MEASURE NUMBER: SB 119 STATUS: A Engrossed
SUBJECT: Authorizes Department of Justice to take enforcement and investigation actions under Oregon Securities Law.
GOVERNMENT UNIT AFFECTED: Department of Justice, Department of Consumer and Business Services
PREPARED BY: Tim Walker
REVIEWED BY: Doug Wilson, Robin LaMonte
DATE: May 4, 2007

<u>2007-2009</u>

2009-2011

EXPENDITURES: See Comments

REVENUES: See Comments

EFFECTIVE DATE: January 1, 2008

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This bill gives authority to Department of Justice (DOJ) to pursue violations of Oregon Securities Law. Included in the grant of authority is the ability to conduct investigations, require statements under oath, issue subpoenas and bring suit for injunction or to enforce compliance. In addition, DOJ may pursue claims for restitution or damages; claim for disgorgement of illegal gains; claim for appointment of receiver; claim for fine; and to seek reasonable attorney's fees. In addition, the bill requires DOJ to have the prior approval of the Director of the Department of Consumer and Business Services (DCBS) before pursuing litigation.

Under current statutes DOJ and Department of Consumer and Business Services (DCBS) cannot pursue violations of Oregon Securities Laws for companies listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) system or the New York Stock Exchange (NYSE). Currently, DOJ may represent DCBS in any securities case in which DCBS requests their representation. This bill provides another tool for DOJ to use in addition to Oregon's Unfair Trade Practices Act (UTPA), anti-trust laws, and Racketeer Influenced and Corrupt Organization (RICO) statutes.

DOJ anticipates the cost of these activities would be covered by the Consumer Protection and Education account. This Other Funds account is funded through contributions, judgments, and settlements from Assurances of Voluntary Compliance and other enforcement actions under UTPA, anti-trust laws, and RICO statutes. A claim for surrender of illegal gains or profits would be deposited in the General Fund unless otherwise directed by the court. Any fines realized would likewise be deposited in the General Fund. DOJ does not anticipate the need for additional staff due to this bill. If the bill results in increased workload, DOJ will reprioritize which actions to pursue.