

1 **TITLE II—DEMANDING AC-**  
2 **COUNTABILITY FROM WALL**  
3 **STREET**

4 **Subtitle A—SEC Penalties**  
5 **Modernization**

6 **SEC. 211. ENHANCEMENT OF CIVIL PENALTIES FOR SECURITIES LAWS VIOLATIONS.**

8 (a) UPDATED CIVIL MONEY PENALTIES.—

9 (1) SECURITIES ACT OF 1933.—

10 (A) MONEY PENALTIES IN ADMINISTRA-  
11 TIVE ACTIONS.—Section 8A(g)(2) of the Securi-  
12 ties Act of 1933 (15 U.S.C. 77h–1(g)(2)) is  
13 amended—

14 (i) in subparagraph (A)—

15 (I) by striking “\$7,500” and in-  
16 serting “\$10,000”; and

17 (II) by striking “\$75,000” and  
18 inserting “\$100,000”;

19 (ii) in subparagraph (B)—

20 (I) by striking “\$75,000” and in-  
21 serting “\$100,000”; and

22 (II) by striking “\$375,000” and  
23 inserting “\$500,000”; and

24 (iii) by striking subparagraph (C) and  
25 inserting the following:

1 “(C) THIRD TIER.—

2 “(i) IN GENERAL.—Notwithstanding  
3 subparagraphs (A) and (B), the amount of  
4 penalty for each such act or omission shall  
5 not exceed the amount specified in clause  
6 (ii) if—

7 “(I) the act or omission described  
8 in paragraph (1) involved fraud, de-  
9 ceit, manipulation, or deliberate or  
10 reckless disregard of a regulatory re-  
11 quirement; and

12 “(II) such act or omission di-  
13 rectly or indirectly resulted in—

14 “(aa) substantial losses or  
15 created a significant risk of sub-  
16 stantial losses to other persons;  
17 or

18 “(bb) substantial pecuniary  
19 gain to the person who com-  
20 mitted the act or omission.

21 “(ii) MAXIMUM AMOUNT OF PEN-  
22 ALTY.—The amount referred to in clause  
23 (i) is the greatest of—

1                   “(I) \$300,000 for a natural per-  
2                   son or \$1,450,000 for any other per-  
3                   son;

4                   “(II) 3 times the gross amount of  
5                   pecuniary gain to the person who  
6                   committed the act or omission; or

7                   “(III) the amount of losses in-  
8                   curred by victims as a result of the  
9                   act or omission.”.

10                   (B) MONEY PENALTIES IN CIVIL AC-  
11                   TIONS.—Section 20(d)(2) of the Securities Act  
12                   of 1933 (15 U.S.C. 77t(d)(2)) is amended—

13                   (i) in subparagraph (A)—

14                   (I) by striking “\$5,000” and in-  
15                   serting “\$10,000”; and

16                   (II) by striking “\$50,000” and  
17                   inserting “\$100,000”;

18                   (ii) in subparagraph (B)—

19                   (I) by striking “\$50,000” and in-  
20                   serting “\$100,000”; and

21                   (II) by striking “\$250,000” and  
22                   inserting “\$500,000”; and

23                   (iii) by striking subparagraph (C) and  
24                   inserting the following:

25                   “(C) THIRD TIER.—

1           “(i) IN GENERAL.—Notwithstanding  
2           subparagraphs (A) and (B), the amount of  
3           penalty for each such violation shall not  
4           exceed the amount specified in clause (ii)  
5           if—

6                   “(I) the violation described in  
7                   paragraph (1) involved fraud, deceit,  
8                   manipulation, or deliberate or reckless  
9                   disregard of a regulatory requirement;  
10                  and

11                   “(II) such violation directly or in-  
12                   directly resulted in substantial losses  
13                   or created a significant risk of sub-  
14                   stantial losses to other persons.

15           “(ii) MAXIMUM AMOUNT OF PEN-  
16           ALTY.—The amount referred to in clause  
17           (i) is the greatest of—

18                   “(I) \$300,000 for a natural per-  
19                   son or \$1,450,000 for any other per-  
20                   son;

21                   “(II) 3 times the gross amount of  
22                   pecuniary gain to such defendant as a  
23                   result of the violation; or

1                   “(III) the amount of losses in-  
2                   curred by victims as a result of the  
3                   violation.”.

4                   (2) SECURITIES EXCHANGE ACT OF 1934.—

5                   (A) MONEY PENALTIES IN CIVIL AC-  
6                   TIONS.—Section 21(d)(3)(B) of the Securities  
7                   Exchange Act of 1934 (15 U.S.C.  
8                   78u(d)(3)(B)) is amended—

9                   (i) in clause (i)—

10                   (I) by striking “\$5,000” and in-  
11                   serting “\$10,000”; and

12                   (II) by striking “\$50,000” and  
13                   inserting “\$100,000”;

14                   (ii) in clause (ii)—

15                   (I) by striking “\$50,000” and in-  
16                   serting “\$100,000”; and

17                   (II) by striking “\$250,000” and  
18                   inserting “\$500,000”; and

19                   (iii) by striking clause (iii) and insert-  
20                   ing the following:

21                   “(iii) THIRD TIER.—

22                   “(I) IN GENERAL.—Notwithstanding  
23                   clauses (i) and (ii), the amount of penalty  
24                   for each such violation shall not exceed the  
25                   amount specified in subclause (II) if—

1           “(aa) the violation described in  
2           subparagraph (A) involved fraud, de-  
3           ceit, manipulation, or deliberate or  
4           reckless disregard of a regulatory re-  
5           quirement; and

6           “(bb) such violation directly or  
7           indirectly resulted in substantial  
8           losses or created a significant risk of  
9           substantial losses to other persons.

10           “(II) MAXIMUM AMOUNT OF PEN-  
11           ALTY.—The amount referred to in sub-  
12           clause (I) is the greatest of—

13           “(aa) \$300,000 for a natural  
14           person or \$1,450,000 for any other  
15           person;

16           “(bb) 3 times the gross amount  
17           of pecuniary gain to such defendant  
18           as a result of the violation; or

19           “(cc) the amount of losses in-  
20           curred by victims as a result of the  
21           violation.”.

22           (B) MONEY PENALTIES IN ADMINISTRA-  
23           TIVE ACTIONS.—Section 21B(b) of the Securi-  
24           ties Exchange Act of 1934 (15 U.S.C. 78u-  
25           2(b)) is amended—

1 (i) in paragraph (1)—

2 (I) by striking “\$5,000” and in-  
3 serting “\$10,000”; and

4 (II) by striking “\$50,000” and  
5 inserting “\$100,000”;

6 (ii) in paragraph (2)—

7 (I) by striking “\$50,000” and in-  
8 serting “\$100,000”; and

9 (II) by striking “\$250,000” and  
10 inserting “\$500,000”; and

11 (iii) by striking paragraph (3) and in-  
12 serting the following:

13 “(3) THIRD TIER.—

14 “(A) IN GENERAL.—Notwithstanding  
15 paragraphs (1) and (2), the amount of penalty  
16 for each such act or omission shall not exceed  
17 the amount specified in subparagraph (B) if—

18 “(i) the act or omission described in  
19 subsection (a) involved fraud, deceit, ma-  
20 nipulation, or deliberate or reckless dis-  
21 regard of a regulatory requirement; and

22 “(ii) such act or omission directly or  
23 indirectly resulted in substantial losses or  
24 created a significant risk of substantial  
25 losses to other persons or resulted in sub-

1           stantial pecuniary gain to the person who  
2           committed the act or omission.

3           “(B) MAXIMUM AMOUNT OF PENALTY.—  
4           The amount referred to in subparagraph (A) is  
5           the greatest of—

6                   “(i) \$300,000 for a natural person or  
7                   \$1,450,000 for any other person;

8                   “(ii) 3 times the gross amount of pe-  
9                   cuniary gain to the person who committed  
10                  the act or omission; or

11                  “(iii) the amount of losses incurred by  
12                  victims as a result of the act or omission.”.

13           (3) INVESTMENT COMPANY ACT OF 1940.—

14                   (A) MONEY PENALTIES IN ADMINISTRA-  
15                   TIVE ACTIONS.—Section 9(d)(2) of the Invest-  
16                   ment Company Act of 1940 (15 U.S.C. 80a-  
17                   9(d)(2)) is amended—

18                           (i) in subparagraph (A)—

19                                   (I) by striking “\$5,000” and in-  
20                                   serting “\$10,000”; and

21                                   (II) by striking “\$50,000” and  
22                                   inserting “\$100,000”;

23                           (ii) in subparagraph (B)—

24                                   (I) by striking “\$50,000” and in-  
25                                   serting “\$100,000”; and



1 (II) by striking “\$250,000” and  
2 inserting “\$500,000”; and

3 (iii) by striking subparagraph (C) and  
4 inserting the following:

5 “(C) THIRD TIER.—

6 “(i) IN GENERAL.—Notwithstanding  
7 subparagraphs (A) and (B), the amount of  
8 penalty for each such act or omission shall  
9 not exceed the amount specified in clause  
10 (ii) if—

11 “(I) the act or omission described  
12 in paragraph (1) involved fraud, de-  
13 ceit, manipulation, or deliberate or  
14 reckless disregard of a regulatory re-  
15 quirement; and

16 “(II) such act or omission di-  
17 rectly or indirectly resulted in sub-  
18 stantial losses or created a significant  
19 risk of substantial losses to other per-  
20 sons or resulted in substantial pecu-  
21 niary gain to the person who com-  
22 mitted the act or omission.

23 “(ii) MAXIMUM AMOUNT OF PEN-  
24 ALTY.—The amount referred to in clause  
25 (i) is the greatest of—

1                   “(I) \$300,000 for a natural per-  
2                   son or \$1,450,000 for any other per-  
3                   son;

4                   “(II) 3 times the gross amount of  
5                   pecuniary gain to the person who  
6                   committed the act or omission; or

7                   “(III) the amount of losses in-  
8                   curred by victims as a result of the  
9                   act or omission.”.

10                   (B) MONEY PENALTIES IN CIVIL AC-  
11                   TIONS.—Section 42(e)(2) of the Investment  
12                   Company Act of 1940 (15 U.S.C. 80a-  
13                   41(e)(2)) is amended—

14                   (i) in subparagraph (A)—

15                   (I) by striking “\$5,000” and in-  
16                   serting “\$10,000”; and

17                   (II) by striking “\$50,000” and  
18                   inserting “\$100,000”;

19                   (ii) in subparagraph (B)—

20                   (I) by striking “\$50,000” and in-  
21                   serting “\$100,000”; and

22                   (II) by striking “\$250,000” and  
23                   inserting “\$500,000”; and

24                   (iii) by striking subparagraph (C) and  
25                   inserting the following:

1 “(C) THIRD TIER.—

2 “(i) IN GENERAL.—Notwithstanding  
3 subparagraphs (A) and (B), the amount of  
4 penalty for each such violation shall not  
5 exceed the amount specified in clause (ii)  
6 if—

7 “(I) the violation described in  
8 paragraph (1) involved fraud, deceit,  
9 manipulation, or deliberate or reckless  
10 disregard of a regulatory requirement;  
11 and

12 “(II) such violation directly or in-  
13 directly resulted in substantial losses  
14 or created a significant risk of sub-  
15 stantial losses to other persons.

16 “(ii) MAXIMUM AMOUNT OF PEN-  
17 ALTY.—The amount referred to in clause  
18 (i) is the greatest of—

19 “(I) \$300,000 for a natural per-  
20 son or \$1,450,000 for any other per-  
21 son;

22 “(II) 3 times the gross amount of  
23 pecuniary gain to such defendant as a  
24 result of the violation; or

1                   “(III) the amount of losses in-  
2                   curred by victims as a result of the  
3                   violation.”.

4                   (4) INVESTMENT ADVISERS ACT OF 1940.—

5                   (A) MONEY PENALTIES IN ADMINISTRA-  
6                   TIVE ACTIONS.—Section 203(i)(2) of the Invest-  
7                   ment Advisers Act of 1940 (15 U.S.C. 80b-  
8                   3(i)(2)) is amended—

9                   (i) in subparagraph (A)—

10                   (I) by striking “\$5,000” and in-  
11                   serting “\$10,000”; and

12                   (II) by striking “\$50,000” and  
13                   inserting “\$100,000”;

14                   (ii) in subparagraph (B)—

15                   (I) by striking “\$50,000” and in-  
16                   serting “\$100,000”; and

17                   (II) by striking “\$250,000” and  
18                   inserting “\$500,000”; and

19                   (iii) by striking subparagraph (C) and  
20                   inserting the following:

21                   “(C) THIRD TIER.—

22                   “(i) IN GENERAL.—Notwithstanding  
23                   subparagraphs (A) and (B), the amount of  
24                   penalty for each such act or omission shall

1 not exceed the amount specified in clause  
2 (ii) if—

3 “(I) the act or omission described  
4 in paragraph (1) involved fraud, de-  
5 ceit, manipulation, or deliberate or  
6 reckless disregard of a regulatory re-  
7 quirement; and

8 “(II) such act or omission di-  
9 rectly or indirectly resulted in sub-  
10 stantial losses or created a significant  
11 risk of substantial losses to other per-  
12 sons or resulted in substantial pecu-  
13 niary gain to the person who com-  
14 mitted the act or omission.

15 “(ii) MAXIMUM AMOUNT OF PEN-  
16 ALTY.—The amount referred to in clause  
17 (i) is the greatest of—

18 “(I) \$300,000 for a natural per-  
19 son or \$1,450,000 for any other per-  
20 son;

21 “(II) 3 times the gross amount of  
22 pecuniary gain to the person who  
23 committed the act or omission; or

1                   “(III) the amount of losses in-  
2                   curred by victims as a result of the  
3                   act or omission.”.

4                   (B) MONEY PENALTIES IN CIVIL AC-  
5                   TIONS.—Section 209(e)(2) of the Investment  
6                   Advisers Act of 1940 (15 U.S.C. 80b–9(e)(2))  
7                   is amended—

8                   (i) in subparagraph (A)—

9                   (I) by striking “\$5,000” and in-  
10                  serting “\$10,000”; and

11                  (II) by striking “\$50,000” and  
12                  inserting “\$100,000”;

13                  (ii) in subparagraph (B)—

14                  (I) by striking “\$50,000” and in-  
15                  serting “\$100,000”; and

16                  (II) by striking “\$250,000” and  
17                  inserting “\$500,000”; and

18                  (iii) by striking subparagraph (C) and  
19                  inserting the following:

20                  “(C) THIRD TIER.—

21                  “(i) IN GENERAL.—Notwithstanding  
22                  subparagraphs (A) and (B), the amount of  
23                  penalty for each such violation shall not  
24                  exceed the amount specified in clause (ii)  
25                  if—

1                   “(I) the violation described in  
2                   paragraph (1) involved fraud, deceit,  
3                   manipulation, or deliberate or reckless  
4                   disregard of a regulatory requirement;  
5                   and

6                   “(II) such violation directly or in-  
7                   directly resulted in substantial losses  
8                   or created a significant risk of sub-  
9                   stantial losses to other persons.

10                   “(ii) MAXIMUM AMOUNT OF PEN-  
11                   ALTY.—The amount referred to in clause  
12                   (i) is the greatest of—

13                   “(I) \$300,000 for a natural per-  
14                   son or \$1,450,000 for any other per-  
15                   son;

16                   “(II) 3 times the gross amount of  
17                   pecuniary gain to such defendant as a  
18                   result of the violation; or

19                   “(III) the amount of losses in-  
20                   curred by victims as a result of the  
21                   violation.”.

22                   (b) PENALTIES FOR RECIDIVISTS.—

23                   (1) SECURITIES ACT OF 1933.—

24                   (A) MONEY PENALTIES IN ADMINISTRA-  
25                   TIVE ACTIONS.—Section 8A(g)(2) of the Securi-

1           ties Act of 1933 (15 U.S.C. 77h-1(g)(2)) is  
2           amended by adding at the end the following:

3                   “(D)   FOURTH   TIER.—Notwithstanding  
4           subparagraphs (A), (B), and (C), the maximum  
5           amount of penalty for each such act or omission  
6           shall be 3 times the otherwise applicable  
7           amount in such subparagraphs if, within the 5-  
8           year period preceding such act or omission, the  
9           person who committed the act or omission was  
10          criminally convicted for securities fraud or be-  
11          came subject to a judgment or order imposing  
12          monetary, equitable, or administrative relief in  
13          any Commission action alleging fraud by that  
14          person.”.

15                   (B)   MONEY   PENALTIES   IN   CIVIL   AC-  
16          TIONS.—Section 20(d)(2) of the Securities Act  
17          of 1933 (15 U.S.C. 77t(d)(2)) is amended by  
18          adding at the end the following:

19                   “(D)   FOURTH   TIER.—Notwithstanding  
20          subparagraphs (A), (B), and (C), the maximum  
21          amount of penalty for each such violation shall  
22          be 3 times the otherwise applicable amount in  
23          such subparagraphs if, within the 5-year period  
24          preceding such violation, the defendant was  
25          criminally convicted for securities fraud or be-



1           came subject to a judgment or order imposing  
2           monetary, equitable, or administrative relief in  
3           any Commission action alleging fraud by that  
4           defendant.”.

5           (2) SECURITIES EXCHANGE ACT OF 1934.—

6                   (A) MONEY PENALTIES IN CIVIL AC-  
7           TIONS.—Section 21(d)(3)(B) of the Securities  
8           Exchange Act of 1934 (15 U.S.C.  
9           78u(d)(3)(B)) is amended by adding at the end  
10          the following:

11                   “(iv)    FOURTH    TIER.—Notwith-  
12           standing clauses (i), (ii), and (iii), the  
13           maximum amount of penalty for each such  
14           violation shall be 3 times the otherwise ap-  
15           plicable amount in such clauses if, within  
16           the 5-year period preceding such violation,  
17           the defendant was criminally convicted for  
18           securities fraud or became subject to a  
19           judgment or order imposing monetary, eq-  
20           uitable, or administrative relief in any  
21           Commission action alleging fraud by that  
22           defendant.”.

23                   (B) MONEY PENALTIES IN ADMINISTRA-  
24           TIVE ACTIONS.—Section 21B(b) of the Securi-  
25           ties Exchange Act of 1934 (15 U.S.C. 78u-

1           2(b)) is amended by adding at the end the fol-  
2           lowing:

3           “(4) FOURTH TIER.—Notwithstanding para-  
4           graphs (1), (2), and (3), the maximum amount of  
5           penalty for each such act or omission shall be 3  
6           times the otherwise applicable amount in such para-  
7           graphs if, within the 5-year period preceding such  
8           act or omission, the person who committed the act  
9           or omission was criminally convicted for securities  
10          fraud or became subject to a judgment or order im-  
11          posing monetary, equitable, or administrative relief  
12          in any Commission action alleging fraud by that per-  
13          son.”.

14          (3) INVESTMENT COMPANY ACT OF 1940.—

15                 (A) MONEY PENALTIES IN ADMINISTRA-  
16                 TIVE ACTIONS.—Section 9(d)(2) of the Invest-  
17                 ment Company Act of 1940 (15 U.S.C. 80a-  
18                 9(d)(2)) is amended by adding at the end the  
19                 following:

20                 “(D) FOURTH TIER.—Notwithstanding  
21                 subparagraphs (A), (B), and (C), the maximum  
22                 amount of penalty for each such act or omission  
23                 shall be 3 times the otherwise applicable  
24                 amount in such subparagraphs if, within the 5-  
25                 year period preceding such act or omission, the

1 person who committed the act or omission was  
2 criminally convicted for securities fraud or be-  
3 came subject to a judgment or order imposing  
4 monetary, equitable, or administrative relief in  
5 any Commission action alleging fraud by that  
6 person.”.

7 (B) MONEY PENALTIES IN CIVIL AC-  
8 TIONS.—Section 42(e)(2) of the Investment  
9 Company Act of 1940 (15 U.S.C. 80a-  
10 41(e)(2)) is amended by adding at the end the  
11 following:

12 “(D) FOURTH TIER.—Notwithstanding  
13 subparagraphs (A), (B), and (C), the maximum  
14 amount of penalty for each such violation shall  
15 be 3 times the otherwise applicable amount in  
16 such subparagraphs if, within the 5-year period  
17 preceding such violation, the defendant was  
18 criminally convicted for securities fraud or be-  
19 came subject to a judgment or order imposing  
20 monetary, equitable, or administrative relief in  
21 any Commission action alleging fraud by that  
22 defendant.”.

23 (4) INVESTMENT ADVISERS ACT OF 1940.—

24 (A) MONEY PENALTIES IN ADMINISTRA-  
25 TIVE ACTIONS.—Section 203(i)(2) of the Invest-

1           ment Advisers Act of 1940 (15 U.S.C. 80b–  
2           3(i)(2)) is amended by adding at the end the  
3           following:

4                   “(D)   FOURTH   TIER.—Notwithstanding  
5           subparagraphs (A), (B), and (C), the maximum  
6           amount of penalty for each such act or omission  
7           shall be 3 times the otherwise applicable  
8           amount in such subparagraphs if, within the 5-  
9           year period preceding such act or omission, the  
10          person who committed the act or omission was  
11          criminally convicted for securities fraud or be-  
12          came subject to a judgment or order imposing  
13          monetary, equitable, or administrative relief in  
14          any Commission action alleging fraud by that  
15          person.”.

16                   (B)   MONEY   PENALTIES   IN   CIVIL   AC-  
17          TIONS.—Section 209(e)(2) of the Investment  
18          Advisers Act of 1940 (15 U.S.C. 80b–9(e)(2))  
19          is amended by adding at the end the following:

20                   “(D)   FOURTH   TIER.—Notwithstanding  
21          subparagraphs (A), (B), and (C), the maximum  
22          amount of penalty for each such violation shall  
23          be 3 times the otherwise applicable amount in  
24          such subparagraphs if, within the 5-year period  
25          preceding such violation, the defendant was

1 criminally convicted for securities fraud or be-  
2 came subject to a judgment or order imposing  
3 monetary, equitable, or administrative relief in  
4 any Commission action alleging fraud by that  
5 defendant.”.

6 (c) VIOLATIONS OF INJUNCTIONS AND BARS.—

7 (1) SECURITIES ACT OF 1933.—Section 20(d) of  
8 the Securities Act of 1933 (15 U.S.C. 77t(d)) is  
9 amended—

10 (A) in paragraph (1), by inserting after  
11 “the rules or regulations thereunder,” the fol-  
12 lowing: “a Federal court injunction or a bar ob-  
13 tained or entered by the Commission under this  
14 title,”; and

15 (B) by striking paragraph (4) and insert-  
16 ing the following:

17 “(4) SPECIAL PROVISIONS RELATING TO A VIO-  
18 LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

19 “(A) IN GENERAL.—Each separate viola-  
20 tion of an injunction or order described in sub-  
21 paragraph (B) shall be a separate offense, ex-  
22 cept that in the case of a violation through a  
23 continuing failure to comply with such injunc-  
24 tion or order, each day of the failure to comply

1 with the injunction or order shall be deemed a  
2 separate offense.

3 “(B) INJUNCTIONS AND ORDERS.—Sub-  
4 paragraph (A) shall apply with respect to any  
5 action to enforce—

6 “(i) a Federal court injunction ob-  
7 tained pursuant to this title;

8 “(ii) an order entered or obtained by  
9 the Commission pursuant to this title that  
10 bars, suspends, places limitations on the  
11 activities or functions of, or prohibits the  
12 activities of, a person; or

13 “(iii) a cease-and-desist order entered  
14 by the Commission pursuant to section  
15 8A.”.

16 (2) SECURITIES EXCHANGE ACT OF 1934.—Sec-  
17 tion 21(d)(3) of the Securities Exchange Act of  
18 1934 (15 U.S.C. 78u(d)(3)) is amended—

19 (A) in subparagraph (A), by inserting after  
20 “the rules or regulations thereunder,” the fol-  
21 lowing: “a Federal court injunction or a bar ob-  
22 tained or entered by the Commission under this  
23 title,”; and

24 (B) by striking subparagraph (D) and in-  
25 serting the following:

1           “(D) SPECIAL PROVISIONS RELATING TO A VIO-  
2           LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

3           “(i) IN GENERAL.—Each separate violation  
4           of an injunction or order described in clause (ii)  
5           shall be a separate offense, except that in the  
6           case of a violation through a continuing failure  
7           to comply with such injunction or order, each  
8           day of the failure to comply with the injunction  
9           or order shall be deemed a separate offense.

10           “(ii) INJUNCTIONS AND ORDERS.—Clause  
11           (i) shall apply with respect to an action to en-  
12           force—

13           “(I) a Federal court injunction ob-  
14           tained pursuant to this title;

15           “(II) an order entered or obtained by  
16           the Commission pursuant to this title that  
17           bars, suspends, places limitations on the  
18           activities or functions of, or prohibits the  
19           activities of, a person; or

20           “(III) a cease-and-desist order entered  
21           by the Commission pursuant to section  
22           21C.”.

23           (3) INVESTMENT COMPANY ACT OF 1940.—Sec-  
24           tion 42(e) of the Investment Company Act of 1940  
25           (15 U.S.C. 80a–41(e)) is amended—

1 (A) in paragraph (1), by inserting after  
2 “the rules or regulations thereunder,” the fol-  
3 lowing: “a Federal court injunction or a bar ob-  
4 tained or entered by the Commission under this  
5 title,”; and

6 (B) by striking paragraph (4) and insert-  
7 ing the following:

8 “(4) SPECIAL PROVISIONS RELATING TO A VIO-  
9 LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

10 “(A) IN GENERAL.—Each separate viola-  
11 tion of an injunction or order described in sub-  
12 paragraph (B) shall be a separate offense, ex-  
13 cept that in the case of a violation through a  
14 continuing failure to comply with such injunc-  
15 tion or order, each day of the failure to comply  
16 with the injunction or order shall be deemed a  
17 separate offense.

18 “(B) INJUNCTIONS AND ORDERS.—Sub-  
19 paragraph (A) shall apply with respect to any  
20 action to enforce—

21 “(i) a Federal court injunction ob-  
22 tained pursuant to this title;

23 “(ii) an order entered or obtained by  
24 the Commission pursuant to this title that  
25 bars, suspends, places limitations on the



1 activities or functions of, or prohibits the  
2 activities of, a person; or

3 “(iii) a cease-and-desist order entered  
4 by the Commission pursuant to section  
5 9(f).”.

6 (4) INVESTMENT ADVISERS ACT OF 1940.—Sec-  
7 tion 209(e) of the Investment Advisers Act of 1940  
8 (15 U.S.C. 80b–9(e)) is amended—

9 (A) in paragraph (1), by inserting after  
10 “the rules or regulations thereunder,” the fol-  
11 lowing: “a Federal court injunction or a bar ob-  
12 tained or entered by the Commission under this  
13 title,”; and

14 (B) by striking paragraph (4) and insert-  
15 ing the following:

16 “(4) SPECIAL PROVISIONS RELATING TO A VIO-  
17 LATION OF AN INJUNCTION OR CERTAIN ORDERS.—

18 “(A) IN GENERAL.—Each separate viola-  
19 tion of an injunction or order described in sub-  
20 paragraph (B) shall be a separate offense, ex-  
21 cept that in the case of a violation through a  
22 continuing failure to comply with such injunc-  
23 tion or order, each day of the failure to comply  
24 with the injunction or order shall be deemed a  
25 separate offense.

1           “(B) INJUNCTIONS AND ORDERS.—Sub-  
2 paragraph (A) shall apply with respect to any  
3 action to enforce—

4           “(i) a Federal court injunction ob-  
5 tained pursuant to this title;

6           “(ii) an order entered or obtained by  
7 the Commission pursuant to this title that  
8 bars, suspends, places limitations on the  
9 activities or functions of, or prohibits the  
10 activities of, a person; or

11           “(iii) a cease-and-desist order entered  
12 by the Commission pursuant to section  
13 203(k).”.

14       (d) EFFECTIVE DATE.—The amendments made by  
15 this section shall apply with respect to conduct that occurs  
16 after the date of the enactment of this Act.

17 **SEC. 212. UPDATED CIVIL MONEY PENALTIES OF PUBLIC**  
18 **COMPANY ACCOUNTING OVERSIGHT BOARD.**

19       (a) IN GENERAL.—Section 105(c)(4)(D) of the Sar-  
20 banes-Oxley Act of 2002 (15 U.S.C. 7215(c)(4)(D)) is  
21 amended—

22           (1) in clause (i)—

23           (A) by striking “\$100,000” and inserting  
24 “\$200,000”; and

1 (B) by striking “\$2,000,000” and insert-  
2 ing “\$4,000,000”; and

3 (2) in clause (ii)—

4 (A) by striking “\$750,000” and inserting  
5 “\$1,500,000”; and

6 (B) by striking “\$15,000,000” and insert-  
7 ing “\$22,000,000”.

8 (b) **EFFECTIVE DATE.**—The amendments made by  
9 this section shall apply with respect to conduct that occurs  
10 after the date of the enactment of this Act.

11 **SEC. 213. UPDATED CIVIL MONEY PENALTY FOR CONTROL-**  
12 **LING PERSONS IN CONNECTION WITH IN-**  
13 **SIDER TRADING.**

14 (a) **IN GENERAL.**—Section 21A(a)(3) of the Securi-  
15 ties Exchange Act of 1934 (15 U.S.C. 78u–1(a)(3)) is  
16 amended by striking “\$1,000,000” and inserting  
17 “\$2,500,000”.

18 (b) **EFFECTIVE DATE.**—The amendment made by  
19 this section shall apply with respect to conduct that occurs  
20 after the date of the enactment of this Act.

21 **SEC. 214. UPDATE OF CERTAIN OTHER PENALTIES.**

22 (a) **IN GENERAL.**—Section 32 of the Securities Ex-  
23 change Act of 1934 (15 U.S.C. 78ff) is amended—

24 (1) in subsection (a), by striking “\$5,000,000”  
25 and inserting “\$7,000,000”; and

1 (2) in subsection (c)—

2 (A) in paragraph (1)—

3 (i) in subparagraph (A), by striking  
4 “\$2,000,000” and inserting “\$4,000,000”;

5 and

6 (ii) in subparagraph (B), by striking  
7 “\$10,000” and inserting “\$50,000”; and

8 (B) in paragraph (2)—

9 (i) in subparagraph (A), by striking  
10 “\$100,000” and inserting “\$250,000”;

11 and

12 (ii) in subparagraph (B), by striking  
13 “\$10,000” and inserting “\$50,000”.

14 (b) **EFFECTIVE DATE.**—The amendments made by  
15 this section shall apply with respect to conduct that occurs  
16 after the date of the enactment of this Act.

17 **SEC. 215. MONETARY SANCTIONS TO BE USED FOR THE RE-**  
18 **LIEF OF VICTIMS.**

19 (a) **IN GENERAL.**—Section 308(a) of the Sarbanes-  
20 Oxley Act of 2002 (15 U.S.C. 7246(a)) is amended to read  
21 as follows:

22 “(a) **MONETARY SANCTIONS TO BE USED FOR THE**  
23 **RELIEF OF VICTIMS.**—

24 “(1) **IN GENERAL.**—If, in any judicial or ad-  
25 ministrative action brought by the Commission

1 under the securities laws, the Commission obtains a  
2 monetary sanction (as defined in section 21F(a) of  
3 the Securities Exchange Act of 1934) against any  
4 person for a violation of such laws, or such person  
5 agrees, in settlement of any such action, to such  
6 monetary sanction, the amount of such monetary  
7 sanction shall, on the motion or at the direction of  
8 the Commission, be added to and become part of a  
9 disgorgement fund or other fund established for the  
10 benefit of the victims of such violation.

11 “(2) DEFINITION OF VICTIM.—In this sub-  
12 section, the term ‘victim’ has the meaning given the  
13 term ‘crime victim’ in section 3771(e) of title 18,  
14 United States Code.”.

15 (b) MONETARY SANCTION DEFINED.—Section  
16 21F(a)(4)(A) of the Securities Exchange Act of 1934 (15  
17 U.S.C. 78u–6(a)(4)(A)) is amended by striking “ordered”  
18 and inserting “required”.

19 (c) EFFECTIVE DATE.—The amendments made by  
20 this section apply with respect to any monetary sanction  
21 ordered or required to be paid before or after the date  
22 of enactment of this Act.

1 **SEC. 216. GAO REPORT ON USE OF CIVIL MONEY PENALTY**  
2 **AUTHORITY BY COMMISSION.**

3 (a) IN GENERAL.—Not later than 2 years after the  
4 date of the enactment of this Act, the Comptroller General  
5 of the United States shall submit to the Committee on  
6 Financial Services of the House of Representatives and  
7 the Committee on Banking, Housing, and Urban Affairs  
8 of the Senate a report on the use by the Commission of  
9 the authority to impose or obtain civil money penalties for  
10 violations of the securities laws during the period begin-  
11 ning on June 1, 2010, and ending on the date of the en-  
12 actment of this Act.

13 (b) MATTERS REQUIRED TO BE INCLUDED.—The  
14 matters covered by the report required by subsection (a)  
15 shall include the following:

16 (1) The types of violations for which civil  
17 money penalties were imposed or obtained.

18 (2) The types of persons on whom civil money  
19 penalties were imposed or from whom such penalties  
20 were obtained.

21 (3) The number and dollar amount of civil  
22 money penalties imposed or obtained, disaggregated  
23 as follows:

24 (A) Penalties imposed in administrative ac-  
25 tions and penalties obtained in judicial actions.

1 (B) Penalties imposed on or obtained from  
2 issuers (individual and aggregate filers) and  
3 penalties imposed on or obtained from other  
4 persons.

5 (C) Penalties permitted to be retained for  
6 use by the Commission and penalties deposited  
7 in the general fund of the Treasury of the  
8 United States.

9 (4) For penalties imposed on or obtained from  
10 issuers:

11 (A) Whether the violations involved re-  
12 sulted in direct economic benefit to the issuers.

13 (B) The impact of the penalties on the  
14 shareholders of the issuers.

15 (c) DEFINITIONS.—In this section, the terms “Com-  
16 mission”, “issuer”, and “securities laws” have the mean-  
17 ings given such terms in section 3(a) of the Securities Ex-  
18 change Act of 1934 (15 U.S.C. 78c(a)).

1           **Subtitle B—FIRREA Penalties**  
2                           **Modernization**

3   **SEC. 221. INCREASE OF CIVIL AND CRIMINAL PENALTIES**  
4                           **ORIGINALLY ESTABLISHED IN THE FINAN-**  
5                           **CIAL INSTITUTIONS REFORM, RECOVERY,**  
6                           **AND ENFORCEMENT ACT OF 1989.**

7           (a) AMENDMENTS TO FIRREA.—Section 951(b) of  
8 the Financial Institutions Reform, Recovery, and Enforce-  
9 ment Act of 1989 (12 U.S.C. 1833a(b)) is amended—

10                   (1) in paragraph (1), by striking “\$1,000,000”  
11                   and inserting “\$1,500,000”; and

12                   (2) in paragraph (2), by striking “\$1,000,000  
13                   per day or \$5,000,000” and inserting “\$1,500,000  
14                   per day or \$7,500,000”.

15           (b) AMENDMENTS TO THE HOME OWNERS’ LOAN  
16 ACT.—The Home Owners’ Loan Act (12 U.S.C. 1461 et  
17 seq.) is amended—

18                   (1) in section 5(v)(6), by striking “\$1,000,000”  
19                   and inserting “\$1,500,000”; and

20                   (2) in section 10—

21                           (A) in subsection (r)(3), by striking  
22                           “\$1,000,000” and inserting “\$1,500,000”; and

23                           (B) in subsection (i)(1)(B), by striking  
24                           “\$1,000,000” and inserting “\$1,500,000”.



1 (c) AMENDMENTS TO THE FEDERAL DEPOSIT IN-  
2 SURANCE ACT.—The Federal Deposit Insurance Act (12  
3 U.S.C. 1811 et seq.) is amended—

4 (1) in section 7—

5 (A) in subsection (a)(1), by striking  
6 “\$1,000,000” and inserting “\$1,500,000”; and

7 (B) in subsection (j)(16)(D), by striking  
8 “\$1,000,000” each place such term appears  
9 and inserting “\$1,500,000”;

10 (2) in section 8—

11 (A) in subsection (i)(2)(D), by striking  
12 “\$1,000,000” each place such term appears  
13 and inserting “\$1,500,000”; and

14 (B) in subsection (j), by striking  
15 “\$1,000,000” and inserting “\$1,500,000”; and

16 (3) in section 19(b), by striking “\$1,000,000”  
17 and inserting “\$1,500,000”.

18 (d) AMENDMENTS TO THE FEDERAL CREDIT UNION  
19 ACT.—The Federal Credit Union Act (12 U.S.C. 1751 et  
20 seq.) is amended—

21 (1) in section 202(a)(3), by striking  
22 “\$1,000,000” and inserting “\$1,500,000”;

23 (2) in section 205(d)(3), by striking  
24 “\$1,000,000” and inserting “\$1,500,000”; and

25 (3) in section 206—

1 (A) in subsection (k)(2)(D), by striking  
2 “\$1,000,000” each place such term appears  
3 and inserting “\$1,500,000”; and

4 (B) in subsection (l), by striking  
5 “\$1,000,000” and inserting “\$1,500,000”.

6 (e) AMENDMENTS TO THE REVISED STATUTES OF  
7 THE UNITED STATES.—Title LXII of the Revised Stat-  
8 utes of the United States is amended—

9 (1) in section 5213(c), by striking  
10 “\$1,000,000” and inserting “\$1,500,000”; and

11 (2) in section 5239(b)(4), by striking  
12 “\$1,000,000” each place such term appears and in-  
13 serting “\$1,500,000”.

14 (f) AMENDMENTS TO THE FEDERAL RESERVE  
15 ACT.—The Federal Reserve Act (12 U.S.C. 221 et seq.)  
16 is amended—

17 (1) in the 6th undesignated paragraph of sec-  
18 tion 9, by striking “\$1,000,000” and inserting  
19 “\$1,500,000”;

20 (2) in section 19(l)(4), by striking  
21 “\$1,000,000” each place such term appears and in-  
22 serting “\$1,500,000”; and

23 (3) in section 29(d), by striking “\$1,000,000”  
24 each place such term appears and inserting  
25 “\$1,500,000”.

1 (g) AMENDMENTS TO THE BANK HOLDING COMPANY  
2 ACT AMENDMENTS OF 1970.—Section 106(b)(2)(F)(iv) of  
3 the Bank Holding Company Act Amendments of 1970 (12  
4 U.S.C. 1978(b)(2)(F)(iv)) is amended by striking  
5 “\$1,000,000” each place such term appears and inserting  
6 “\$1,500,000”.

7 (h) AMENDMENTS TO THE BANK HOLDING COMPANY  
8 ACT OF 1956.—Section 8 of the Bank Holding Company  
9 Act of 1956 (12 U.S.C. 1847) is amended—

10 (1) in subsection (a)(2), by striking  
11 “\$1,000,000” and inserting “\$1,500,000”; and

12 (2) in subsection (d)(3), by striking  
13 “\$1,000,000” and inserting “\$1,500,000”.

14 (i) AMENDMENTS TO TITLE 18, UNITED STATES  
15 CODE.—Title 18, United States Code, is amended—

16 (1) in section 215(a) of chapter 11, by striking  
17 “\$1,000,000” and inserting “\$1,500,000”;

18 (2) in chapter 31—

19 (A) in section 656, by striking  
20 “\$1,000,000” and inserting “\$1,500,000”; and

21 (B) in section 657, by striking  
22 “\$1,000,000” and inserting “\$1,500,000”;

23 (3) in chapter 47—

24 (A) in section 1005, by striking  
25 “\$1,000,000” and inserting “\$1,500,000”;

1 (B) in section 1006, by striking  
2 “\$1,000,000” and inserting “\$1,500,000”;

3 (C) in section 1007, by striking  
4 “\$1,000,000” and inserting “\$1,500,000”; and

5 (D) in section 1014, by striking  
6 “\$1,000,000” and inserting “\$1,500,000”; and

7 (4) in chapter 63—

8 (A) in section 1341, by striking  
9 “\$1,000,000” and inserting “\$1,500,000”;

10 (B) in section 1343, by striking  
11 “\$1,000,000” and inserting “\$1,500,000”; and

12 (C) in section 1344, by striking  
13 “\$1,000,000” and inserting “\$1,500,000”.

14 **TITLE III—DEMANDING AC-**  
15 **COUNTABILITY FROM FINAN-**  
16 **CIAL REGULATORS AND DE-**  
17 **VOLVING POWER AWAY FROM**  
18 **WASHINGTON**

19 **Subtitle A—Cost-Benefit Analyses**

20 **SEC. 311. DEFINITIONS.**

21 As used in this subtitle—

22 (1) the term “agency” means the Board of Gov-  
23 ernors of the Federal Reserve System, the Consumer  
24 Law Enforcement Agency, the Commodity Futures  
25 Trading Commission, the Federal Deposit Insurance