

Securities Program Goal		Agency/Program #: 3401-04-G1
		Division: Securities Division
		Program:
Agency Name:	State Auditor's Office	
Agency Contact:	Lynne Egan	444-4388
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Program or Project Description:

The Securities Program is responsible for the administration and enforcement of the Securities Act of Montana and, in particular, for the registration of securities issuers, salespeople, broker-dealers, investment advisers, and investment adviser representatives. The program is also responsible for the investigation of unregistered and fraudulent securities transactions, and resolving investor complaints and other investment related issues.

Fund Name:	Appropriation, Expenditure and Source				Approp & Expenditure numbers are as of October 31, 2007
	2008		2009		
	Approp.	Expended	Approp.	Expended	
General Fund					
State Special	859,459	160,953	892,221	0	
Federal Funds					
Total:	\$859,459	\$160,953	\$892,221	\$0	

Goal(s):

Protect the investor, persons engaged in securities transactions, and the public interest

Performance Measures :

1. Regulation of the securities industry through a comprehensive broker-dealer and investment adviser firm examination program to ensure firms have adequate policies and procedures to prevent and detect potential violations of the Securities Act of Montana. At least six comprehensive examinations begun or completed during the current biennium. Results of the exams will be compared with previous exam periods to determine level of compliance and the determination of whether themes or trends appear related to sales or business practice violations.
2. Continuation of the investor education and law enforcement training programs. At least one investor education forum and law enforcement training program each month, spread geographically across the state for the remainder of the biennium. Feedback from previous forums will be used to tailor presentations and sessions to provide the most effective and timely information. Surveys will be distributed following scheduled sessions to provide more immediate information about whether the information offered by the agency meets participant expectations.

	2009 Biennium Significant Milestones:	Completion Dates	
		Target	Actual
1	Investor Education Seminars, total of 16 (8 per year), geographically dispersed throughout state	6/30/2009	
2	Law Enforcement Trainings, total of 6 (3 per year) geographically dispersed throughout state	6/30/2009	
3	Capital Formation Seminars, total of 6 (3 per year), geographically dispersed throughout state	6/30/2009	
4	Broker-dealer branch office examinations, total of 20 (10 per year). Broker-dealer firms that have not previously been examined by agency.	6/30/2009	
5	Continuing staff education. Each securities staff employee will attend at least one NASAA funded and sponsored training event. Total of 12.	6/30/2009	

Administrative Actions. Minimum of 25 proposed and resolved administrative actions. Levy fines totalling at least \$75,000 annually.

6/30/2009

Performance Report:

During the period July - October 2007 the Securities Division has hosted four (4) investor education seminars - Missoula, Dillon, Helena and Bozeman. Approximately 500 individuals attended these seminars. The Securities Division anticipates similar numbers in the 3rd and 4th quarters of FY08. The Division generally does not conduct seminars during the holiday and extreme winter months of January and February. During the period July - October 2007 the Securities Division conducted three law enforcement trainings, one each in Missoula, Dillon and Helena. Approximately 20 law enforcement officers received POST certification from these trainings. The Securities Division anticipates hosting three Capital Formation Seminars in April and May 2008, one in Kalispell, Missoula and Bozema. During the period July - October 2007 the Securities Division has performed and is completing broker-dealer/investment adviser branch office examinations of Concord Equity Advisors (Billings), Optima (Billings), Horizon Capital (Billings), NyLife Securities (Circle), and UBS Financial Services (various locations).

The examination of branch offices is an ongoing issue and the Department anticipates beginning and completing at least six (6) more examinations during the period November 2007 - June 2008. During the period July - December, 2007, one examiner and two attorneys will have attended NASAA sponsored training for investigators/attorneys in San Antonio, Texas; one staff member attended NASAA sponsored Investor Education training in Atlanta, Georgia, and five staff members attended a National White Collar Crime Center workshop on elder fraud in Helena. To date in fiscal year 2008 the Securities Division has initiated six administrative actions, settled four administrative actions, levied \$132,000 in fines, ordered \$299,000 in restitution and barred two individuals permanently from the securities business in Montana.

LFD Narrative:

EXECUTIVE CHANGES

1. Changes to goals/initiatives –No
2. Changes to performance measures- No

LFD ASSESSMENT

1. Goal is measurable within the biennium: Yes
2. Progress toward goals: On Track – at this time the Securities Program appears it will meet or exceed the measurements for the goal of protecting the investor, persons engaged in securities transactions, and the public interest

APPROPRIATION ISSUES

1. Appropriation/expenditure provided - Yes
2. Other appropriation issues – No

OPTIONS REGARDING THE GOAL/INITIATIVE AND PERFORMANCE MEASURES

The workgroup may wish to remove this performance measurement from discussion in June 2008 and November 2008



Version	Date	Author

Change Description