



General Assembly

February Session, 2004

Raised Bill No. 492

LCO No. 1592

01592_____JUD

Referred to Committee on Judiciary

Introduced by:
(JUD)

AN ACT CONCERNING CORPORATE FRAUD ACCOUNTABILITY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 33 of public act 03-259 is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 After the inception of an investigation by the state, or after
4 reasonable knowledge by a person of the fact that a state investigation
5 is likely to begin, no individual, [or publicly held] and no corporation
6 the securities of which are registered under Section 12 of the Securities
7 Exchange Act of 1934, as from time to time amended, or that is
8 required to file reports under Section 15(d) of the Securities Exchange
9 Act of 1934, as from time to time amended, shall alter, falsify, destroy
10 or conceal any record, document or tangible object for the purposes of
11 impeding, obstructing or influencing an investigation by the state
12 pertaining to [publicly held] securities issued by any such corporation.

13 Sec. 2. Subsection (a) of section 34 of public act 03-259 is repealed
14 and the following is substituted in lieu thereof (*Effective from passage*):

15 (a) No [publicly held corporation or] corporation organized under

16 the laws of this state or authorized to transact business in this state, the
17 securities of which are registered under Section 12 of the Securities
18 Exchange Act of 1934, as from time to time amended, or that is
19 required to file reports under Section 15(d) of the Securities Exchange
20 Act of 1934, as from time to time amended, and no officer, employee,
21 contractor, subcontractor [,] or agent of [a publicly held] any such
22 corporation, may discharge, demote, suspend, threaten, harass [,] or in
23 any manner discriminate against [an] any employee who performs any
24 portion of such employee's employment duties within this state in the
25 terms and conditions of employment because of any lawful act done
26 by the employee (1) to provide information, cause information to be
27 provided, or otherwise assist in an investigation regarding any
28 conduct that the employee reasonably believes constitutes a violation
29 of 18 USC Section 1341, 1343, 1344 or 1348, any rule or regulation of the
30 Securities and Exchange Commission, or any provision of federal or
31 state law relating to fraud against shareholders, when the information
32 or assistance is provided to or the investigation is conducted by (A) a
33 federal or state regulatory or law enforcement agency, (B) a member or
34 committee of Congress or the General Assembly, or (C) a person with
35 supervisory authority over the employee, or such other person
36 working for the employer who has the authority to investigate,
37 discover or terminate misconduct, or (2) to file [,] or cause to be filed a
38 proceeding, or to testify, participate [in,] or otherwise assist in a
39 proceeding filed or about to be filed, with any knowledge of the
40 employer, relating to an alleged violation of 18 USC Section 1341, 1343,
41 1344 or 1348, any rule or regulation of the Securities and Exchange
42 Commission, or any provision of federal or state law relating to fraud
43 against shareholders.

44 Sec. 3. Section 35 of public act 03-259 is repealed and the following is
45 substituted in lieu thereof (*Effective from passage*):

46 No accountant who conducts an audit of a [publicly held]
47 corporation the securities of which are registered under Section 12 of
48 the Securities Exchange Act of 1934, as from time to time amended, or

49 that is required to file reports under Section 15(d) of the Securities
 50 Exchange Act of 1934, as from time to time amended, shall alter,
 51 destroy or conceal any documents sent, received or created in
 52 connection with such audit and containing conclusions, opinions,
 53 analyses [] or financial data related to such audit for a period
 54 extending from the end of the fiscal period in which the audit was
 55 concluded until seven years after the conclusion of the audit.

56 Sec. 4. Subsection (c) of section 20-281k of the general statutes, as
 57 amended by section 43 of public act 03-259, is repealed and the
 58 following is substituted in lieu thereof (*Effective from passage*):

59 (c) Nothing [herein] in this section shall require a licensee to keep
 60 any workpaper beyond the period prescribed in any other applicable
 61 statute, except that any workpaper prepared by a licensee in the course
 62 of an audit of a [publicly held] corporation the securities of which are
 63 registered under Section 12 of the Securities Exchange Act of 1934, as
 64 from time to time amended, or that is required to file reports under
 65 Section 15(d) of the Securities Exchange Act of 1934, as from time to
 66 time amended, shall be retained for the period described in section 35
 67 of [this act] public act 03-259, as amended by this act.

This act shall take effect as follows:	
Section 1	<i>from passage</i>
Sec. 2	<i>from passage</i>
Sec. 3	<i>from passage</i>
Sec. 4	<i>from passage</i>

Statement of Purpose:

To clarify and make technical changes to certain statutory provisions concerning corporate fraud accountability and whistleblower protection.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]