

FINAL BILL REPORT

SB 5332

C 46 L 95
Synopsis as Enacted

Brief Description: Regulating securities.

Sponsors: Senators Prentice, Hale, Fraser and Winsley; by request of Department of Financial Institutions.

Senate Committee on Financial Institutions & Housing
House Committee on Financial Institutions & Insurance

Background: In 1993, the Legislature consolidated several responsibilities of the Department of General Administration and the Department of Licensing into the Department of Financial Institutions. The Department of Licensing transferred the Securities Division to the Department of Financial Institutions. The Securities Division regulates securities, franchises, business opportunities, commodities, and other speculative investments.

In 1994, the Department of Financial Institutions began a process of identifying unnecessary regulatory burdens in the regulation of securities. From this analysis, it is recommended that some filing and notice requirements be eliminated from the Securities Act of Washington.

Under the Securities Act of Washington, the director of the Department of Financial Institutions, or an officer designated by the director, has the ability to subpoena witnesses to aid in an investigation. It is suggested that such powers be modified to allow the director or designee to issue subpoenas that would aid other states in securities investigations.

Currently, when there is a violation of the Securities Act, the director has the power to issue a cease and desist order to stop the behavior. However, the director must obtain a court order to mandate an affirmative action, such as returning investor funds.

Summary: The director is permitted to issue subpoenas for other states, if the activity that occurred in the other states also violated Washington's Securities Act.

The director is permitted to include affirmative relief, such as returning an investor's funds, in a cease and desist order.

Various modifications are made to the filing provisions of the Securities Act of Washington.

Votes on Final Passage:

Senate	47 0
House	97 0

Effective: July 23, 1995