

BILL ANALYSIS

Senate Research Center

H.B. 1507
By: Dutton (Ratliff)
Jurisprudence
5-17-97
Engrossed

DIGEST

Currently, a large number of attorneys, accountants, and other professionals are declining services in connection with the issuance of small securities offerings, due to the risk of jury findings of liability and the potential for large damage awards. Many professionals have indicated that it would substantially increase the probability of professional involvement in small securities offerings if the amount of potential liability could be limited to a multiple of the fees earned by the professional in connection with the transaction. This bill limits the liability of professionals under the Texas Securities Act.

PURPOSE

As proposed, H.B. 1507 limits the liability of professionals under the Texas Securities Act.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 33, Article 581-33, V.T.C.S., by adding Subsection N, as follows:

N. LIMITATION OF LIABILITY IN SMALL BUSINESS ISSUANCE. Defines "small business issuer," for purposes of this section, unless the context otherwise requires. Sets forth provisions to which Section 33N applies. Sets forth a provision relating to the maximum amount of money authorized to be recovered against a person to which this section applies. Requires a small business issuer making an offer of securities to provide to the prospective buyer a written disclosure of the limitation of liability created by this section and to receive a signed acknowledgment that the disclosure was provided.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Emergency clause.
Effective date: upon passage.