

STATE OF NEW YORK

6227

2023-2024 Regular Sessions

IN ASSEMBLY

April 3, 2023

Introduced by M. of A. WEPRIN, BRONSON, COLTON -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the business corporation law and the retirement and social security law, in relation to authorizing certain actions by institutional investors

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The business corporation law is amended by adding a new
2 section 631 to read as follows:

3 § 631. Action by certain mutual funds and other institutional investors.

4 (a) Any mutual fund or other institutional investor incorporated under
5 the laws of this state or which maintains its principal place of busi-
6 ness in this state, that is damaged in connection with the purchase or
7 sale of a security as a result of the commission of any act prohibited
8 by section three hundred fifty-two-c of the general business law, may
9 bring an action for damages against any person, partnership, corpo-
10 ration, company, limited liability company, trust, or association that
11 committed or participated in the commission of such prohibited act.

12 (b) No mutual fund or other institutional investor that had fewer than
13 five hundred beneficiaries at the time of the purchase or sale of the
14 security may bring an action under this section.

15 (c) With respect to allegations that a representation or statement was
16 false, the plaintiff with respect to allegations required to plead and
17 prove that the person who made such statement: (i) knew the truth; (ii)
18 with reasonable effort could have known the truth; (iii) made no reason-
19 able effort to ascertain the truth; or (iv) did not have knowledge
20 concerning the representation or statement made. With respect to allega-
21 tions of any other nature, the plaintiff is required to plead and prove
22 that the person acted with negligence.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 (d) No such action may be brought more than six years from the time
2 the plaintiff discovered the allegedly prohibited act or could, with
3 reasonable diligence, have discovered it.

4 (e) After such action has been brought, notwithstanding any provision
5 of law to the contrary, disclosure and related proceedings shall not be
6 stayed during the pendency of any motion to dismiss, unless the court so
7 directs.

8 § 2. Section 179-a of the retirement and social security law, as
9 renumbered by chapter 868 of the laws of 1975, is renumbered section
10 179-b and a new section 179-a is added to read as follows:

11 § 179-a. Action by certain public pension plan or fund or retirement
12 system investors. 1. A public retirement system as defined in subdivi-
13 sion twenty-three of section five hundred one of this chapter, that is
14 damaged in connection with the purchase or sale of a security as a
15 result of the commission of any act prohibited by section three hundred
16 fifty-two-c of the general business law, may bring an action for damages
17 against any person, partnership, corporation, company, limited liability
18 company, trust, or association that committed or participated in the
19 commission of such prohibited act.

20 2. No such public pension plan or fund or retirement system investor
21 that had fewer than five hundred beneficiaries at the time of the
22 purchase or sale of the security may bring an action under this section.

23 3. With respect to allegations that a representation or statement was
24 false, the plaintiff is required to plead and prove that the person who
25 made such statement: (a) knew the truth; (b) with reasonable effort
26 could have known the truth; (c) made no reasonable effort to ascertain
27 the truth; or (d) did not have knowledge concerning the representation
28 or statement made. With respect to allegations of any other nature, the
29 plaintiff is required to plead and prove that the person acted with
30 negligence.

31 4. No such action may be brought more than six years from the time the
32 plaintiff discovered the allegedly prohibited act or could, with reason-
33 able diligence, have discovered it.

34 5. After such action has been brought, notwithstanding any provision
35 of law to the contrary, disclosure and related proceedings shall not be
36 stayed during the pendancy of any motion to dismiss, unless the court so
37 directs.

38 § 3. This act shall take effect immediately and shall apply to causes
39 of action accruing and actions pending before, on, or after such date.