activities of any material information which the broker-dealer knows, or in the exercise of reasonable care should know based on the information furnished to the broker-dealer, is material in making an investment decision, until conclusion of the transaction.

(f) Locate, introduce, or refer persons that the broker-dealer knows, or after a reasonable inquiry should know, are not suitable investors by reason of their financial condition, age, experience, or need to diversify investments.

History: 2008, Act 551, Eff. Oct. 1, 2009.