

# THE COUNCIL OF STATE GOVERNMENTS

## RESOLUTION IN SUPPORT OF STATE SECURITIES REGULATION

### Resolution Summary

According to the North American Securities Administrators Association (NASAA), states are responsible for enforcing state securities laws, the licensing of firms and investment professionals, registering certain securities offerings, examining broker-dealers and investment advisers, pursuing cases of suspected investment fraud, and providing investor education programs and materials to the state's citizens. State regulation is an essential component of the nation's current regulatory structure. In the area of securities regulation, the states bring experience, resources, and passion to the job of licensing professionals, conducting examinations, and bringing enforcement actions – both civil and criminal – against those who prey on our nation's citizens. The states also serve as a local resource that investors can turn to for help when they have been exploited.

Because of the close proximity to individual investors, states are in the best position, among all law enforcement officials, to deal aggressively with securities law violations. States respond to investors who typically call them first with complaints, or request information about securities firms or financial professionals. They work on the front lines, investigating potentially fraudulent activity and alerting the public to problems. Because they are closest to the investing public, states are often first to identify new investment scams and to bring enforcement actions to halt and remedy a wide variety of investment related violations.

**This resolution was originally adopted by the National Association of Secretaries of State (NASS) at the NASS 2009 Winter Conference.**

### Additional Resource Information

- National Association of Secretaries of State  
<http://www.nass.org/>
- North American Securities Administrators Association  
<http://www.nasaa.org/>
- United States Securities and Exchange Commission  
[www.sec.gov](http://www.sec.gov)

### CSG Management Directives

**Management Directive #1:** CSG will support its affiliate, the National Association of Secretaries of State, in its commitment to maintaining and enhancing the ability of states to regulate securities.

**Management Directive #2:** CSG staff will post approved resolution on CSG's web site and make available through its regular communication venues at the state and local level to ensure its distribution to the state government and policy community.

## **THE COUNCIL OF STATE GOVERNMENTS**

### **RESOLUTION IN SUPPORT OF STATE SECURITIES REGULATION**

**WHEREAS**, there is now a crisis in the United States and world financial markets which demonstrates the need for strong, effective securities regulation; and

**WHEREAS**, the losses suffered in the financial markets have damaged confidence in those markets, and have greatly harmed small and retail investors; and

**WHEREAS**, financial and property market crashes have created the need for government bailouts and financial rescue packages, and the cost of these bailouts will be borne by all taxpayers; and

**WHEREAS**, federal securities regulation has repeatedly proven to be inadequate to police the financial markets and protect investors; and

**WHEREAS**, the state securities agencies have effectively filled the gaps left by other regulators and have energetically protected retail investors; and

**WHEREAS**, CSG favors preserving a diversity of financial regulators, state and federal, that can act independently when such independence is warranted; and

**WHEREAS**, the financial services industry wishes for the regulatory authority of the states to be diminished or preempted because the states have regulated effectively and aggressively;

**NOW THEREFORE BE IT RESOLVED** that The Council of State Governments urges that the United States Congress and the President of the United States maintain and enhance the ability of the states to protect the investors and consumers residing in their states taking no action that would jeopardize, diminish, or preempt the existing authority of the states to investigate and prosecute investment fraud and other illegal investment activities by broker-dealers, investment advisers, their agents and representatives, financial planners, and any other persons or entities, whether licensed or unlicensed, engaged in activities in connection with the offer and sale of securities within a state.

**BE IT FURTHER RESOLVED** that a copy of this resolution shall be forwarded to each member of the United States congress and to the President of the United States.

Adopted this \_\_\_\_Day of November, 2009 at the CSG Annual Conference in La Quinta, California

---

Governor Joe Manchin III, West Virginia  
2009 CSG President

---

Sen. Bart Davis, Idaho  
2009 CSG Chair