

WAC 460-17A-040 Disqualification from use of SCOR registration.

(1) SCOR registration shall not be available for securities of any issuer if that issuer or any of its officers, directors, ten percent shareholders, promoters or any selling agents of the securities to be offered, or any officer, director, or partner of such selling agent:

(a) Has filed an application for registration which is the subject of a currently effective registration stop order entered pursuant to any federal, state, or provincial securities law within five years prior to the filing of the SCOR registration application;

(b) Has been convicted within five years prior to the filing of the SCOR registration application of any felony or misdemeanor in connection with the offer, purchase or sale of any security or any felony involving fraud or deceit, including, but not limited to, forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud;

(c) Is currently subject to any federal, state, or provincial administrative enforcement order or judgment entered by any state or provincial securities administrator or the Securities and Exchange Commission within five years prior to the filing of the SCOR registration application;

(d) Is subject to any federal, state, or provincial administrative enforcement order or judgment in which fraud or deceit, including but not limited to making untrue statements of material facts and omitting to state material facts, was found and the order or judgment was entered within five years prior to the filing of the SCOR registration application;

(e) Is subject to any federal, state, or provincial administrative enforcement order or judgment which prohibits, denies, or revokes the use of any exemption from registration in connection with the offer, purchase, or sale of securities;

(f) Is currently subject to any order, judgment, or decree of any court of competent jurisdiction temporarily, preliminarily, or permanently restrains or enjoins such party from engaging in or continuing any conduct or practice in connection with the purchase or sale of any security, or involving the making of any false filing with any state or with the Securities and Exchange Commission, entered within five years prior to the filing of the SCOR registration application; or

(g) Has violated the law of a foreign jurisdiction governing or regulating any aspect of the business of securities or banking or, within the past five years, has been the subject of an action of a securities regulator of a foreign jurisdiction denying, revoking, or suspending the right to engage in the business of securities as a broker-dealer, agent, or investment adviser or is the subject of an action of any securities exchange or self-regulatory organization operating under the authority of the securities regulator of a foreign jurisdiction suspending or expelling such person from membership in such exchange or self-regulatory organization.

(2) The prohibitions of subsection (1)(a) through (c) and (e) of this section shall not apply if the person subject to the disqualification is duly licensed or registered to conduct securities related business in the state or province in which the administrative order or judgment was entered against such person, or if the broker-dealer employing such person is licensed or registered in this state and the Form BD filed in this state discloses the order, conviction, judgment, or decree relating to such person.

(3) No person disqualified under this section may act in any capacity other than that for which the person is licensed or registered.

Any disqualification caused by this section is automatically waived if the jurisdiction which created the basis for disqualification determines upon a showing of good cause that it is not necessary under the circumstances that registration be denied.

[Statutory Authority: RCW 21.20.450. WSR 98-17-013, § 460-17A-040, filed 8/10/98, effective 9/10/98; WSR 96-11-027, § 460-17A-040, filed 5/6/96, effective 6/6/96; WSR 88-17-012 (Order SDO-048-88), § 460-17A-040, filed 8/8/88.]