[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.—
“(A) IN GENERAL.—In any action or proceeding brought or instituted by the Commission under any provision of the securities laws, the Commission may seek, and any Federal court may grant, any equitable relief, including—

“(i) restitution to investors in amounts equal to the amount of loss to such investors as a result of the act or practice with respect to which the Commission is bringing such an action or proceeding;

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

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

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

“(B) RULE OF CONSTRUCTION.—Any equitable relief sought under this paragraph may not be construed to be a penalty subject to
chapter 163 of part VI of title 28, United States Code.”.