

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 PERSONNEL YEARS (Summary of Program Requirements)

	Personnel Years			Expenditures		
	2008-09	2009-10	2010-11	2008-09*	2009-10*	2010-11*
10 Investment Program	111.3	133.4	133.4	\$16,764	\$19,120	\$22,468
20 Lender-Fiduciary Program	125.6	121.9	129.5	17,729	17,158	21,506
50.01 Administration	49.4	60.7	67.3	5,263	5,581	6,239
50.02 Distributed Administration	-	-	-	-5,263	-5,581	-6,239
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	286.3	316.0	330.2	\$34,493	\$36,278	\$43,974
FUNDING				2008-09*	2009-10*	2010-11*
0067 State Corporations Fund				\$34,403	\$36,128	\$43,824
0942 Special Deposit Fund				61	-	-
0995 Reimbursements				29	150	150
TOTALS, EXPENDITURES, ALL FUNDS				\$34,493	\$36,278	\$43,974

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

- The Governor's Budget proposes \$1.3 million and eight positions to implement the federally mandated Secure and Fair Enforcement Licensing Act of 2008 (SAFE Act). The SAFE Act requires states to implement a licensing program for mortgage loan originators.
- The Governor's Budget proposes \$324,000 and two positions for administrative workload increases.

DETAILED BUDGET ADJUSTMENTS

	2009-10*			2010-11*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Various Baseline Adjustments	\$-	-\$3,383	-	\$-	\$1,242	-
Totals, Other Workload Budget Adjustments	\$-	-\$3,383	-	\$-	\$1,242	-
Totals, Workload Budget Adjustments	\$-	-\$3,383	-	\$-	\$1,242	-

* Dollars in thousands, except in Salary Range.

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	2009-10*			2010-11*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
Policy Adjustments						
• Implement the Federal Secure and Fair Enforcement Licensing Act of 2008 (SAFE).	\$-	\$-	-	\$-	\$1,284	7.6
• Administrative Program Workload Increase	-	-	-	-	324	1.9
Totals, Policy Adjustments	\$-	\$-	-	\$-	\$1,608	9.5
Totals, Budget Adjustments	\$-	-\$3,383	-	\$-	\$2,850	9.5

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)

		2008-09*	2009-10*	2010-11*
PROGRAM REQUIREMENTS				
10	INVESTMENT PROGRAM			
	State Operations:			
0067	State Corporations Fund	\$16,735	\$18,970	\$22,318
0995	Reimbursements	29	150	150
	Totals, State Operations	\$16,764	\$19,120	\$22,468
ELEMENT REQUIREMENTS				
10.10	Corporate Securities Law	\$10,552	\$12,199	\$14,369
	State Operations:			
0067	State Corporations Fund	10,523	12,049	14,219
0995	Reimbursements	29	150	150
10.15	Broker/Dealers	\$2,581	\$2,885	\$3,375
	State Operations:			
0067	State Corporations Fund	2,581	2,885	3,375
10.25	Investment Advisers	\$2,275	\$2,471	\$2,883
	State Operations:			
0067	State Corporations Fund	2,275	2,471	2,883
10.35	Agent Monitoring Law	\$226	\$239	\$282
	State Operations:			
0067	State Corporations Fund	226	239	282
10.65	Franchise Investment Law	\$1,131	\$1,326	\$1,559
	State Operations:			
0067	State Corporations Fund	1,131	1,326	1,559

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	2008-09*	2009-10*	2010-11*
State Operations:			
0067 State Corporations Fund	\$17,729	\$17,158	\$21,506
Totals, State Operations	\$17,729	\$17,158	\$21,506
ELEMENT REQUIREMENTS			
20.10 Check Sellers, Bill Payers and Proraters	\$13	\$20	\$21
State Operations:			
0067 State Corporations Fund	13	20	21
20.20 Deferred Deposit Transaction Law	\$3,890	\$3,724	\$4,366
State Operations:			
0067 State Corporations Fund	3,890	3,724	4,366
20.30 Escrow Law	\$4,863	\$5,037	\$5,907
State Operations:			
0067 State Corporations Fund	4,863	5,037	5,907
20.85 California Mortgage Loan Originator	\$-	\$-	\$1,284
State Operations:			
0067 State Corporations Fund	-	-	1,284
20.90 California Finance Lenders Law	\$6,147	\$5,473	\$6,487
State Operations:			
0067 State Corporations Fund	6,147	5,473	6,487
20.95 Mortgage Bankers Law	\$2,816	\$2,905	\$3,441
State Operations:			
0067 State Corporations Fund	2,816	2,905	3,441
TOTALS, EXPENDITURES			
State Operations	34,493	36,278	43,974
Totals, Expenditures	\$34,493	\$36,278	\$43,974

EXPENDITURES BY CATEGORY (Summary By Object)

1 State Operations	Positions/Personnel Years			Expenditures		
	2008-09	2009-10	2010-11	2008-09*	2009-10*	2010-11*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	286.3	322.0	327.0	\$18,012	\$18,417	\$21,949
Total Adjustments	-	-	10.0	-	-	729
Estimated Salary Savings	-	-6.0	-6.8	-	-446	-503
Net Totals, Salaries and Wages	286.3	316.0	330.2	\$18,012	\$17,971	\$22,175
Staff Benefits	-	-	-	7,119	6,690	8,095
Totals, Personal Services	286.3	316.0	330.2	\$25,131	\$24,661	\$30,270
OPERATING EXPENSES AND EQUIPMENT				\$9,362	\$11,617	\$13,704
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS				\$34,493	\$36,278	\$43,974
(State Operations)						

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2008-09*	2009-10*	2010-11*
0067 State Corporations Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$39,948	\$39,511	\$43,824
Allocation for employee compensation	75	-	-
Adjustment per Section 3.60	-12	61	-

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1 STATE OPERATIONS	2008-09*	2009-10*	2010-11*
Reduction per Section 3.90	-519	-3,389	-
Adjustment per Section 3.55	-	-55	-
011 Budget Act appropriation (Loan to the General Fund) as added per Chapter 2, Statutes of 2009, Third Extraordinary Session	(4,200)	-	-
Totals Available	\$39,492	\$36,128	\$43,824
Unexpended balance, estimated savings	-5,089	-	-
TOTALS, EXPENDITURES	\$34,403	\$36,128	\$43,824
0942 Special Deposit Fund			
APPROPRIATIONS			
Government Code Section 16370 (Conservatorship Account)	\$61	-	-
TOTALS, EXPENDITURES	\$61	\$-	\$-
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$29	\$150	\$150
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$34,493	\$36,278	\$43,974

FUND CONDITION STATEMENTS

	2008-09*	2009-10*	2010-11*
0067 State Corporations Fund ^s			
BEGINNING BALANCE	\$16,080	\$49,388	\$46,024
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125700 Other Regulatory Licenses and Permits	31,059	28,790	28,790
125800 Renewal Fees	794	1,234	1,234
125900 Delinquent Fees	6	-	-
141200 Sales of Documents	5	2	2
142500 Miscellaneous Services to the Public	10	10	10
150300 Income From Surplus Money Investments	222	796	796
161000 Escheat of Unclaimed Checks & Warrants	7	11	11
161900 Other Revenue - Cost Recoveries	694	223	223
163000 Settlements/Judgments(not Anti-trust)	38,539	1,500	1,500
164300 Penalty Assessments	588	227	227
Transfers and Other Adjustments:			
TO0001 To General Fund per Item 2180-011-0067, BA of 2008 as added by Chapter 2 3X, Statutes of 2009	-4,200	-	-
Total Revenues, Transfers, and Other Adjustments	\$67,724	\$32,793	\$32,793
Total Resources	\$83,804	\$82,181	\$78,817
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	13	29	71
2180 Department of Corporations (State Operations)	34,403	36,128	43,824
8880 Financial Information System for California (State Operations)	-	-	24
Total Expenditures and Expenditure Adjustments	\$34,416	\$36,157	\$43,919
FUND BALANCE	\$49,388	\$46,024	\$34,898
Reserve for economic uncertainties	49,388	46,024	34,898

CHANGES IN AUTHORIZED POSITIONS

	Positions/Personnel Years			Expenditures		
	2008-09	2009-10	2010-11	2008-09*	2009-10*	2010-11*
Totals, Authorized Positions	286.3	322.0	327.0	\$18,012	\$18,417	\$21,949
Proposed New Positions:				Salary Range		

* Dollars in thousands, except in Salary Range.

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	Positions/Personnel Years			Expenditures		
	2008-09	2009-10	2010-11	2008-09*	2009-10*	2010-11*
SAFE BCP:						
Corporation Examiners	-	-	8.0	4,674-5,683	-	553
Information Technology Workload Increase BCP:						
Senior Information Systems Analyst	-	-	1.0	5,571-7,109	-	85
Associate Info Systems Analyst Specialist	-	-	1.0	4,619-5,897	-	71
Overtime	-	-	-	-	-	20
Totals Proposed New Positions	-	-	10.0	\$-	\$-	\$729
Total Adjustments	-	-	10.0	\$-	\$-	\$729
TOTALS, SALARIES AND WAGES	286.3	322.0	337.0	\$18,012	\$18,417	\$22,678

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