

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) The attorney general shall promulgate rules, regulations or other guidelines to implement this section. Such rules, regulations or other guidelines may include model templates 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.