

2180 Department of Corporations

The Department of Corporations, under the direction of the California Corporations Commissioner, provides consumer and investor protections by regulating the conduct of a variety of businesses, including securities brokers and dealers, investment advisers and financial planners, and certain fiduciaries and lenders. The Department also oversees the offer and sale of securities, franchises and off-exchange commodities.

Given this responsibility, the Department has a three-part mission:

- Ensure an efficient and accessible financial services marketplace in California.
- Educate the public about the risks and rewards in investing and finances.
- Enforce California's financial services laws to protect the public from fraud.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
10 Investment Program	122.4	134.0	134.0	\$18,544	\$21,141	\$20,883
20 Lender-Fiduciary Program	106.6	122.3	122.3	16,459	19,020	18,778
50.01 Administration	49.3	57.8	59.7	5,711	6,219	6,227
50.02 Distributed Administration	-	-	-	-5,711	-6,219	-6,227
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	278.3	314.1	316.0	\$35,003	\$40,161	\$39,661
FUNDING				2007-08*	2008-09*	2009-10*
0067 State Corporations Fund				\$34,854	\$40,011	\$39,511
0995 Reimbursements				149	150	150
TOTALS, EXPENDITURES, ALL FUNDS				\$35,003	\$40,161	\$39,661

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Corporations Code, Section 25600.

PROGRAM AUTHORITY

10-Investment Program:

Corporations Code Sections 25000-25707, 28000-28958, 29000-29201, 29500-29567, 31000-31516; Title 10, California Code of Regulations, Sections 250.1-250.70, 260.000-260.617, 280.100-280.700, 290.570-290.571, and 310.000-310.505.

20-Lender-Fiduciary Program:

Financial Code Sections 4050-4060, 4970-4979.8, 12000-12403, 17000-17702, 22000-22780, 23000-23106, 30000-30704, and 50000-50706; Title 10, California Code of Regulations, Sections 1400-1570, 1700-1769, 1770-1799, 1805.001-1805.213.1, 1950.122-1950.317, and 2020-2030.

MAJOR PROGRAM CHANGES

- An increase of \$632,000 special fund and two positions for improvements to information technology (IT) systems. These improvements will be phased in over a three-year period. A recent audit by the Bureau of State Audits identified IT shortcomings stemming from the piecemeal manner in which departmental systems currently operate.

DETAILED BUDGET ADJUSTMENTS

	2008-09*			2009-10*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Various Baseline Adjustments	\$-	\$63	-	\$-	-\$1,070	-
Totals, Other Workload Budget Adjustments	\$-	\$63	-	\$-	-\$1,070	-
Totals, Workload Budget Adjustments	\$-	\$63	-	\$-	-\$1,070	-
Policy Adjustments						

* Dollars in thousands

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	2008-09*			2009-10*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
• Information Technology Quality Network Replacement	\$-	\$-	-	\$-	\$632	1.9
Totals, Policy Adjustments	\$-	\$-	-	\$-	\$632	1.9
Totals, Budget Adjustments	\$-	\$63	-	\$-	-\$438	1.9

PROGRAM DESCRIPTIONS (Program Objectives Statement)

10 - INVESTMENT PROGRAM

The Investment Program protects investors in securities and franchise investment transactions and promotes efficient capital formation in California. The program qualifies the offer and sale of certain securities, registers the sale of franchises, and licenses and examines broker-dealers and investment advisers.

20 - LENDER-FIDUCIARY PROGRAM

The Lender-Fiduciary Program protects the public when borrowing and entering into financial transactions with lenders and fiduciaries licensed by the Department. The program licenses and examines mortgage bankers, finance lenders, escrow companies, deferred deposit originators, bill payers and proraters.

50 - ADMINISTRATION

This program provides executive leadership and direction to the Department, including planning, policy development, budgeting, accounting, personnel, centralized support services, business and information technology services.

DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

	2007-08*	2008-09*	2009-10*
PROGRAM REQUIREMENTS			
10 INVESTMENT PROGRAM			
State Operations:			
0067 State Corporations Fund	\$18,395	\$20,991	\$20,733
0995 Reimbursements	149	150	150
Totals, State Operations	\$18,544	\$21,141	\$20,883
ELEMENT REQUIREMENTS			
10.10 Corporate Securities Law	\$10,755	\$13,307	\$13,138
State Operations:			
0067 State Corporations Fund	10,606	13,157	12,988
0995 Reimbursements	149	150	150
10.15 Broker/Dealers	\$1,465	\$3,294	\$3,259
State Operations:			
0067 State Corporations Fund	1,465	3,294	3,259
10.25 Investment Advisers	\$3,234	\$2,809	\$2,780
State Operations:			
0067 State Corporations Fund	3,234	2,809	2,780
10.35 Agent Monitoring Law	\$452	\$275	\$271
State Operations:			
0067 State Corporations Fund	452	275	271
10.55 California Commodity Law	\$81	\$-	\$-
State Operations:			
0067 State Corporations Fund	81	-	-
10.65 Franchise Investment Law	\$2,557	\$1,456	\$1,435
State Operations:			
0067 State Corporations Fund	2,557	1,456	1,435

* Dollars in thousands

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	2007-08*	2008-09*	2009-10*
PROGRAM REQUIREMENTS			
20 LENDER-FIDUCIARY PROGRAM			
State Operations:			
0067 State Corporations Fund	\$16,459	\$19,020	\$18,778
Totals, State Operations	\$16,459	\$19,020	\$18,778
ELEMENT REQUIREMENTS			
20.10 Check Sellers, Bill Payers and Proraters	\$122	\$16	\$16
State Operations:			
0067 State Corporations Fund	122	16	16
20.20 Deferred Deposit Transaction Law	\$3,653	\$4,192	\$4,122
State Operations:			
0067 State Corporations Fund	3,653	4,192	4,122
20.30 Escrow Law	\$4,548	\$5,635	\$5,543
State Operations:			
0067 State Corporations Fund	4,548	5,635	5,543
20.90 California Finance Lenders Law	\$5,144	\$5,923	\$5,887
State Operations:			
0067 State Corporations Fund	5,144	5,923	5,887
20.95 Mortgage Bankers Law	\$2,992	\$3,254	\$3,210
State Operations:			
0067 State Corporations Fund	2,992	3,254	3,210
TOTALS, EXPENDITURES			
State Operations	35,003	40,161	39,661
Totals, Expenditures	\$35,003	\$40,161	\$39,661

EXPENDITURES BY CATEGORY (Summary By Object)

1 State Operations	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	278.3	320.0	322.0	\$18,275	\$20,869	\$21,491
Estimated Salary Savings	-	-5.9	-6.0	-	-438	-446
Net Totals, Salaries and Wages	278.3	314.1	316.0	\$18,275	\$20,431	\$21,045
Staff Benefits	-	-	-	6,076	7,193	7,263
Totals, Personal Services	278.3	314.1	316.0	\$24,351	\$27,624	\$28,308
OPERATING EXPENSES AND EQUIPMENT						
				\$10,652	\$12,537	\$11,353
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS				\$35,003	\$40,161	\$39,661
(State Operations)						

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2007-08*	2008-09*	2009-10*
0067 State Corporations Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$37,668	\$39,948	\$39,511
Allocation for employee compensation	716	75	-
Adjustment per Section 3.60	-68	-12	-
Totals Available	\$38,316	\$40,011	\$39,511
Unexpended balance, estimated savings	-3,462	-	-

* Dollars in thousands

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1 STATE OPERATIONS	2007-08*	2008-09*	2009-10*
TOTALS, EXPENDITURES	\$34,854	\$40,011	\$39,511
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$149	\$150	\$150
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$35,003	\$40,161	\$39,661
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FUND CONDITION STATEMENTS	2007-08*	2008-09*	2009-10*
0067 State Corporations Fund^s			
BEGINNING BALANCE	\$17,114	\$16,080	\$17,087
Prior year adjustments	106	-	-
Adjusted Beginning Balance	\$17,220	\$16,080	\$17,087
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125700 Other Regulatory Licenses and Permits	29,617	29,479	29,520
125800 Renewal Fees	1,262	1,214	1,235
125900 Delinquent Fees	19	-	-
141200 Sales of Documents	11	1	-
142500 Miscellaneous Services to the Public	10	9	10
150300 Income From Surplus Money Investments	796	796	800
161000 Escheat of Unclaimed Checks & Warrants	11	11	10
161400 Miscellaneous Revenue	2	-	-
161900 Other Revenue - Cost Recoveries	174	300	50
163000 Settlements/Judgments(not Anti-trust)	1,613	13,200	5,600
164300 Penalty Assessments	236	234	230
Transfers and Other Adjustments:			
TO0001 To General Fund transfer to General Fund per pending legislation	-	-4,200	-
Total Revenues, Transfers, and Other Adjustments	\$33,751	\$41,044	\$37,455
Total Resources	\$50,971	\$57,124	\$54,542
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	37	26	-
2180 Department of Corporations (State Operations)	34,854	40,011	39,511
Total Expenditures and Expenditure Adjustments	\$34,891	\$40,037	\$39,511
FUND BALANCE	\$16,080	\$17,087	\$15,031
Reserve for economic uncertainties	16,080	17,087	15,031

* Dollars in thousands