

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 16-0727.03 Bart Miller x2173

HOUSE BILL 16-1428

HOUSE SPONSORSHIP

Moreno,

SENATE SPONSORSHIP

(None),

House Committees
Business Affairs and Labor

Senate Committees

A BILL FOR AN ACT

101 CONCERNING A PROHIBITION AGAINST KNOWINGLY MAKING
102 MATERIALLY FALSE STATEMENTS TO DEPRESS THE STOCK
103 VALUE OF PUBLICLY TRADED DIRECT SELLING COMPANIES, AND,
104 IN CONNECTION THEREWITH, MAKING IT A MISDEMEANOR
105 CRIME TO KNOWINGLY ENGAGE IN THIS CONDUCT.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill makes it a misdemeanor crime for a person to knowingly make or induce another person to make a materially false or defamatory

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

statement to depress the stock value of a publicly traded direct selling company.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** article 39 to title
3 11 as follows:

4 **ARTICLE 39**

5 **Material False or Defamatory Statements Depress Stock Value -**
6 **Direct Selling Company**

7 **11-39-101. Material false statements - depress stock value -**
8 **direct selling company - penalty.** ANY PERSON WHO, WITH THE INTENT
9 TO DEPRESS THE STOCK VALUE OF A PUBLICLY TRADED DIRECT SELLING
10 COMPANY, DIRECTLY OR OTHERWISE AIDS, ABETS, ENCOURAGES, OR
11 INDUCES ANOTHER PERSON TO MAKE, CIRCULATE, OR TRANSMIT A
12 MATERIALLY FALSE OR DEFAMATORY STATEMENT, WHETHER WRITTEN,
13 PRINTED, OR SPOKEN, THAT IS CALCULATED TO INJURE THE COMPANY IN
14 ITS REPUTATION OR BUSINESS, COMMITS A CLASS 2 MISDEMEANOR AND
15 SHALL BE SENTENCED IN ACCORDANCE WITH SECTION 18-1.3-501, C.R.S.
16 NOTHING IN THIS SECTION AFFECTS THE AUTHORITY OF ANY STATE
17 AGENCY INCLUDING THE DEPARTMENT OF LAW OR OF ANY DISTRICT
18 ATTORNEY TO INVESTIGATE AND PROSECUTE THE VIOLATION OF ANY
19 OTHER LAW THAT IMPACTS A DIRECT SELLING COMPANY.

20 **SECTION 2. Act subject to petition - effective date -**
21 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
22 the expiration of the ninety-day period after final adjournment of the
23 general assembly (August 10, 2016, if adjournment sine die is on May 11,
24 2016); except that, if a referendum petition is filed pursuant to section 1
25 (3) of article V of the state constitution against this act or an item, section,

1 or part of this act within such period, then the act, item, section, or part
2 will not take effect unless approved by the people at the general election
3 to be held in November 2016 and, in such case, will take effect on the
4 date of the official declaration of the vote thereon by the governor.

5 (2) This act applies to materially false statements with the intent
6 to depress the stock value of publicly traded direct selling companies
7 made on or after the applicable effective date of this act.