

DEPARTMENT OF COMMERCE, 1999

# GUIDE TO

MINNESOTA

## *Department of Commerce*

1999

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November 1998

# Minnesota Department of Commerce

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# STATE OF MINNESOTA

OFFICE OF THE GOVERNOR  
130 STATE CAPITOL  
SAINT PAUL 55155

ARNE H. CARLSON  
GOVERNOR

Dear Commissioner:

Welcome to state government and to the Department of Commerce. This briefing book has been assembled to assist the incoming administration during this period of executive branch transition. We hope you will find it valuable.

You will see by the material contained in the attached briefing that the Department of Commerce has accomplished much during this important last decade of the century and also that there are many ideas for future service refinements.

Please feel free to call upon the resources of this administration as you begin to familiarize yourself with your new responsibilities.

I wish you much success.

Warmest regards,

A handwritten signature in black ink that reads "Arne H. Carlson".

ARNE H. CARLSON  
Governor



**MINNESOTA DEPARTMENT OF COMMERCE**  
Office of the Commissioner

To the Incoming Administration:

As a member of Governor Carlson's cabinet, I would like to congratulate you, and your election team, on your victory. I wish you well as you begin to address the challenging tasks that lie before you.

To facilitate the transfer of power from the Carlson Administration, I have taken the liberty of preparing the attached book for you, which details the history, mission and role of the Minnesota Department of Commerce. I hope that you will read it and use it as a reference tool to understand the vital role that the Department of Commerce plays within the financial services industry throughout the state.

I have been fortunate to have held the position of Commissioner of Commerce since December of 1995, and I can assure you that a team of well-educated, hard working employees stands by ready to assist you in your new role. The Department has accomplished many goals and is well respected by industry, financially stable, and is working hard to address the major issues that face our constituencies at the present, as well as in the future. I hope that you will build on our accomplishments during these past few years and continue to provide quality service to the great citizens of this state.

Once again, congratulations on your victory and best wishes.

Sincerely,

David B. Gruenes  
Commissioner of Commerce

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# Summary

## History

The Minnesota Legislature established the Department of Commerce in 1983. The Banking Department, Insurance Department, and Securities and Real Estate Departments were reorganized into a single agency in order to better coordinate regulatory functions.

The Department is comprised of four separate divisions: Administration; Enforcement and Licensing; Financial Examinations; and Insurance, Registration and Petrofund. Total staff needed to support current operations is approximately 260 employees.

The Department is self-funding. Its costs are recouped by charging fees for licenses, charters, registrations, and by billing companies for regulatory activities.

## Mission Statement

The Minnesota Department of Commerce serves the citizens of Minnesota by:

- Enforcing state laws and safeguarding consumers' rights and investments;
- Resolving conflicts between consumers and industry;
- Enhancing the stability and strength of the financial and other regulated industries.

These goals, pursued in a professional manner, contribute to a fair and equitable marketplace.

## Key Legislative Committees and Legislators

In the Minnesota House of Representatives, the Department of Commerce deals primarily with the Financial Institutions & Insurance Committee, which is currently chaired by Representative Irv Anderson; and the House Commerce Committee, chaired by Representative Jim Tunheim. In the Senate, the Department has worked closely with the Commerce Committee, which is chaired by Senator Sam Solon. Although these two committees are directly involved in matters falling under the Department's jurisdiction, there is also involvement with other committees. For instance, when the Department lobbies for passage of its budget, the commissioner and legislative liaison(s), as well as the Department's budget/finance director, speak with the House Economic Development Committee, chaired by Representative Steve Trimble; and Senator Tracy Beckman, chair of the Senate Economic Budget Division. Involvement with other committees is typically a result of sections of Department bills which are inserted into other legislative proposals. In such cases, contact is usually made with members on an individual basis, or by invitation from the committee.

At the beginning of each biennium legislative session, the Department has made presentations to the Committees in an effort to familiarize new members of the Legislature with the role of the Commerce Department. Additionally, the Department has used that opportunity to convey its desire to work with legislators and offer assistance in drafting legislation, as well as to offer assistance to member's constituents who may need help with a particular problem or concern.

## **Key Programs / Initiatives Created**

### **Long-Term Care Insurance**

Long-term care insurance legislation was enacted in 1997 to encourage individuals and employers to purchase long-term care insurance. Our goal was to have individuals be more accountable for their needs in the future, provide incentives through tax deductions and reduce the federal and state government's expenditures for long-term care.

Minnesota's legislation followed the Federal Health Insurance Portability and Accountability Act of 1996 (HIPAA). This permits a federal income tax deduction for long-term care insurance premiums, on the same basis as medical expenses. The deduction is available to employers and individual taxpayers who itemize deductions and is limited to the amount by which total medical deductions including these premiums, exceeding 7.5 percent of the taxpayer's adjusted gross income. Additionally, Minnesota passed legislation in 1997 providing each Minnesota state taxpayer a \$100 tax credit for the purchase of any long-term care insurance policy.

The HIPAA bill established, nationally, a standardized "qualified" long-term care insurance policy. These standards were developed by federal requirements and the use of the National Association of Insurance Commissioners (NAIC) Model Act and Model Regulations for long-term care coverage. To be considered "qualified", the policy has to provide qualified long-term care services, be guaranteed renewable, and comply with consumer protection provisions. Some of these consumer protection standards requirements included guaranteed renewability, continuation and conversion of coverage, prevention of unintentional lapses, prohibitions against post claim underwriting, offer of inflation protection, right to return policy and receive a refund, an understandable outline of coverage and determination that coverage is suitable for each applicant.

The Minnesota Legislature adopted these provisions in January of 1997. The goal was to follow the federal standards, thus encouraging national employers and associations to once again market group long-term care coverage to Minnesota residents.

### **Minnesota Residential Mortgage Originator and Servicer Licensing Act**

The Minnesota Residential Mortgage Originator and Service Licensing Act ("Mortgage Act") was passed in 1998 in response to the tremendous growth and change in the residential mortgage industry over the last several years. The Mortgage Act was drafted by the Department of Commerce with the support and assistance of the Mortgage Bankers Association, the Minnesota Association of Mortgage Brokers, the Office of the

Attorney General, and neighborhood housing development groups.

For consumers, the Mortgage Act will identify the players in Minnesota's residential mortgage industry, and will provide safeguards against false advertising, misrepresentation, and predatory lending practices. For industry members, the Mortgage Act will establish a uniform system of licensing and a reasonable, easily understood set of standards for industry conduct, without imposing unnecessary regulatory burdens.

The Mortgage Act, which takes effect August 1, 1999, creates a two-year license for mortgage originators and servicers. The license requirement will apply to companies only; individual loan officers need not obtain a license, nor is there any required education or examination. The Act is limited to residential mortgage only, and does not affect commercial lending. Mortgage originators requesting a license must show net worth of \$25,000 and must obtain a bond in the amount of \$50,000. For servicers, the net worth requirement is \$250,000 and the bond is \$100,000. Although it is difficult to accurately predict the number of potential mortgage licensees, we believe that approximately 400 mortgage originators and 100 mortgage servicers will apply during the first year of the program. These numbers are based on information obtained from industry associations, and on inquiries received by the Department.

### **Residential Building Contractors and Remodelers Licensure**

In 1992, the Minnesota Legislature, based upon the request of the home builders industry, gave the department authority to

regulate the activities of residential building contractors engaged in the construction of one to four family dwellings in Minnesota. Minn. Stat. §326.83-.991, which also covers home remodelers, roofers, and manufactured home installers, requires licensure and compliance with standards of conduct. The law contains a Recovery Fund which provides financial reimbursement, pursuant to specific guidelines, for parties injured by the actions of a contractor. The law does not give the Department jurisdiction over commercial building projects.

Licensure and regulation of residential building contractors is handled by the Enforcement and Licensing Division. Currently, there are approximately 8,200 licensees. A license is granted to a business entity since the law does not regulate individuals. In order to qualify for a license, a qualified person acting on behalf of the contractor must pass an exam and provide proof of proper insurance coverage. With the exception of manufactured home installers, the qualified person must maintain 7 hours of continuing education each year. A certificate of exemption from licensure may be granted to a company which has less than \$15,000 in gross receipts per year.

The Building Contractor Enforcement Unit is currently made up of five full-time investigators and one supervisor. In fiscal year 1997, the unit closed 1,038 investigations, answered 7,200 telephone inquiries, and received over \$1.2 million dollars for consumers. In that same time period, the unit initiated 233 administrative actions.



## **Small Corporate Offering Registration (SCOR)**

During the 1997 Minnesota Legislature, the Commerce Department was successful in sponsoring legislation making available the Small Corporate Offering Registration (SCOR). SCOR is a simplified procedure for registering stock offerings, which enables small, start-up companies to raise up to \$1 million annually by selling securities directly to the public.

The principle benefits of a SCOR offering are: an expanded pool of potential investors, reduced fees and transaction costs and regulatory streamlining. An issuer only need fill out a Form U-7 which is in a question and answer format (50 detailed questions) and file it with the Department of Commerce for review along with an application fee of \$100 and a small percentage fee capped at \$200. The Department's standard for review is rigorous, but when approved the issuer can sell to an unlimited number of "unaccredited" investors. This allows entrepreneurs to offer lower minimum investments than are typically available from traditional stock offerings. Minnesota is the 45<sup>th</sup> state to adopt the SCOR program.

## **Workers' Compensation Self-Insurance Groups 1995 Law Change**

Part of the 1995 Workers' Compensation Reform Act was intended to assist small employers in similar industries who were discouraged from self-insuring for their workers' compensation liabilities in the past. Smaller employers found it difficult to join existing self-insurance groups due to the required level of financial reporting under *Minnesota Statute* Chapter 79A. In

1995, Commercial Self-Insurance Groups (CSIG) were created with the enactment of *Minnesota Statute* 79A.19 through 79A.32. With the passage of this law, 25% of the initial membership in a CSIG Group was allowed to prepare a less expensive compiled financial statement versus the more costly reviewed or audited level financial statements. Some of the benefits that employer members found to be encouraging were that the financial statements would not have to be submitted directly to the Department of Commerce, but only to the group certified public accountant who in turn would submit a "combined and compiled" report to the Commissioner of Commerce. This provision was added in response to privately held companies that were reluctant to disclose their financial data to a government agency. Other benefits of the new law are the ability to process applications more rapidly and allow the capability to bind coverage for new members without receiving formal approval from the department. The Department still maintains regulatory authority by reviewing annually the audited financial statement of the groups' common claims fund and the combined and compiled report of group members.

Subsequent to the passage of this law, the standard insurance market rates dropped drastically. Therefore, many smaller employers were able to bind coverage at more favorable rates. Since the Assigned Risk Plan was becoming depopulated and more favorable rates for small employers were available in the standard market, the Commercial Self-Insurance Groups did not form or grow to expected levels. Several associations have expressed an interest in forming Commercial Self-Insurance Groups. As of July 1998, only one applicant completed the formal

approval process. One other self-insurance group existed previously under the old law requirements but transferred to Commercial status as permitted by the new law.

## **Boards, Commissions and Task Forces**

Pursuant to state statute, the Commissioner of Commerce is a permanent member of the Advantage Minnesota and World Trade Center Corporation boards of directors. In addition, he/she maintains a permanent seat on the Agricultural Chemical Response Compensation Board (ACRRA) and the Minnesota Rural Finance Authority. The Commissioner of Commerce also appoints board members to approximately 32 related boards, councils and associations, both through the Secretary of State's open appointments process, and internally through the Department. A complete list of the boards, and board members term appointment dates, is available for reference.

It is important to note that the Department is a member of both the National Association of Insurance Commissioners (NAIC) and the Conference of State Bank Supervisors (CSBS). Accreditation is given to the Department by both organizations, which permits Minnesota to draft public policy that is uniform with other state's laws and regulations when it is in the state's interest to do so. As a member of these two groups, the Department maintains memberships in several subgroups within each organization. This permits Minnesota to communicate its position on critical issues and influence the formulation of policy,

which affects both the insurance and financial services industries.

In addition, the Department is a member of North America Securities Administrators Association (NASAA). NASAA conducts its affairs through standing committees organized into four sections in the areas of broker-dealer and investment adviser regulation; state, provincial, and territorial enforcement; corporate finance; as well as administration and technology. Working groups are also formed as needed. The Department is a member of this organization in order to help formulate state regulation of the securities industry to help prevent fraud. It does this primarily through licensing and registration activities. Finally, the Department is a participating member with the National Association of Securities Dealers (NASD). Established under authority granted by the 1938 Maloney Act Amendments to the Securities Exchange Act of 1934, the NASD is the self-regulatory organization of the securities industry responsible for overseeing the activities of the broker/dealer profession, operating and regulating NASDAQ and other markets, as well as regulating the over-the-counter securities market and the products traded in it. The organization is subject to Securities and Exchange Commission (SEC) oversight and is the largest self-regulatory entity in the U.S. Every broker/dealer that does business with the public is required to be a member. The Department participates in this organization in order to help develop rules and regulations, to conduct regulatory reviews of members' business activities, and to assist in the design and operations of marketplace services and facilities surveillance. The Department does attend

meetings held by the NASD although not on a regular basis.

## Priority Projects

The most pressing project currently underway at the Department is compliance with year 2000 efforts (Y2K). The Information Systems Division has been working hard to ensure that all computer programs will continue to operate smoothly when the year changes from 1999 to 2000. There are three main areas of concentration in regards to Y2K compliance: network and hardware, software and databases; and firmware (phones, faxes, etc.).

*Network and Hardware.* It is estimated that approximately 60 workstations and laptops have been fixed as of September 1, 1998. This has been accomplished primarily through software and hardware upgrades, or replacement of the machines. It should also be noted that one of the Department's servers has been updated to full Y2K compliance. The process went very smoothly which is a good sign for the other servers because they are the same type.

*Software and Databases.* The IS Division is currently conducting a "Modeling" session with staff from each division to begin the redesign of existing databases. The first product to be realized from this process will be a new Unclaimed Property database, which is scheduled to be built in mid-October and should be operational by late January 1999. The remainder of applications do not need to be completely overhauled like the Unclaimed Property database and, consequently, their Y2K concerns are being addressed at this time.

*Firmware.* All of the Department's fax machines, except two, are covered by a service contract, which covers Y2K compliance. For this reason, there should not be any problems with them when the year changes from "99" to "00". The two fax machines without service contracts, although not Y2K compliant, will continue to work as normal; however, the date and time may not be accurate on the leader line of the faxes. Because this is not critical to the Department's mission, replacement of the fax machine can wait until a major repair is needed.

The copiers throughout the building are Y2K compliant and will not require any attention. However, the Enforcement phone system is not and will need to be fixed. The vendor for this phone system, Executone, is currently working to resolve this problem. In addition, the building security system is not compliant and IS is working with the vendor, GSSC, to obtain a "patch" for this system.

Overall, the Department continues to move forward to address all of the Year 2000 issues in order to ensure a smooth transition into the next millenium.

## Upcoming Events

On a quarterly basis, the National Association of Insurance Commissioners (NAIC) meets in a different city to exchange ideas about insurance regulation in their respective states. Often times, additional Department personnel such as the Deputy Commissioner of Insurance, Assistant Commissioner of Insurance, actuaries, and insurance managers and supervisors attend with the commissioner. The Spring meeting is scheduled for

March 6-10, 1999, in Washington, D.C. at the Grand Hyatt Hotel and, as the insurance commissioner, you will be expected to attend. The Summer meeting will be in Kansas City, Missouri from June 5-9; the Fall meeting will be in New York City from September 12-16; and the Winter meeting will be in San Francisco, California from December 11-15, 1999. Reservations should be made as quickly as possible due to the large number of groups that attend these meetings in order to monitor insurance regulatory activities.

The Conference of State Bank Supervisors (CSBS) also has national meetings, however, usually on an annual basis. The next scheduled national meeting will be in May. Other banking conventions include the Minnesota Bankers Association (MBA) conference in June, the Minnesota Consumer Finance conference in June, and the Independent Community Bankers of Minnesota conference in July.

NASAA national meetings for 1999 are scheduled for: January 10-12<sup>th</sup> in Miami, Florida; April 18-20<sup>th</sup> in Washington; and September 26-29<sup>th</sup> in Puerto Rico.

# Budget Information

Overall, the Department of Commerce is appropriated \$104 million from all funds. The split between operations and claims administration is \$33 million for agency operations and \$71 million for claims. Claims are paid from the Petro Fund, Building Contractor Recovery Fund and Real Estate Education Research and Recovery Fund. The entire funding request comes from four primary sources:

- 27% General Fund
- 70% Petro Fund
- 2% Special Revenue Funds and
- 1% Special Compensation Fund

For agency operations (the difference is the claims) the percentages are a bit different:

- 87% of the operating request is General Fund;
- 6% is Petro Fund; and
- 3% each from the Special Revenue Funds and Special Comp Fund.

The Special Comp Fund appropriation was new for the agency in the 1996-97 biennium. The money was appropriated as part of the Workers Compensation Reform legislation passed in 1995. Our responsibility in that law is in the area of workers compensation rate regulation and self-insurance regulation.

The Department's budget includes \$113.0 million of anticipated revenue for the General Fund, Cambridge Deposit Fund and Special Revenue Funds. Receipts are generated by license transaction fees, examination fees and assessments and unclaimed property and are primarily directed to the General Fund and Cambridge Deposit Fund. Costs are

allocated back to the regulated industries using "transaction type" allocation bases. Department receipts contribute approximately \$3.46 of revenue back to the General Fund for every \$1.00 spent for operations.

Major spending categories for agency operating funds are as follows: 79.5% of the \$32.8 million request (\$26 million) is for salary and fringe benefits of employees; 5.2% (\$1.7 million) is for rent of office space in St. Paul and remote locations in Rochester and Fergus Falls; and 3.7% (\$1.2 million) is for reimbursing the cost of employee travel. There are approximately 34 Banks and Trust companies, eight Credit Union and Consumer Credit and 12 Insurance examiners that travel year round doing on-site examinations for company financial solvency. 2.15% (\$706,000) is spent for telephone (local and long distance) and mail cost; 1.1% (\$362,000) is spent on printing and advertising; (\$130,000 is for advertising unclaimed property owners.) The remaining 8.35 % (\$2.8 million) is spent for maintenance and purchase of computer equipment, office supplies, training and administrative hearing costs.

The first major program area is Financial Examinations. This program has a budget request of \$3.8 million for 1998 and \$3.9 million for 1999 from the General Fund. Revenue for this program is primarily from three sources: 1) an examination fee which is an hourly rate that is set to recover the cost of examination staff salary, 2) the assessment which charges 103% of the overhead (division administration, agency administration and AG) costs back to the regulated industries, and 3) charter and license transaction fees. The program has three activities: bank examinations, administration and

support, and credit union and consumer credit examination. The program conducts on-site financial examinations and evaluates the financial condition of state chartered and licensed institutions on established examination cycles.

The next program, Registration and Insurance, has a budget request of \$4.6 million for 1998 and \$4.8 million for 1999. The funding of this request is from three funds: the General Fund share is \$4.0 million for 1998 and \$4.1 million for 1999, \$.5 million each year is from the Workers Comp Fund, and \$169,000 for 98 and \$174,000 for 99 from the Special Revenue Fund. Revenue for this program comes from registration fees for investment offerings; filing fees for annual business reports, and insurance company form and rate filings; insurance company license and filing fees and securities licensing fees. The Special Revenue Fund of this program is the insurance examination revolving fund. This fund collects examination and desk audit receipts.

Major program activities include: the Registration Division which reviews investment offering material to make sure that investments sold in Minnesota are in compliance with statutes and rules and licenses securities broker dealers, agents and investment advisors; and the Policy Analysis Division reviews and approves policy contract language and forms for insurance products sold in Minnesota. Rates charged for all insurance products are also reviewed and approved; insurance examinations are conducted to review financial conditions of insurance companies and to assure solvency by performing regular desk audit reviews of insurance company financial statements and doing on-site examinations of

company financial records. The Department financial and actuarial staff review filings to determine company financial solvency.

The Petroleum Tank Release Cleanup Fund is also under Department control which provides a reimbursement to tank owners for the cost of cleaning up petroleum leaks. The Commerce budget request for Petro Fund is \$1.9 million for the biennium. The program is supported by a \$.02 per gallon fee on wholesale petroleum products which is activated when the projected fund balance falls below \$4 million. When the fee is implemented it produces about \$6.2 million per month. In FY 1994, the fee was on throughout the entire year, in FY 95 the fee was on about nine months, in FY 96 the fee was on two months, in FY 97 the fee was on six months and for FY 98 it is estimated that the fee will be on for six months. The Fund also receives the proceeds from Fund investments. The Petro Fund has paid out \$250 million for cleanup of Petroleum spills. The Department of Commerce has 16 positions funded from the fee. The MPCA also has staff and appropriations for their operations. Applications are now being processed within 30 days (statute requires 60 days). The responsible party (RP) receives their notice on the application and has 60 days to appeal or notify the Department that they do not wish to appeal the decision. Upon notice from the RP the uncontested claim would be approved either on the 1st or 15th of that month, whichever day comes first. Payments are made from the Fund upon that approval.

The next program is Administrative Services. This program provides the agencies operations and administrative support and includes the commissioner's

office, finance and budget, human resources and information systems. The total budget request is \$2.8 million per year from the General Fund for the biennium. There is no anticipated revenue with this program but all costs are allocated back to the fees and charged back to the regulated industries.

exists if a fund balance is insufficient to pay claims.

The last program of the Department is Enforcement and Licensing. This program investigates consumer complaints relating to transactions with regulated industries, performs market conduct examinations, attempts to educate consumers regarding regulated industry practices, licenses individuals and companies to do business in regulated industries and administers the State's program for abandoned and/or unclaimed property. This program budget includes \$3.6 million for 1998 and \$3.7 million for 1999 from the General Fund for operations, \$345,000 for 1998 and \$350,000 for 1999 from the Real Estate Education Research and Recovery Fund for operations and \$900,000 for FY98 and \$900,000 for FY99 from open appropriations to pay recoveries for the Real Estate Fund and the Building Contractor Recovery Fund. The revenues for this program relate to unclaimed property, fines, penalties and investigation cost recoveries and license fees for initial and renewal licenses, in addition to various license related transactions.

The recoveries paid from the open appropriations are intended to reimburse people who have been harmed by the actions of a licensee. The funds act in lieu of bonding requirements. Licensees pay annually into the funds with their license renewals and new license applicants pay a one time fee with that application. The funds have specifications in statute for payment. An assessment mechanism also

# Agency Divisions

## Administration Division

The Administrative Division of the Commerce Department is responsible for the day-to-day management and operations of the Department. The Department is broken into the following areas: Commissioner's Office, Fiscal; Information Systems; Legal Services and Personnel.

### Statutory Authority

Minnesota Statute, Chapter 45.

### Commissioner's Office

The Office of the Commissioner is responsible for the overall administration and direction of the agency. It determines public and regulatory policy, controls external and internal communications activities, and provides staff with the information necessary to achieve the agency objectives.

Staff:

- 1 Commissioner
- 1 Deputy Commissioner
- 1 Assistant to the Commissioner
- 1 Communications Director
- 1 Administrative Secretary

### Fiscal Services

This area is responsible for all day-to-day finance transactions including:

*Payroll and employee expense reimbursement transactions.* Payroll is

entered bi-weekly into the State's payroll processing system to generate warrants or remittance advises to employees for their work hours and business expenses. Business expenses are entered daily as submitted by employees. The reimbursements are received by employees every two weeks on their payroll advises.

*Daily cash receipts.* The department receives approximately \$51 million per year in receipts. The receipts come from a variety of sources and are deposited to a bank, as an agent of the Treasurer, on a daily basis. The receipts are reconciled and entered into the State's Government Finance System (GFS) for record keeping purposes. The agency has over 200 different sources of revenue.

Accounting services are provided for the payment of expenditures for operations. Payments are made daily to vendors both within and outside of State operations. Payments are made through the State's central processing system, the Minnesota Accounting and Procurement System (MAPS). Payments include operational items for all supply and expense categories within the budget and exceed \$3 million per year for operating costs, \$10 million per year for unclaimed property and revenue refunds and \$40 million per year for Petrofund reimbursements.

Procurement for all fixed and consumable assets occur using the MAPS procurement system (AGPS). Every item purchased has orders and inventory information generated through this system. The system tracks the order, receipt of goods and payment information.

The compliance with Statewide Fiscal, Payroll and Procurement policy is



monitored. Annual and Biennial Budgets are prepared and presented to the Finance Department, Governor's Office and Legislature. Tracking and monitoring of expenditures to assure compliance with appropriation limits and the anticipation of expenditures occurs in this section.

Fiscal notes are prepared for legislation that would have an impact on agency operations.

The performance reports, a new legislative requirement to be prepared every two years, are also coordinated within the budget functions of the agency.

Finally, the mailroom operations are also part of this section. Incoming and outgoing mail is processed for delivery and receipt for the department.

Staff:

- 1 Manager
- 1 Supervisor
- 1 Professional
- 9 Clericals

### **Information Systems**

The Information Systems Division was created as part of a Department-wide effort to improve computer hardware, software, systems and support. The I.S. team manages the operation and development of the agency's computer resources, including the internal local area network (LAN), the connections to the state wide area network (WAN) and external clients, computer training and support, and the ongoing operation, documentation, development and support of the agency's in-house database applications. Staff was assembled from

personnel at large state agencies, private development firms, and academia.

The Information Systems Director provides leadership, planning and direction for the Department's information systems/information resources strategic plan, and provides consulting services to Department management and manages I.S. development projects and contracts. Since moving into the Director's role in April 1998, Jay has been instrumental in addressing Y2K concerns, as well as redesigning the Department's licensing databases.

The Network Team has recently completed a Department-wide installation of over \$400,000 in network and personal computer software, installation of new e-mail/schedule software for the agency, as well as a dedicated mail server. The Department LAN has been connected to the state wide-area network and to the National Association of Insurance Commissioners (NAIC) network. Work continues to ensure that the LAN is stable and secure, and ensure that network traffic issues are being resolved. Statewide and Internet e-mail has been implemented for all personnel, and the Statewide Systems Project applications (MAPS, AGPS, SEMA4) have been implemented. Network Team members have been working with the Commissioner's staff to establish a presence on the World Wide Web, and have implemented two remote access options.

The Database Team is working to maintain an extensive Department-wide computer system and simultaneously redesign and implement new systems. This major business process reengineering is moving the Department from multiple separate, non-integrated systems to a LAN-based client-server database system

(VBG.) Database team members are repairing and maintaining these systems, developing new applications, and continuing reengineering and integration efforts. Recent achievements include: upgrading all Oracle databases to the current versions of Oracle, working with external clients to improve the Department's electronic data interchange capability, and working with the Banking Division on a document imaging pilot project.

Staff:

- 1 Manager
- 10 Professional
- 1 Clerical

### **Legal Services**

Historically, this position has been staffed by one attorney in the Commissioner's office. Position responsibilities include: legal opinions, bill drafting, lobbying and special projects for the Commissioner. The Enforcement Division's two attorneys have been responsible for rulemaking and data practices requests.

### **Personnel**

The Personnel Office is responsible for staffing, examining, classification, contract administration, labor relations, worker's compensation, safety, wellness, benefits administration and staff training activities. They also administer the Family Medical Leave Act and the Americans with Disabilities Act for the department. In addition, the personnel director supervises the central receptionist and the mail room staff.

With the exception of managers and the personnel office staff, all department employees are covered by collective bargaining agreements (unionized). Employees who do not join their bargaining unit are "fair shared", that is, pay 85% of the dues charged to members. The unions must represent all covered employees whether they are members or not; non-members may not vote to ratify contracts. The current collective bargaining agreements run through June 30, 1999. MAPE represents the Department's professional employees (the largest group), AFSCME the clericals and MMA the supervisors. The personnel director serves on the state bargaining team with MAPE to assure the department's interests are represented. The unrepresented employees are covered by either the Manager's Plan or the Commissioner's Plan, the terms of which correspond to the collective bargaining agreements.

The personnel director has delegated authority for most personnel activities, meaning that in most cases she can approve job reclassifications or starting salary levels without needing additional approval from the Department of Employee Relations. While this does not change the standards by which we must operate, it does speed processing time and improve responsiveness.

The Department has a lower grievance rate than the state average. Staff turnover is below the state average. Sick leave usage is near the state average. In general, agency management enjoys a positive working relationship with the bargaining units representing its employees. Issues that remain contentious are drive-time for field staff (as the number of state chartered banks has declined the remaining staff

have larger territories to travel), parking costs for central office staff (which has sometimes made recruitment difficult when we are competing for staff with other state agencies where parking is free or fully subsidized), adequacy of work space and associated ergonomic issues, and desire for improved career paths (which is somewhat exacerbated by the low turnover). None of these issues is unique to the Department of Commerce.

Staff:

- 1 Manager
- 1 Aide
- 1 Clerical

## **Enforcement and Licensing Division**

### **Statutory Authority**

Minnesota Statutes, Chapters 45 (department); 45-56, 59A, 168.66, 332 (banking); 58 (mortgage bankers, brokers servicers) 45, 60-79 (insurance); 45, 80, 306, 332, 501 (securities); 82-83 (real estate); 155 (cosmetology); 326 (building contractors); 345 (unclaimed property); (Minnesota Rules 2600-2899).

The primary responsibilities of the Enforcement and Licensing Division are to guarantee consumer confidence, fairness and consistency within the regulated industries by ensuring that industry practitioners comply with the applicable statutes and rules.

### **Enforcement**

The Enforcement Division is divided into an Investigation Section and a Consumer

Response Section. These divisions field calls from the public, investigate complaints, and license the sellers of financial products, residential building contractors, roofers, cosmetologists, notaries, appraisers, abstractors and, beginning on August 1, 1998, mortgage originators and servicers. Each year, the Enforcement Division responds to nearly 65,000 inquiries and complaints. Division staff resolves some complaints within a short time. Other complaints, typically about 8,500 a year, are referred to the division's investigators for formal investigation. The commissioner may take enforcement actions, such as issuing a cease and desist order or revoking a license, in cases where regulations or rules have been violated. Investigations typically recover more than \$5 million each year for consumers, including recoveries for insurance complaints and real estate fraud. Public complaints about agents and businesses in the areas of insurance, securities, real estate, banking or any other industry regulated by the Department may be filed by calling or writing the Enforcement Division. Consumer information is produced in publication form and is also available on the Department's Web site.

Staff:

- 1 Deputy Commissioner
- 1 Director
- 9 Supervisors
- 2 Attorneys
- 37 Professionals
- 28 Clericals

### **Investigations/Consumer Response Unit**

This unit is both pro-active and reactive in fulfilling its regulatory responsibilities. The section receives approximately 65,000

telephone inquiries/complaints from consumers and industry practitioners each year. In addition, this section investigates and responds to approximately 9,200 written complaints and inquiries each year.

During the past calendar year, this unit was responsible for the assessment and collection of approximately \$5.4 million for Minnesota consumers and businesses as a result of department intervention. The unit also initiated approximately 300 administrative actions which included, but were not limited to, license censures, suspensions, and revocations; cease and desist orders; and statements of charges. The Investigations/Consumer Response Unit also develops educational brochures and pamphlets for consumer/practitioners and provides speakers for various industry groups, consumer groups and continuing educational programs.

As indicated earlier, the division is divided into two basic sections: Investigations, and the Consumer Response Team. Each do the following:

**The Consumer Response Team (CRT)** section is composed of employees who respond to “walk-in” and “telephone” inquiries and complaints and attempt to resolve the problems presented without having to initiate a formal investigative proceeding. CRT members attempt to reinstate lines of communication and, whenever possible, encourage and obtain a prompt resolution to consumer/industry disputes.

The investigation section of this unit is composed of four teams of investigators each under the direction of a team supervisor. These teams are assigned investigative/compliance responsibilities

for each of the many industries regulated by the department.

Because the Department serves as both a regulatory and, to some extent, a law enforcement agency, the investigations section works closely with other local, state, and federal regulatory and law enforcement agencies. The section conducts both administrative and criminal investigations, serves both search warrants and administrative subpoenas, and serves as the complainant in civil, criminal and administrative proceedings.

The Investigations section also administers audit/inspection programs for the following industries and/or programs: real estate, insurance, debt collection, currency exchange, cosmetology, petrofund and continuing education compliance.

In this capacity, the Investigations Section annually conducts approximately eight to ten insurance market compliance examinations, forty currency exchange compliance examinations, approximately 3,800 cosmetology salon inspections, and numerous collection agency and real estate agency trust account audits. It is important to note that market conduct examinations of insurance companies differ from those conducted by the Financial Examinations Division in that they are compliance rather than solvency oriented.

## **Licensing**

The Licensing Unit is responsible for testing, licensing and renewing the licenses of both companies and practitioners in eleven different industries. Within these industries, we license and renew approximately 215,000 individuals

and/or companies annually. These general license categories can be further subdivided into approximately 25 different professions. Each year it also responds to about 165,000 telephone calls from people seeking licensing information. It licenses insurance adjusters, agents and agencies; real estate appraisers, abstractors, salespersons, brokers and companies; campground salespersons; notaries; cosmetology operators, manicurists, estheticians, salons, schools and instructors; residential building contractors; roofers; manufactured home installers; debt collectors and agencies; check-cashing firms; industrial loan and thrifts; insurance premium finance companies; motor vehicle sales finance companies, and regulated lenders. In most cases, certain standards of education and professional conduct must be achieved to receive and maintain a license. Information, forms and applications are available to all licensees on the Web site.

### **Insurance**

The number of active licenses issued to individuals and agencies was 54,452 as of September, 1998. Licenses are issued for a period of two years and renew in October of the appropriate year. For a life/health or property/casualty license, the applicant must complete 45 hours of education, pass a test, and be sponsored by an insurance company. Renewal requires 15 hours of continuing education per year.

Initial and renewal fees are, for agents: life/health \$60; property/casualty \$80; variable annuity \$75 (must also have life/health and securities licenses); farm property and life \$60; travel baggage \$60; bail bonds \$60; surplus lines \$500. For

agencies: corporation \$160; partnership \$160; individual proprietorship, no fee.

### **Real Estate**

The number of active real estate licenses issued to companies and individuals was 29,139 as of September 1998. Licenses are issued for two years and renew in June of the appropriate year. Initial applicants must complete 90 hours of education for a sales license, or 120 hours for a broker's license, and pass a test. Renewal requires 15 hours of continuing education per year for both salespersons and brokers. The department also licenses and regulates residential property appraisers. As of July 1, 1996, there were 2,387 active licensed appraisers.

Initial fees and renewal fees \$145 for salespersons; \$225 for brokers; \$225 for limited brokers; \$225 for corporations or partnerships; and \$20 for a subdivided land license. The initial fee for an appraiser \$200 and a renewal fee of \$150.

### **Residential Building Contractors and Remodelers**

Legislation passed in 1991 requires contractors of dwellings with less than four living units and remodelers who perform two or more special skills to be licensed beginning January 1, 1992. Licenses are for one year and annual renewal is in March. Initial and renewal fees range from \$175 to \$275. The continuing education requirement is 17 hours per biennium. As of March 1996, the division had licensed 9,554 builders and remodelers, 139 roofers and 75 mortgage home installers.

## **Notaries**

The number of active notary licenses was 97,062 as of July 1996. Licenses are for five years and renew on January 31 of every fifth year following January 31, 1995. Initial and renewal fees are \$40.

## **Cosmetology**

The number of active cosmetology licenses to firms and individual was 21,445 as of July 1996. Licenses are for three years. Renewal is in December. Initial applicants must pass a written test and a skills test and complete 1,500 hours of education for a cosmetologist license, 350 hours for a manicurist license, and 600 hours for an esthetician license. Initial applicants for a salon manager license must perform 2,700 hours of work experience and pass a written test.

Initial fees and renewal fees, respectively, are \$45 and \$30 for cosmetologists; \$45 and \$30 for manicurists; \$45 and \$30 for estheticians; \$60 and \$45 for managers; \$65 and \$50 for salons; \$60 and \$45 for instructors.

The Commerce Department's Licensing Section inspects the salons and cosmetology schools in Minnesota. It also receives and investigates complaints from the public.

## **Unclaimed Property Section**

The Minnesota's Unclaimed Property Program is administered under *Minnesota Statutes Chapter 345*. The program receives and inventories unclaimed property from a variety of holders each year. Thousands of Minnesotans, who do

not know they are the owners of unclaimed personal property, are sought every year by the Minnesota Department of Commerce. The largest departmental effort is an annual spring newspaper advertising campaign. In 1998, the department tried to find more than 30,700 persons and businesses to claim abandoned property worth approximately \$11 million. Properties include savings accounts, uncashed paychecks, travelers checks, stock, insurance, and uncashed tax refunds. Nearly \$37 million worth of property has been returned to Minnesota residents since the unclaimed property program began in 1969. As of 1991, \$29.8 million worth still remained unclaimed. On average, as a result of this publication, the program returns approximately 50% of the amount collected to Minnesota consumers and businesses.

In addition, to newspaper advertisements, the department publishes all names of unclaimed property holders on its Web site every Spring. Claim forms can also be downloaded from the site.

The statute requires the department to auction the contents of abandoned safe deposit boxes at least once every ten years. The most recent "auction" was held on October 16, 1993 at the St. Paul Civic Center. The next auction is scheduled for 2003.

## **Financial Examinations Division**

**Bank, Trust, Credit Union and Consumer Credit**

### **Statutory Authority**

Minn. Stat. § 46.04, "... shall exercise a constant supervision, either personally or through examiners...over the books and

affairs of all state banks, savings banks, trust companies, savings associations, credit unions, industrial loan and thrift companies and other financial institutions and consumer credit licensees doing business within this state....”

## **Overview**

This division examines state-chartered banks, credit unions and other financial institutions. Each institution’s financial and operations records are reviewed on-site by teams of examiners stationed throughout Minnesota. Field offices are maintained in Rochester, Fergus Falls and St. Paul. Additional staff analysis provides the commissioner with up-to-date evaluations of the financial condition of each institution and guidance in taking regulatory action to protect consumers. The division is accredited as a bank supervisory agency by the Conference of State Bank Supervisors.

Public complaints about banks or other institutions listed below may be registered by calling or writing the division.

The division charters and licenses approximately 825 licensed or chartered financial institutions regulated under Minnesota statutes. The statutes specify the requirements for organizing, operating and regulating financial institutions. The division issues charters or licenses for commercial state banks, detached banking facilities, state credit unions, electronic financial terminals, electronic funds transfer companies, trust companies, trust service offices, investment certificate companies, state savings and loans, industrial loan and thrifts, savings banks, regulated lenders, consumer small loan lenders, motor vehicle sales finance

companies, premium finance companies, debt prorated companies, and safe deposit companies.

### **Staff:**

- 1 Deputy Commissioner
- 1 Assistant Commissioner
- 5 Supervisors
- 24 Professionals
- 7 Clericals

## **Commercial Banks**

There are 374 commercial banks that hold state charters (the 130 national banks in Minnesota are federally chartered). Additionally, these state banks operate 316 detached facilities. They hold assets totaling \$18.8 billion and their deposits total \$16.3 billion. Total loans amount to approximately \$12.0 billion. Commercial banks operate under *Minnesota Statutes*, Chapters 46-48.

## **Credit Unions**

There are 140 credit unions that hold state charters (another 61 credit unions are federally chartered). Credit unions are cooperative associations that provide financial services to shareholding members who have a common bond of employment, association or residence in a community or rural district. They operate under Chapter 52 of *Minnesota Statutes*.

## **Electronic Financial Terminals**

There are 410 electronic financial terminals established by state-chartered institutions currently licensed in Minnesota. EFT’s, normally located off the premises of the bank, enable customers

using bankcards to make cash withdrawals, deposits or transfers. Customers may use debit cards to process purchases at retail stores. EFTs operate under Chapter 47 of *Minnesota Statutes*.

### **Trust Companies**

Four trust companies hold state charters and ten state-chartered banks are authorized to perform trust services. Trust companies help customers manage and invest their assets, typically for individual retirement accounts, estates, and employee benefit plans. Trust companies operate under Chapters 46, 48, 501, and 520 of *Minnesota Statutes*.

### **Trust Service Offices**

Ten trust service offices are currently licensed. A trust company may provide trust services at another location through an office set up at the request of a bank wishing to host the service. They operate under Chapter 482 of *Minnesota Statutes*.

### **Consumer Credit Licensees**

There are presently 32 nondeposit-taking industrial loan companies operating at 123 locations throughout Minnesota. There are also three deposit-taking industrial loan companies operating at 20 locations. These companies are licensed under Chapter 53 of *Minnesota Statutes*. Other consumer credit licensees are 12 debt prorated companies operating at 22 locations and license under Chapter 332 of *Minnesota Statutes*; 77 motor vehicle sales finance companies operating at 84 locations and licensed under Chapter 168 of *Minnesota Statutes*; 30 regulated lender

licensees operating at 36 locations and licensed under Chapter 56 of *Minnesota Statutes*; 10 insurance premium finance companies licensed under Chapter 59A of *Minnesota Statutes*; one safe deposit company licensed under Chapter 55 of *Minnesota Statutes* and two small loan licenses operating at four locations.

### **Program Activity**

#### **Examinations**

The Department conducts on-site safety and soundness and compliance examinations on a cooperative basis with the Federal Deposit Insurance Corporation, Federal Reserve Bank, and, to a lesser degree, with the National Credit Union Administration under agreements alternating 6, 12 to 18-month cycles depending upon the financial institution (Bank or Credit Union) rating on the Uniform System (CAMELS). Example: Composite 1 may go to 18-month statutory limit while Composite 4 or 5 may be on a 6-month cycle. Organizations share and accept each other's examination reports. Non-depository compliance routine has no statutory requirements and is one as conditions dictate. Field examination teams report through field director and review examiners to office chief examiners, all under the Assistant Commissioner.

#### **Chartering and Licensing**

The Chief Examiner coordinates and processes all forms of statutory authority for recommended action by the Commissioner or deputy as delegated. This activity is supported by both statutory application fees and overhead



appropriation in the Deputy Commissioner's budget.

### **Training**

Budgeted funds determined as a percentage of salary expense are expended primarily on programs through the FDIC, FRB, CSBS, OCC, FFIEC, and others as career path training and specialized formal education. On-the-job training is ongoing utilizing monthly lesson plans and work time guidance by senior staff and examiners. (Exhibit #5 for List of Classes)

### **Other**

Since 1990 the banking activity has been accredited by the Conference of State Bank Supervisors (CSBS) and has undergone annual reviews. Reaccreditation was granted the division in 1997 after an on-site examination. The next on-site examination will occur in 2001.

### **Current Issues**

- Banks, credit unions, and other depository institutions are performing at robust levels.
- Safety and soundness indicators under CAMELS system for 381 banks, thrifts, and trust companies and, 140 credit unions show number "4" ratings and ongoing cycle of examinations on-site are at 12 to 18 month intervals.
- Consumer compliance status of 164 licensees under CRS rating shows six as "4" rated and ongoing cycle of

examinations on-site are at 6-18-30 month intervals.

- Staff complement on credit union and consumer credit, 15 under approval level for FY 97-98 for bank and trust companies, one additional credit union examiner is requested for FY 99.
- Technical developments include new exam ware for credit unions (AIRES) and new exam ware for banks (GENESIS) to be introduced in October of 1998.
- Applications in process include two de novo banks. Applications for consumer credit licensees included numerous Industrial Loan applications, primarily for real estate lending.
- Budget capable of management within forecast and assessments provided economy remains vibrant. Field examination vacancies provide no savings on balance as their salaries are recovered through hourly rate and on-site examinations.

### **Insurance, Registration, and Petrofund Division**

#### **Statutory Authority**

Minnesota Statute Chapters 60A, 60B, 60C, 60D, 60E, 60G, 61A, 61B, 62C, 64B, 66A, 67A, 68A, 71A, 72A (Insurance); 80A, 80B, 80C (Registration) and 115C (Petrofund).

#### **Overview**

The Insurance Division examines the financial condition of companies licensed

to sell life policies, health policies, homeowners' policies, auto policies, annuities, pension investment contracts, retirement accounts and other insurance products in Minnesota. Field examiners visit insurance companies to conduct on-site reviews of financial and operations records. Analysts study the data to evaluate the financial status of the companies. When appropriate, the commissioner may authorize additional investigations or take administrative action to protect policyholders.

The division also licenses insurance companies to conduct business in Minnesota. As of December 31, 1997, 1,548 insurance companies were licensed. Minnesota is the primary regulator for 194 insurance holding assets totaling \$127.5 billion: 60 property/casualty companies, 15 life/health companies, 103 township mutuals, 8 fraternal, 3 reciprocals, and 5 others including nonprofits, hail/windstorm companies and life/health assessable mutuals. The division also monitors the remaining 1,227 companies domiciled in other states: 680 property/casualty companies, 498 life/health companies, 127 surplus lines companies, 34 fraternal, and 15 reciprocals/exchanges.

The Registration Division reviews registration applications for common stock, limited partnerships, investment company securities, corporate takeovers, subdivided land and camping memberships, and franchises. Applications must meet disclosure requirements and "merit review" standards intended to protect consumers.

The Petrofund Division provides staff assistance to the Petroleum Tank Release Compensation Board. Reimbursements are made for the cost of cleaning up spills

and leaks from tanks containing petroleum products. The Petrofund is funded by assessments on the petroleum industry.

#### Staff:

- 1 Deputy Commissioner
- 1 Assistant Commissioner
- 11 Managers
- 5 Supervisors
- 56 Professionals
- 16 Clericals

#### Insurance Exams

This division examines the financial condition of companies licensed to sell life policies, health policies, homeowner's policies, auto policies, annuities, pension investment contracts, retirement accounts and other insurance products in Minnesota. Field examiners visit insurance companies to conduct on-site reviews of financial and operations records. Analysts study the data to evaluate the financial status of the companies. When appropriate, the commissioner may authorize additional investigations or take administrative action to protect policyholders.

This division also licenses insurance companies to conduct business in Minnesota. As of June 1998, 1,421 insurance companies were licensed. Minnesota is the primary regulator for 194 domestic insurance companies holding assets totaling \$127.3 billion: 60 property/casualty companies, 15 life/health companies, 103 township mutuals, 8 fraternal, 3 reciprocals, and 5 others including nonprofits, hail/windstorm companies and life/health assessable mutuals. The division also monitors the remaining 1,227 companies domiciled in other states: 680

property/casualty companies, 498 life/health companies, 127 surplus lines companies, 34 fraternal, and 15 reciprocals/exchanges. Financial statements submitted each year by insurance companies are available to the public.

### **Policy Analysis Section**

This section approves the application forms and policy forms that insurance companies use in dealing with policyholders. New forms and changes in existing forms require approval. Forms must be understandable, must not be misleading, and must comply with Minnesota statutes. Adjustments in the rates charged by insurance companies also require approval. Approval is based on whether the proposed change is justified and actuarially sound.

This section also oversees the FAIR Plan for high-risk property owners, the Auto Assigned Risk Claims Plan, the Minnesota Dram Shop Market Assistance Committee, the Minnesota Comprehensive Health Insurance Act, the Auto Insurance Plan, the Workers' Compensation Reinsurance Association, the Minnesota Joint Underwriting Association, and the Minnesota Workers' Compensation Assigned Risk Plan.

### **Self-Insurance and TPAs Section**

As of June 5, 1998, 145 companies and 17 groups and 2 commercial groups were certified to self-insure for workers' compensation coverage, and 24 were certified to self-insure for automobile liability. The fee for workers' compensation self-insurance certification is \$2,500. Group self-insurers must file

annual certified financial statements. Individual companies file certified financial statements biennially.

Additionally, as of June 5, 1998, 263 companies were actively licensed as third-party administrators, which operate self-insurance or insurance plans. Licenses are issued for two years. The initial application fee and biennial renewal is \$500. TPAs file certified, biennial financial statements.

### **Registration**

The Registration Section reviews registration applications for common stock, limited partnerships, investment company securities, preferred stock, bonds and other debt securities, corporate takeovers, subdivided land and camping memberships, and franchises. Applications must meet disclosure requirements and merit review standards intended to protect consumers. Interpretive legal opinions may be requested from the division.

All filings submitted for registration or exemption are available to the public, including applications, financial disclosures and annual reports.

### **Securities**

As of June, 1998, 72,511 securities agents, 1,584 broker/dealers and 896 investment advisers were actively licensed. Licenses are renewed annually. Initial and renewal fees are \$50 for agents, \$200 for broker/dealers, and \$100 for investment advisers.

There were 3447 securities registered as of June 1998, as well as 791 exemption

filings. All securities offered or sold in Minnesota must either be registered or exempted from registration by statute. Securities filings or registrations under Chapter 80A of *Minnesota Statutes* must be made on a Form U-1. Filings for private placement exemptions use the Statement of the Issuer form. There is a filing fee of \$50 for the exemption. Initial application fee for investment company securities is \$100 plus 1/20th of 1 percent of maximum aggregate offering price. Annual report fee is \$100. Initial application fee for all other securities is \$100 plus 1/10th of 1 percent of maximum aggregate offering price up to \$300. The annual report fee is \$100.

### **Franchises**

As of June 1998, 612 franchises were actively registered. The initial application fee is \$400 and the annual report fee is \$200. An amendment fee is \$100.00.

### **Subdivided Lands and Camping Memberships**

Application fee for a subdivided land registration is \$400 plus \$1 for each lot, unit, parcel or interest up to a cap of \$3,500. If more than 100 units are registered, a public offering statement must also be filed. Annual report fee is \$150. The fee to register by notification is \$150 for 100 units or less and the annual report fee is \$75. (Persons engaged in subdivided land sales must have a real estate broker, salesperson, or limited broker license in addition to a subdivided land registration.)

Application fee to register land sold for camping memberships is \$500; annual report fee is \$100. (Persons engaged in

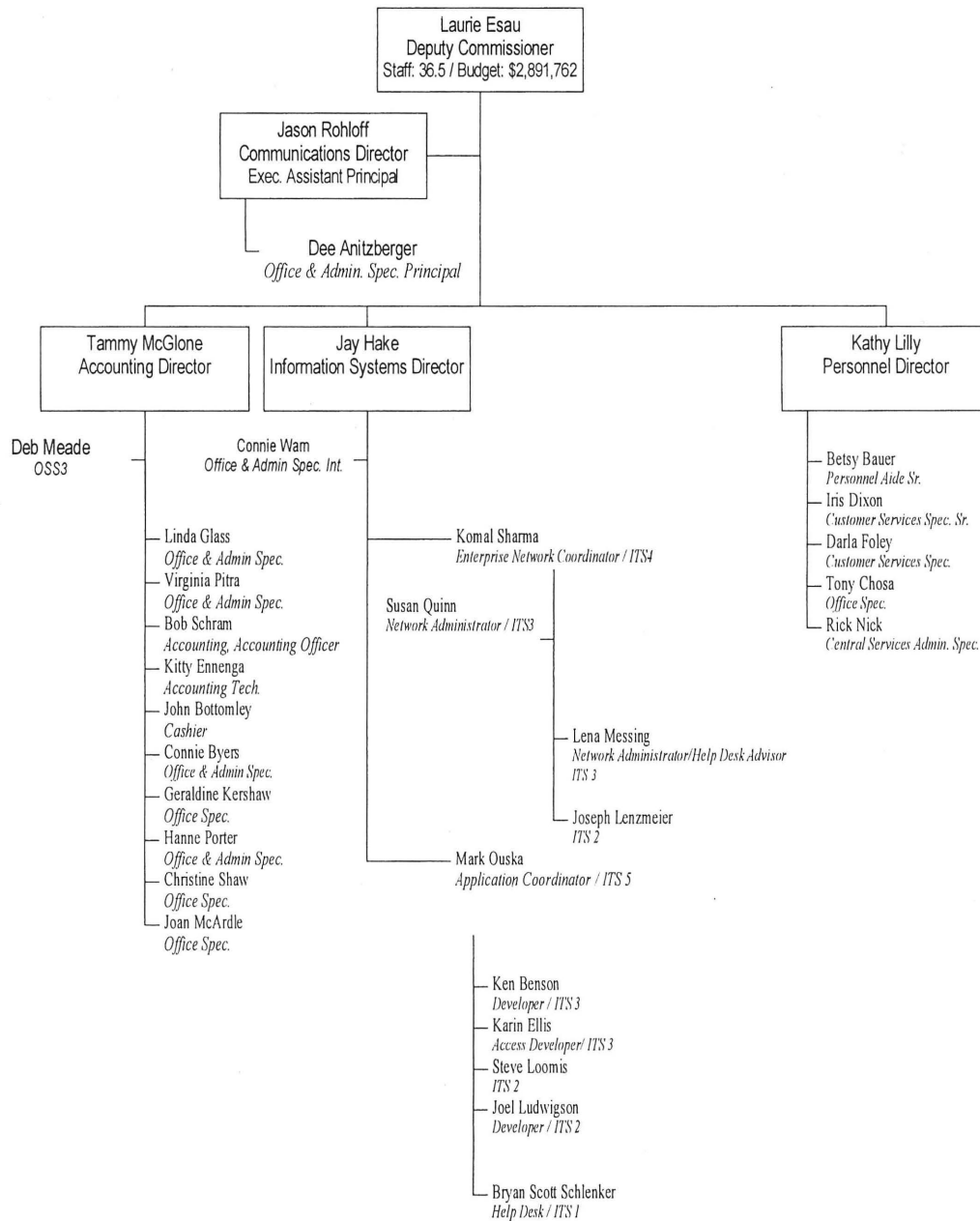
camping memberships sales must have a camping memberships sales license in addition to the registration).

### **Petrofund Section**

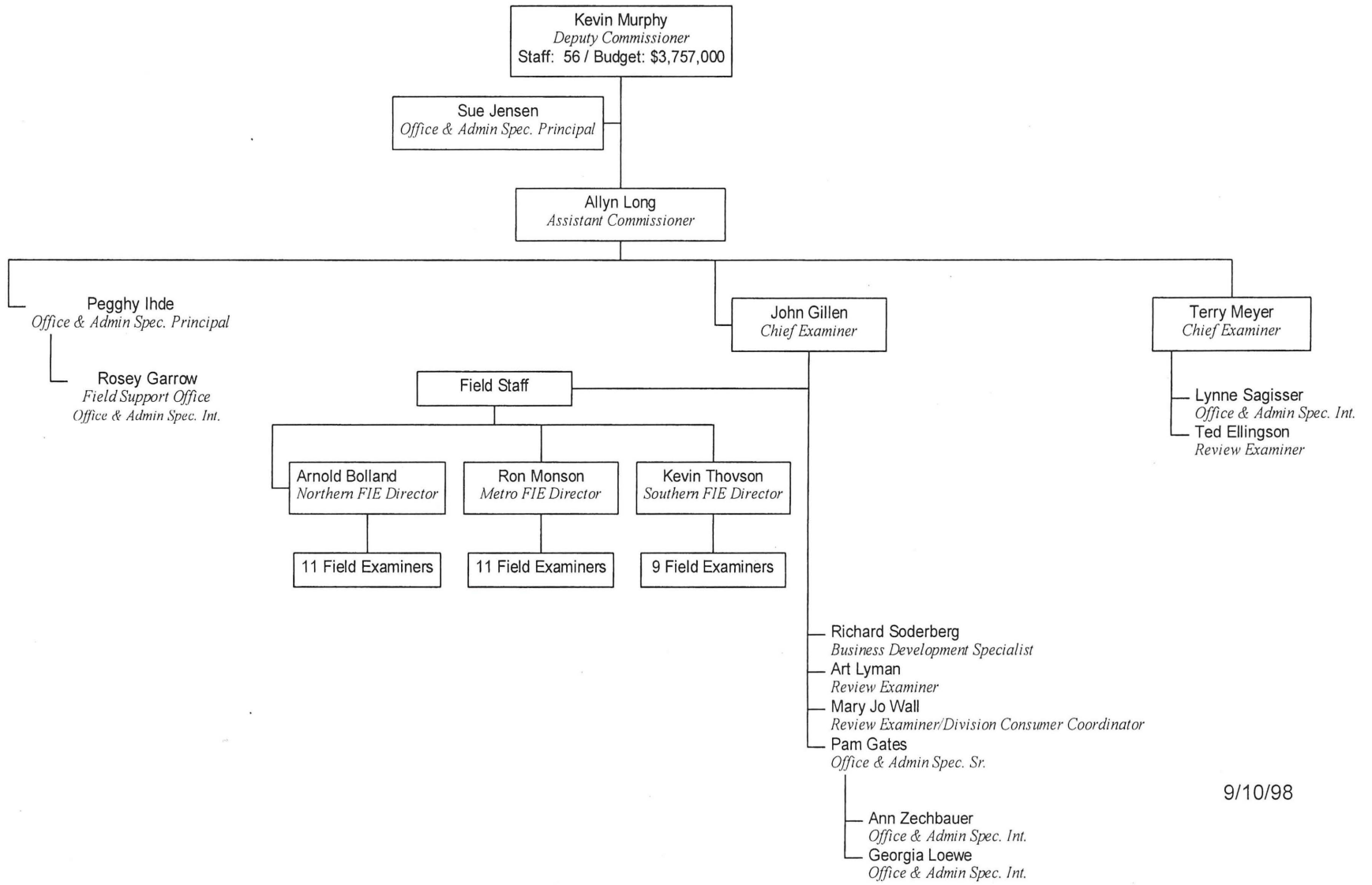
This section provides staff assistance to the Petroleum Tank Release Compensation Board. Reimbursements are made for the cost of cleaning up spills and leaks from tanks containing petroleum products. The Petrofund is funded by assessments on the petroleum industry. As of June 1998, a total of \$255.6 million for 6,250 leaks had been reimbursed since the Petrofund was created in 1987.



Administration

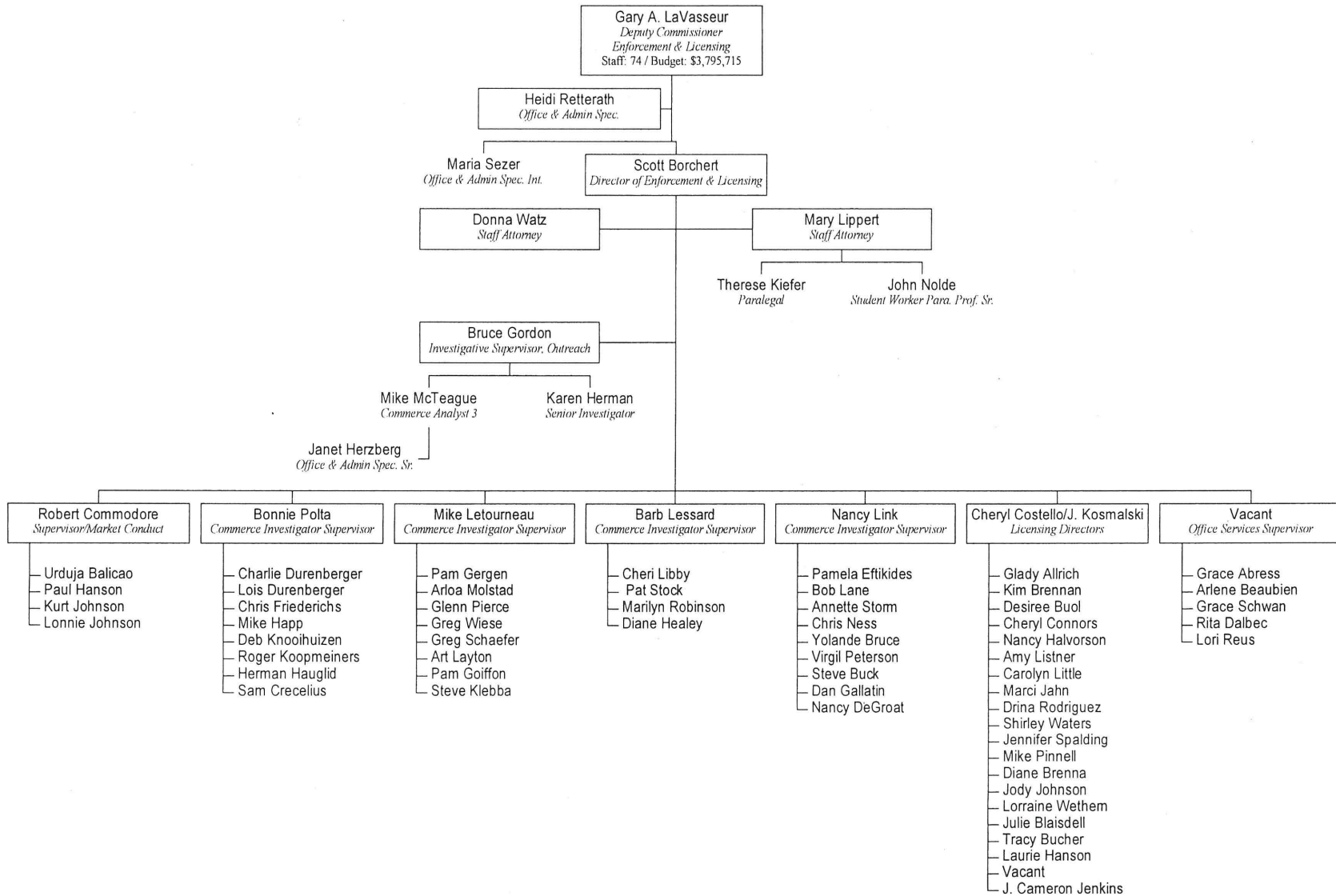


# Financial Exams



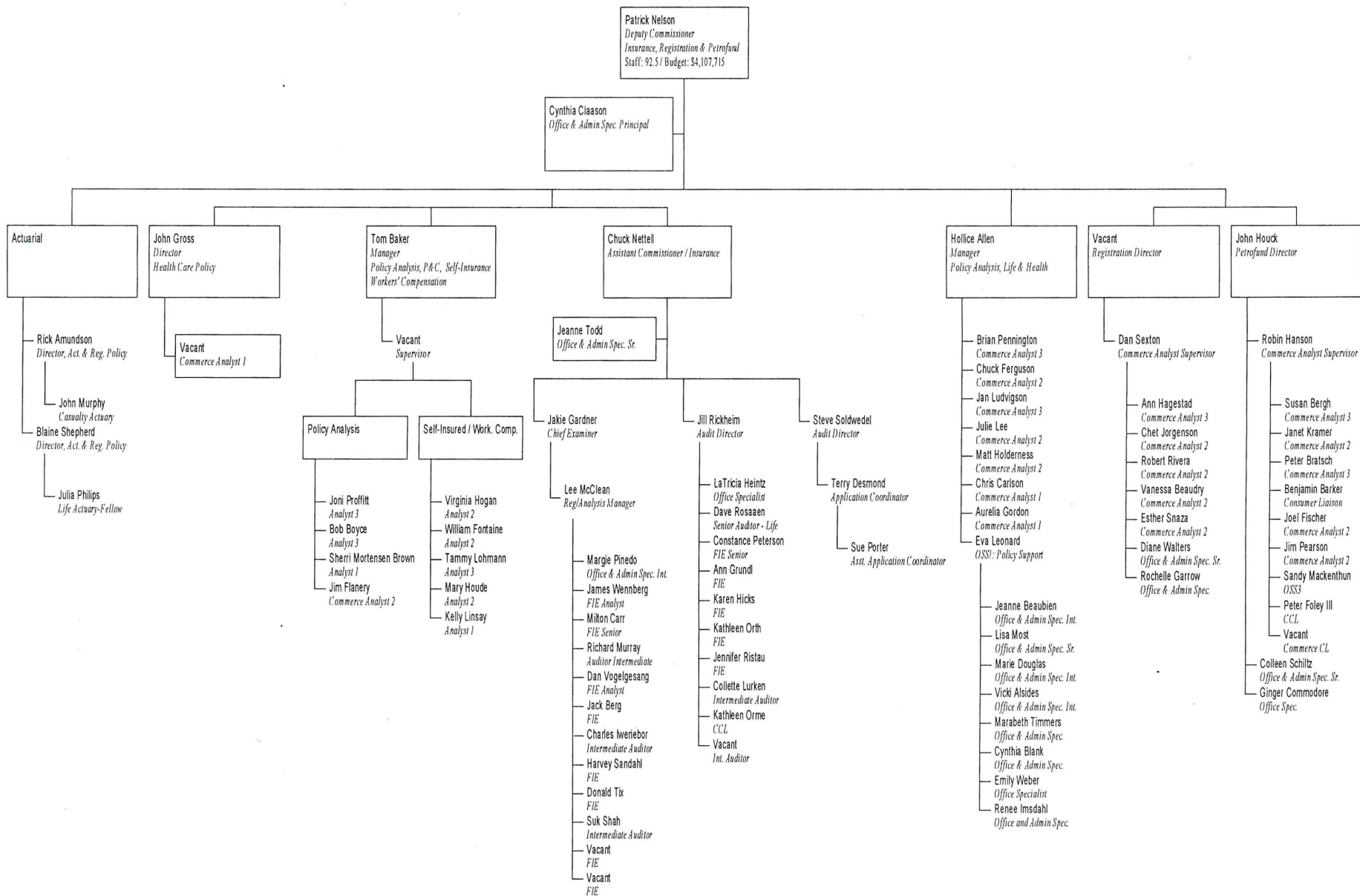
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Enforcement





# Insurance, Registration & Petrofund



# Department of Commerce - Senior Staff

