

117TH CONGRESS
2D SESSION

S. 4657

To amend the Securities Exchange Act of 1934 to establish a grant program to fund qualified investor advocacy clinics, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 28, 2022

Ms. CORTEZ MASTO (for herself, Mr. MENENDEZ, and Mrs. FEINSTEIN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To amend the Securities Exchange Act of 1934 to establish a grant program to fund qualified investor advocacy clinics, and for other purposes.

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. SHORT TITLE.**

4 This Act may be cited as the “Investor Justice Act
5 of 2022”.

1 **SEC. 2. GRANTS TO QUALIFIED INVESTOR ADVOCACY CLIN-**
 2 **ICS.**

3 Section 4(g) of the Securities Exchange Act of 1934
 4 (15 U.S.C. 78d(g)) is amended by adding at the end the
 5 following:

6 “(9) GRANTS TO QUALIFIED INVESTOR ADVOCACY CLINICS.—

8 “(A) DEFINITIONS.—In this paragraph:

9 “(i) QUALIFIED INVESTOR ADVOCACY
 10 CLINIC.—The term ‘qualified investor ad-
 11 vocacy clinic’ means an entity that—

12 “(I) provides, or will provide, free
 13 representation to investors with claims
 14 of less than \$100,000 (as such
 15 amount is annually adjusted by the
 16 Investor Advocate to reflect the per-
 17 centage change in the Consumer Price
 18 Index for All Urban Consumers pub-
 19 lished by the Bureau of Labor Statis-
 20 tics of the Department of Labor) in
 21 securities arbitrations and mediations
 22 before a registered national securities
 23 association (with exceptions to the re-
 24 quirements of this subclause author-
 25 ized to be made by the Investor Advo-
 26 cate on a case-by-case basis); and

1 “(II) is or will be sponsored, of-
2 fered, or run by—

3 “(aa) a clinical program at,
4 or partnering with, an American
5 Bar Association accredited law
6 school; or

7 “(bb) an organization de-
8 scribed in section 501(c) of the
9 Internal Revenue Code of 1986
10 and exempt from tax under sec-
11 tion 501(a) of such Code.

12 “(ii) QUALIFIED REPRESENTATIVE.—
13 The term ‘qualified representative’ means
14 any individual authorized to represent in-
15 vestors before a registered national securi-
16 ties association.

17 “(B) GRANT AUTHORITY.—The Commis-
18 sion, acting through the Investor Advocate, may
19 make grants, on a competitive basis, to quali-
20 fied investor advocacy clinics in accordance with
21 this paragraph.

22 “(C) APPLICATIONS.—To be eligible for a
23 grant under subparagraph (B), a qualified in-
24 vestor advocacy clinic shall submit to the Com-
25 mission an application at such time, in such

1 form, and containing such information as the
2 Commission may require, including information
3 with respect to—

4 “(i) the number of investors in the
5 geographical area served by the clinic;

6 “(ii) other similar entities serving the
7 same population;

8 “(iii) the quality of the program of-
9 fered by the clinic, including—

10 “(I) the qualifications of the ad-
11 ministrators and qualified representa-
12 tives of the clinic; and

13 “(II) the record of the clinic, if
14 any, in providing legal and edu-
15 cational services to investors with low
16 dollar value claims in arbitrations and
17 mediations; and

18 “(iv) funding sources available to the
19 clinic, including—

20 “(I) amounts received from other
21 grants and contributions; and

22 “(II) the endowment and re-
23 sources of any institution sponsoring
24 the clinic.

1 “(D) GRANT USES.—A qualified investor
2 advocacy clinic to which a grant is made under
3 subparagraph (B) may only use the grant funds
4 for the development, expansion, or continuation
5 of the qualified investor advocacy clinic.

6 “(E) DETAIL OF FEDERAL AGENCY EM-
7 PLOYEES.—

8 “(i) IN GENERAL.—Upon the request
9 of the Commission, the head of any Fed-
10 eral agency may detail, on a reimbursable
11 basis, any of the personnel of that Federal
12 agency to the Commission to assist the
13 Commission in carrying out the functions
14 of the Commission under this paragraph.

15 “(ii) NO INTERRUPTION OF STA-
16 TUS.—The detail of any personnel under
17 clause (i) shall be without interruption or
18 loss of civil service status or privilege.

19 “(F) TRANSPARENCY.—A qualified inves-
20 tor advocacy clinic to which a grant is made
21 under subparagraph (B) shall submit to the
22 Commission a detailed accounting of the use of
23 the grant funds at such time, in such form, and
24 containing such information as the Commission
25 may require.

“(G) LIMITATIONS.—

“(i) AGGREGATE LIMITATION.—The aggregate amount of grants made under subparagraph (B) during a fiscal year may not exceed \$5,000,000 (as such amount is annually adjusted by the Investor Advocate to reflect the percentage change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor).

“(ii) SINGLE CLINIC LIMITATION.—In making grants under subparagraph (B), the Commission may not make, during a fiscal year, more than \$150,000 (as such amount is annually adjusted to reflect the percentage change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor) in grants to any single qualified investor advocacy clinic.

“(iii) FEDERAL SHARE.—The Federal share of the cost of activities carried out using a grant made under subparagraph (B) may not exceed 50 percent.

“(iv) MULTI-YEAR GRANTS.—

1 “(I) IN GENERAL.—In making
2 grants under subparagraph (B), the
3 Commission may make multi-year
4 grants.

5 “(II) LIMITATION.—A multi-year
6 grant made under this clause may not
7 be made for a period exceeding 3
8 years.

9 “(H) AUTHORIZATION OF APPROPRIA-
10 TIONS.—There are authorized to be appro-
11 priated such sums as may be necessary to carry
12 out this paragraph.”.

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