
SENATE BILL 5183

State of Washington

53rd Legislature

1993 Regular Session

By Senator Moore

Read first time 01/15/93. Referred to Committee on Labor & Commerce.

1 AN ACT Relating to breaches of fiduciary duty in securities
2 advising; and amending RCW 21.20.020.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 21.20.020 and 1959 c 282 s 2 are each amended to read
5 as follows:

6 It is unlawful for any person who receives any consideration from
7 another party primarily for advising the other person as to the value
8 of securities or their purchase or sale, whether through the issuance
9 of analyses or reports or otherwise:

10 (1) To employ any device, scheme, or artifice to defraud the other
11 person; (~~or~~)

12 (2) To engage in any act, practice, or course of business which
13 operates or would operate as a fraud or deceit upon the other person;
14 or

15 (3) To breach the fiduciary duty owed by the advisor to the client.
16 Fiduciary duty exists if:

17 (a) The client's account is a discretionary one; or

18 (b) The advisor has substantial control and influence over the
19 exercise of investment decision making and judgment by the client.

1 Fiduciary duty includes the obligations to act in good faith with the
2 highest duty of care, honesty, and integrity, and to fully disclose all
3 known material information regarding the subject investment.

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