NASS
National Association of Secretaries of State

National Association of Secretaries of State
Resolution on Securities Regulation
Approved by Membership February 6, 2005

WHEREAS, the National Association of Secretaries of State (NASS) is an organization of member states, and one of the missions of NASS members is to serve and protect the investors and consumers in our states; and

WHEREAS, NASS is aware that the Office of Thrift Supervision (OTS) issued an opinion letter dated October 25, 2004, which was intended to preempt state regulators from licensing independent agents of federal savings associations who are selling certain financial products; and

WHEREAS, NASS members believe that state licensing requirements provide essential investor protection by screening out independent agents who are unfit by reason of training, education or disciplinary history to market securities; and

WHEREAS, NASS members believe that state securities regulators focus on investor protections, specifically the suitability of products sold to consumers, and that that the OTS opinion letter places our states' investors at risk of serious harm; and

WHEREAS, NASS members dispute the OTS' assertion that it has exclusive and adequate authority to regulate, examine and take enforcement actions against independent agents of federal savings associations; and

BE IT THEREFORE RESOLVED that the National Association of Secretaries of State strenuously objects to the Office of Thrift Supervision's issuance of its October 25, 2004 opinion letter, and further urges in the strongest terms that OTS withdraw this groundless opinion. It should be noted that this opinion was issued by OTS without notice and opportunity for public review and comment. The history of securities and investments regulation proves in stark terms that the investing public needs more, not less, transparency and accountability from regulatory agencies, including those federal agencies that would seek to usurp the protections afforded the investing public under state law. In light of this history, NASS requests full and complete disclosure to all state securities regulators of all information, documents, data, representations, and other material submitted or provided by State Farm to OTS in seeking issuance of the opinion letter or otherwise seeking OTS intervention or interpretation, whether relied upon or not by OTS.

Hall of States, 444 N. Capitol Street, N.W., Suite 401, Washington, DC 20001
(202) 624-3525 (202) 624.3527 Fax
www.nass.org

BE IT FURTHER RESOLVED that NASS calls upon the Congress, particularly the Senate Banking, Housing and Urban Affairs Committee and the House of Representatives Financial Services Committee, to fully investigate the OTS and its attempted usurpation by regulatory opinion of the states' licensing and regulatory authority, an affront to long-standing Congressional policy and a direct violation of the cherished principals of federalism and comity.

BE IT FURTHER RESOLVED that NASS will vigorously oppose any legislative attempt in the United States Congress and/or legal action seeking to preempt state regulators from licensing independent agents of federal savings associations who are currently selling, or seek to sell certain financial products or instruments.

BE IT FURTHER RESOLVED that NASS encourages the OTS to work with state regulators, in good faith and in the spirit of federal-state cooperation, to ensure the investing public's safety and protection in the financial marketplace.

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

APPROVED this 5th day of February, 2005, by the NASS Committee on Securities, and formally adopted by a majority vote of the membership at the Business Meeting of 2005 NASS Winter Conference on the 6th day of February, 2005.