

YEAR IN REVIEW
2005



North American Securities Administrators Association
Putting Investors First
Working Together to Protect Investors

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About NASAA

Organized in 1919, the North American Securities Administrators Association (NASAA) is the oldest international organization devoted to investor protection. NASAA is a voluntary association whose membership consists of securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada, and Mexico.

As the preeminent organization of securities regulators, NASAA is committed to educating investors, protecting investors from fraud and abuse, supporting capital formation, and helping ensure the integrity and efficiency of financial markets.

Investors benefit from grassroots regulation and NASAA Members have a long record of success in protecting investors at the local level as an investor's front line of defense.

NASAA members have been protecting investors from fraud and abusive sales practices for more than 90 years, beginning with the passage of the first "blue sky" law, in Kansas, in 1911. In the United States, state securities regulation preceded federal securities laws and the creation of the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers (NASD). The system of state, federal and industry oversight supports securities markets and has helped make them the envy of the world. Within this system, each regulator complements the others, leveraging resources, strengths and expertise.

Leadership Letter



Rising to the Challenge

A Message from NASAA
2004-2005 President
Franklin L. Widmann

The following is adapted from remarks delivered by NASAA 2004-2005 President and New Jersey

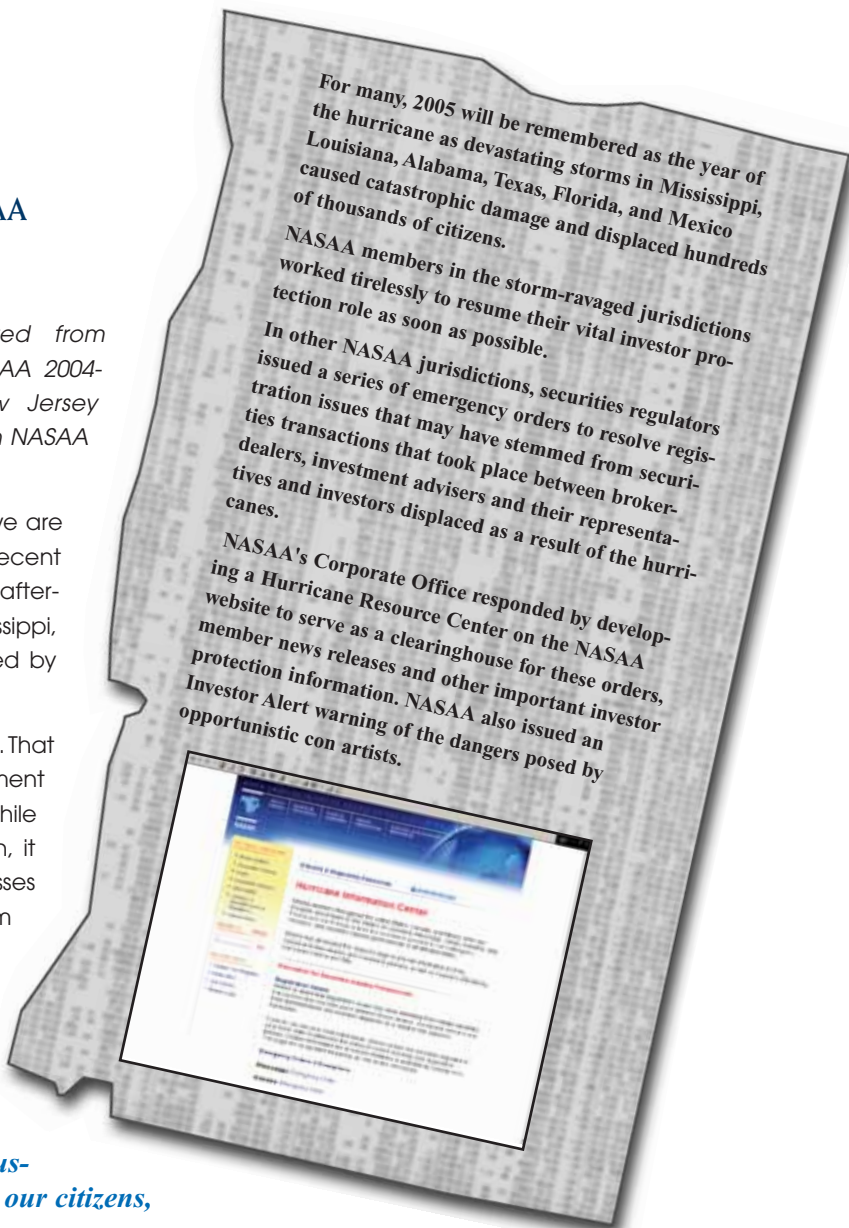
Securities Bureau Chief Franklin L. Widmann at the 88th NASAA Annual Conference.

I would like to say a few words as a reminder of why we are here and why we do what we do. In the wake of the recent tragedy created by the hurricanes of 2005 and their aftermath, our hearts go out to the people of Louisiana, Mississippi, Alabama, and Florida, who suffered or were dislocated by the storm. Our thanks go to those who took so many in.

As securities regulators it is our mission to protect people. That is based upon the fundamental responsibility of government to protect the public health, safety and welfare. While our participation does not often involve life or death, it can involve devastation of people's lives through losses of their homes, and hard-earned life savings. I am reminded of those losses, and much worse, when I see the devastation wrought by these storms and the need for government assistance.

"I would urge all of you who are government regulators to keep pushing to protect those who need our help, and those of you who are in the industry to rise to the occasion in this time of crisis for our citizens, your customers and our American way of life."

I am pleased by the response of our securities regulator colleagues in Louisiana, Mississippi, Alabama, Florida, Texas, and others and the cooperative spirit displayed in attempting to assist displaced investors and financial firms and their employees. I am pleased and thankful for the offers of cooperation and assistance from the NASD and the SEC. I am pleased with the NASAA family, including members and the Corporate Office, who have spent their time and energy to help their aggrieved colleagues with a goal toward protecting investors and stabilizing the system in the aftermath of the storms. I am especially heartened by the generosity of the American people and those of other countries.



However, the real message of this catastrophe is this - Americans expect their government, at all levels, to protect them, particularly when they are vulnerable. Americans expect their government to be there to provide an essential safety net - particularly in times of crisis, and even if it costs big dollars — because the fundamental role of government is to protect the public health, safety and welfare. That is our trust as state and provincial securities regulators, and that is why we approach our jobs as our mission and our cause.

Remember that this isn't just about government. There is another piece to this equation. One of the assumptions that we live by in a civil society such as ours is that people

will have access to their money, that it will be safe when entrusted to our financial institutions, and that it won't be stolen, leaving the victim with no recourse. So, in addition to the governmental responsibility of protecting the public and enforcing the law, there is a civic responsibility for those who are entrusted with the property and money of others - to treat their fellow citizens fairly and with respect. And this is why you in the industry are so important. The industry's response in a time of crisis, in a cooperative effort with government, will instill confidence in our system and be another positive milestone toward the future of our society.

We have just seen how fragile our own system can be if the social fabric is torn apart. So, I would urge all of you who are government regulators to keep pushing to protect those who need our help, and those of you who are in the industry to rise to the occasion in this time of crisis for our citizens, your customers and our way of life.



Franklin L. Widmann
NASAA President, 2004-2005
Chief, New Jersey Bureau of Securities



NASAA 2004-2005 President and Chief of the New Jersey Bureau of Securities Franklin L. Widmann addressing the NASAA Membership.

Leadership Letter



Respect and Collaboration:

A Message from NASAA 2005-2006 President Patricia D. Struck

The challenges NASAA faced in 2005 illustrate the importance of maintaining strong working relationships with fellow regulators, legislators, and, as appropriate, the securities industry itself. Looking forward, I intend to build upon these relationships while advocating the important role NASAA members serve in protecting more than 100 million North American investors. And while so doing, I ask that you join me in keeping two practices in mind: "respect" and "collaboration."

These are the basic principles that will guide my presidency. When I speak of respect, I am addressing fellow regulators and industry representatives. We must share a high level of respect for investors and

I urge each of us to respect one another as well. For those in the securities business, compliance with securities laws is a reflection of your respect for investors and the systems in place for their protection. We expect you to play by the rules.

During the year ahead, I intend to strengthen NASAA's collaboration with fellow regulators and securities professionals. Through this collaboration NASAA will be better able to respond to the special needs of our primary audiences - including fellow regulators and other policy makers, representatives of the financial services community; and, of course, our key constituents, the residents of our jurisdictions.

A good example of the benefits of collaboration is NASAA's recent joint announcement with the Securities and Exchange Commission of a one-year fee reduction of system fees paid by investment advisers and all investment adviser representatives for registration in the Investment Adviser Registration Depository (IARD) program. Another collaborative effort, this time between NASAA, the NASD, and the New York Stock Exchange (NYSE) Regulation, developed a common definition of "branch office" in the securities industry. This new definition, approved by the SEC, demonstrates that regulators can respond positively to changes in industry business practices while remaining true to the underlying principle of investor protection.

Expansion and Change

Indeed, we live in an era of expansion and change, and as regulators we must be able to respond effectively and efficiently as new business practices evolve. The six years since passage of the Gramm-Leach-Bliley Act alone have brought profound changes to how banking, securities, and insurance firms provide their services and products. As a consumer, I appreciate the convenience that we've experienced as a result. Still, as banks and insurance companies venture into the securities business, they are developing new "hybrid products" that blend traditional insurance or bank offerings while exposing the customer to risks associated with the stock market. Customers are not generally accustomed to risk exposure when dealing with banking or insurance products.

Not too many years ago, investors understood that banks sold CD's, insurance companies sold insurance, and broker-dealers sold investment securities. That's no longer true. Insurance agents now sell certificates of deposit, some insured by the FDIC, and others that are not fully insured. Investors who buy non-FDIC insured deposit products, including those with variable rates, are entitled to the protection of securities laws and the oversight that state securities regulators provide.

NASAA appreciates the efforts of those in Congress who attempt to preserve state securities oversight when non-traditional and non-FDIC insured depository products are sold to residents of our states. NASAA supports Congressional efforts to make our financial services sector even more efficient so long as that efficiency does not undermine the system of investor protection that has made our markets the fairest in the world. We will remain vigilant to any proposals that would weaken our regulatory authority.

Throughout 2006, NASAA will address several issues of interest in our efforts to protect investors. Three of the key issues are variable annuities, investment advice, and arbitration. While these issues will take much attention, I also intend to focus on internal issues to help NASAA serve our membership. I will work toward enhancing communications among NASAA members in order to foster the development of additional NASAA resources for sharing our experiences and concerns within our jurisdictions involving best practices, investor education, enforcement and regulatory issues.

There is so much that we can learn from our fellow NASAA members. I will also encourage more active involvement by all of our member jurisdictions, including our Canadian members and our newest member, the U.S. Virgin Islands. As the legendary Green Bay Packer coach Vince Lombardi said: "Individual commitment to a group effort - that is what makes a team work, a company work, a society work, a civilization work." I'd like to thank my fellow Board members, including President-elect Joseph Borg, Section and Project Group chairs, my staff in Wisconsin, and the NASAA Corporate Office staff for your professionalism, integrity, and your individual commitment to our group effort.



Patricia D. Struck

NASAA President, 2005-2006

Administrator, Wisconsin Division of Securities



NASAA 2005-2006 President and Wisconsin Securities Administrator Patricia D. Struck stresses her themes of respect and collaboration.



NASAA Overview

NASAA assists its members in coordinating enforcement efforts regarding multi-jurisdictional frauds by facilitating the sharing of information and leveraging the resources of our jurisdictions more efficiently. White-collar crime cases encompass a broad range of misconduct that profoundly affects all investors. It is estimated that securities fraud alone costs investors \$40 billion per year. The ability of regulators and prosecutors to fight crime relies on our ability to effectively leverage the resources of local, state and federal agencies. Given both the important role financial markets play and the growing numbers of individuals turning to the markets for their long-term financial goals, it is imperative that more resources are focused on enforcement. State, federal and provincial prosecutors rely on state securities agencies for expertise and guidance, help and support. To continue delivering

this support, NASAA urges state legislatures to increase resources for state securities regulation and enforcement.

ENHANCING EFFECTIVE & EFFICIENT REGULATION

Advancing the interests of state and provincial securities regulation through effective regulation is a fundamental aspect of NASAA's mission. Thus, a significant amount of NASAA's work focuses on representing the interests of state and provincial securities regulators and working in a coordinated and cooperative manner with the U.S. Securities and Exchange Commission, industry self-regulatory organizations such as the NASD and the New York Stock Exchange, and other international regulatory bodies, including the International Organization of Securities Commissions (IOSCO) and the Council of Securities Regulators for the Americas (COSRA).

NASAA Welcomes U.S. Virgin Islands as Newest Member

In May 2005, the U.S. Virgin Islands became the 67th member of NASAA.

"I am greatly pleased that NASAA's membership has voted unanimously to welcome the U.S. Virgin Islands as the newest member of our association. NASAA looks forward to a long and fulfilling association with you and your staff," NASAA President Franklin L. Widmann wrote in a letter to Deverita C. Sturdivant, Director of the U.S. Virgin Islands Division of Banking and Insurance.

The Division assumed regulatory oversight over securities following the adoption of the Uniform Securities Act by the U.S. Virgin Islands in February.



NASAA President Franklin L. Widmann (left) confers with Richard Ketchum, Chief Regulatory Officer of the New York Stock Exchange during a NASAA Membership Meeting

our unique perspective to the SEC and SROs as they move forward in their rulemaking processes.

NASAA also is taking steps to reach out to other regulators at both the state and federal levels. For example, in 2005 NASAA, working with the National Association of Insurance Commissioners (NAIC), conducted the second joint training program to benefit state insurance and state securities regulators who want to work together more effectively to solve the persistent problem of securities fraud by insurance agents. NASAA also served as an active member of the Financial and Banking Information Infrastructure Committee (FBII), which is sponsored by the President's Working Group on Financial Markets. As an active FBII member, NASAA helps coordinate public-sector efforts to improve the reliability and security of the U.S. financial system. NASAA also serves as a member of the

ADVANCING COORDINATION AND COOPERATION

NASAA welcomes the opportunity to continue to work with our regulatory counterparts at the SEC and the SROs to collectively use our resources to protect investors. We also look forward to the continued progress of our ongoing series of discussions with the SEC as part of the joint initiative to explore ways to improve coordination and communication. We stand ready to provide insight from



NASAA represents the interests of securities regulators throughout North America, including, from left to right: Prince Edward Island Director of Securities Edison Shea; Felipe Cruz, Director of the Puerto Rico Securities Division; and Daniel Laurion, of Quebec's Autorite des marches financiers.

NASAA Launches Online Enforcement Directory

In June 2005, NASAA launched an enforcement directory of links to its member jurisdictions that offer access to online enforcement actions, cease and desist orders, and other administrative orders.

"We are pleased to offer this resource on the NASAA website in order to provide quick and easy access to enforcement activity of the vast majority of our jurisdictions throughout North America," NASAA President and New Jersey Securities Bureau Chief Franklin L. Widmann said.

Widmann said the breadth and scope of enforcement actions reflected in the directory showcase the day-to-day activity of NASAA members in protecting the investing public.



NASAA 2005-2006 Ombudsman and Maine Department of Professional and Financial Regulation Commissioner Christine A. Bruenn; and NASAA Board Member and Colorado Securities Commissioner Fred Joseph address the NASAA membership.

Federal Reserve's Cross-Sector Group and participates in the group's bi-annual meetings, which are hosted by the Federal Reserve and include representatives from the state and federal banking, insurance and securities regulators.

ENCOURAGING EFFECTIVE LEGISLATION

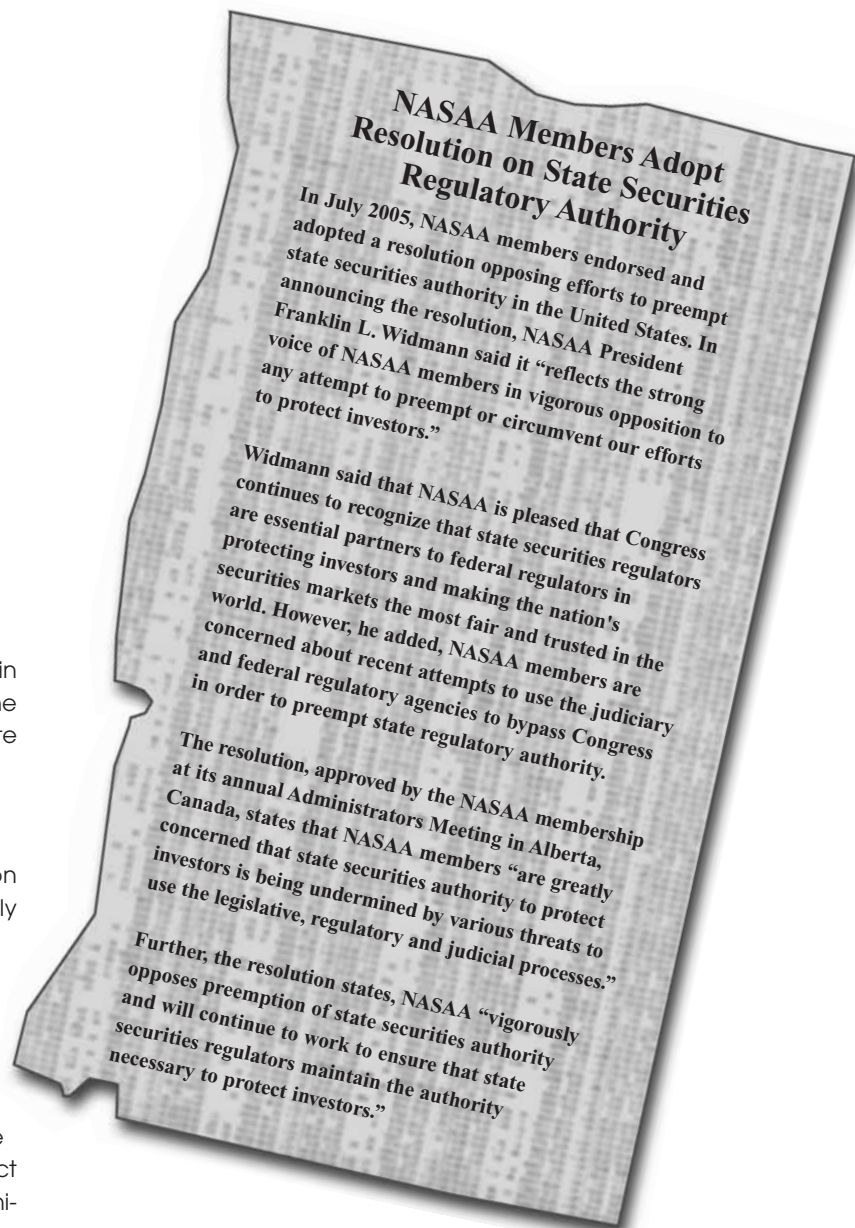
NASAA, through its membership, Federal Legislation Committee, and the Corporate Office staff, actively promotes the interests of state and provincial securities regulators before legislatures. NASAA provides a united voice to advocate for ensuring that state and provincial securities regulators maintain authority essential to keep capital markets safe for all investors. Our members testify before federal, state and provincial legislatures on a variety of initiatives and have been the voice of reasonable and responsible regulation to protect investors in our securities markets. NASAA provides technical information and comments on legislation of concern and interest to its members.

PROTECTING INVESTORS' RIGHTS

NASAA plays an important role in representing the membership's position, as amicus curiae, in significant legal proceedings that may have a widespread impact upon securities regulators and the rights of investors. Under the



NASAA Board Member and 2005-2006 President-elect Joseph Borg (right) and John Arterberry, of the U.S. Department of Justice, share strategies to efficiently manage resources in the pursuit of investor protection.



direction of the Legal Services Committee chaired by Robert McDonald, of Maryland, NASAA filed an amicus brief in a case pending before the California Court of Appeal for the Fourth Appellate District, Division One. In this case, California v. Innovative Financial Services, an appeal by a viatical promoter, NASAA argued in support of the California Department of Corporations, (1) that viaticals are securities because they are investment contracts; (2) that when California added "viaticals" to the list of items defined by statute as a security, it was merely clarifying, not changing the law; and (3) that imposing full restitution liability upon the principal of the sales operation was an appropriate remedy under both the California securities



NASAA Board Member and Delaware Securities Commissioner James B. Ropp, briefs NASAA members on federal legislative developments.



NASAA 2005-2006 President and Wisconsin Securities Administrator Patricia D. Struck confers with NASAA Board Member and Manitoba Securities Commission Chair Donald G. Murray.

act as well as principles of equity. NASAA's liaison in California was Jim Openshaw, who won a hard-fought victory in the trial court.

ENHANCING MEMBER SKILLS & ABILITIES THROUGH EDUCATION

Educating and training our members is a vital part of NASAA's mission. In 2005, NASAA hosted 10 training seminars, which attracted 832 participants. In addition to the joint NASAA/NAIC training seminar, other NASAA training seminars included sessions devoted to broker-dealer, investment adviser, franchise, corporation finance, investor education, electronic examination module, CRD/IARD, attorney/investigator and joint regulatory issues.

NASAA's emphasis on training helps promote uniformity by ensuring that state examiners, investigators and prosecutors are schooled in the current problem areas so that they can more effectively regulate the securities industry and serve investors.



NASAA President Franklin L. Widmann handed the gavel to President-elect Patricia D. Struck at the NASAA Annual Conference in September, 2005.

NASAA 2005-2006 STRATEGIC PLAN

VISION

NASAA is the oldest international organization devoted to investor protection. Its membership includes the securities regulators in the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands; the provinces and territories of Canada, and Mexico. As the preeminent organization of securities regulators, NASAA is committed to educating investors, protecting investors from fraud and abuse, supporting capital formation, and helping ensure the integrity and efficiency of financial markets.

MISSION

NASAA represents and serves its members through advocacy, education, subject matter expertise, communication and coordination.

VALUES

NASAA values investor protection, education, respect for diverse views, building consensus, being proactive, and active participation by all members of the organization.

GOALS

- Promote and enhance the effectiveness and efficiency of securities regulation by NASAA members.
- Promote investor awareness and educate potential and current investors.
- Communicate and advocate the value of securities regulation and investor protection by NASAA members.
- Enhance the skills, knowledge and abilities of members and staff through education.
- Assure an effective and efficient corporate governance and organizational structure.
- Continue to maintain a viable and effective corporate office.



NASAA Board Member and North Dakota Securities Commissioner Karen Tyler, addresses the 88th NASAA Annual Conference, which she chaired.



2005 NASAA Section Review

Broker-Dealer

OVERVIEW

The NASAA Broker-Dealer Section focuses on issues involving broker-dealers and agents. These issues include qualification and licensing requirements, record keeping and compliance requirements, continuing education, and practices involving investors. The Section provides official comments on rule proposals; participates in discussions with industry, SRO's, and federal regulators regarding trends and concerns in the brokerage industry; and provides guidance to states on broker-dealer issues.

Recent issues include suitability determinations, required disclosures, account fees, variable annuity sales, arbitration, finders, sales practices and supervision issues. The point-of-sale contact broker-dealers have with investors makes the work of this Section critical in achieving NASAA's mission of investor protection.

NASAA's 2004-2005 Broker-Dealer Section was chaired by Illinois Securities Director Tanya Solov; Don Saxon,

Commissioner of the Florida Department of Financial Services Office of Financial Regulation, served as Vice Chair. Section Members included: Scott Borchert, Minnesota; Tanya Durkee, Vermont; Matthew Neubert, Arizona; and Douglas Brown, of Manitoba, served as the Section's Canadian Liaison.

The Section oversees the activities of six Project Groups, including: Continuing Education (Chair: Don Saxon, Florida); Exams Advisory (Chair: Sheila Cahill, Nebraska); Market and Regulatory Policy and Review (Chair: Matthew Neubert, Arizona); Broker-Dealer Operations (Chair: William Reilly, Florida); Arbitration (Chair: Leigh Davis-Schmidt, Utah); and Variable Annuities (Chair: John Cronin, Vermont).

The Section also works closely with the CRD/IARD Steering Committee, chaired by Maryland Securities Commissioner Melanie Senter Lubin.

2005 ACTIVITIES

Branch Office Registration

In a joint regulatory initiative that culminated in 2005, the SEC approved a common definition of "branch office" in the securities industry developed by NASAA, New York Stock Exchange (NYSE) Regulation and the NASD. The SEC also approved a new centralized branch office registration system through the Central Registration Depository (CRD®). Representatives from NASAA along with staff members of the NYSE and NASD, participated in the development of the proposed Uniform Branch Office Registration Form ("Form BR") and conforming changes in the Uniform Application for Securities Industry Registration or Transfer ("Form U4") and the Uniform Termination Notice for Securities Industry Registration ("Form U5").



Illinois Securities Director Tanya Solov, chair of NASAA's Broker-Dealer Section, listens as section member and Arizona Director of Securities Matthew Neubert, makes a point.



Connecticut Securities Director Ralph A. Lambiase moderated a NASAA Listens Forum that brought together leading experts for a thorough discussion exploring possible market manipulation through abusive naked short selling activity.

"The new branch-office definition demonstrates that regulators can respond positively to changes in industry business practices while remaining true to the underlying principle of investor protection," NASAA President Patricia D. Struck said. "This updated and uniform definition, which can be delivered and monitored through CRD, will not only facilitate the continued effectiveness of our uniform system of registration, it also will allow firms to more easily put necessary protective measures into effect, and enable regulators to better monitor compliance." In addition to promoting efficiency for industry participants, Form BR will assist regulators in conducting exams. Specifically, the proposed form will link registered persons to various branches thereby enabling regulators to better track complaints to various branches. Regulators will also be able to generate reports about branch offices using the information contained on Form BR.

Short Sales

In 2005, NASAA hosted a "NASAA Listens" Forum in Washington, D.C., to explore possible market manipulation through naked short selling activity. NASAA believes it is critical that existing federal rules governing short selling be revised to effectively remedy potential trading abuses. Naked short selling refers to a stock transaction in which the seller agrees to sell shares of stock that he or she neither owns nor has borrowed in time to make delivery to the buyer within the standard three-day settlement period, potentially resulting in a "fail to deliver" securities to the buyer. When done in large volumes, this sales tactic can be used to manipulate a stock's share value while allowing the seller to profit. The SEC adopted Regulation SHO in

2004 to update short-sale regulation and, in part, to address problems associated with abusive naked short selling transactions. Through Regulation SHO, the SEC now requires short sellers to locate the securities they will be borrowing before they proceed with the short sales. Industry compliance with Reg SHO began in January 2005 and in May the SEC launched a pilot program to determine the regulation's effectiveness. NASAA commends the SEC for its efforts to address short-selling abuses through Regulation SHO and we encourage the agency to consider additional measures to limit the detrimental impact of abusive naked short selling of the stock of small businesses.

Principal Considerations

Members of NASAA's Broker-Dealer Section met with representatives of the securities industry to discuss issues involving industry cooperation with regulators and considerations that play a role in regulatory actions. NASAA believes that it is important to encourage firms to create a culture of compliance from the top level of the firm's management to all of the firm's agents and/or employees. NASAA believes that members may, in their sole discretion, take these considerations into account when determining what enforcement action, if any, should be taken against a broker-dealer when a violation has occurred. However, NASAA does not believe that a firm's cooperation and/or proactive steps should necessarily absolve firms from responsibility and/or liability or preclude the initiation of any enforcement proceeding. NASAA's "Principal Considerations" are not intended to provide formal guidance, but rather to encourage firms to self-police, self-report and act in a cooperative manner with NASAA members. NASAA believes these considerations will allow firms to view state regulators as a partner in "cooperative regulation" and will help facilitate a less litigious relationship between state regulators and the firms.

Arbitration

The Wall Street scandals of recent years have prompted a record number of investors throughout the United States to seek relief through arbitration. NASAA believes that the NASD should compile and disseminate more meaningful and accurate statistics concerning arbitration outcomes, and should achieve balance in the composition of arbitration panels. We also believe that the NASD should consider ways to make arbitration truly voluntary. In 2005,

NASAA urged the NASD to strengthen its proposed rule that would entitle customers and associated persons to receive written explanations in arbitration awards. NASAA believes these explanations should include legal authorities and damage calculations, not merely the factual grounds for the decision, and should not be contingent upon request, but instead should be required. Further, NASAA believes the exceptions for simplified arbitrations conducted without a hearing and for default cases should be eliminated, and explained decisions should be required in those cases as well. The rule change, NASAA believes, not only will improve the quality of arbitration, but also will promote investor confidence and investor satisfaction in the arbitration process.

Variable Annuities

Sales of variable annuities have increased dramatically over the past decade. As sales have risen, so too have complaints from investors. For many years, NASAA members have identified variable annuities sales practice violations as a top threat to investors. In 2005, NASAA, based on the efforts of the Variable Annuities Project Group, continued to urge the NASD to expand its proposed rule on the purchase, sale and exchange of deferred variable annuities to include all variable annuity transactions and to include a provision that specifically addresses the use of hypothetical illustrations in variable annuity transactions. Sales practice violations and inadequate supervisory policies and procedures designed to prevent and detect such violations as to the sale or exchange of variable annuities have been a major concern for all securities regulators. The Variable Annuities Project Group focused its efforts on training NASAA members about variable annuity issues, communicating with other regulators to assist them in understanding these issues and working with states on legislation and rulemaking regarding the sales of variable annuities. NASAA encourages changes in state laws that would allow state insurance regulators to continue to oversee the insurance companies that sell variable annuities while authorizing state securities regulators to investigate complaints about variable annuities and to take action against the companies and individuals who sell them.

Examination Modules and Exams

In 2005, the Section's Operations Project Group, in conjunction with the Investment Adviser Operations Project Group, worked to develop sub-modules of the



Don Saxon (center), Commissioner of the Florida Office of Financial Regulation and chair of NASAA's Continuing Education Project Group, in discusses as point with Theodore A. Miles, Director of the District of Columbia Securities Bureau, as Georgia Assistant Securities Commissioner Tonya Curry listens.

BD/IA modules focusing on mutual funds and municipal securities. In addition, the Section's Exams Advisory Project Group met with industry representatives and test developers in 2005 to draft and review new questions for addition to three exam banks. Approximately 300 questions pre-tested in 2005 were approved for addition to the exam banks in January 2006.

Continuing Education

One of the best examples of state, federal, and industry cooperation is the Securities Industry Regulatory Council on Continuing Education. Created in 1995, the Council is comprised of representatives of the securities industry, self-regulatory organizations, the SEC, and NASAA. Our

joint efforts have resulted in a national continuing education program that is accepted by all regulatory agencies. In 2005, more than 180,000 financial professionals participated in the continuing education program's Regulatory Element computer-based training. The Council formed an Ethics Subcommittee to work on meeting the Council's goal of enhancing the ethics content for the Regulatory Element. This new module was added in April to all three Regulatory Element programs. The Council also is working on developing an Internet-based delivery platform for the Regulatory Element scenarios library.

Broker-Dealer and Joint Regulatory Training

The Section's annual Broker-Dealer Training Seminar attracted more than 100 NASAA participants. The seminar offered sessions for examiners of all levels of experience, and focused on sales practices, supervision and examination procedures, and variable annuity and municipal securities issues. In addition, NASAA participated in the Joint Regulatory Training that was conducted by representatives of NASAA, the SEC, NASD, NYSE, and CBOE, and covered issues for senior examiners.

2004/2005 SECTION & PROJECT GROUPS

SECTION

Tanya Solov (IL), Chair
Don Saxon (FL), Vice Chair
Scott Borchert (MN)
Tanya Durkee (VT)
Matthew Neubert (AZ)
Douglas Brown (MB), Canadian Liaison

PROJECT GROUPS

Continuing Education

Don Saxon (FL), Chair
Bonnie Moore (NV)
Matthew Neubert (AZ)

Exams Advisory

Sheila Cahill (NE), Chair
William Cahill (MA)

Market and Regulatory Policy and Review

Matthew Neubert (AZ), Chair
Toni Clithero (VT)
Colleen Monahan (CA)

John Moore (AK)
George Robison (UT)
Ethan Silver (NJ)
Bruce Topman (NY)
Operations
William Reilly (FL), Chair
Rick Barry (NJ)
Robert Burch (SC)
Carol Gruis (OK)
Alfred Hughes (VA)
Klem Klementon (CT)
Patricia Moy (HI)
William Stone (KY)
Bennette Zivley (TX)

Arbitration

Leigh Davis-Schmidt (UT), Chair
Phillip Toben (MO)
Ronak Patel (TX)

Variable Annuities

John Cronin (VT), Chair
Lila Blackstone (DC)
John Cullen (KY)
Melanie Jenkins (NY)
Dean Soma (HI)

Corporation Finance

OVERVIEW

NASAA Members have long helped facilitate capital formation at the state and local level. NASAA members assist entrepreneurs with their business plans, help them obtain resources to grow their enterprises and create local jobs. NASAA's 2004-2005 Corporation Finance Section was chaired by Texas Securities Commissioner Denise Voigt Crawford; Jack Herstein, Assistant Director, Nebraska Bureau of Securities, served as Vice-Chair. Section members included: Randall Schumann, Wisconsin; Timothy Le Bas, California; and Michael Stevenson, Washington. Susan Powell, of Newfoundland and Labrador, served as the section's Canadian Liaison.

The Section oversaw the activities of seven Project Groups, including: Corporation Finance Policy (Chair: Tim Cox, Maryland); Direct Participation Programs Policy (Chair: Rebecca J. Alford, Pennsylvania); Franchise and Business Opportunities (Chair: Dale Cantone, Maryland); Non-Profit Debt Offerings (Chair: Elvin Farr, Arizona); Shareholder Rights (Chair: Timothy LeBas, California); Small Business/Limited Offerings (Chair: Michael Stevenson, Washington); and Small Business Capital Formation (Chair: Randall Schumann, Wisconsin).

2005 ACTIVITIES

NASAA's Corporation Finance Section made significant progress on its goals during 2005. The following is a brief synopsis of the Section's 2005 achievements.



Texas Securities Commissioner Denise Voigt Crawford, chair of NASAA's Corporation Finance Section, at the NASAA Spring Membership Meeting.



Washington Director of Securities Michael Stevenson, chair of NASAA's Small Business/Limited Offerings Project Group, discusses Regulation D at a NASAA Membership Meeting.

Small Business Issues

Reflecting the important role small businesses serve in the North American economy, NASAA created a Small-Business Capital Formation Project Group within the Corporation Finance Section. The newly created project group focused in 2005 on three primary areas: the regulatory treatment of "finders," angel investors networks, and developing an entrepreneur education program regarding capital formation. The project group also examined regulatory issues concerning Special Purchase Acquisition Companies (SPACs), the "new generation" of blank check/blind pool offerings.

Multi-Jurisdictional Disclosure System

In an effort by NASAA to keep its statements of policy, guidelines, and other publications current and consistent with the ever-changing statutory and regulatory environment, the Corporation Finance Policy Project Group continued its review of NASAA's corporation finance-related publications. As part of this review, the Project Group recommended, and the NASAA membership adopted, revisions to the Model Rules for State Coordination with the Multi-Jurisdictional Disclosure System (Model MJDS Rules). The model rules were adopted initially in 1990 to implement at the state level the SEC's Multi-Jurisdictional Disclosure System. The rules were updated to conform to "Plain English" standards and the Uniform Securities Act of 2002, to reduce the streamlined registration period to conform with the current Canadian registration period and to update references to federal statutes and rules.

Limited Offerings

NASAA's Small Business/Limited Offerings Project Group focused in 2005 on issues regarding Regulation D, a SEC regulation governing private placement exemptions. This regulation, adopted in 1982, allows usually smaller companies to raise capital through the sale of equity or debt securities without having to register their securities with the SEC. Rule 503 of the regulation requires an initial notice filing on Form D, 15 days after the first sale of securities in an offering. In March 2005, SEC staff announced that the SEC and NASAA would work together on a revision of Form D, with the goal of electronic filing on EDGAR. NASAA's Small Business/Limited Offerings Project Group considers ways to enhance the form and have reviewed Form D filings in their states as part of this ongoing process.

Franchise Issues

The Section's Franchise and Business Opportunities Project Group focused much of its effort in 2005 on studying issues with franchise brokers and working on a proposed educational brochure for investors with information about dealing with franchise brokers. Working in conjunction with the FTC, the Project Group also took steps to educate prospective franchisees about new disclosure requirements.

Corporate Governance

NASAA generally supports measures proposed to strengthen corporate governance standards as a positive step toward protecting investors and helping restore their confidence. In 2005, NASAA's Shareholder Rights Project Group focused, among other areas, on issues regarding shareholder approval of executive compensation and whether criminal penalties should be increased among NASAA member jurisdictions in a manner consistent with the Sarbanes-Oxley Act.

Periodic Payment Plans

NASAA has had a longstanding interest in the appropriate regulation of periodic payment plans. In 1992, the NASAA membership adopted "Guidelines for Registration of Periodic Payment Plans" that included suitability standards for the purchasing investor, limitations on brokers' sales charges and commissions, and additional disclosures for

NASAA Member Serves on SEC Advisory Committee on Smaller Public Companies

Jack E. Herstein, Assistant Director of the Nebraska Department of Banking & Finance Bureau of Securities and Vice Chair of NASAA's Corporation Finance Section was named in 2005 to serve as an official observer of the Securities and Exchange Commission's Advisory Committee on Smaller Public Companies. In this capacity, Herstein represents the interests of NASAA members in the committee's deliberations.

The Advisory Committee consists of 21 members and three observers. It was established by former SEC Chairman William Donaldson to examine the impact of the Sarbanes-Oxley Act and other aspects of the federal securities laws on smaller companies.

"Over two years have passed since the Sarbanes-Oxley Act was enacted into law, and it is very timely to review its impact on smaller public companies," NASAA President and New Jersey Securities Bureau Chief Franklin L. Widmann said. "State securities regulators have long been leaders in developing and administering programs that help to facilitate small business capital formation consistent with their mission of investor protection. As small business experts, state securities regulators are extremely interested in the issues to be addressed by the committee and we stand ready to provide our assistance as the committee moves forward with this important initiative."

investors. Unfortunately, the authority of state securities regulators to register periodic payment plans (contractual plans) was preempted when the National Securities Markets Improvement Act of 1996 (NSMIA) was enacted into law, and states' ability to provide regulatory protection on the "front-end" of the sale was lost. In 2005, Congress became concerned about potential abuses of military personnel through the fraudulent sale of periodic payment plans. NASAA offered assistance to Rep. Max Burns (R-GA) to strengthen the "Military Personnel Financial Services Protection Act" as it successfully moved through



*Pennsylvania Securities
Commissioner Robert Lam, a
member of NASAA's Shareholder
Rights Project Group, discusses
corporate governance issues.*

the legislative process. Two amendments proposed by NASAA were included in the House-passed version - to specifically acknowledge that state securities regulators have authority on military bases and to ensure that the information regarding investment adviser and investment adviser representative applicants and registrants is available to the public through the Investment Adviser Public Disclosure (IAPD) website. The bill was forwarded to the

Senate Banking Committee for further consideration. Many NASAA members raised these issues with their congressional delegation during the spring conference, which contributed to this success.

Training

The Corporation Finance Section conducted two training seminars in 2005, including sessions devoted to franchise examiner training and corporate financing issues. In June, the annual Franchise & Business Opportunity Training Seminar attracted 40 NASAA participants. In July, 75 NASAA participants attended the annual Corporate Finance Training Seminar, where Section Chair Denise Voigt Crawford and Section Vice-Chair Jack Herstein were presented with Distinguished Service Awards.

2004/2005 SECTION & PROJECT GROUPS

SECTION

Denise Voigt Crawford (TX), Chair
Jack Herstein (NE), Vice-Chair
Randall Schumann (WI)
Tim Le Bas (CA)
Michael Stevenson (WA)
Susan Powell (NL), Canadian Liaison

PROJECT GROUPS

Corporation Finance Policy

Timothy F. Cox (MD), Chair
William M. Beatty (WA)
Brenda J. Benham (BC)
Dennis Britson (IA)
Patrick Morgan (MO)
Don A. Raschke (TX)

Direct Participation Programs Policy

Rebecca J. Alford (PA), Chair
Peter Cassidy (MA)
Mark R. Heuerman (OH)
James McManus (DC)
Susan Baker Toth (AZ)
Terri Orton (NM)

Franchise and Business Opportunities

Dale Cantone (MD), Chair
Henry Lew (CA)
Steve Maxey (VA)

Joseph Punturo (NY)
Stephen Okumura (HI)

Non-Profit Debt Offerings

Elvin Farr (AZ), Chair
Stacie Gorman (PA)
Lynn Hammes (KS)
David Stauffer (OR)
Karen D. Wildmo (MI)

Shareholder Rights

Tim Le Bas (CA), Chair
Mark Connolly (NH)
Gina Gombar (MA)
Bruce Kohl (NM)
Robert M. Lam (PA)
Rosann Youck (BC)

Small Business/Limited Offerings

Michael Stevenson (WA), Chair
Craig Goettsch (IA)
Milagros Lepper (PA)
Bracha Pollack (NJ)
David Weaver (TX)
Henry Withers (CO)

Small Business Capital Formation

Randall Schumann (WI), Chair
Gabriel Eckstein (CA)
Jonica Fitzmorris (TX)
Rosetta Gagliardi (PQ)
Karen Powell (MT)
Steven J. Wachtel (NJ)

Enforcement

OVERVIEW

NASAA members have a significant history of bringing enforcement actions, including criminal prosecutions. Enforcement against fraud is the essence of what state and provincial securities regulators do — to protect investors and to appropriately sanction and punish those who would harm or defraud investors. NASAA assists its members in coordinating enforcement efforts regarding multi-state frauds by facilitating the sharing of information and leveraging the resources of the states more efficiently. NASAA's Enforcement Section acts as a point of contact for other federal agencies and the self-regulatory organizations, such as the SEC, the FBI, the Postal Inspectors, the NASD, and the NYSE; and helps identify new fraud trends.

NASAA's 2004-2005 Enforcement Section was chaired by North Carolina Deputy Securities Administrator David Massey and Alabama Securities Director Joseph Borg; Chris Biggs, Kansas Securities Commissioner, served as Vice Chair. Section members included: Virginia Jo Dunlap, California; and Richard Gerber, Pennsylvania. Glenda Campbell, Alberta, served as the Section's Canadian Liaison.

The Section oversaw the activities of nine Project Groups, including: Attorney/Investigator Training (Chair: Peter Jamison, Delaware); Enforcement Database (Chair: A. Duane Fry, Georgia); Internet Enforcement (Chair: Colin McCann, Ontario); Litigation Forum (Chair: Chris Biggs, Kansas); Special Project Development & Coordination (Chair: Zachary Ortenzio, Pennsylvania); Unregistered Securities Products/Unregistered Persons (Chair: David Cohen, Wisconsin); Sales Practices of Registered and Unregistered Persons (Chair: Michael Byrne, Pennsylvania); Viaticals (Chair: Jim Openshaw, California) and Enforcement Zones (Chair: Katharine Weiskittel, Maryland).



North Carolina Deputy Securities Administrator David Massey, chair of NASAA's Enforcement Section, outlines the section's accomplishments at a meeting of NASAA members.

2005 ACTIVITIES

Commodities Fraud

Throughout 2005, NASAA took proactive steps to enhance its outreach to the federal Commodities Futures Trading Commission (CFTC) to facilitate cooperative efforts to address commodities fraud. Following a successful cooperative enforcement action involving the CFTC and the New Hampshire Department of State, Bureau of Securities, Daniel Nathan, Chief of CFTC's Office of Cooperative Enforcement, said, "This action demonstrates the important role that states can play in stopping commodities fraud, and the benefits to states in joining our investigations and actions." He hailed the action, saying it represents "a new chapter in the history of our cooperative efforts with states to attack commodities fraud."

Internet Enforcement

The Internet continues to play a greater role in investment research and transactions in North America. To help protect investors from Internet-based fraud, NASAA's Internet Enforcement Project Group prepared a CD-ROM tutorial to educate investigators on current techniques and procedures for investigating Internet fraud. The project is a cooperative effort among members of the project group and the National White Collar Crime Center (NW3C), which will produce the CD-ROMs. Members of the project group also served as panelists in discussions of Internet investment fraud at the Economic Crime Summits of the National White Collar Crime Center (NW3C).



Daniel Nathan, Chief of the Office of Cooperative Enforcement at the Commodities Futures Trading Commission, and Linda Thomsen, Director of the Securities and Exchange Commission's Division of Enforcement, discuss effective coordination of enforcement efforts to combat investment fraud at NASAA's Annual Conference.

Unregistered Products/Persons

NASAA in 2005 launched the Unregistered Products and Unregistered Persons Project Group. The project group identified and alerted NASAA members to a new trend in securities fraud: fake regulators using deceptive websites to target international investors. Stemming from this work, NASAA issued an Investor Alert news release to raise public awareness of this fraudulent activity. The news release generated much media interest and prompted several calls to NASAA members from potential victims, including an investor from England who was referred by the U.S. Embassy in London to contact NASAA for contact information for a NASAA member jurisdiction.

Public Outreach

The Enforcement Section, in conjunction with the Corporate Office, continued to take proactive steps to inform the public about new trends in investment fraud with the annual release of the NASAA Top 10 Threats to Investors. The following ranking of NASAA's Top 10 threats to investors for 2005 is based on the order of prevalence and seriousness as identified by an annual survey of state securities regulators: 1. Ponzi Schemes, 2. Unlicensed Individuals Selling Securities, 3. Unregistered Investment Products, 4. Promissory Notes, 5. Senior Investment Fraud, 6. High-Yield Investments, 7. Internet Fraud, 8. Affinity Fraud, 9. Variable Annuity Sales Practices, 10. Oil & Gas Scams. Three investment opportunities also were cited for "dishonorable mention," including: penny stocks, private placements, and investment seminars.

Litigation Forum

NASAA's Litigation Forum Project Group successfully coordinated NASAA's first "hands-on" trial school in 2005. The school was held in Louisville, Colorado, at the National Institute for Trial Advocacy (NITA) and attracted more than 50 students from the NASAA membership. The following individuals served as instructors: Chris Biggs, Kansas; Michael Byrne, Pennsylvania; David Cosgrove, Missouri; Wayne Klein, Utah; Mark Mader, Indiana; Randy McNeill, Alabama; Doug Ommen, Missouri; Sara Scribner, Texas; Jeff Spill, New Hampshire; Mary Beth Taylor, Virginia; Bruce Topman, New York; and Roger Waldman, New York. The schools received excellent reviews from students and faculty alike.



Kansas Securities Commissioner Chris Biggs (right), chair of NASAA's Litigation Forum Project Group, outlines plans for NASAA's first "hands-on" trial school as Iowa Superintendent of Securities Craig Goettsch listens.

Enforcement Outreach & Training

NASAA took steps in 2005 to reach out to other regulators at both the state and federal levels on issues of common interest. For example, in May, NASAA successfully joined forces with the National Association of Insurance Commissioners to conduct the second joint training program to benefit state insurance and state securities regulators who want to work together more effectively to solve the persistent problem of securities fraud by insurance agents. NASAA's annual Winter Enforcement Conference attracted more than 230 NASAA participants for a two-day session on emerging trends in fraudulent activities. The Section also presented former Colorado Chief Investigator Jamie Sharp with the NASAA Annual Enforcement Award. The Section's Attorney Investigator Training, attended by 165 NASAA participants, offered a two-day seminar covering the fundamentals of securities enforcement.

2004/2005 SECTION & PROJECT GROUPS

SECTION

David Massey (NC), Chair
Chris Biggs (KS), Vice-Chair
Virginia Jo Dunlap (CA)
Richard Gerber (PA)
Glenda Campbell (AB), Canadian Liaison

PROJECT GROUPS

Attorney/Investigator Training

Peter Jamison (DE), Chair
Debra Bollinger (VA)
T. Webster Brenner (MD)
Daniel Clarke (OK)
Kelley McKinnon (ON)
Al Rusch (DC)
Susan Schoaps (OR)

Enforcement Database

A. Duane Fry (GA), Chair
James Burns (ID)
Rodney Griess (NE)
Charles Kaiser (OK)
Patricia Moy (HI)
Baldemar Quintanilla (TX)

Internet Enforcement

Colin McCann (ON), Chair
Robert Brunner (OR)
Michelle Elliot (TN)
Shawn Pruettt (NC)
Mary Hosmer (MO)
Shawn Pruettt (NC)
Joseph Punturo (WY)
Joseph Malone (PA)

Viaticals

Jim Openshaw (CA), Chair
Lucy Cardwell (MD)
Maliaka Bass EssameiDin (TN)
John Michael Foley (AL)
Joseph Oman (TX)

Litigation Forum

Chris Biggs (KS), Chair
Randy McNeill (AL)
Jeffrey Spill (NH)
Mary Beth Taylor (VA)

Special Project Development & Coordination

Zachary Ortenzio (PA), Chair
Terry Bolte (CO)
Jay Knight (DC)
Bryan Lantagne (MA)
Ricky Locklar (AL)
David Ruhnke (KS)
Sharon Sloan (NM)

Unregistered Securities Products/Unregistered Persons

David Cohen (WI), Chair
Asdrubal Aponte (PR)
Robert Koppin (IA)
Allan Russ (NC)
Caroline Smith (OR)

Sales Practices of Registered and Unregistered Persons

Michael Byrne (PA), Chair
Scott Borchert (MN)
Bruce Kohl (NM)
Constance Melton (TX)
Tracy Meyers (SC)
Nathan Thomas (MS)

Enforcement Zones

Katharine Weiskittel (MD), Chair
Zone 1 (Northeast) David Briden (RI)
Zone 2 (Southeast) Dale Clements (TN)
Zone 3 (Mid-Atlantic) Katharine Weiskittel (MD)
Zone 4 (Central) Sonya Lester (IA)
Zone 5 (South/Central) David Grauer (TX)
Zone 6 (Mountain) Charles Reinhardt (CO)
Zone 7 (Western) Michelle Teed (OR)
Zone 8 (Canadian) Brian Butler (ON)

Investment Adviser

OVERVIEW

The primary goal of NASAA's Investment Adviser Section is to help NASAA members protect investors by making the regulation of small investment advisers more manageable. Through careful licensing and on-site examinations, NASAA members protect investors from malfeasance ranging from overreaching sales practices to outright fraud. NASAA members believe it is critical that information about investment advisers be readily accessible to the investing public, industry, and regulators. NASAA members have made much progress in streamlining the regulatory process for investment advisers. Recognizing that good compliance programs have costs associated with them, especially for small firms that make up the majority of the industry, NASAA members remain committed to keeping these costs as low as possible while continuing to protect the interests of investors.

NASAA's 2004-2005 Investment Adviser Section was chaired by Theodore A. Miles, Director of the District of Columbia Securities Bureau. Craig Goettsch, Iowa Superintendent of Securities, served as Vice Chair. Section members included: Colleen Keefe, Kentucky; Ron Thomas,



Maryland Securities Commissioner Melanie Senter Lubin, chair of NASAA's Board-level CRD/IARD Steering Committee, briefs NASAA members on the one-year waiver by NASAA and the SEC of certain system fees paid by investment advisers and all investment adviser representatives for registration in the Investment Adviser Registration Depository (IARD) program.



NASAA Investment Adviser Section Chair Theodore A. Miles, Director of the District of Columbia Securities Bureau, outlines the section's priorities to NASAA members.

Virginia; and Richard White, Florida. Barbara Shourounis, Saskatchewan, served as the Section's Canadian Liaison.

The Section oversaw the activities of five Project Groups, including: Operations (Chair: Michael Huggs, Mississippi); Outreach (Chair: Theodore Miles, District of Columbia); Regulatory Policy and Review (Chair: Kenneth Hojnacki, Wisconsin); Training (Chair: Richard White, Florida), and Zones (Chair, Colleen, Keefe, Kentucky).

The Section also works closely with the CRD/IARD Steering Committee, chaired by Maryland Securities Commissioner Melanie Senter Lubin.

2005 ACTIVITIES

Investment Adviser Regulation

NASAA has consistently encouraged the SEC to minimize investor and industry confusion by clarifying all issues tied to the incidental practice of advisory services. In 2005, NASAA monitored an SEC rule that permits brokerage firms to charge asset-based fees to their customers without automatically meeting the definition of investment adviser. The new rule, among other provisions, exempts certain broker-dealers offering investment advice to clients from registration under the Investment Advisers Act, provided that any advice offered is on a non-discretionary basis and is solely incidental to brokerage services provided, and disclosure is made to the clients that their accounts are brokerage accounts. NASAA believes agents of broker-dealers marketing wrap fee programs should register as investment adviser representatives.

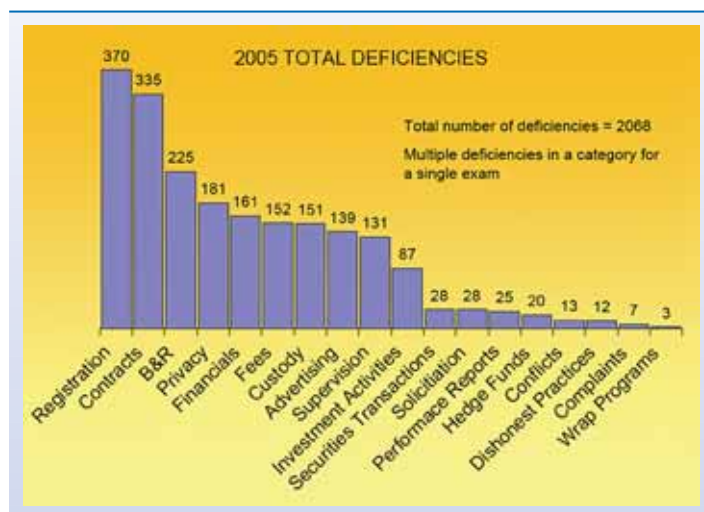
Hedge Funds

NASAA members are increasingly engaged in investigations and enforcement actions regarding hedge funds, their managers, and advisers. The expansion of the hedge fund industry's scope and its increasing flow of assets support the proposition for additional regulatory oversight and

monitoring of hedge fund advisers and their affiliates. NASAA supports the SEC's rule to require hedge fund advisers to register under the Investment Advisers Act of 1940.

IA Coordinated Examination Project and Best Practices

The Section's IA Operations and IA Zones project groups, developed a series of best practices in an effort to help investment advisers develop compliance programs that will minimize the potential for regulatory violations. The best practices, announced at the NASAA Annual Conference in September, were developed after a nationwide coordinated examination of investment advisers by state examiners in 33 NASAA jurisdictions in the United States and Canada revealed a significant number of problem areas. NASAA Investment Adviser Section Chair and District of Columbia Securities Bureau Director Theodore A. Miles said 367 examinations of investment advisers were conducted between March 2005 and May 2005. Of these exams, 323 revealed at least one deficiency. Overall, the examinations found 2,068 deficiencies in 18 compliance areas, compared with 588 deficiencies in 15 compliance areas in the previous sweep, conducted in 2003. The greatest number of deficiencies identified in the 2005 sweep involved registration, followed by contracts, supervision, privacy, and books and records.



Nationwide coordinated examination of investment advisers by examiners in 33 NASAA jurisdictions found several problem areas.

Form ADV

Under the Direction of the CRD/IARD Steering Committee, NASAA and SEC staff continued to work in 2005 to revise Part II of Form ADV and facilitate its filing and public disclosure through the Investment Adviser Registration Depository (IARD) and Investment Adviser Public Disclosure system (IAPD). These much-needed revisions, which include the addition of investment adviser brochure information and the electronic filing of Part II, remain a top priority for NASAA members.

IARD Fee Waiver and Reduction

In 2005, NASAA and the SEC announced a one-year waiver of certain system fees paid by investment advisers and all investment adviser representatives for registration in the Investment Adviser Registration Depository (IARD) program. Separately, NASAA also announced that it is reducing by 30 percent system fees paid by state-regulated investment advisers on an on-going basis.

The IARD system is an Internet-based national database sponsored by NASAA and the SEC and operated by NASD in its role as a vendor. IARD provides a single nationwide database for the collection and dissemination of information about individuals and firms in the investment advisory field; and offers investment advisers and representatives a single source for filing state and federal registration and disclosures. IARD system fees are used for user and system support along with periodic enhancements to the system. Since its inception, the IARD system has exceeded expectations. The IARD system provides streamlined registration procedures for investment advisers and their representatives, promotes consistency, and allows investors to research the employment and disciplinary histories of more than 21,000 investment adviser firms and eventually 200,000 individual investment adviser representatives. NASAA is pleased that IARD's success has allowed the waiver and reduction in the system fees, which was approved by NASAA's Board of Directors. NASAA leadership will continue to monitor the system's revenues to determine whether future fee adjustments are warranted.

Examinations and Training

The Section focused considerable attention in 2005 on training staff members from NASAA jurisdictions on the use of new modules for examinations of investment advisers.

The Section's Investment Adviser Operations Project Group modified much of the IA examinations modules to track news SEC investment adviser rules. The Project Group also encouraged and supported the conversion of current electronic exam modules to a database product by working jointly with the Broker-Dealer Operations and Technology project groups. The group also coordinated with the Training Project Group to schedule training and web-based instruction via the Florida-sponsored "Blackboard" website. The Section also continued to prepare resources to help NASAA Members inform investment advisers within their jurisdictions on what they need to know to comply with state or provincial laws and to train staff members from a number of jurisdictions on the use of new modules for examinations of investment advisers. The Investment Adviser Training Group held the annual Investment Adviser Training Workshop, attracting 110 NASAA participants. During the training, Michael Huggs, Chair of the Section's Operations Project Group, was presented with a Distinguished Service Award.



CRD/IARD Steering Committee members Pamela Epting, Bureau Chief of Florida's Bureau of Regulatory Review, and Alan Ford, Director of Licensing and Compliance for the Kansas Office of the Securities Commissioner, brief NASAA members on recent developments.



Scott Borchert, Director of Registration at the Minnesota Department of Commerce and chair of NASAA's Standards, Certification and Training Project Group, joins Michael Huggs (right) Mississippi Senior Examiner and chair of NASAA's Investment Adviser Operations Project Group, in a discussion of Internet-based training.

2004/2005 SECTION & PROJECT GROUPS

SECTION

Theodore Miles (DC), Chair
 Craig Goettsch (IA), Vice-Chair
 Colleen Keefe (KY)
 Ron Thomas (VA)
 Richard White (FL)
 Barbara Shourounis (SK), Canadian Liaison

PROJECT GROUPS

Operations

Michael Huggs (MS), Chair
 Phi Duong (TX)
 Alisa Goldberg (FL)
 Barbara Olson (WI)
 David Swafford (CO)
 Audrey Thrift (VA)

Outreach

Theodore Miles (DC), Chair
 Rosemarie Mares-Ulibarri (NM)
 Henry Tanji (HI)
 Tiffany Vargas (CA)

Regulatory Policy and Review

Kenneth Hojnacki (WI), Chair
 Jean-Richard Beauboeuf (MI)
 Jay Knight (DC)
 Edwin Reed (AL)
 Paul M. Schwartz (PA)
 David Smith (AR)
 Jackie Van Cura (NE)

Training

Richard White (FL), Chair
 Carmen Bishop (KY)
 J.B. Cassidy (CO)
 David Finnigan (IL)
 Ron Harrod (MO)
 Darren Kearns (NC)
 Derek Lauterjung (TX)

Zones

Colleen Keefe (KY), Chair
 Zone 1 (Northeast) Kevin Maher (CT)
 Zone 2 (Southeast) Rena Davis (AL)
 Zone 3 (Mid-Atlantic) Garland Sharp (VA)
 Zone 4 (Central) William Pultinas (OH)
 Zone 5 (South/Central) Ron Harrod (MO)
 Zone 6 (Mountain) J.B. Cassidy (CO)
 Zone 7 (Western) Judi Hotham (NV)
 Zone 8 (Canadian) Noulla Antoniou (ON)

Investor Education

OVERVIEW

NASAA members have a strong record of protecting investors through financial education. Most state and provincial securities regulators have established investor education programs within their agencies. The result is an effective network of dedicated professionals delivering financial education at the grassroots level. NASAA members have traditionally been a highly effective resource in the pursuit of greater financial literacy, delivering the message of financial education on a daily basis and coordinating efforts with each other to share and leverage resources. The Investor Education Section, along with a network of professionals from across the NASAA membership, develops, coordinates, delivers, and supports financial education initiatives used by securities regulators in their on-going efforts to improve the level of financial literacy in their jurisdictions. The Section also supports and participates in a variety of national financial education programs to increase financial literacy, such as the American Savings Education Council, the Investor Protection Trust, Jump\$tart Coalition for Financial Literacy, and Financial Literacy 2010.

NASAA's 2004-2005 Investor Education Section was chaired by Tennessee Assistant Commissioner for Securities Daphne Smith. Montana Deputy Securities Commissioner Karen Powell and Indiana Securities Commissioner James Joven, served as Vice Chairs. Section members included: Glen Gainer, West Virginia; Karen Terhune, Ohio; and Terri Williams, Ontario. Ainsley Cunningham, Manitoba, served as the Section's Canadian Liaison.

The Section oversaw the activities of five Project Groups, including: Affinity and Ethnic-Based Outreach (Chair: Susan Powell, Newfoundland and Labrador); Coordination



Daphne Smith (right), Tennessee Assistant Commissioner for Securities and chair of the NASAA Investor Education Section, briefs NASAA members on investor education initiatives as section vice chair and Montana Deputy Securities Commissioner Karen Powell listens.

(Chair: Karen Terhune, Ohio); Online Resources Awareness (Chair: Diane Young-Spitzer) Senior Outreach (Chair: Lisa Tolar, Alabama); and Youth Outreach (Chair: Justin Southern, West Virginia).

2005 ACTIVITIES

Financial Literacy

NASAA's Investor Education Section develops and supports financial literacy and education programs to be delivered at the state and provincial level. As part of this effort, in April 2005, NASAA members joined in celebrating "Financial Literacy Month" by visiting schools throughout their jurisdictions to teach students about personal finance, the capital markets, investment choices and fraud. They also trained teachers to use the Financial Literacy 2010 five-unit curriculum, "Personal Finance for the Economics Classroom." This free curriculum teaches students economic concepts and the importance of saving and investing. NASAA members are dedicated to improving financial literacy for our constituents of all ages, recognizing that financial education has a direct impact on the economic health of families, communities, states, provinces and nations. As an example of this commitment to financial literacy, NASAA and the Office of the Deputy Under Secretary of Defense (Military Community and Family Policy) have entered into a Memorandum of Understanding (MOU) to establish an investor education partnership. The agreement allows major military installations throughout the Department of Defense (DOD) to use



Operation Hope Chairman and CEO John Bryant, opens the 88th NASAA Annual Conference in Minneapolis by praising the efforts to NASAA members to fight affinity fraud and challenging regulators and industry to reach out to underserved communities.

the programs and materials of NASAA as part of the DOD campaign to improve the financial literacy of Service members and their families.

Affinity and Ethnic-based Outreach

NASAA members are acutely aware of the diversity in their communities and work hard to develop materials and programs accessible to all of our residents, and in languages from Spanish to Cantonese. There is much work being done to ensure that those of our citizens most in need can find the help they need to make the critical first steps toward financial literacy. In 2005, the Section's Affinity and Ethnic-based Outreach devoted much of its time toward developing a comprehensive workbook for NASAA member jurisdictions. The workbook will focus on basic concepts on investing, hiring professionals and financial literacy.

Senior Outreach

Millions of seniors in North America are prime targets for investment fraud. Realizing this, NASAA members remain committed to providing resources to help older investors better educate and protect themselves against investment fraud. The Senior Outreach Project Group also focused on identifying creative ways to reach senior audiences. For example, in June 2005, the Project Group helped raise awareness of the dangers of investment fraud among seniors by participating in the Senior Olympics in Pittsburgh, Pennsylvania. Working with the Pennsylvania Securities Commission, which largely coordinated the outreach effort, NASAA staff provided event attendees with securities information relevant to seniors and their families. The Project Group also worked to maximize NASAA's use of the Seniors Against Investment Fraud (SAIF) program and is establishing key partnerships with other organizations and agencies to enhance senior outreach efforts.

Online Resources Awareness

With millions of investors using the Internet to buy and sell investments, NASAA members remain concerned that they have proper resources and tools to protect themselves from online investment scams. In 2005, NASAA's Online Resources Awareness Project Group focused much of its attention on completing enhancements to the website of the Investing Online Resource Center (IORC). The site, (www.investingonline.org), was launched in 1999 and is the only independent, non-commercial resource dedi-



Mary Ann Vallus, a securities investigator with the Pennsylvania Securities Commission offers investor education material to two of the crowd of 25,000 who came to Pittsburgh for the Summer Games of the Senior Olympics. The Pennsylvania Securities Commission teamed with NASAA to offer investor education resources designed for seniors during the event. PSC Commissioner Tom Michlovic was on hand as was NASAA Investor Education Manager Jerry Munk.

cated solely to serving individual consumers who invest online or are considering doing so. The Project Group also surveyed NASAA member jurisdictions to determine the extent of online trading-related complaints.

Youth Outreach

Reaching out to young citizens is an important component of the ongoing financial education effort undertaken by NASAA members. NASAA's Investor Education Section's Youth Outreach Project Group continues to develop programs to improve the level of youth financial literacy in our jurisdictions. In 2005, the group focused its efforts on two primary goals: developing a national essay contest and developing a national media strategy for the contest and other projects. This project flows naturally from the Teacher Training Event blueprint the group developed to provide a comprehensive, step-by-step system for developing and delivering a teacher training event that offers K-through-12 teachers the knowledge, resources, and tools they need to efficiently and effectively integrate personal finance education into their classroom curriculums.

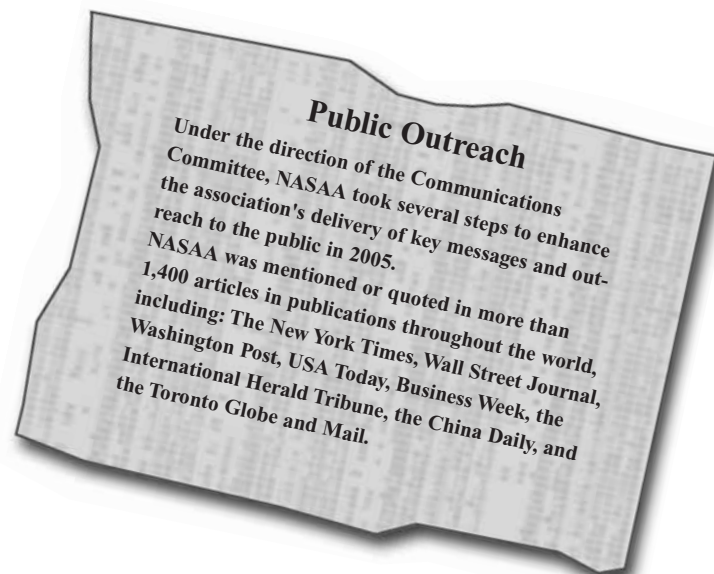
Investor Education Coordination

NASAA's Investor Education Coordination Project Group continues to serve as a clearinghouse for information on investor education initiatives within NASAA jurisdictions in order to enhance the delivery of investor education

materials to the public. In 2005, the Project Group compiled a list of links to enforcement actions on the websites of NASAA members in order to help the public and other regulators efficiently locate enforcement orders issued by state and provincial securities regulators. The group's members also are working to provide an updated resource for investor education contacts in NASAA member jurisdictions. The group also continued efforts to develop a "Securities 101" tool kit to help NASAA members increase awareness of securities products and scams within the law enforcement community.

Training

The Section's 2005 Investor Education Training Seminar attracted 91 NASAA participants for a two-day session. The fourth annual NASAA Investor Education Training seminar featured interactive and informative panel discussions, as well as presentations of resources and practical skills that will be of value in developing or enhancing Investor Education programs. In particular, the seminar featured an Ethnic and Affinity Outreach Roundtable to showcase successful outreach efforts of the California Department of Corporations and the Investment Company Institute. In-depth programs on grant writing and a session with a



media/presentation trainer also were among the highlights of this year's event. The Senior Outreach Project Group also unveiled its latest investor awareness tool - "Senior Bingo" - a bingo-style fraud education game designed for senior audiences. During the training, Dan Lord, Education and Public Affairs Manager for the Alabama Securities Commission, was presented with a Distinguished Service Award for his contributions to the field of investor education.

2004/2005 SECTION & PROJECT GROUPS

SECTION

Daphne Smith (TN), Chair
Karen Powell (MT), Vice-Chair
Glen Gainer (WV)
Karen Terhune (OH)
Terri Williams (ON)
Ainsley Cunningham (MB), Canadian Liaison

PROJECT GROUPS

Affinity and Ethnic-Based Outreach

Susan Powell (NL), Chair
Ron Claiborne (DC)
Marcelle Groves (CT)
Dan Lord (AL)
Ethel Zoe Rossi (AR)

Coordination

Karen Terhune (OH), Chair
Elizabeth Block (NY)
Tryllis Hallford (GA)

Perry Quinton (ON)
Debbie Whipple (NJ)

Online Investing Resources

Diane Young-Spitzer (MA), Chair
Amanda Blanks (VA)
Katharine Weiskittel (MD)
Bill Wilkerson (MS)
Anthony Wong (BC)

Senior Outreach

Lisa Tolar (AL), Chair
Shad Balch (CA)
Elizabeth Flynn (MA)
Christina Kotsalos (PA)
Pam Ruckel (NV)

Youth Outreach

Justin Southern (WV), Chair
Terri Alexon (AZ)
Stephanie Beck (IN)
JoAnn Kocurek (TX)
Vickie Moseley (IL)
Ty Nohara (HI)



NASAA Lists

2005 Awards

Board of Directors

2004-2005 Board Committees

2005-2006 Board Committees

2005-2006 Sections & Project Groups

Corporate Office Staff

2005 NASAA AWARDS

Blue Sky Cube

Franklin L. Widmann (NJ)
Tanya Solov (IL)
John H. Lynch (Corporate Office)

Outstanding Service Awards

David Brown (ON)
Wayne Howell (GA)
James A. Joven (IN)
Debbie Dye Joyce (OH)
Phillips Keller (VT)
Matthew J. Nestor (MA)
Douglas Ommen (MO)
Stephen P. Sibold (AB)
Harry Stansbury (LA)
Anthony Taggart (UT)
Ryan Ushijima (HI)

Distinguished Service Awards

Denise Voigt Crawford (TX)
Jack Herstein (NE)
Michael Huggs (MS)
Daniel Lord (AL)
Zachary G. Ortenzio (PA)

NASAA 2005 Enforcement Award

Jamie Sharp (CO)

Board of Directors 2004-2005

| | | |
|--|---|--|
| Franklin L. Widmann New Jersey President | Karen Tyler North Dakota Secretary | James B. Ropp Delaware Director |
| Patricia D. Struck Wisconsin President-Elect | Joseph P. Borg Alabama Director | Robert M. Lam Pennsylvania (Ombudsman) |
| Ralph A. Lambiase Connecticut Past-President | Donald G. Murray Manitoba Director | |
| Fred J. Joseph Colorado Treasurer | James O. Nelson II Mississippi Director | |

Board of Directors 2005-2006

| | | |
|---|---|--|
| Patricia D. Struck Wisconsin President | Tanya Durkee Vermont Director (from September 2005 to November 2005) | James B. Ropp Delaware Director |
| Joseph P. Borg Alabama President-Elect | Michael Johnson Arkansas Director (from January 2006) | Don Saxon Florida Director (from November 2005 to January 2006) Ombudsman (since March 2006) |
| Franklin L. Widmann New Jersey Past-President | Donald G. Murray Manitoba Director | Christine A. Bruenn Maine Ombudsman (from September 2005 to March 2006) |
| Fred J. Joseph Colorado Treasurer | James O. Nelson II Mississippi Director | |
| Karen Tyler North Dakota Secretary | | |

2004-2005 Board Committees

Awards

Daphne Smith (TN), Chair
Scott Borchert (MN)
Craig Goettsch (IA)
Patricia Struck (WI)

Communications

Daphne Smith (TN), Chair
Joseph Borg (AL)
Denise Voigt Crawford (TX)
Theodore Miles (DC)
Tanya Solov (IL)

NASAA Corporate Governance

Joseph Borg (AL)
Scott Borchert (MN)
Craig Goettsch (IA)
Ralph Lambiase (CT)
Patricia McKenna (MD)
Michael Stevenson (WA)

CRD/IARD Steering

Melanie Senter Lubin (MD), Chair
James Nelson (MS), Vice-Chair
Kelvin Blake (MD)
Christine Bruenn (ME)
Pamela Epting (FL)
Alan Ford (KS)
Colleen Keefe (KY) (IA Section Liaison)
Don Saxon (FL) (BD Section Liaison)
Chester Thompson (WV)

CRD/IARD Forms and Process

Pamela Epting (FL), Chair
Alan Ford (KS), Vice-Chair (BD Issues)
Kelvin Blake (MD), Vice-Chair (IA Issues)
Larry Burton (TN)
Patricia Goracke (CA)
Rodney Griess (NE)
Susan Largman (NJ)
Sheryl Lemon (CO)
Patricia Louterback (TX)

Federal Legislation

James Ropp (DE), Chair
Rick Fleming (KS)
Melanie Senter Lubin (MD)
Tom Michlovic (PA)
Michael Vargon (NM)
David Weaver (TX)

Finance & Audit

Patricia McKenna (MD), Chair
Ann Rankin (VA)
Marion Renoll (PA)

International

Don Murray (MB), Chair
Joseph Borg (AL)
Felipe Cruz (PR)
Irving Faught (OK)
Don Saxon (FL)

Legal Services

Robert McDonald (MD), Chair
Susan Anderson (AL)
Toni Clithero (VT)
Denise Voigt Crawford (TX)
Irving Faught (OK)

Standards, Certification and Training

Scott Borchert (MN), Chair
Janet Holmes (ON), Canadian Liaison

Investigators Sub-Group

Peter Jamison (DE)
Carmen Bishop (KY)
Mark Klamrznynski (AZ)
Senayet Meaza (DC)
Suzanne Sarason (WA)

Examiners Sub-Group

Kelvin Blake (MD)
Felipe Cruz (PR)
Susan Edwards (OK)
Richard Morris (CO)
Terri Orton (NM)

Technology Planning & Coordination

Don Saxon (FL), Chair
Chad Harlan (KY)
Charles Kaiser (OK)
Daniel Lizana (DC)
Jim Nix (IL)
John Reese (VT)

Uniform Securities Act

Craig Goettsch (IA), Chair
Joseph Borg (AL)
Michael Stevenson (WA)

Section 529 Plans

Karen Tyler (ND), Chair
Chris Bruenn (ME)
Denise Voigt Crawford (TX)

2005-2006 Board Committees (as of December 31, 2005)

Awards

Scott Borchert (MN), Chair
Craig Goettsch (IA)
Fred Joseph (CO)
Daphne Smith (TN)
Patricia Struck (WI)

Communications

Daphne Smith (TN), Chair
Denise Voigt Crawford (TX)
David Massey (NC)
Theodore Miles (DC)
Tanya Solov (IL)

NASAA Corporate Governance

Joseph Borg (AL), Chair
Scott Borchert (MN)
Craig Goettsch (IA)
O. Wayne Davis (IN)
Ralph Lambiase (CT)
Patricia McKenna (MD)
Michael Stevenson (WA)

CRD/IARD Steering

Melanie Senter Lubin (MD), Chair
James Nelson, II (MS), Vice-Chair
Christine Bruenn (ME)
Larry Burton (TN)
Pamela Epting (FL)
Alan Ford (KS)
Colleen Keefe (KY) (IA Section Liaison)
Don Saxon (FL) (BD Section Liaison)
Chester Thompson (WV)

CRD/IARD Forms and Process

Pamela Epting (FL), Chair
Alan Ford (KS), Vice-Chair (BD Issues)
Larry Burton (TN), Vice-Chair (IA Issues)
Patricia Goracke (CA)
Rodney Griess (NE)
Susan Largman (NJ)
Sheryl Lemon (CO)
Patricia Louthback (TX)
Kevin Moore (GA)

Federal Legislation

James Ropp (DE), Chair
Rick Fleming (KS)
Tim LeBas (CA)
Melanie Senter Lubin (MD)
Tom Michlovic (PA)
Michael Vargon (NM)
David Weaver (TX)

Finance & Audit

Patricia McKenna (MD), Chair
Ann Rankin (VA)
Michael Benson (PA)

Finders

Craig Goettsch (IA), Chair
Denise Voigt Crawford (TX)
William Donohue (MA)
Tanya Solov (IL)
Henry Tanji (HI)
Michael Tracey (PA)

International

Don Murray (MB), Chair
Joseph Borg (AL)
Felipe Cruz (PR)
Irving Faught (OK)
Don Saxon (FL)

Legal Services

Robert McDonald (MD), Chair
Toni Clithero (VT)
Denise Voigt Crawford (TX)
Irving Faught (OK)

Standards, Certification and Training

Scott Borchert (MN), Chair

Investigators Sub-Group

Peter Jamison III (DE)
Carmen Bishop (KY)
Mark Klamrznynski (AZ)
Senayet Meaza (DC)
Suzanne Sarason (WA)

Examiners Sub-Group

Felipe Cruz (PR)
Susan Edwards (OK)
Richard Morris (CO)
Terri Orton (NM)

State/Federal Relations

James Nelson, II (MS), Chair
Joseph Borg (AL)
Denise Voigt Crawford (TX)
Tanya Solov (IL)
Patricia Struck (WI)

Technology Planning & Coordination

Don Saxon (FL), Chair
Chad Harlan (KY)
Charles Kaiser (OK)
Daniel Lizana (DC)
Peter Grant (BC)

Tenancies-in-Common

Allen Weinger (CA), Chair
Rhea Babcock (CO)
Robin Golivesky (GA)
Susan Jones (UT)

Uniform Securities Act

Craig Goettsch (IA), Chair
Joseph Borg (AL)
Michael Stevenson (WA)
Mark Uyeda (CA)

Section 529 Plans

Karen Tyler (ND), Chair
Chris Bruenn (ME)
Melanie Senter Lubin (MD)

2005-2006 Sections & Project Groups (as of December 31, 2005)

BROKER-DEALER SECTION

Tanya Solov (IL), Chair
Don Saxon (FL), Vice-Chair
Ralph Lambiase (CT)
Bryan Lantagne (MA)
Matt Neubert (AZ)
Douglas Brown (MB), Canadian Liaison

PROJECT GROUPS

Arbitration

Bryan Lantagne (MA), Chair
Deborah Bortner (WA)
Marilyn Chastain (ID)
Ronak Patel (TX)
Lee Davis Schmidt (UT)

Continuing Education

Don Saxon (FL), Chair
Ralph Lambiase (CT)
Bonnie Moore (NV)
Matt Neubert (AZ)

Exams Advisory

Sheila Cahill (NE), Chair
William Cahill (MA)
John Chiappetta (PA)
John Boruta (MI)

Market and Regulatory Policy and Review

Matt Neubert (AZ), Chair
James Cappoli (MA)
Toni Clithero (VT)
John Moore (AR)
George Robison (UT)
Bruce Topman (NY)

Operations

William Reilly, Jr. (FL), Chair
Rick Barry (NJ)
Carol Gruis (OK)
Alfred Hughes (VA)
Klem Klementon (CT)
Patricia Moy (HI)
William Stone (KY)
Russell Wilson (UT)
Bennette Zivley (TX)

Variable Annuities

John Cronin (VT), Chair
Lila Blackstone (DC)
John Cullen (KY)
Chad Hartwick (MI)
Melanie Jenkins (NY)
Gary Marquett (IA)
Dean Soma (HI)

CORPORATION FINANCE SECTION

Denise Voigt Crawford (TX), Chair
Jack Herstein (NE), Vice-Chair
Randall Schumann (WI)
Michael Stevenson (WA)
Corinna M. Wong (HI)
Susan Powell (NB), Canadian Liaison

PROJECT GROUPS

Coordinated Interpretations

Rick Fleming (KS), Chair
Stacie D. Gorman (PA)
Benjamin N. Johnson (UT)
Phillip Toben (MO)
Marlene K. Sparkman (TX)

Corporation Finance Policy

Timothy F. Cox (MD), Chair
William M. Beatty (WA)
Brenda J. Benham (BC)
Dennis Britson (IA)
Patrick T. Morgan (MO)
Don Raschke (TX)
Karen D. Wildmo (MI)

Direct Participation Programs Policy

Peter Cassidy (MA), Chair
Mark R. Heuerman (OH)
James Michael McManus (DC)
Terri Orton (NM)
Susan Baker Toth (AZ)

Franchise and Business Opportunities

Dale Cantone (MD), Chair
Martin Cordell (WA)
Kathryn Denton (WI)
Henry Lew (CA)
Steve Maxey (VA)
Stephen Okumura (HI)
Joseph Punturo (NY)

Shareholder Rights

Robert M. Lam (PA), Chair
Jeffrey Bush (IN)
Bruce Kohl (NM)
Michael Miglets (OH)
Rosann Youck (BC)

Small Business Capital Formation

Randall Schumann (WI), Chair
Thomas Alberts (IA)
Gabriel Eckstein (CA)
Rosetta Gagliardi (PQ)
Andrew L. Ledbetter (WA)
Steven J. Wachtel (NJ)

Small Business/Limited Offerings

Michael Stevenson (WA), Chair
Abbey Henig (AZ)
Millagros Lepper (PA)
David Weaver (TX)
Henry Withers (CO)

ENFORCEMENT SECTION

David Massey (NC), Chair
Chris Biggs (KS), Vice-Chair
Mark Connolly (NH)
Richard Gerber (PA)
Glenda Campbell (AB), Canadian Liaison

PROJECT GROUPS

Attorney/Investigator Training

Peter Jamison, III (DE), Chair
Debra Bollinger (VA)
T. Webster Brenner (MD)
Daniel Clarke (OK)
Al Rusch (DC)
Susan Schoaps (OR)
Jeff Spill (NH)

Enforcement Technology

Colin McCann (ON), Chair
Robert Brunner (OR)
Duane Fry (GA)
Charles Kaiser (OK)
Shawn Pruett (NC)

Enforcement Trends

Michael Byrne (PA), Chair
Asrubal Aponete (PR)
David Cohen (WI)
Robert Koppin (IA)
Constance Melton (TX)
Tracy Meyers (SC)
Alan C.J. Russ (NC)
Caroline Smith (OR)
Nathan Thomas (MS)

Litigation Forum

Chris Biggs (KS), Chair
Michael Colleran (ME)
Randy McNeill (AL)
Tricia Melvin (MS)
Gerald Rome (CO)
Chad Standifer (WA)
Mary Beth Taylor (VA)

Special Project Development & Coordination

Zachary Ortenzio (PA), Chair
Terry Bolte (CO)
Ricky Locklar (AL)
James Nix (IL)
David Ruhnke (KS)
Sharon Sloan (NM)

Viaticals and Life Settlements

Jim Openshaw (CA), Chair
Maliaka Bass (TN)
Michael Foley (AL)
Joseph Oman (TX)

Enforcement Zones

Katharine Weiskittel (MD), Chair
Zone 1 (Northeast) David Briden (RI)
Zone 2 (Southeast) Dale Clements (TN)
Zone 3 (Mid-Atlantic) Katharine Weiskittel (MD)
Zone 4 (Central) Sonya Lester Moon (IA)
Zone 5 (South/Central) David Grauer (TX)
Zone 6 (Mountain) Charles Reinhardt (CO)
Zone 7 (Western) Michelle Teed (OR)
Zone 8 (Canadian) Brian Butler (ON)

INVESTMENT ADVISER SECTION

Theodore Miles (DC) Chair
Colleen Keefe (IA), Vice-Chair
Linda Cena (MI)
Ron Thomas (VA)
Richard White (FL)
Sharon Kelly (CSA), Canadian Liaison

PROJECT GROUPS

Operations

Michael Huggs (MS), Chair
Phi Duong (TX)
Alisa Goldberg (FL)
John Reese (VT)
Danielle Sherbertes (MA)
Arlene Ferris-Waks (NJ)

Regulatory Policy and Review

Kenneth Hojnacki (WI), Chair
Jean-Richard Beauboeuf (MI)
David Finnigan (IL)
Paul M. Schwartz (PA)
David Smith (AR)
David Swafford (CO)
Jackie Van Cura (NE)

Training

Richard White (FL), Chair
Carmen Bishop (KY)
Jane Brannan (AL)
J.B. Cassidy (CO)
Susan Edwards (OK)
Susan Fagen (IA)
Maurice Kamhi (CA)
Darren Kearns (NC)
Rosemarie Mares-Ulibarri (NM)

Zones

Colleen Keefe (KY), Chair
Rena Davis (AL), Southeast
Judi Hotham (NV) Western
Sharon Kelly (CSA), Canadian
Michael Koch (TX) South/Central
Kevin Maher (CT), Northeast
Rosemarie Mares-Ulibarri (NM), Mountain
William Pultinas (OH) Central
Garland Sharp (VA), Mid-Atlantic

INVESTOR EDUCATION SECTION

Daphne Smith (TN), Chair
Karen Powell (MT), Vice-Chair
Wayne Strumpfer (CA)
Karen Terhune (OH)
Diane Young-Spitzer (MA)
Terri Williams (ON) Canadian Liaison

PROJECT GROUPS

Affinity and Ethnic-Based Outreach

Tonya Curry (GA), Chair
Ron Claiborne (DC)
Marcelle Groves (CT)
Daniel Lord (AL)
Ethel Zoe Rossi (AR)
Russell Wilson (UT)

Coordination

Karen Terhune (OH), Chair
Elizabeth Block (NY)
Leonard Allen (KS)
Jennifer Kirby (MT)
Debbie Whipple (NJ)
Eric Kleinman (OR)

Online Resources Awareness

Bill Wilkerson (MS), Chair
Amanda Blanks (VA)
Anthony Wong (BC)
Margaret Beckwith (MI)

Senior Outreach

Christina Kotsalos (PA), Chair
Barbara Doak (TN)
Melanie Michelson (MO)
Patricia Norman (NC)
Andrew Roth (CA)
Pamela Ruckel (NV)
Letha Sparks (TX)

Youth Outreach

Justin Southern (WV), Chair
Terri Alexon (AZ)
Stephanie Beck (IN)
JoAnn Kocurek (TX)
Vickie Moseley (IL)
Vance Spears (TN)

NASAA Corporate Office Staff

NASAA's daily operations are managed by an executive director and a professional staff located in Washington, D.C. NASAA departments include legal, finance, government affairs, communications, investor education, and membership services. The NASAA Corporate Office staff is listed below.

EXECUTIVE & ADMINISTRATIVE OFFICE

Russ Iuculano
Executive Director

John H. Lynch
Deputy Executive Director & Controller

Benita Carr
*Executive Assistant/Office Manager/
Benefits Coordinator*

Gina Haidle
Finance Administrative Assistant

Josephine Oundo
Receptionist

LEGAL

Rex A. Staples
General Counsel

Steve Hall
Deputy General Counsel

Joseph Brady
Associate Counsel

Lesley Walker
Associate Counsel

GOVERNMENT AFFAIRS
Deborah Fischione House
Director of Policy

Daniel Goff
Government Affairs Assistant

COMMUNICATIONS & INVESTOR EDUCATION

Bob Webster
Director of Communications

Jerry Munk
Investor Education Manager

CONFERENCES & EVENTS

Lonnie Martin
Membership and Meetings Manager