



STATE OF NEW YORK

DEPARTMENT OF LAW

REAL ESTATE FINANCE BUREAU

MEMORANDUM

**Re: Broker-Dealer Registration Requirements
Pursuant to N.Y. Gen. Bus. Law § 359-e**

Date: July 10, 2014

The Department of Law publishes this memorandum as a guidance document pursuant to State Administrative Procedure Act (“S.A.P.A.”) § 102(14).

The initial public offering of cooperative interests in realty, such as condominiums, cooperatives, timeshares, interests in homeowners associations, and certain senior residences, is governed by various provisions of Article 23-A of the General Business Law (“G.B.L.”). In addition to the requirements of providing an offering plan to prospective purchasers before the sale of cooperative interests in realty, the G.B.L. also requires broker-dealers of real estate securities to file a registration statement with the Attorney General and such registration statement must contain certain background information about the registrant and its principals. *See* G.B.L. §§ 359-e(3), 359-e(3)(a), 359-e(4). The Attorney General is authorized to prescribe forms and require other pertinent information be supplied by the registrant. *Id.* This information is provided to the Attorney General by filing an M-10 Broker-Dealer Registration Statement (“M-10”), and in the case of a change in such information, by filing a Supplemental Broker-Dealer Registration Statement (“M-3”). *See* 13 N.Y.C.R.R. Part 10.

The registration of broker-dealers is for a period of four years, and continues to be effective for a period of ninety days following the end of the four-year period. G.B.L. § 359-e(3)(c). The M-3 must be filed with the Department of Law (“DOL”) no later than thirty days after a change in the name, address, management, or status of injunctions or other proceedings. 13 N.Y.C.R.R. § 10.3.

The G.B.L. requires the registration of broker-dealers and the disclosure of information that is designed to permit the Attorney General to investigate sellers and regulate their conduct as well as to allow investors to make an informed investment decision and warn them about whom they are trusting with their money. *People v. Landes*, 84 N.Y.2d 655, 662 (1994). Broker-

dealers must maintain an active Broker-Dealer Registration Statement on file with the DOL as long as they are engaging in the offer and sale of real estate securities.

Some broker-dealers of real estate securities have been failing to file the required Broker-Dealer Registration Statements, or have let them lapse. If not already up-to-date, broker-dealers have thirty days from the date of this guidance document to register or update their Broker-Dealer Registration Statements.

The Attorney General has the authority under Article 23-A of the G.B.L. to investigate and strictly enforce violations of the statutes and regulations governing broker-dealer registration requirements.

Broker-Dealer Registration Statement forms can be found on the Real Estate Finance Bureau's website: <http://www.ag.ny.gov/real-estate-finance-bureau/forms>.