

HOUSE No. 1922

The Commonwealth of Massachusetts

PRESENTED BY:

Tram T. Nguyen

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to fair investment.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Tram T. Nguyen</i>	<i>18th Essex</i>	<i>1/16/2025</i>
<i>Marjorie C. Decker</i>	<i>25th Middlesex</i>	<i>9/11/2025</i>
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	<i>6/12/2025</i>
<i>Samantha Montaño</i>	<i>15th Suffolk</i>	<i>2/3/2025</i>
<i>Lindsay N. Sabadosa</i>	<i>1st Hampshire</i>	<i>2/7/2025</i>
<i>Danillo A. Sena</i>	<i>37th Middlesex</i>	<i>3/10/2025</i>

HOUSE No. 1922

By Representative Nguyen of Andover, a petition (accompanied by bill, House, No. 1922) of Tram T. Nguyen and others for legislation to further regulate investment practices. The Judiciary.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court
(2025-2026)**

An Act relative to fair investment.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. The General Laws are hereby amended by inserting after Chapter 151F the
2 following chapter:-

3 Chapter 151G.

4 FAIR INVESTMENT PRACTICES.

5 Section 1. As used in this chapter, the following words shall have the following meanings
6 unless the context clearly requires otherwise:

7 “Commission”, the Massachusetts commission against discrimination, established by
8 section 56 of chapter 6.

9 “Derivative investment”, an acquisition of securities by a venture capital company in the
10 ordinary course of the venture capital company’s business in exchange for an existing venture
11 capital investment either: (i) upon the exercise or conversion of the existing venture capital

12 investment; or (ii) in connection with a public offering of securities or the merger or
13 reorganization of the operating company to which the existing venture capital investment relates.

14 “Historically disadvantaged members of protected classes”, members of protected classes
15 that have historically received less in professional investor funding than their respective shares of
16 the population.

17 “Professional investor”, one or more persons, including but not limited to, a bank, bank
18 holding company, savings institution, trust company, insurance company, investment company
19 registered under the Federal Investment Company Act of 1940, pension or profit-sharing trust or
20 other financial institution or institutional buyer, licensee under the Federal Small Business
21 Investment Act of 1958, partnership, association, corporation, legal representative, trustee,
22 trustee in bankruptcy, receiver, and venture capital fund, whose business includes sponsoring,
23 guaranteeing or granting funds or engaging in investment transactions.

24 “Protected characteristic”, race; color; religious creed; national origin; sex; gender
25 identity; sexual orientation, which shall not include sexual orientation involving minor children
26 as the sex object; age; genetic information; ancestry; status as a veteran; handicap; or pregnancy
27 or a condition related to said pregnancy including, but not limited to, lactation or the need to
28 express breast milk for a nursing child.

29 “Protected class”, a group of people sharing a protected characteristic.

30 “Venture capital company”, an entity that: (i) on at least one occasion during the annual
31 period commencing with the date of the entity’s initial capitalization, and on at least one
32 occasion during each annual period thereafter, at least 50 per cent of the entity’s assets other than
33 short-term investments pending long-term commitment or distribution to investors, valued at

34 cost, are venture capital investments or derivative investments; (ii) the entity is a “venture capital
35 fund” as defined in 17 C.F.R. section 275.203 (l)-(1); or (iii) the entity is a “venture capital
36 operating company” as defined in 29 C.F.R. section 2510.3-101(d).

37 “Venture capital fund”, shall have the same meaning as defined in 17 C.F.R. section
38 275.203 (l)-(1).

39 “Venture capital investment”, an acquisition of securities in an operating company as to
40 which the investment adviser, the entity advised by the investment adviser, or an affiliated
41 person of either has or obtains management rights.

42 Section 2. Professional investors, including but not limited to venture capital firms,
43 private equity firms, hedge funds and investment banks, must comply with the compliance
44 guidelines established in section 4. Said professional investors shall not engage in investment
45 activities or business practices in the commonwealth without complying with section 4.

46 Section 3. Failure to comply with section 2 shall be an unfair or deceptive trade practice
47 under chapter 93A subject to challenge pursuant to section 4 of said chapter 93A but not
48 pursuant to sections 9 or 11 of said chapter 93A. In addition to seeking any civil penalties, costs,
49 or fees, the attorney general may seek, and the court may grant, damages, including, but not
50 limited to, compensatory, incidental, consequential and punitive damages, on behalf of those
51 affected by a violation. The attorney general may also seek and the court may grant, injunctive
52 and other appropriate equitable relief.

53 Section 4. (a) The attorney general, in consultation with the commission and the secretary
54 of state shall require professional investors to follow compliance guidelines that require
55 professional investors to, at minimum:

56 (1) include a written policy in the professional investor's organizational charter that
57 details how the professional investor will comply with the requirements of this chapter;

58 (2) adopt clear, written procedures specifying how the professional investor and the
59 professional investor's employees and agents will ensure that said professional investors,
60 employees, and agents and said professional investor's organization comply with the
61 requirements of this chapter;

62 (3) complete and submit to the attorney general a written self-evaluation at least once
63 every 3 years, of the professional investor's investments and investment decisions that evaluates
64 whether the professional investor has made reasonable progress towards providing a greater
65 share of the professional investor's funding to historically disadvantaged members of protected
66 classes and entities and ventures that historically disadvantaged members of protected classes
67 direct, own or manage; provided, however, that the evaluation shall include a reasonable amount
68 of detail, but in no event shall the professional investor include in their evaluation confidential or
69 proprietary information or trade secrets; provided further that submitted written self-evaluations
70 shall be public records for the purpose of clause Twenty-sixth of section 7 of chapter 4; and

71 (4) comply with the rules, regulations, and other guidance developed by the attorney
72 general under this chapter.

73 (b) As needed, but not less than every 3 years, the attorney general, in consultation with
74 the commission and the secretary of state, shall update the compliance guidelines.

75 (c) The attorney general shall promulgate rules, regulations or other guidelines to
76 implement this section. Such rules, regulations or other guidelines may include model templates
77 for a professional investor to modify and adopt for its particular use.

78 Section 5. This chapter shall be construed liberally to accomplish its purposes. Nothing
79 contained in this chapter shall be deemed to repeal any provision of any other law of this
80 commonwealth.

81 SECTION 2. Notwithstanding any general or special law to the contrary, the attorney
82 general, in consultation with the commission and the secretary of state, shall publish compliance
83 guidelines, as required by section 4 of chapter 151G of the General Laws, not later than 1 year
84 after the effective date of this act.