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## HOUSE BILL NO. 628

Offered January 19, 1996

A BILL to amend and reenact § 13.1-506 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 38.2-1831.1 and 54.1-104.1 and by adding in Article 6 of Chapter 39 of Title 54.1 a section numbered 54.1-3938.1, relating to default in student loans; suspension of licenses.

Patron—Diamonstein (By Request)

Referred to Committee on Corporations, Insurance and Banking

**Be it enacted by the General Assembly of Virginia:**

**1. That § 13.1-506 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding sections numbered 38.2-1831.1 and 54.1-104.1 and by adding in Article 6 of Chapter 39 of Title 54.1 a section numbered 54.1-3938.1 as follows:**

§ 13.1-506. Revocation of registration.

The Commission may, by order entered after a hearing on notice duly served on the defendant not less than thirty days before the date of the hearing, revoke the registration of a broker-dealer, investment advisor, investment advisor representative or agent, or refuse to renew a registration if an application for renewal has been or is to be filed, if it finds that such an order is in the public interest and that such broker-dealer, investment advisor or any partner, officer or director of such broker-dealer or investment advisor, or any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling or controlled by such broker-dealer or investment advisor or that such agent or investment advisor representative:

1. Has engaged in any fraudulent transaction;
2. Is insolvent, or in danger of becoming insolvent, either in the sense that his liabilities exceed his assets or in the sense that he cannot meet his obligations as they mature;
3. Has been adjudicated mentally incompetent or is a person for whom a committee or guardian has been appointed and is acting;
4. Has been convicted, within or without this Commonwealth, of any misdemeanor involving a security or any aspect of the securities or investment advisory business or any felony;
5. Has failed to furnish information or records requested by the Commission concerning his conduct of the securities or investment advisory business; or
6. [Repealed.]
7. Has failed to conduct his securities or investment advisory business in accordance with the rules of the Commission; or
8. Has defaulted in the repayment of any student loan guaranteed by the Virginia Student Assistance Authority and is not paying in a satisfactory manner as determined by the repayment requirements of the United States Department of Education for reinstatement of borrower loan eligibility. The Commission, with the advice of the Virginia Student Assistance Authority, shall adopt rules necessary to implement this subdivision.

§ 38.2-1831.1. Refusal to renew; suspension of license for default in student loan.

The Commission may refuse to renew or may suspend a certificate or license of any person if the person is in default in the repayment of any student loan guaranteed by the Virginia Student Assistance Authority and is not paying in a satisfactory manner as determined by the repayment requirements of the United States Department of Education for reinstatement of borrower loan eligibility. The Commission, with the advice of the Virginia Student Assistance Authority, shall adopt rules necessary to implement this section.

§ 54.1-104.1. Refusal to renew; suspension of licenses for default in student loan.

Regulatory boards may refuse to renew or may suspend a certificate or license of any person if the person is in default in repayment on any student loan guaranteed by the Virginia Student Assistance Authority and is not paying in a satisfactory manner as determined by the repayment requirements of the United States Department of Education for reinstatement of borrower loan eligibility. The regulatory boards, with the advice of the Virginia Student Assistance Authority, shall adopt regulations necessary to implement this section. Actions of any regulatory board in (i) adopting such regulations and (ii) refusing to renew or suspending a license shall be subject to the Administrative Process Act (§ 9-6.14:1 et seq.).

§ 54.1-3938.1. Refusal to renew; suspension of licenses for default in student loan.

The Virginia State Bar may refuse to renew or may suspend a license of any person if the person is

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**60** *in default in the repayment of any student loan guaranteed by the Virginia Student Assistance Authority*  
**61** *and is not paying in a satisfactory manner as determined by the repayment requirements of the United*  
**62** *States Department of Education for reinstatement of borrower loan eligibility. The Virginia State Bar,*  
**63** *with the advice of the Virginia Student Assistance Authority, shall adopt rules necessary to implement*  
**64** *this section.*