



NASS

National Association
of Secretaries of State

NATIONAL ASSOCIATION OF SECRETARIES OF STATE

RESOLUTION ON SECURITIES REGULATION AND H.R. 2179

WHEREAS, the National Association of Secretaries of State (NASS) is an organization of member states; and

WHEREAS, NASS adopted a Resolution on Securities Regulation on February 6, 2001, and reaffirmed said Resolution on July 28, 2002; and a further resolution on July 27, 2003; and February 15, 2004; and

WHEREAS, NASS is aware that the United States Congress is considering H.R. 2179, "The Securities Fraud Deterrence and Investor Restitution Act of 2004," and that NASS members believe the original Section 8(b) of said Act would have threatened to seriously undermine the effectiveness of state securities regulation by preempting states from negotiating remedial actions with firms or individuals that differ from federal or self-regulatory standards and from imposing any state requirement related to disclosure or conflict of interest; and

WHEREAS, allegations of improper activities within the mutual fund industry and admitted conflicts of interest in a number of the nation's largest brokerage firms have been disclosed within the past year, all of which have had a significant impact on the investing public and almost all of which have come to light through the efforts of state securities regulators, NASS believes it would be a tremendous mistake to curtail the ability of states to protect their own citizen investors through the work of state securities regulators;

BE IT THEREFORE RESOLVED that the National Association of Secretaries of State urges the United States Congress to maintain the ability of the states to protect the investors and consumers residing within their states by taking no action that would jeopardize or diminish the existing authority of the states to investigate and prosecute investment fraud and other illegal investment activities by stock brokers, investment advisers, other sales people and financial planners, and unlicensed persons doing business within a state. NASS also opposes any further study of this issue that would materially alter the balance of state-federal authority for securities regulation.

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

APPROVED the 16th day of July, 2004, by the NASS Committee on Securities, and formally adopted by a majority vote of the membership at the annual summer conference business meeting in New Orleans, Louisiana.

Expires at the Summer Conference 2009

Adopted February 15, 2004
Amended this 16th day of July, 2004
in New Orleans, Louisiana