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Chair Prozanski, members of the committee, my name is Gary Blackmer, Director of the Secretary of State's Audits Division. Thank you very much for the opportunity to discuss HB 2173.

We believe that this bill will resolve any questions about our responsibility to report suspicions of fraud and other criminal activity to the appropriate law enforcement agency.

We encountered a situation last year where an attorney from a federal agency pointed out that Oregon statutes did not clearly authorize the Secretary of State to report suspicions of fraud to law enforcement. With considerable effort we conveyed our evidence, via two other agencies, to the FBI, which began an investigation.

We follow federal *Government Auditing Standards*, which require vigilance against fraud and other criminal activity, but the standards do not require reporting to law enforcement. I admit I was surprised to discover that the Secretary of State lacks clear authority to report this kind of evidence discovered during normal auditing activities, but we believe HB 2173 will provide the necessary clarity.

I would call this bill a housekeeping matter, except that we take the matter of fraud and other criminal activity very seriously. HB 2173 would require the Secretary of State to directly contact the appropriate law enforcement agency should we discover potential fraud or other criminal activity.

Thank you for the opportunity to discuss this bill. I'm happy to answer any questions you may have.