

[DISCUSSION DRAFT]

116TH CONGRESS
1ST SESSION

H. R. _____

To amend the Securities Exchange Act of 1934 to allow the Securities and Exchange Commission to seek and Federal courts to grant restitution to investors and disgorgement of unjust enrichment.

IN THE HOUSE OF REPRESENTATIVES

Mr. McADAMS introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Securities Exchange Act of 1934 to allow the Securities and Exchange Commission to seek and Federal courts to grant restitution to investors and disgorgement of unjust enrichment.

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. EQUITABLE RELIEF.**

4 Section 21(d)(5) of the Securities Exchange Act of
5 1934 (15 U.S.C. 78u(d)(5)) is amended to read as follows:

6 “(5) EQUITABLE RELIEF.—

1 “(A) IN GENERAL.—In any action or pro-
2 ceeding brought or instituted by the Commis-
3 sion under any provision of the securities laws,
4 the Commission may seek, and any Federal
5 court may grant, any equitable relief, includ-
6 ing—

7 “(i) restitution to investors in
8 amounts equal to the amount of loss to
9 such investors as a result of the act or
10 practice with respect to which the Commis-
11 sion is bringing such an action or pro-
12 ceeding;

13 “(ii) disgorgement in the amount of
14 any unjust enrichment obtained through
15 the act or practice with respect to which
16 the Commission is bringing such an action
17 or proceeding;

18 “(iii) injunctions, including officer and
19 director bars; and

20 “(iv) any additional equitable relief
21 that may be appropriate or necessary for
22 the benefit of investors.

23 “(B) RULE OF CONSTRUCTION.—Any equi-
24 table relief sought under this paragraph may
25 not be construed to be a penalty subject to

1 chapter 163 of part VI of title 28, United
2 States Code.”.