



Alabama Department of Examiners of Public Accounts

Report on the **Securities Commission** **Montgomery, Alabama**

October 1, 2018 through September 30, 2022

AUDEMUS JURA NOSTRA DEFENDERE
ALABAMA STATE HOUSE

Rachel Laurie Riddle, Chief Examiner



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Examiners of Public Accounts

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September 27, 2023

Senator Will Barfoot
Chairman, Sunset Committee
Alabama State House
Montgomery, Alabama 36130

Dear Senator Barfoot:

This report was prepared to provide information for use by the Sunset Committee in conducting its review and evaluation of the operations of the Alabama Securities Commission in accordance with the *Code of Alabama 1975*, Section 41-20-9.

The report contains unaudited information obtained from the management, staff, and records of the Alabama Securities Commission in addition to information obtained from other sources.

Please contact me if you have any questions concerning this report.

Sincerely,

Rachel Laurie Riddle
Chief Examiner

Examiners
Daniel Dupree

CONTENTS

PROFILE	1
Purpose/Authority	1
Characteristics	2
Operations	3
Financial	4
Licensure	5
SIGNIFICANT ISSUES	10
STATUS OF PRIOR FINDINGS/SIGNIFICANT ISSUES.....	10
ORGANIZATION.....	11
PERSONNEL	12
PERFORMANCE CHARACTERISTICS	14
COMPLAINT HANDLING	16
REGULATION IN CONJUNCTION WITH OTHER ENTITIES.....	18
FINANCIAL INFORMATION	19
Schedule of Fees.....	20
Schedule of Receipts, Disbursements and Balances: Sale of Checks License Fund 0374.....	22
Schedule of Receipts, Disbursements and Balances: Operating Fund 0375.....	23
Operating Receipts vs. Operating Disbursements Fund 0375.....	24
Schedule of Receipts, Disbursements and Balances: Industrial Revenue Bond Fund 0376.....	25
Summary Schedule of Professional Services Disbursements	26
Professional Services Disbursements Chart.....	26
QUESTIONNAIRES.....	27
Commission Member Questionnaire.....	27
Broker/Dealer Licensee Questionnaire.....	29
Broker/Dealer Agent Licensee Questionnaire.....	30
Investment Advisor Licensee Questionnaire.....	31
Investment Advisor Representative Licensee Questionnaire.....	33
Money Transmitter Licensee Questionnaire	34
Issuer (Restricted Agent) Licensee Questionnaire	36
Complainant Questionnaire	37
APPENDICES	38
Appendix I: Applicable Statutes	39
Appendix II: Professional Services by Vendor	99
Appendix III: Commission Members	101
Appendix IV: Commission’s Response to Significant Issue.....	102

PROFILE

Purpose/Authority

The Alabama Securities Commission was created by Act Number 1959-542, Acts of Alabama, codified as the *Code of Alabama 1975*, Sections 8-6-1 through 8-6-195. The mandated function of the Securities Commission is to enforce the laws governing the issuance, sale, and other transactions relative to securities, including licensing and registration of broker/dealers, agents, investment advisors, and investment advisor representatives, as well as industrial revenue bonds made within, into, or from the State of Alabama.

Act Number 2017-389, Acts of Alabama, codified as the *Code of Alabama 1975*, Section 8-7A-1 through 8-7A-2, known as The Alabama Monetary Transmission Act, was added to the Commission's authority to regulate and enforce the laws relating to the transmission of monetary value. This includes the transmission of digital assets such as bitcoin, the regulation of money transmission methods such as stored value cards, the electronic transmission of money, bill payment services as well as more traditional transmission methods such as money orders.

The following Act passed since the last sunset review and has been codified in the current statutory authority:

Act Number 2021-78, Acts of Alabama, relating to the protection of elderly and vulnerable adults; to allow a financial institution to refuse or delay a financial transaction when the financial institution has reasonable cause to suspect that financial exploitation may have occurred, may have been attempted, or is being attempted; to allow a financial institution to offer to an elderly or vulnerable adult the opportunity to submit and periodically update a list of persons that may be contacted when the financial institution has reasonable cause to suspect that financial exploitation may have occurred or been attempted; and to provide immunity to a financial institution or an officer or employee of a financial institution for certain actions taken.

Characteristics

Members and Selection	<p>Seven members consisting of:</p> <ul style="list-style-type: none">• Three ex officio members:<ul style="list-style-type: none">◆ The Attorney General of Alabama◆ The State Superintendent of Banks◆ The State Superintendent of Insurance (the Commissioner of Insurance)• Four other members appointed by the Governor with the advice and consent of the Senate.<ul style="list-style-type: none">◆ Two appointed members shall be members of the Alabama Bar Association appointed from a list of three nominees for each position submitted by the bar association.◆ Two appointed members shall be certified public accountants appointed from a list of three nominees for each position submitted by the Alabama Society of Certified Public Accountants. <p><i>Code of Alabama 1975, Section 8-6-51(a)</i></p>
Term	<p>Four-year staggered terms, from the date of his appointment and qualification, until his successor shall qualify.</p> <p>No member shall serve more than two consecutive terms of office.</p> <p><i>Code of Alabama 1975, Section 8-6-52</i></p>
Qualifications	<p>For the two members of the Alabama Bar Association and two Certified Public Accountants, no person may be appointed to or by the Commission:</p> <ul style="list-style-type: none">• While registered as a dealer or salesman.• While an officer, director, or partner of any person so registered.• While an officer, director or partner of an issuer which has a registration statement.• While occupying a similar status or performing similar functions. <p>Ex officio members are qualified based on the office held.</p> <p><i>Code of Alabama 1975, Section 8-6-51</i></p>
Consumer Representation	<p>No statutory requirement.</p>

Racial Representation	No specific statutory requirement. One minority member serving.
Geographical Representation	No specific statutory requirement.
Other Representation	The membership of the Commission shall be inclusive and reflect the racial, gender, geographic, urban/rural, and economic diversity of the state. <i>Code of Alabama 1975</i> , Section 8-6-51(a)
Compensation	Each appointed member shall be paid \$50 per day, for a period not to exceed a total of 60 days in any one calendar year, while engaged in the performance of his duties, and shall receive mileage and per diem the same as state employees. Ex officio members shall not be entitled to any extra compensation for performing their duties under this chapter. <i>Code of Alabama 1975</i> , Section 8-6-54
Attended Board Member Training	Director Two staff members Former Director Two former Commissioners One former staff member
<u>Operations</u>	
Administrator	Amanda Senn serves as the Director of the Commission. This is a classified merit system position with the annual salary set by the Commission with the approval of the Governor and the State Personnel Board. Annual Salary: \$150,420.00 <i>Code of Alabama 1975</i> , Section 8-6-56(c)
Location	The Securities Commission and the Director thereof shall maintain offices in the capital city of the state, and all records of the commission shall be kept at these offices. 445 Dexter Avenue, Suite 12000 Montgomery, AL 36104 Office Hours: M-F 8:00 to 5:00 <i>Code of Alabama 1975</i> , Section 8-6-60

Employees	Sixty-one employees.
Legal Counsel	<p>The Commission utilizes the following attorneys:</p> <ul style="list-style-type: none"> • Amanda W. Senn, Director of the Commission • Stephen P. Feaga, Chief Deputy, Assistant Attorney General. • Louis V. Franklin, Sr., Deputy Director of Enforcement, Assistant Attorney General. • April W. McKay, Deputy Director of Administration, Assistant Attorney General. • Andrew O. Schiff, Chief Litigation Counsel, Assistant Attorney General. • Jeffery A. Brown, Jr., General Counsel, Assistant Attorney General. • Leslie Worrell, Associate Counsel, Assistant Attorney General. <p>The individuals listed above are employees of the Commission.</p>
Subpoena Power	<p>For the purpose of any investigation or proceeding, the Commission or any officer designated by it may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, agreements, or other documents or records which the commission deems relevant or material to the inquiry.</p> <p><i>Code of Alabama 1975</i>, Sections 8-6-15(b)</p> <p>In relation to any investigation or proceeding under this chapter, the Commission, or any officer designated, may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, agreements, or other documents or records which the commission deems relevant to the inquiry.</p> <p><i>Code of Alabama 1975</i>, Section 8-7A-23(b)</p>
Internet Presence	http://asc.alabama.gov
<u>Financial</u>	
Source of Funds	Registration fees, licensing fees, and investigation costs.
State Treasury	<p>Yes, the Commission operates from the following Special Revenue Funds in the state treasury:</p> <p>Fund 0374 – Sale of Checks License Fund¹ Fund 0375 – Alabama Securities Commission Fund Fund 0376 – Industrial Revenue Bond Fund</p> <p><i>Code of Alabama 1975</i>, Sections 8-6-3(h), 8-6-115, and 8-7A-19</p> <p>¹This fund as of September 30, 2019 is no longer in use. Title 8 Chapter 7 was repealed by Act Number 2017-389, Acts of Alabama.</p>

Required Distributions	<p>All moneys accruing to or collected by or through the Securities Commission shall be deposited when collected into the State Treasury to the credit of the State General Fund, unless otherwise provided by law.</p> <p><i>Code of Alabama 1975</i>, Section 8-6-33</p> <p>The Schedule of Fees in this report details which fees are deposited to the credit of the State General Fund or to the Commission.</p> <p>Annual Appropriation Acts for fiscal years 2018 through 2022 required the Commission to transfer amounts to the State General Fund.</p>																
Unused Funds	The Commission retains unused funds at fiscal year-end.																
<u>Licensure</u>																	
Licensees	<p>Licensees as of June 30, 2023:</p> <table border="1" data-bbox="529 825 1328 1125"> <tr> <td>Broker Dealer Firm</td> <td>1,531</td> </tr> <tr> <td>Broker Dealer Agent</td> <td>195,470</td> </tr> <tr> <td>Investment Adviser Firm – State</td> <td>183</td> </tr> <tr> <td>Investment Adviser Firm – Federal</td> <td>1,534</td> </tr> <tr> <td>Investment Adviser Representative</td> <td>6,706</td> </tr> <tr> <td>Money Transmitter</td> <td>255</td> </tr> <tr> <td>Issuer (Restricted Agent)</td> <td>311</td> </tr> <tr> <td>Total</td> <td>205,990</td> </tr> </table> <p><i>Source:</i> Securities Registration Manager</p>	Broker Dealer Firm	1,531	Broker Dealer Agent	195,470	Investment Adviser Firm – State	183	Investment Adviser Firm – Federal	1,534	Investment Adviser Representative	6,706	Money Transmitter	255	Issuer (Restricted Agent)	311	Total	205,990
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Licensure Qualifications	<p>A dealer, agent, investment adviser, or investment adviser representative may apply for registration by filing with the Securities Commission, or its designee, an application, together with a consent to service of process, and payment of the fee. The application shall contain whatever information the commission requires.</p> <p><i>Code of Alabama 1975</i>, Section 8-6-3(d)</p> <p>It is required that all or any class of applicants and, in the case of a corporation or partnership, the officers or partners, shall pass an examination, either written or oral. The form, content, and conduct of the examination shall be prescribed by the Commission by rule or order.</p> <p><i>Code of Alabama 1975</i>, Section 8-6-3(f)(1) <i>Administrative Code</i> Chapter 830-X-3-.08</p>																

Broker Dealer:

Each shall file a complete Form BD (Broker Dealer) and any other documentation required by law or rule, regulation, or order of the Commission.

Documentation filed directly with the Commission:

- A statement from the firm with regard to whether or not it will have custody of Alabama customer funds and/or discretionary accounts in Alabama.
- A statement or undertaking detailing if any offers and/or sales have been made to Alabama residents prior to application for registration.
- A list of all agents conducting business in Alabama.

Broker / Dealer Agent:

- File Form U-4.
- Pass required examination.

Issuer – (Restricted Agent):

- File Form U-4 with the Commission
- Evidence of having passed the appropriate examinations:
 - ◆ Series 63 or Series 66
 - ◆ An examination on general or limited securities principles.

Investment Adviser – State:

- File Form ADV through Investment Adviser Registration Depository (IARD).
- Documentation filed directly with Alabama Securities Commission:
 - ◆ Copies of the applicant’s client agreement forms.
 - ◆ Balance sheet prepared in accordance with GAAP, dated not more than 90 days prior to filing of application.
 - ◆ Oath by duly authorized officer that balance sheet is true and correct to the best of their knowledge, information, and belief.
 - ◆ Statement regarding whether the firm maintains custody and/or discretionary authority should be provided.
 - ◆ A surety bond in the amount of \$50,000, payable to the State of Alabama if:
 - The investment adviser maintains custody of client funds or securities.
 - The investment adviser has discretionary authority over customer accounts.
 - The investment adviser does not maintain the minimum net capital of \$10,000.00.

- ◆ If the applicant is an out-of-state corporation:
 - An undertaking or affidavit as to whether the applicant has branch offices or representatives residing in Alabama.
 - A certificate to do business as a foreign corporation is required if the applicant has branch offices or representatives residing in this state.
- ◆ Copies of the applicant's brochure if clients will receive a brochure in addition to or instead of Part II of Form ADV.
- ◆ An undertaking or affidavit stating the number and type, if any, of Alabama clients.
- ◆ Submission of U-4 forms through the IARD system for all investment adviser representatives doing business in Alabama.
- ◆ List of representatives who will be conducting business in Alabama.

Investment Adviser – Federal:

Investment advisers qualified to register on the federal level with the SEC, and doing advisory business in the State of Alabama will be required to make a notification filing which will consist of a complete Form ADV (including Schedule I) and appropriate filing fees.

Representatives of federally registered investment advisors with a place of business in Alabama are required to register with the Commission. Applicants must submit a current complete Form U-4, filing fees and exam results.

Investment Adviser – Representative:

- File Form U-4.
- Pass required examination.

Monetary Transmitter:

- File Form MT with the Commission and submit the required documentation.
 - ◆ List of proposed authorized delegates and locations in the State where delegates will engage in money transmission services.
 - ◆ List of other states applicant is a licensed money transmitter and any disciplinary actions in other states to include revocations, suspensions, or any disciplinary action in another state.
 - ◆ Information concerning any bankruptcy within the last seven years, or receivership proceedings affecting the applicant, control person, or affiliate of applicant.
 - ◆ Sample form of any contract used by the authorized delegate or agent of the applicant and/or used by with consumers related to the provision of money transmission services.
 - ◆ Sample form of any payment instrument or instrument upon which stored value is recorded, if applicable.
 - ◆ Names and addresses of any banks through which the applicant's payment instrument and stored value will be paid.

- Maintain a surety bond, letter of credit, or other similar security. In no event shall the bond be set an amount less than \$100,000, or the average daily outstanding obligations for money received for transmission in Alabama plus 50 percent of the average daily outstanding payment instrument and stored value obligations in Alabama, whichever is greater.

If applicant is not an individual or natural person, in addition to the information required on Form MT the applicant shall provide:

- Date of applicant’s incorporation or formation and state or country of incorporation or formation.
- A certificate of good standing from the state or country which the applicant is incorporated or formed and proof of registration with the Alabama Secretary of State as a foreign corporation if incorporated in another state or country.
- Brief description of the structure or organization of the applicant, including any parent, affiliate, or subsidiary of the applicant, and whether any parent affiliate or subsidiary is publicly traded.
- Legal name, any fictitious name, all business and residential address, and the employment, for the 10 years preceding the submission of the application for each executive officer, manager, director, or a person who has direct or indirect control of the applicant.
- List of all criminal convictions of material litigation involving, and executive officer, manager, director, or a person who has direct or indirect control of the applicant.
- Copy of the applicant’s audited financial statements for the most recent fiscal year and, if available, for the two-year period preceding the submission of the application.
- Copy of the applicant’s unconsolidated financial statements for the current fiscal year.
- Licensee must maintain a net worth of at least \$25,000.00.
- If the applicant has a registered agent in this state, the name and address of the applicant’s registered agent.
- Bond/security required.

Code of Alabama 1975, Section 8-6-3(d), (f)

Code of Alabama 1975, Sections 8-7A-1 through 8-7A-27

Administrative Rule 830-X-3-.01, .02, .03, .04, and .08

Source: Commission website

Examinations

All or any class of applicants and, in the case of a corporation or partnership, the officers or partners, shall pass an examination, either written or oral. The form, content, and conduct of which shall be prescribed by the Commission by rule or order.

Code of Alabama 1975, Section 8-6-3(f)(1)

Examinations are administered by the Financial Industry Regulatory Authority (FINRA). The examinations are given at Prometric Testing Centers, with the exact location determined when registering through FINRA.

Applicants for dealer or an agent registration must pass the Uniform Securities Agent State Law Examination (Series 63), or the Uniform Combined State Law Examination (Series 66), and an examination required by FINRA for the activity in which the applicant will be engaged.

Applicants for investment adviser or investment adviser representative registration must pass the Uniform Investment Adviser Law Examination (Series 65), or the Uniform Combined State Law Examination (Series 66), and the General Securities Representative Examination (Series 7).

The pass/fail data presented below is for the Series 63, Series 65, and Series 66 examinations for nationwide applicants applying for registration in Alabama. Data for other examinations was not available. Post-secondary education is not a requirement for taking the examinations.

Series 63 Examination			
Fiscal Year	Taken	Pass	Pass %
FY 2019	971	736	76%
FY 2020	1,019	805	79%
FY 2021	1,591	1,340	84%
FY 2022	1,798	1,491	83%

Series 65 Examination			
Fiscal Year	Taken	Pass	Pass %
FY 2019	3,174	1,965	62%
FY 2020	3,377	2,175	64%
FY 2021	4,923	2,961	60%
FY 2022	4,913	2,822	57%

Series 66 Examination			
Fiscal Year	Taken	Pass	Pass %
FY 2019	421	249	59%
FY 2020	578	330	57%
FY 2021	719	423	59%
FY 2022	663	368	56%

Code of Alabama 1975, Section 8-6-3(f)(1)

Source: FINRA/Securities Registration Manager

Reciprocity	No statutory requirement.
Renewals	<p>Broker/Dealer, Broker/Dealer Agent, Investment Adviser, and Investment Adviser Representative registrations expire on December 31 unless renewed.</p> <p>Money Transmitter licenses expire March 31 unless renewed.</p> <p>Online renewal:</p> <ul style="list-style-type: none"> • Broker/Dealer, Broker/Dealer Agent, Investment Adviser, and Investment Adviser Representative – 100% renew online. • Money Transmitters and Restricted Agents do not renew online. <p><i>Code of Alabama 1975</i>, Sections 8-6-3(f)(3) and 8-7A-9(a) <i>Source</i>: Securities Registration Manager</p>
Licensee Demographics	<p>Data not collected by agency.</p> <p><i>Source</i>: Securities Registration Manager</p>
Continuing Education	No statutory requirement.

SIGNIFICANT ISSUES

Significant Issue 2023-001: The Commission did not notify the Secretary of State of vacancies occurring as a result of the expiration of two members’ terms. One Commission member’s term expired March 27, 2022 and the other Commission member’s term expired May 1, 2023.

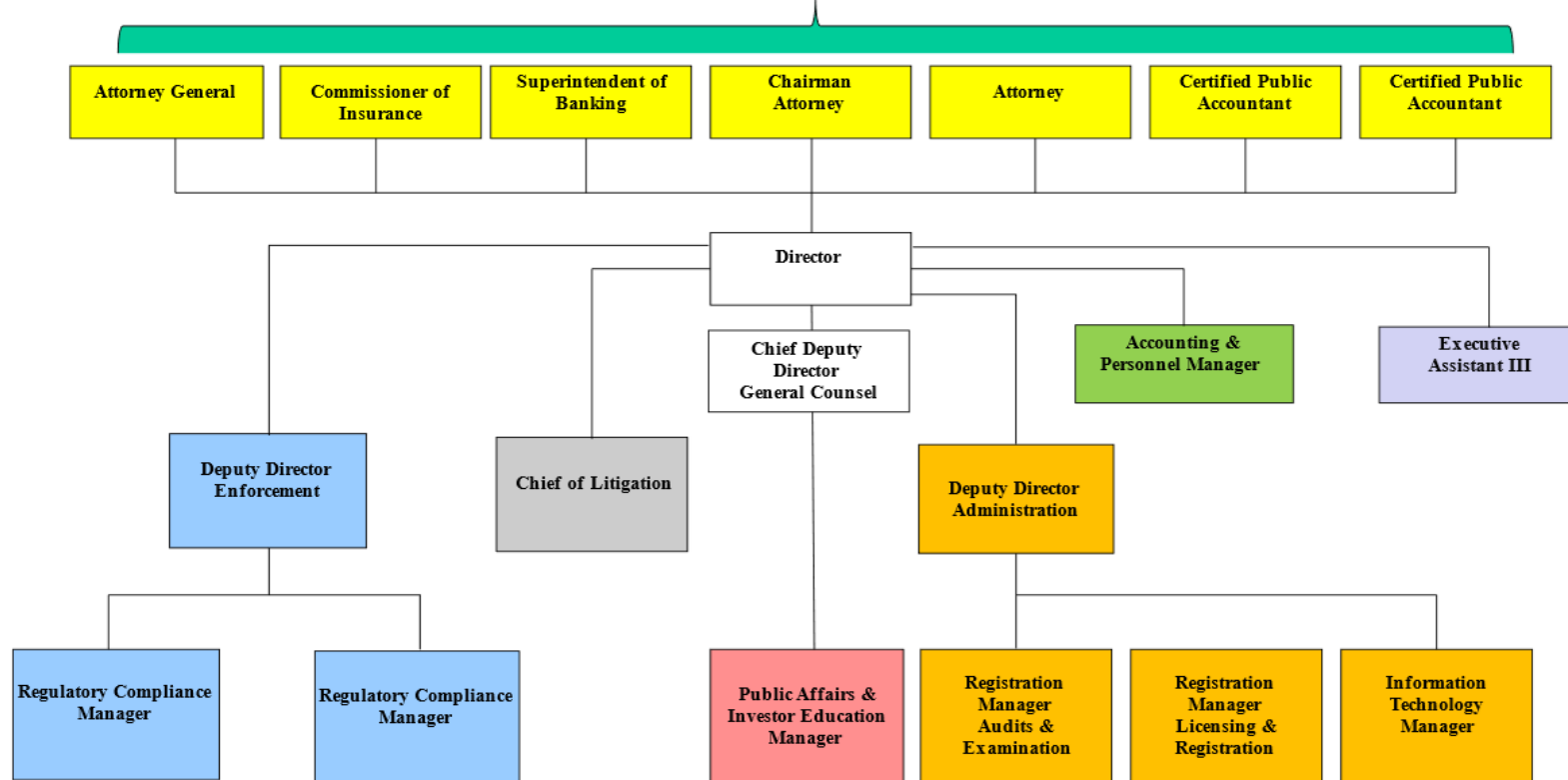
The *Code of Alabama 1975*, Section 36-14-17(c)(1) provides that, “The chair of an existing board shall notify the Secretary of State by electronic means of a vacancy scheduled to occur on the board as a result of the expiration of a term at least 45 days before the vacancy occurs.”

STATUS OF PRIOR FINDINGS/SIGNIFICANT ISSUES

All prior findings and significant issues have been resolved.

ORGANIZATION

ALABAMA SECURITIES COMMISSION ORGANIZATION CHART AS OF 5-1-2023



PERSONNEL

Schedule of Employees By Merit System Classification/Sex/Race								
	#	BM	WM	BF	WF	OF	Salary or Salary Range	Vehicles Assigned ¹
Securities Commission Director	1				1		\$150,420.00	1
Chief Deputy Director (Exempt)	1		1				\$183,240.00	1
Securities Commission Deputy Director	2	1	1				\$166,017.60	
General Counsel (Exempt)	1		1				\$173,445.60	
Attorney IV	1				1		\$161,928.00	
Attorney III	1				1		\$123,434.40	
Accounting Director I	1				1		\$136,224.00	
Administrative Support Assistant II	3				3		\$38,709.60 - \$42,736.80	
Administrative Support Assistant III	5				5		\$35,092.80 - \$44,860.80	
Clerical Aide	4		1		3		\$9.56 - \$10.54 Per Hour	
Communications and Public Relations Specialist, Senior	1				1		\$57,529.20	
Communications and Public Relations Manager	1		1				\$81,007.20	
Executive Assistant III	1				1		\$73,209.60	
Executive Secretary	1				1		\$48,300.00	
IT Systems Specialist, Associate	1		1				\$64,735.20	
IT Systems Specialist, Senior	1		1				\$123,434.40	
IT Systems Technician, Senior	1		1				\$57,259.20	
Legal Research Assistant	1				1		\$42,736.80	
Paralegal	1				1		\$69,688.80	
Retired State Employee	2		2				\$18.34 - \$83.85 Per Hour	
Securities Analyst	1		1				\$48,300.00	
Securities Analyst, Senior	6		1	3	2		\$53,224.80 - \$77,008.80	
Securities Analyst Supervisor	4		1	1	2		\$83,004.00 - \$85,087.20	

	#	BM	WM	BF	WF	OF	Salary or Salary Range	Vehicles Assigned ¹
Securities Commission Regulatory Compliance Manager	2		2				\$93,921.60 - \$103,636.80	2
Securities Registration Manager	2			1	1		\$93,921.60 - \$98,678.40	
Senior Special Agent	2		2				\$89,479.20 - \$93,921.60	2
Senior Accountant	1				1		\$66,331.20	
Special Agent	9		7	1	1		\$63,175.20 - \$89,479.20	9
State Professional Trainee	1					1	\$35,985.60	
Student Aide	1				1		\$10.29 Per Hour	
Victims' Service Officer	1				1		\$54,525.60	
Total	61	1	24	6	29	1		15

BM=Black Male, WM=White Male, BF=Black Female, WF=White Female, OF=Other Female

¹The Commission has an additional seven motor pool vehicles.

Legal Counsel

The Commission utilizes the following attorneys who are employees of the Commission:

- Amanda W. Senn, Director of the Commission
- Stephen P. Feaga, Chief Deputy, Assistant Attorney General.
- Louis V. Franklin, Sr., Deputy Director of Enforcement, Assistant Attorney General.
- April W. McKay, Deputy Director of Administration, Assistant Attorney General.
- Andrew O. Schiff, Chief Litigation Counsel, Assistant Attorney General.
- Jeffery A. Brown, Jr., General Counsel, Assistant Attorney General.
- Leslie Worrell, Associate Counsel, Assistant Attorney General.

In addition, the Commission is represented pro bono and in partnership with investor protection advocates by the following attorneys in Kirby v. Financial Industry Regulatory Authority, Inc. (Respondent) and Alabama Securities Commission (Intervenor) in the Circuit Court of the 15th Judicial Circuit in and for Palm Beach County, Florida:

- Jason R. Doss, The Doss Firm, LLC
- Jason Kellogg, Esq., Levine, Kellogg, Lehman, Schneider & Grossman.
- Peter J. Mougey, Esq., Levin, Papantonio, Rafferty, Proctor, Buchanan, O'Brien, Barr & Mougey.
- Celiza Braganca, Esq., Braganca Law, LLC.

PERFORMANCE CHARACTERISTICS

Number of Licensees per Employee (FY2022) – 3,344

Number of Licensees for the Past Four Fiscal Years

Type of Licenses/Registrations	Fiscal Year			
	2019	2020	2021	2022
Broker / Dealer	1,515	1,499	1,497	1,523
Broker / Dealer Agent	159,769	160,310	174,635	193,185
Investment Adviser – State Registered	179	185	181	188
Investment Adviser – Federally Registered	1,301	1,342	1,407	1,499
Investment Adviser Representative	6,402	6,532	7,097	7,015
Money Transmitter	199	200	218	249
Issuer (Restricted Agent)	316	309	302	322
Total	169,681	170,377	185,337	203,981

Operating Disbursements per Licensee (FY2022) – \$36.86

Fines/Penalties as a Percentage of Operating Receipts

The Commission’s administrative assessments are deposited directly to the State General Fund and are not available for Commission operations. *Code of Alabama 1975*, Sections 8-6-19(j)(5) and 8-6-33.

Notification of Commission decisions to Amend Administrative Rules

The Commission complied with notification procedures prescribed in the Administrative Procedure Act, which includes publication of proposed rules in the Administrative Monthly, and public hearings on proposed rules.

Audits

The Commission’s auditing and examination division conducts onsite routine audits and also conducts for-cause audits. In addition, the auditing division conducts joint audits with other states on a limited basis, when needed for complex audits and enforcement investigations, and participates in the North American Securities Administrators Association’s (NASAA) annual coordinated examination sweep.

The Commission routinely audits each of the state-regulated investment advisers domiciled in Alabama on a 3-year cycle. The Commission also audits broker dealers and their branch offices, and money transmitter vendors and their agents on a for cause-basis. The for-cause audits result from investigations, customer complaints and/or licensing issues. The audits are designed to identify serious securities violations and potential weaknesses in sales practices in order to help strengthen the entities’ compliance programs and to protect Alabama investors.

If an audit reveals minor records deficiencies, the Commission helps the firm to resolve the deficiencies, but the deficiencies must be resolved before the Commission will close the audit. If the deficiencies are more serious, such as fraudulent activity, auditors refer the deficiencies to the Commission’s legal division for the issuance of an order or to the enforcement department for additional investigation. Generally, the auditors work in conjunction with the enforcement division on such cases.

The licensing division also conducts desk audits for accuracy and completeness of the applications filed for broker/dealer registrations, agents registrations, investment adviser-state registrations, investment adviser representative registrations, exemptions from registration, eleemosynary exemptions from registrations (church bonds), orders for expansion of exemptions, coordination of securities registrations with the Securities Exchange Commission (SEC), registrations by qualification, and money transmission vendors and agents.

Source: Commission Staff

Schedule of Audits Conducted				
October 1, 2018 through September 30, 2022				
Type of Audits	FY 2019	FY 2020	FY 2021	FY 2022
Investment Advisers				
Routine Audits	37	47	35	38
For-Cause Audits			3	1
Broker/Dealers				
Routine Audits	7	1	2	3
For-Cause Audits	6	6		9
Money Transmitters				
Routine Audits				
For-Cause Audits	13	6	19	3
Audits of Applications Files	260	231	310	365

Source: Commission Staff

COMPLAINT HANDLING

The Commission’s special agents examine investor complaints concerning suspicious, deceptive, unsuitable, and/or illegal investment offerings within, into, or from Alabama, as well as the sale of fraudulent and unregistered investment products. Special agents coordinate their investigations with the Commission’s legal division, and local, state, and federal authorities to examine complaints, analyze financial transactions, and bring legal action, criminal or civil, against any person or business entity suspected of being in violation of the Alabama Securities Act and/or applicable federal laws.

Source: Commission Staff

Initial Contact/Documentation	Complaints can be initiated by any person, including Commission members and staff. Complaints can be received by phone, letter, fax, and email. A standard complaint form is available on the Commission’s website and usage is encouraged, but not mandatory. Complaints are not required to be in writing. An inquiry file (I-File) is opened for each complaint and assigned to a special agent. The agent notifies the complainant of the Commission’s receipt of the complaint.
Anonymous Complaints Accepted	Yes.
Investigative Process / Probable Cause Determination	<p>Complaints are investigated by one of the Commission’s eleven special agents/senior special agents who are sworn law enforcement officers with statewide jurisdiction. Two senior special agents fill a supervisory role in the division while also investigating cases. Commission members are not involved in the investigation of complaints.</p> <p>The special agent reviews the complaint. If the special agent determines that the complaint contains probable cause that warrants an investigation, the I-File is upgraded to an S-File (Investigation). The special agent conducts interviews and issues subpoenas in order to collect relevant evidence from complainants, witnesses, and respondents. The special agent submits an investigative report, along with a recommendation, to a senior special agent for review and probable cause determination.</p>
Negotiated Settlements	Yes.
Notification of Resolution to the Complainant	The Commission notifies complainants of resolution of complaints via letter, voice or email depending on the complainant’s preference.

Source: Senior Special Agent

Complaint Data – I-Files¹ (Inquiries)

Fiscal Years 2019 through 2022						
Year/Number of Complaints Received	Year/Number Resolved					Pending
	2019	2020	2021	2022	2023	
2019 / 142	120	17	4	1		
2020 / 185		159	17	6	3	
2021 / 166			140	23		3
2022 / 97				79	13	5

¹Complaints or corporate inquiries determined to have no probable cause to initiate formal investigation.

Average Time to Resolve I-File Complaints – 43 business days.

Complaint Data – S-Files (Investigations)

Fiscal Years 2019 through 2022						
Year/Number of Complaints Received	Year/Number Resolved					Pending
	2019	2020	2021	2022	2023	
2019 / 64	18	14	10	3	6	13
2020 / 55		7	25	6	4	13
2021 / 66			16	18	4	28
2022 / 65				11	23	31

Pending investigations are primarily in ongoing investigation, awaiting trial, pending action by other entities, or pending further legal action.

Average Time to Resolve S-File Complaints: 258 business days

Disposition of Resolved S-File Complaints (Investigations)

Complaints	Resolution
56	No Actionable Offense
44	Cease and Desist
14	Victim Uncooperative
13	Consent Agreement
13	Consent Order
6	Referred to Another Agency
5	Resolved for Victim
4	Conviction
2	Order to Bar
2	Opened in Error
1	Cease and Desist & Consent Order
1	Cease and Desist & Order To Vacate
1	Show Cause Order & Order To Vacate
1	Order of Denial
1	Funds Sent Overseas – Unrecoverable
1	Closed in Error – Reopened

REGULATION IN CONJUNCTION WITH OTHER ENTITIES

The Commission routinely coordinates with the following industry and government organizations on enforcement, registration issues, cases, and policy:

- Financial Industry Regulatory Authority (FINRA)
- New York Stock Exchange (NYSE)
- U.S. Securities and Exchange Commission (SEC)
- Securities Industry Financial Markets Association (SIFMA)
- Public Investors Arbitration Bar Association (PIABA)
- National White Collar Crime Center (NWCCC)

The Commission also works with the following state agencies:

- The Department of Insurance.
- State Banking Department.
- Alabama Development Office.
- Alabama Department of Senior Services.
- The Office of Prosecution Services.

FINANCIAL INFORMATION

Source of Funds - Registration fees, licensing fees, and investigation costs are deposited into the following Special Revenue Funds maintained in the State Treasury.

Special Revenue Fund 0374 – Sale of Checks Fund: This fund was established by the *Code of Alabama 1975*, Section 8-7-6, to accumulate license and investigation fees for entities which engage in the business of selling, issuing, or dispersing checks or receiving money as agents for obligors for the purpose of paying obligors' bills, invoices, or accounts. The fund was subject to the state's normal budgeting processes, and a legislative appropriation was required to make disbursements from the fund. The Commission retained year-end balances. This fund will no longer be utilized after fiscal year 2019 and all fees assessed and collected will be deposited into the State General Fund. Title 8 Chapter 7 was repealed by Act Number 2017-389, Acts of Alabama. This fund, as of September 30, 2019, is no longer in use.

Special Revenue Fund 0375 – Alabama Securities Commission Fund: This fund was established by the *Code of Alabama 1975*, Section 8-6-3(h), to receive initial and renewal registration fees for investment advisers and investment adviser representatives; exempted securities filing fees; mutual fund exemption filing fees; interpretative opinions and no-action letter filing fees; and assessment of investigative costs. The fund may be drawn upon by the Commission for its use in its administration. The Commission retains year-end balances.

Special Revenue Fund 0376 – Industrial Revenue Bond Fund: The fund was established by the *Code of Alabama 1975*, Section 8-6-115, to collect filing fees associated with the issue of certificates of notification of industrial revenue bonds. These funds may be withdrawn by the Director for the use of the Commission in its administration. The Commission retains year-end balances.

Schedule of Fees

All moneys accruing to or collected by or through the Securities Commission shall be deposited when collected into the State Treasury to the credit of the general fund, unless otherwise provided by law. *Code of Alabama 1975*, Section 8-6-33.

Fees Paid Directly to the General Fund			
Fee Type / Purpose	Statutory Authority	Administrative Rule	Amount
Initial or Renewal Registration			
Dealer Registration	8-6-3(h)	N/A	\$250.00
Agent Registration	8-6-3(h)	N/A	\$70.00
Registration of Securities			
Notification / Coordination / Qualification	8-6-8(d)	N/A	Filing fee: \$40.00 + Registration Fee: 1/10 of 1% of the aggregate offering price of the securities to be offered in this state. Not to exceed \$1,500.00 and not less than \$100.00.
Open-End Management Company	8-6-8(d)	N/A	Filing fee: \$100.00 + Registration Fee: \$1,500.00
Exemption - Limited Offerings - Filing Fees			
Regulation A Tier I and Tier II	8-6-8(d)	N/A	Filing fee: \$40.00 + Registration Fee: 1/10 of 1% of the aggregate offering price of the securities to be offered in state. Not to exceed \$1,500.00 and not less than \$100.00.
Federal Crowdfunding Offerings	8-6-8(d)	N/A	Filing fee: \$40.00 + Registration Fee: 1/10 of 1% of the aggregate offering price of the securities to be offered in state. Not to exceed \$1,500.00 and not less than \$100.00.
Administrative Assessment	8-6-19(j)(2)	N/A	Not to exceed \$5,000.00 each act. Not to exceed \$50,000.00 total.
Request for Information	8-6-28	N/A	Reasonable Cost
Monetary Transmission Act			
Filing Fee	8-7A-6(c)	N/A	\$500.00
License Fee	8-7A-6(c)	N/A	\$500.00
Renewal Fee	8-7A-9(b)	830-X-7A-.09	\$500.00
Late Renewal Fee	8-7A-9(e)	N/A	\$100.00 per day
Annual Examination	8-7A-12(c)	N/A	Reasonable Cost
Civil Penalty	8-7A-19(a)	N/A	Not to exceed \$1,000.00 per day each day the violation is outstanding
Interpretative Opinion or No-Action Letter	8-7A-27(b)	N/A	\$500.00

Fees Deposited into the Alabama Securities Commission Funds			
Fee Type / Purpose	Statutory Authority	Administrative Rule	Amount
Initial or Renewal Registration			
Investment Advisor	8-6-3(h)	N/A	\$250.00
Investment Advisor Representative	8-6-3(h)	N/A	\$70.00
Registration Exemptions for Open Ended Management Investment Company - Filing Fees			
<i>Total Net Assets:</i>			
\$25,000,000 or less	8-6-10(11)(a)(2)	N/A	\$350.00
\$25,000,000 to \$100,000,000	8-6-10(11)(a)(2)	N/A	\$700.00
\$100,000,000 to \$250,000,000	8-6-10(11)(a)(2)	N/A	\$1,200.00
\$250,000,000 or greater	8-6-10(11)(a)(2)	N/A	\$2,000.00
Unit Investment Trust	8-6-10(11)(a)(2)	N/A	\$200.00
Exemption - Limited Offerings - Filing Fees			
Offering conducted solely in state to residents of this state	8-6-11(a)(14)(n)	N/A	\$150.00
Regulation D filing under Rules 505 and 506	8-6-11(c)	N/A	\$300.00
Expansion order filing to increase the number of purchasers in a limited offering that has already been exempted	8-6-11(c)	N/A	\$300.00
For sale up to 25 Alabama purchasers in 12 months	8-6-11(c)	N/A	\$300.00
Extension of term up to 12 months	8-6-11(c)	830-X-6-.12(1)(d)(iv)	\$300.00
Investigative Examination	8-6-19(k)(1)	N/A	Actual Costs
Interpretative Opinion or No-Action Letter	8-6-29(b)	N/A	\$150.00
Industrial Revenue Bonds	8-6-115	N/A	Filing fee: 1/20 of 1% of the principal amount of industrial revenue bonds. Not to exceed \$1,000 and not less than \$25.00.
Monetary Transmission Act			
Investigative Examination	8-7A-19(b)	N/A	Actual Costs

Schedule of Receipts, Disbursements and Balances

October 1, 2018 through September 30, 2022

Securities Commission Sale of Checks License Fund 0374

	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
<u>Receipts</u>				
Total	\$	\$	\$	\$
<u>Disbursements</u>				
Personnel Costs	33,609.39			
(Deficiency) of Receipts over Disbursements	(33,609.39)			
Cash Balances at Beginning of Year	33,609.39			
Unobligated Cash Balances at End of Year	\$	\$	\$	\$

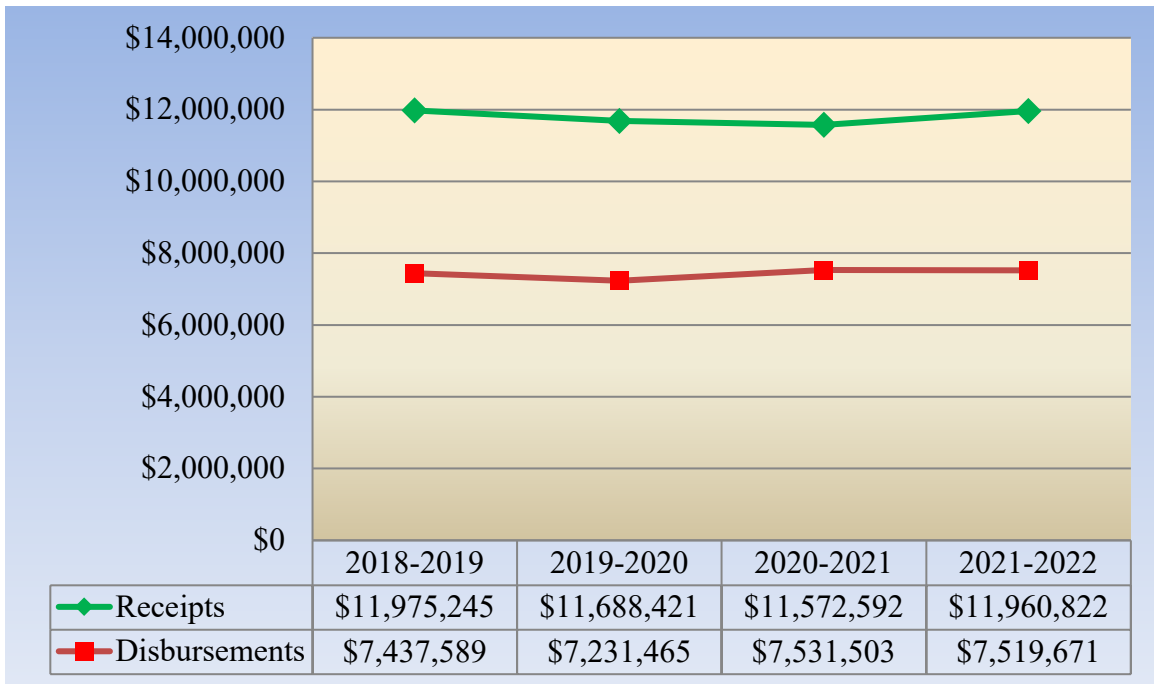
Schedule of Receipts, Disbursements and Balances

October 1, 2018 through September 30, 2022

Securities Commission Operating Fund 0375

	2018-2019	2019-2020	2020-2021	2021-2022
<u>Receipts</u>				
Securities Exemption Permits	\$ 10,888,590.00	\$ 10,609,600.00	\$ 10,617,500.00	\$ 10,794,220.00
Registration Investment Advisors	826,100.00	843,280.00	900,220.00	919,280.00
Securities Commission Investigations	227,133.82	228,503.82	12,643.82	215,733.08
Fees-Documents and Records	46.00	482.00	11.25	
Filing or Recording	2,500.00	3,650.00	1,500.00	1,150.00
Abandoned Property	110.00			
Insurance Recoveries	7,472.08	2,816.80	1,344.50	2,411.71
Prior Year Refunds			888.24	450.00
Salvage Equipment or Other Property	23,293.10	88.39	37,734.44	27,577.30
Unclaimed Property			750.00	
Total	<u>11,975,245.00</u>	<u>11,688,421.01</u>	<u>11,572,592.25</u>	<u>11,960,822.09</u>
<u>Disbursements</u>				
Personnel Costs	3,984,405.51	4,168,675.45	4,296,165.23	4,296,610.97
Employee Benefits	1,485,166.23	1,548,214.59	1,502,582.67	1,490,001.87
Travel, In-State	47,385.04	21,641.54	26,229.91	30,523.15
Travel, Out-of-State	70,341.05	45,592.50	6,592.65	24,240.97
Repairs and Maintenance	3,249.02	1,986.44	478.64	827.63
Rentals and Leases	724,878.75	737,818.10	752,807.16	842,702.61
Utilities and Communications	108,723.13	121,175.14	125,647.23	115,883.97
Professional Services	303,412.62	208,574.97	217,424.73	321,923.48
Supplies, Materials, and Operating xpenses	244,962.21	229,109.12	247,722.45	246,074.01
Transportation Equipment Operations	44,226.16	30,280.17	28,131.58	47,898.76
Grants & Benefits	200,023.99		43.96	37.88
Transportation Equipment Purchases	95,777.65	93,885.31	187,770.62	26,791.26
Other Equipment Purchases	125,037.24	24,511.17	139,906.54	76,154.15
Transfers to the General Fund	1,300,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Total	<u>8,737,588.60</u>	<u>8,231,464.50</u>	<u>8,531,503.37</u>	<u>8,519,670.71</u>
Excess of Receipts over Disbursements	3,237,656.40	3,456,956.51	3,041,088.88	3,441,151.38
Cash Balances at Beginning of Year	<u>13,723,368.35</u>	<u>16,961,024.75</u>	<u>20,417,981.26</u>	<u>23,459,070.14</u>
Cash Balances at End of Year	16,961,024.75	20,417,981.26	23,459,070.14	26,900,221.52
Reserved for Unpaid Obligations	<u>(206,539.66)</u>	<u>(235,922.15)</u>	<u>(199,402.23)</u>	<u>(224,318.70)</u>
Unobligated Cash Balances at End of Year	<u>\$ 16,754,485.09</u>	<u>\$ 20,182,059.11</u>	<u>\$ 23,259,667.91</u>	<u>\$ 26,675,902.82</u>

Operating Receipts vs. Operating Disbursements



Does not included appropriated transfers to the State General Fund.

Schedule of Receipts, Disbursements and Balances

October 1, 2018 through September 30, 2022

Securities Commission Industrial Revenue Bond Fund 0376

	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>
<u>Receipts</u>				
Industrial Revenue Bonds Filing Fee	\$ 7,458.50	\$ 3,000.00	\$ 3,000.00	\$ 5,175.00
<u>Disbursements</u>				
Personnel Costs	10,000.00			
Excess (Deficiency) of Receipts over Disbursements	(2,541.50)	3,000.00	3,000.00	5,175.00
Cash Balances at Beginning of Year	3,150.79	609.29	3,609.29	6,609.29
Unobligated Cash Balances at End of Year	<u>\$ 609.29</u>	<u>\$ 3,609.29</u>	<u>\$ 6,609.29</u>	<u>\$ 11,784.29</u>

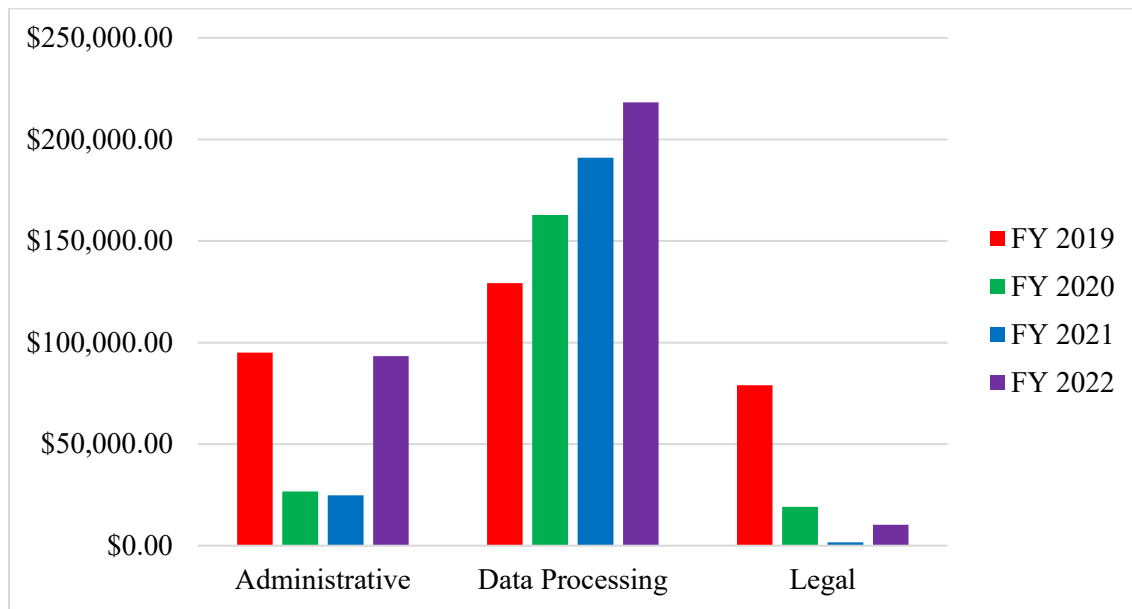
Summary Schedule of Professional Services Disbursements

Securities Commission Operating Fund 0375

As of September 30				
Type of Service	FY 2019	FY 2020	FY 2021	FY 2022
Administrative	\$95,095.34	\$26,716.28	\$24,778.22	\$93,289.56
Data Processing	\$129,293.95	\$162,778.62	\$191,027.46	\$218,275.67
Legal	\$79,023.33	\$19,080.07	\$1,619.05	\$10,358.25
Total	\$303,412.62	\$208,574.97	\$217,424.73	\$321,923.48

Detailed information is presented in Appendix II of this report.

Professional Services Disbursements



QUESTIONNAIRES

Commission Member Questionnaire

An e-mail was sent to all seven members of the Alabama Securities Commission requesting participation in our survey. Five participated in our survey. The percentages shown are based on the number who responded to the question.

1. What are the most significant issues currently facing the Alabama Securities Commission and how is the Commission addressing these issues?

Commission Member #1 – “The amount of fraud in this country and not just in the securities industry. The department has a tremendous consumer education program to keep the public informed on things to watch out for to protect themselves from fraud.”

Commission Member #2 – “I do not believe there are any pressing issues that aren't being addressed. I believe the most important issue has been Director Borg seeing there was a succession plan in place to secure the success of the ASC. Director Borg made certain, Amanda Senn had been well coached and trained to take the ASC into the next chapter.”

Commission Member #3 – “The issues I see that the ASC are facing surround the increase in fraudulent scams and the sophistication of those scams against the general public. They are addressing them head on and aggressively.”

Commission Member #4 – “Probably the unregulated bitcoin industry. The staff is offering guidance as to possible legislation and participating in multi-state litigation to prevent fraud and abuse.”

Commission Member #5 – “There are a few issues, but two of the top are Elderly Abuse and Cyber love. The Commission is reaching out to the community to spread awareness of these scams.”

2. What, if any, changes to the Commission’s laws are needed?

Commission Member #1 – “I think we are currently in line with the strategic plan of the department, and I am not sure we can continue within the regulatory structure we now use.”

Commission Member #2 – “I can't think of any.”

Commission Member #3 – “None that I am aware of.”

Commission Member #4 – “None that I know. I would defer to senior staff input on this issue.”

Commission Member #5 – “I think the laws in place are doing what they are supposed to do.”

3. Is the commission adequately funded?

Yes	5	100%
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4. Is the Commission adequately staffed?

Yes	4	80%
Unknown	1	20%

5. Has the Commission experienced any significant changes to its operations?

Yes	1	20%
No	3	60%
Unknown	1	20%

6. Does the Commission plan any significant changes in its operations?

No	1	20%
Unknown	4	80%

7. Please provide any other comments you would like to make.

Commission Member #1 – “With Joe Borg's retirement, I feel Amanda Senn is the perfect person to fill his shoes without a huge interruption in our existing operation.”

Commission Member #2 – “I have found the ASC to be an incredibly well-run governmental agency.”

Commission Member #3 – “ASC works very efficiently and professionally to ensure the security of the public's assets. Protecting the general public is the highest priority of leadership and staff.”

Commission Member #4 – “None.”

Commission Member #5 – “The Commission is doing a great job cracking down on those that are not following the law.”

Broker/Dealer Licensee Questionnaire

An e-mail was sent to one hundred licensees requesting participation in our survey. Five participated in the survey. The percentages shown are based on the number who responded to the question.

1. What do you think is the most significant issue(s) currently facing your profession in Alabama?

Respondent #1 – “None”

Respondent #2 – “Broker-Deal Regulation”

Respondent #3 – “The firm has no issues with Alabama currently.”

Respondent #4 – “does not apply.”

Respondent #5 – “Regulations”

2. Do you think regulation of your profession by the Alabama Securities Commission is necessary to protect the public welfare?

Yes	4	80%
Unknown	1	20%

3. Do you think any of the Commission’s laws, rules, or policies are an unnecessary restriction on the practice of your profession?

No	3	60%
Unknown	2	40%

4. Are you adequately informed by the Commission of changes to and interpretations of the Commission’s positions, policies, rules, and laws?

Yes	3	60%
Unknown	2	40%

5. Does the Commission respond to your inquiries in a timely manner?

Yes	4	80%
Unknown	1	20%

6. Has the Commission performed your licensing and renewal in a timely manner?

Yes	4	80%
Unknown	1	20%

7. Please provide any other comments you would like to make.

Respondent #1 – “N/A”

Respondent #2 – “Thank you”

Respondent #3 – “Firm has no additional comments at this time.”

Respondent #4 – “none thank you!”

Respondent #5 – “The State of Alabama has been professional and courteous in dealing with the Firm.”

Broker/Dealer Agent Licensee Questionnaire

An e-mail was sent to one hundred licensees requesting participation in our survey. One participated in the survey. The percentages shown are based on the number who responded to the question.

1. What do you think is the most significant issue(s) currently facing your profession in Alabama?

Respondent #1 – “So many rules and regulations and constant change. It is difficult for back offices, representatives, etc. to know and understand all the rules and regulations and make sure that we are in compliance while serving the customer.”

2. Do you think regulation of your profession by the Alabama Securities Commission is necessary to protect the public welfare?

Yes **1** **100%**

3. Do you think any of the Commission’s laws, rules, or policies are an unnecessary restriction on the practice of your profession?

No **1** **100%**

4. Are you adequately informed by the Commission of changes to and interpretations of the Commission’s positions, policies, rules, and laws?

Yes **1** **100%**

5. Does the Commission respond to your inquiries in a timely manner?

Unknown **1** **100%**

6. Has the Commission performed your licensing and renewal in a timely manner?

Yes **1** **100%**

7. Please provide any other comments you would like to make.

Respondent #1 – “No other comments to add”

Investment Adviser Licensee Questionnaire

An e-mail was sent to one hundred licensees requesting participation in our survey. Eleven participated in the survey. The percentages shown are based on the number who responded to the question.

1. What do you think is the most significant issue(s) currently facing your profession in Alabama?

Respondent #1 – “Not sure”

Respondent #2 – “Cybersecurity”

Respondent #3 – “cybersecurity and data breaches.”

Respondent #4 – “Processing of licensing paperwork.”

Respondent #5 – “Getting new clients.”

Respondent #6 – “We have a very small number of clients in Alabama and no physical presence.”

Respondent #7 – “conflicted investment advice.”

Respondent #8 – “N/A”

Respondent #9 – “Regulations that impact RIAs.”

Respondent #10 – “Fraudulent schemes directed towards senior investors and unsophisticated investors who do not have the proper knowledge to decline these schemes.”

Respondent #11 – “ESG and DEI.”

2. Do you think regulation of your profession by the Alabama Securities Commission is necessary to protect the public welfare?

Yes	11	100%
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3. Do you think any of the Commission’s laws, rules, or policies are an unnecessary restriction on the practice of your profession?

Yes	3	27%
No	6	55%
Unknown	2	18%

4. Are you adequately informed by the Commission of changes to and interpretations of the Commission’s positions, policies, rules, and laws?

Yes	9	82%
No	1	9%
Unknown	1	9%

5. Does the Commission respond to your inquiries in a timely manner?

Yes	7	64%
No	1	9%
Unknown	3	27%

Money Transmitter Licensee Questionnaire

An e-mail was sent to one hundred licensees requesting participation in our survey. Twelve participated in the survey. The percentages shown are based on the number who responded to the question.

1. What do you think is the most significant issue(s) currently facing your profession in Alabama?

Respondent #1 – “No current issues.”

Respondent #2 – “none at the moment”

Respondent #3 – “I don’t know about significance, but regulator response times could be quicker.”

Respondent #4 – “fraud.”

Respondent #5 – “none.”

Respondent #6 – “Fraud.”

Respondent #7 – “Preventing fraud.”

Respondent #8 – “(I work at a nonprofit in lower Alabama) adequate resources to fulfill mission hiring qualified, competent staff ability to meet need of community.”

Respondent #9 – “1. Awaiting full inception of the Interstate Counseling Compact for mental health (we are on the Georgia/Alabama border). 2. The fact that Alabama bankruptcy administration does not fall under the Executive Office of the US Trustees, like most other states.”

Respondent #10 – “Regulatory requirements.”

Respondent #11 – “The communication of licensing requirements for money transmitters and the disparity of those requirements from state to state.”

Respondent #12 – “N/A”

2. Do you think regulation of your profession by the Alabama Securities Commission is necessary to protect the public welfare?

Yes	9	75%
Unknown	3	25%

3. Do you think any of the Commission’s laws, rules, or policies are an unnecessary restriction on the practice of your profession?

Yes	1	8%
No	10	84%
Unknown	1	8%

4. Are you adequately informed by the Commission of changes to and interpretations of the Commission’s positions, policies, rules, and laws?

Yes	7	58%
No	3	25%
Unknown	2	17%

5. Does the Commission respond to your inquiries in a timely manner?

Yes	10	83%
Unknown	2	17%

6. Has the Commission performed your licensing and renewal in a timely manner?

Yes	12	100%
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7. Please provide any other comments you would like to make.

Respondent #1 – “none”

Respondent #2 – “everything is good.”

Respondent #3 – “overall, satisfied with the responses and explanations.”

Respondent #4 – “money transmitter regulations need to be enforced among all payroll companies.”

Respondent #5 – “N/A”

Respondent #6 – “None at this time.”

Respondent #7 – “We have a good working relationship with Alabama regulators.”

Respondent #8 – “Although I do believe that some level of regulation is needed to ensure bad players don't take advantage of our community members. I'm unsure what that would look like.”

Respondent #9 – “I don't have any other comments at this time. My interaction with the Securities Committee has only been for the purposes of license renewal, and I have not had any issues or concerns here.”

Respondent #10 – “No additional comments. Thanks!”

Respondent #11 – “There is no clear communication of policies rules and regulations to my business that properly interprets changes that should be implemented.”

Respondent #12 – “No other comments.”

Issuer (Restricted Agent) Licensee Questionnaire

An e-mail was sent to one hundred licensees requesting participation in our survey. Five participated in the survey. The percentages shown are based on the number who responded to the question.

1. What do you think is the most significant issue(s) currently facing your profession in Alabama?

Respondent #1 – “market insecurities.”

Respondent #2 – “Identifying and hiring qualified support staff.”

Respondent #3 – “government regulation.”

Respondent #4 – “None.”

Respondent #5 – “n/a”

2. Do you think regulation of your profession by the Alabama Securities Commission is necessary to protect the public welfare?

Yes	3	60%
No	1	20%
Unknown	1	20%

3. Do you think any of the Commission’s laws, rules, or policies are an unnecessary restriction on the practice of your profession?

Yes	1	20%
No	3	60%
Unknown	1	20%

4. Are you adequately informed by the Commission of changes to and interpretations of the Commission’s positions, policies, rules, and laws?

Yes	2	40%
No	1	20%
Unknown	2	40%

5. Does the Commission respond to your inquiries in a timely manner?

Yes	3	60%
Unknown	2	40%

6. Has the Commission performed your licensing and renewal in a timely manner?

Yes	5	100%
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7. Please provide any other comments you would like to make.

Respondent #1 – “Thank you!”

Respondent #2 – “None.”

Respondent #3 – “None”

Respondent #4 – “WE appreciate the Commission’s service.”

Respondent #5 – “n/a”

Complainant Questionnaire

A letter was sent to twenty-four complainants whose complaints were resolved by the commission in the past two years, requesting participation in our survey. Four participated in the survey. The percentages shown are based on the number who responded to the question.

1. Was receipt of your complaint acknowledged?

Yes	4	100%
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2. Approximately how long after filing your complaint did the Commission contact you?

Within 15 days	2	50%
Within 30 days	1	25%
Was not contacted	1	25%

3. Did the Commission communicate the results of the investigation into your complaint to you?

Yes	2	50%
No	2	50%

4. Do you think the Commission did everything it could to resolve your complaint?

Yes	2	50%
Unknown	2	50%

5. Please provide any additional comments you would like to make.

Respondent #1 – “This complaint was filed in 2020, I do not remember exactly my conversations, but I know when I tried to get updates there was absolutely no communication at all. I have no idea how the matter turned out. The filing was because someone had potentially messed with my mother's Schwab account and possibly others. She died; my father was influenced by a doctor during all of this time making poor judgements about his finances. I would appreciate knowing something specific. I got nothing of value out of the Medical Complaint against the said doctor either.”

Respondent #2 – “I very much appreciate all of the actions taken by the Alabama Securities Commission to resolve my issue.”

Respondent #3 – “I did not file a formal complaint. I just wanted to let them know about an individual that had tried to scam me.”

Respondent #4 – “I had good results with all I had contact with.”

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APPENDICES

Appendix I: Applicable Statutes

Title 8 Commercial Law And Consumer Protection.

Chapter 6 Securities.

Article 1 General Provisions.

Section 8-6-1 Short Title.

This article may be cited as the "Alabama Securities Act."

(Acts 1959, No. 542, p. 1318, §22; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-2 Definitions.

When used in this article, unless the context otherwise requires, the following terms shall have the meanings respectively ascribed to them by this section:

(1) COMMISSION or SECURITIES COMMISSION. The securities commission.

(2) AGENT. Any individual other than a dealer who represents a dealer or issuer in effecting or attempting to effect sales of securities, but such term does not include an individual who represents an issuer in:

a. Effecting a transaction in a security exempted by subdivisions (1), (2), (3), (4), (9) or (10) of Section 8-6-10;

b. Effecting transactions exempted by Section 8-6-11; or

c. Effecting transactions with existing employees, partners, or directors of the issuer if no commission or other remuneration is paid or given directly or indirectly for soliciting any person in this state.

A partner, officer, or director of a dealer or issuer is an agent if he otherwise comes within this definition.

(3) DEALER. Any person engaged in the business of effecting transactions in securities for the account of others or for his own account. Such term does not include:

a. An agent, issuer, bank, savings institution, savings and loan association, credit union, or trust company, or

b. A person who has no place of business in this state if he effects transactions in this state exclusively with or through the issuers of the securities involved in the transactions and other dealers.

(4) GUARANTEED. Guaranteed as to payment of principal, interest, or dividends.

(5) ISSUER. Every person who proposes to issue, has issued, or shall hereafter issue any security.

Any person who acts for a compensation or a consideration as a promoter for or on behalf of a corporation, trust, unincorporated association, or partnership of any kind to be formed shall be deemed to be an issuer.

(6) NONISSUER. Not directly or indirectly for the benefit of the issuer.

(7) PERSON. Such term shall include a natural person, a corporation created under the laws of this or any other state, country, sovereignty, or political subdivision thereof, a partnership, an association, a joint-stock company, a trust, and any unincorporated organization. As used herein the term "trust" shall not include a trust created or appointed under or by virtue of a last will and testament, by instrument of declaration or appointment by any person for the benefit of himself, relatives, friends, servants, or employees, by a court or any public charitable trust.

(8) SALE, SELL, OFFER and OFFER TO SELL. "Sale" and "sell" includes every contract of sale of, contract to sell, or disposition of a security or interest in a security for value. "Offer" or "offer to sell" includes every attempt to offer or dispose of, or solicitation of an offer to buy, a security or interest in a security for value. Any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing is considered to constitute part of the subject of the purchase and to have been offered and sold for value. A purported gift of assessable stock is considered to involve an offer and sale. Every sale or offer of a warrant or right to purchase or subscribe to another security of the same or another issuer, as well as every sale or offer of a security which gives the holder a present or future right or privilege to convert into another security of the same or another issuer, is considered to include an offer of the other security.

(9) SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934, PUBLIC UTILITY HOLDING COMPANY ACT OF 1935, INVESTMENT COMPANY ACT OF 1940, and INVESTMENT ADVISERS ACT OF 1940. The federal statutes of those names as amended at any time.

(10) SECURITY. Any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease, annuity contract unless issued by an insurance company, bankers' shares, trustees' shares, investment participating bonds, investment trust debentures, units, shares, bonds and certificates in, for, respecting, or based upon any form of securities or collateral, subscriptions and contracts covering or pertaining to the sale or purchase on the installment plan of any security as herein defined, or subscription or contracts covering or pertaining to the sale or purchase of beneficial interest in title to property, profits or earnings, or any right to subscribe to any of the foregoing, or any instrument of any kind commonly known as a security.

(11) STATE. Any state, territory, or possession of the United States, as well as the District of Columbia and Puerto Rico.

(12) UNDERWRITER. A person who agrees to take or contracts to dispose of a stipulated amount of securities, or a portion thereof, at a fixed price.

(13) BROKER. A dealer, as hereinabove defined.

(14) SUSPEND. When used in relation to the registration of either a security, a dealer, an investment adviser, an agent, or an investment adviser representative, such term shall mean the temporary cessation or inoperativeness of such registration, whether by reason of operation of law or by reason of an order of the securities commission.

(15) REVOKE. To vacate the registration of either a security, a dealer, an investment adviser, an agent, or an investment adviser representative for cause by order of the securities commission.

(16) CANCEL. To terminate the registration of either a security, a dealer, an investment adviser, an agent, or an investment adviser representative upon application filed therefor as follows:

a. In the case of a security, upon application therefor filed by the issuer thereof or the person who secured the registration of said security;

b. In the case of a dealer, upon the application therefor filed by such dealer;

c. In the case of an investment adviser, upon the application therefor filed by such investment adviser;

d. In the case of an agent, upon the application therefor filed by either the issuer or dealer employing such agent; and

e. In the case of an investment adviser representative, upon application therefor filed by the investment adviser employing such investment adviser representative.

(17) FRAUD, DECEIT and DEFRAUD. These terms are not limited to common-law deceit.

(18) INVESTMENT ADVISER. Any person, who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. "Investment adviser" also includes financial planners and other persons who, as an integral component of other financially related services, provide the foregoing investment advisory services to others for compensation and as part of a business or who hold themselves out as providing the foregoing investment advisory services to others for compensation. "Investment adviser" does not include:

- a. An investment adviser representative;
- b. A depository institution, which term includes a person organized, chartered, or holding an authorization certificate under the laws of this state or the United States which authorizes the person to receive deposits including a savings, share, certificate, or deposit account, and which is supervised and examined for the protection of depositors by an official or agency of this state or the United States; and a trust company or other institution authorized by federal or Alabama law to exercise fiduciary powers of the type a national bank is permitted to exercise under the authority of the Comptroller of the Currency and is supervised and examined by an official or agency of this state or the United States; but which does not include an insurance company or other organization primarily engaged in the insurance business, or a Morris Plan bank, industrial loan company, or a similar bank or company unless its deposits are insured by a federal agency;
- c. A lawyer, accountant, engineer, or teacher whose performance of investment advisory services is solely incidental to the practice of that person's profession;
- d. A broker-dealer or its agent whose performance of investment advisory services is solely incidental to the conduct of its business as a broker-dealer and who receives no special compensation for the investment advisory services;
- e. A publisher, employee, or columnist of a newspaper, news magazine, or business or financial publication, or an owner, operator, producer, or employee of a cable, radio or television network, station, or production facility if the financial or business news published or disseminated is made available to the general public and the content does not consist of rendering advice on the basis of the specific investment situation of each client;
- f. An insurance company, its employees, or agents who are engaged exclusively in the sale or distribution of life, health, or casualty insurance or insurance related products.

(19) INVESTMENT ADVISER REPRESENTATIVE. Any partner, officer, director of (or a person occupying a similar status or performing similar functions) or other individual employed by or associated with an investment adviser, except clerical or ministerial personnel, who:

- a. Makes any recommendation or otherwise renders advice regarding securities,
- b. Manages accounts or portfolios of clients,
- c. Determines which recommendation or advice regarding securities should be given,
- d. Solicits, offers, or negotiates for the sale of or sells investment advisory services, unless the solicitation, offering, or selling activities are solely incidental to his or her profession and such person is a dealer or salesman registered under Section 8-6-3 and the person would not be an investment adviser representative except for the performance of activities described in subdivision (18)d. of this section, or
- e. Supervises employees who perform any of the foregoing.

(20) OFFICER. A president, vice-president, treasurer, secretary, comptroller, or any other person performing similar functions with respect to any organization whether incorporated or unincorporated.

(21) APPLICANT. A person, natural or otherwise, executing or submitting an application for registration.

(22) REGISTRANT. An applicant for whom a registration has been declared effective by the commission.

(23) AFFILIATE. A person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, an applicant or registrant.

(24) CONTROLLING PERSON, CONTROL, CONTROLLING, CONTROLLED BY, UNDER COMMON CONTROL WITH. The possession, directly, or indirectly, or the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

(25) SALESMAN. An agent, as hereinabove defined.

(Acts 1959, No. 542, p. 1318, §9; Acts 1975, No. 1044, p. 2095, §1; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-3 Registration And Bonds Of Dealers, Agents, Investment Advisers, Etc.

(a) It is unlawful for any person to transact business in this state as a dealer or agent for securities unless he or she is registered under this article. It is unlawful for any dealer or issuer to employ an agent unless the agent is registered.

(b) It is unlawful for any person to transact business in this state as an investment adviser or as an investment adviser representative unless:

(1) He or she is so registered under this article;

(2) His or her only clients in this state are investment companies as defined in the Investment Company Act of 1940, other investment advisers, broker-dealers, banks, trust companies, savings and loan associations, insurance companies, employee benefit plans with assets of not less than \$1,000,000, and governmental agencies or instrumentalities, whether acting for themselves or as trustees with investment control, or other institutional investors as are designated by rule or order of the commission; or

(3) He or she has no place of business in this state and during any period of 12 consecutive months does not direct business communications in this state in any manner to more than five clients, other than those specified in subdivision (2), whether or not he, she, or any of the persons to whom the communications are directed is then present in this state.

(c) It is unlawful for any investment adviser required to be registered to employ an investment adviser representative unless the investment adviser representative is registered under this article. The registration of an investment adviser representative is not effective during any period when he or she is not employed by an investment adviser registered under this article. When an investment adviser representative begins or terminates employment with an investment adviser, the investment adviser shall promptly notify the commission.

(d) A dealer, agent, investment adviser, or investment adviser representative may apply for registration by filing with the Securities Commission, or its designee, an application, together with a consent to service of process pursuant to Section 8-6-12 and payment of the fee prescribed in subsection (h) of this section. The application shall contain whatever information the commission requires concerning such matters as:

(1) The applicant's form and place of organization;

(2) The applicant's proposed method of doing business;

- (3) The qualifications and business history of the applicant and, in the case of a dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the dealer or investment adviser;
- (4) Any injunction or administrative order or conviction of a misdemeanor involving moral turpitude, a security or any aspect of the securities business, or any conviction of a felony;
- (5) The applicant's financial condition and history; and
- (6) Any information to be furnished or disseminated to any client or prospective client, if the applicant is an investment adviser.
- (e) The commission, by rule or order, shall require all or any class of applicants to post surety bonds, or cash, in an amount not less than \$50,000, and shall determine their conditions.
- (f) If no order to the contrary is in effect and no proceeding is pending under subsection (j), registration becomes effective at 5:00 p.m. on the sixtieth day after an application is filed. The Securities Commission may specify an earlier effective date, and it may by order defer the effective date until 5:00 p.m. of the sixtieth day after the filing of any amendment. The commission shall require as conditions of registration that:
- (1) All or any class of applicants and, in the case of a corporation or partnership, the officers or partners, pass an examination, either written or oral, the form, content, and conduct of which the commission shall prescribe by rule or order.
- (2) A dealer shall have and maintain a minimum net capital as the commission shall prescribe by rule or order. The commission may establish by rule minimum financial requirements for investment advisers, which may include different requirements for those investment advisers who maintain custody of clients' funds or securities or who have discretionary authority over the same and those investment advisers who do not.
- (3) Every registration expires December 31 unless renewed as provided in this section.
- (g) Registration of a dealer, agent, investment adviser, or investment adviser representative may be renewed by filing with the Securities Commission, or its designee, prior to the expiration thereof, a renewal application. The renewal application shall contain such information as the commission may require to indicate any material change in the information contained in the original application or any renewal application for registration filed with the commission, or its designee, by the applicant, payment of the prescribed fee, and a bond as provided in subsection (e), if the financial condition of the registrant requires such bond. In order to continue the effectiveness of registration and to entitle the dealer or adviser to a renewal thereof, such registrant shall file a financial statement prepared in accordance with generally accepted accounting principles and certified by an independent certified public accountant showing the financial condition of such registrant at the close of its fiscal period. This statement shall be filed with the commission, or its designee, within 60 days after the close of the registrant's fiscal period unless an extension of time is granted by the commission. The commission shall accept for filing a financial statement in the form required to be filed with the United States Securities and Exchange Commission from those registrants who are registered therewith.
- (h) The fee for initial or renewal registration shall be two hundred fifty dollars (\$250) for a dealer, seventy dollars (\$70) for an agent, two hundred fifty dollars (\$250) for an investment adviser, and seventy dollars (\$70) for an investment adviser representative. The fee for initial or renewal registration of an investment adviser or investment adviser representative shall be deposited in the Alabama Securities Commission Fund in the State Treasury to be drawn upon by the commission for its use in administration of this article. When an application is denied or withdrawn, the Securities Commission shall retain the fee.

(i) Every registered dealer and investment adviser shall make and keep such accounts and other records as the Securities Commission by rule prescribes. All records so required shall be preserved for five years unless the commission prescribes otherwise for particular types of records. The commission may require that certain information be furnished or disseminated by a registrant as necessary or appropriate in the public interest or for the protection of investors and advisory clients. To the extent determined by the commission in its discretion, information furnished to clients or prospective clients of an investment adviser pursuant to the Investment Advisers Act of 1940 and the rules thereunder may be used in whole or partial satisfaction of this requirement. All the records of any registrant are subject at any time or from time to time to such reasonable periodic, special, or other examinations by representatives of the commission, within or without this state, as the commission deems necessary or appropriate in the public interest or for the protection of investors.

(j) The Securities Commission may by order deny, suspend, or revoke any registration, or censor or bar any applicant or registrant or any officer, director, partner, or person occupying a similar status or performing similar functions for a registrant, from employment with a dealer or investment adviser, or restrict or limit a registrant as to any function or activity of the business for which registration is required in this state if the commission finds that the order is in the public interest and that the applicant or registrant or, in the case of a dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the dealer or investment adviser:

(1) Has filed an application for registration under this section which, as of its effective date or as of any date after filing in the case of an order denying effectiveness, was incomplete in any material respect or contained any statement which was, in the light of the circumstance under which it was made, false or misleading with respect to any material fact;

(2) Has willfully violated or willfully failed to comply with any provisions of this article, or a predecessor act, or any rule or order under this article, or a predecessor act;

(3) Has been convicted of any misdemeanor involving moral turpitude, a security, or any aspect of the securities business or any felony;

(4) Is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the securities business;

(5) Is the subject of an order of the commission denying, suspending, or revoking registration as a dealer, agent, investment adviser, or investment adviser representative;

(6) Is the subject of an order, adjudication, or determination entered within the past 10 years by a securities or commodities agency or a national securities exchange or association registered under the Securities Exchange Act of 1934, or an administrator of another state, or a court of competent jurisdiction that the person has violated the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or the federal mail and wire fraud statutes, or the securities, investment adviser, or commodities law of any other state; but the commission may not enter any order under this subsection on the basis of an order unless that order was based on facts which would currently constitute a ground for an order under this section;

(7) Has engaged in dishonest or unethical practices in the securities business;

(8) Is insolvent, either in the sense that his or her liabilities exceed his or her assets or in the sense that he or she cannot meet his or her obligations as they mature, but the commission may not enter an order against a dealer or investment adviser under this subsection without a finding of insolvency as to the dealer or investment adviser;

(9) Has not complied with a condition imposed by the commission under subsection (f), or is not qualified on the basis of such factors as training, experience, or knowledge of the securities business;

(10) Has failed reasonably to supervise his or her agents or employees if he or she is a dealer, or his or her investment adviser representatives or employees if he or she is an investment adviser to assure their compliance with this article; or

(11) Has failed to pay the proper filing fee, but the commission may enter only a denial order under this subsection, and it shall vacate any such order when the deficiency has been corrected.

The commission may by order summarily postpone or suspend registration pending final determination of any proceeding under this subsection.

(k) If the Securities Commission finds that any registrant or applicant for registration is no longer in existence, has ceased to do business as a dealer, agent, investment adviser, or investment adviser representative, is subject to an adjudication of mental incompetence or to the control of a committee, conservator, or guardian, or cannot be located after reasonable search, the commission may by order cancel the registration or application.

(Acts 1959, No. 542, p. 1318, §2; Acts 1969, No. 605, p. 1093, §1; Acts 1971, No. 2243, p. 3598, §§1, 2; Acts 1979, No. 79-462, p. 827, §1; Acts 1988, 1st Ex. Sess., No. 88-722, p. 112; Acts 1990, No. 90-527, p. 772, §1; Act 2009-774, p. 2401, §1; Act 2018-275, §1.)

Section 8-6-4 Registration Of Securities - Required; Exceptions.

It is unlawful for any person to offer or sell any security in this state unless:

- (1) It is registered under this article;
- (2) The security is exempt from registration under Section 8-6-10; or
- (3) The transaction is exempt under Section 8-6-11.

(Acts 1959, No. 542, p. 1318, §3; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-5 Registration Of Securities - Registration By Notification.

(a) The following securities may be registered by notification, whether or not they are also eligible for registration by coordination under Section 8-6-6:

(1) Any security whose issuer and any predecessors have been in continuous operation for at least five years if:

a. There has been no default during the current fiscal year or within the three preceding fiscal years in the payment of principal, interest, or dividends on any security of the issuer, or any predecessor, with a fixed maturity or a fixed interest or dividend provision; and

b. The issuer and any predecessors during the past three fiscal years have had average net earnings determined in accordance with generally accepted accounting practices which are applicable to all securities without a fixed maturity or a fixed interest or dividend provision and which:

1. Equal at least five percent of the amount of securities without a fixed maturity or a fixed interest or dividend provision outstanding at the date the registration statement is filed, (as measured by the maximum offering price or the market price on a day selected by the registrant within 30 days before the date of filing the registration statement, whichever is higher, or, if there is neither a readily determinable market price nor an offering price, book value on a day selected by the registrant within 90 days of the date of filing the registration statement); or

2. If the issuer and any predecessors have not had any securities without a fixed maturity or a fixed interest or dividend provision outstanding for three full fiscal years, equal at least five percent of the amount (as measured by the maximum public offering price) of such securities which will be outstanding if all the securities being offered or proposed to be offered, whether or not they are proposed to be registered or offered in this state, are issued.

(2) Any security, other than a certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease, registered for nonissuer distribution if any security of the same class has ever been registered under this article, or a predecessor act, or the security being registered was originally issued pursuant to an exemption under this article, or a predecessor act.

(3) Any national market system security under Section 11A of the Securities Exchange Act of 1934, including any other security of the same issuer which is of senior or substantially equal rank, any security called for by subscription rights or warrants so designated or approved, and any warrant or right to purchase or subscribe to any of the foregoing; provided, however, that the Securities Commission may by rule limit the application of this subdivision (3) if it finds such action to be in the public interest.

(b) A registration statement under this section shall contain the following information and be accompanied by the following documents, in addition to payment of the registration fee prescribed in Section 8-6-8 and, if required under Section 8-6-12, a consent to service of process meeting the requirements of that section:

(1) A statement demonstrating eligibility for registration by notification;

(2) With respect to the issuer, its name, address, and form of organization, the state or foreign jurisdiction and the date of its organization, and the general character and location of its business;

(3) A description of the securities being registered;

(4) Total amount of securities to be offered and amount of securities to be offered in this state;

(5) The price at which the securities are to be offered for sale to the public, any variation therefrom at which any portion of the offering is to be made to any person other than an underwriting and selling discounts or commissions, and the estimated maximum aggregate underwriting and selling discounts or commissions and finders' fees, including cash, securities, or anything else of value;

(6) Names and addresses of the managing underwriters and a description of the plan of distribution of any securities which are to be offered otherwise than through an underwriter;

(7) Description of any options outstanding or to be created in connection with the securities being offered;

(8) Any adverse order or judgment previously entered in connection with the offering by any court or the Securities and Exchange Commission;

(9) A copy of an offering circular or prospectus to be used in connection with the offering;

(10) In the case of any registration under subdivision (a) (2) of this section which does not also satisfy the conditions of subdivision (a) (1) of this section, a balance sheet of the issuer as of a date within four months prior to the filing of the registration statement and a summary of earnings for each of the two fiscal years preceding the date of the balance sheet and for any period between the close of the last fiscal year and the date of the balance sheet or for the period of the issuer's and any predecessor's existence if less than two years.

(c) If no order to the contrary is in effect and no proceeding is pending under Section 8-6-9, a registration statement under this section automatically becomes effective at 3:00 P.M. central standard time on the fifth full business day after the filing of the registration statement or the last amendment, or at such earlier time as the Securities Commission determines.

(Acts 1959, No. 542, p. 1318, §4; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-6 Registration Of Securities - Registration Of Certain Securities By Coordination.

(a) Any security for which a registration statement has been filed under the Securities Act of 1933 in connection with the same offering may be registered by coordination.

(b) A registration statement under this section shall contain the following information and be accompanied by the following documents, in addition to payment of the registration fee prescribed in Section 8-6-8:

(1) Two copies of the prospectus filed under the Securities Act of 1933, together with all amendments thereto;

(2) If the Securities Commission requests, any other information or copies of any other documents filed under the Securities Act of 1933;

(3) The amount of securities to be offered in this state;

(4) The states in which a registration statement or similar document in connection with the offering has been or is expected to be filed;

(5) Any adverse order or judgment previously entered in connection with the offering by any court or the Securities and Exchange Commission;

(6) An undertaking to forward promptly all amendments to the federal registration statement, other than an amendment which merely delays the effective date.

(c) A registration statement under this section automatically becomes effective at the moment the federal registration statement becomes effective if all the following conditions are satisfied:

(1) No order to the contrary is in effect;

(2) The registration statement has been on file with the Securities Commission for at least five full business days; and

(3) A statement; of the maximum and minimum proposed offering prices and the maximum underwriting discounts and commissions has been on file for one full business day, or such shorter period as the commission permits by rule or otherwise, and the offering is made within those limitations. The registrant shall promptly notify the commission by telephone or telegram of the date and time when the federal registration statement became effective and the content of the price amendment, if any, and shall promptly file a posteffective amendment containing the information and documents in the price amendment. "Price amendment" means the final federal amendment which includes a statement of the offering price, underwriting and selling discounts or commissions, amount of proceeds, conversion rates, call prices, and other matters dependent upon the offering price.

(d) Upon failure to receive the required notification and posteffective amendment with respect to the price amendment, the commission may enter an order denying effectiveness to the registration statement or suspending its effectiveness until compliance with subsection (c) of this section, if the commission promptly notifies the registrant by telephone or telegram, and promptly confirms by letter or telegram when it notifies by telephone, of the issuance of the order. If the registrant proves compliance with the requirements of subsection (c) of this section as to notice and posteffective amendment, the order is void as of the time of its entry. The commission may by rule or otherwise waive either or both of the conditions specified in subdivisions (c) (2) and (c) (3) of this section. If the federal registration statement becomes effective before all these conditions are satisfied and they are not waived, the registration statement automatically becomes effective as soon as all the conditions are satisfied. If the registrant advises the commission of the date when the federal registration statement is expected to become effective, the commission shall promptly advise the registrant by telephone or telegram at the registrant's expense whether all the conditions are satisfied and whether it then contemplates the institution of a proceeding under Section 8-6-9, but this advice by the commission does not preclude the institution of such a proceeding at any time.

(Acts 1959, No. 542, p. 1318, §5; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-7 Registration Of Securities - Registration By Qualification.

(a) Any security may be registered by qualification.

(b) A registration statement under this section shall contain the following information and be accompanied by the following documents in addition to payment of the registration fee prescribed in Section 8-6-8 and, if required under Section 8-6-12, a consent to service of process meeting the requirements of that section:

(1) With respect to the issuer and any significant subsidiary, its name, address and form of organizations, the state or foreign jurisdiction and date of its organization, the general character and location of its business and a description of its physical properties and equipment;

(2) With respect to every director and officer of the issuer or person occupying a similar status or performing similar functions, his name, address, and principal occupation for the past five years, the amount of securities of the issuer held by him as of the date of the offering and a record of any securities of the issuer held by him previous to the filing of the application and the offering date and the remuneration paid to all such persons in the aggregate during the past 12 months and estimated to be paid during the next 12 months, directly or indirectly, by the issuer and its predecessors, parents, and subsidiaries;

(3) With respect to any person not named in subdivision (b) (2), owning of record, or beneficially if known, 10 percent or more of the outstanding shares of any class of equity security of the issuer, the information specified in subdivision (b) (2) of this section other than his occupation;

(4) With respect to every promoter not named in subdivision (b) (2) of this section, if the issuer was organized within the past three years, the information specified in subdivision (b) (2), any amount paid to him and the consideration for any such payment;

(5) The capitalization and long-term debt, on both a current and a pro forma basis, of the issuer and any significant subsidiary, including a description of each security outstanding or being registered or otherwise offered, and a statement of the amount and kind of consideration, whether in the form of cash, physical assets, services, patents, goodwill, or anything else, for which the issuer or any subsidiary has issued any of its securities within the past two years or is obligated to issue any of its securities;

(6) The kind and amount of securities to be offered, the amount to be offered in this state, the proposed offering price and any variation therefrom at which any portion of the offering is to be made to any persons except as underwriting and selling discounts and commissions, the estimated aggregate underwriting and selling discounts or commissions and finders' fees, including separately cash, securities, or anything else of value to accrue to the underwriters in connection with the offering, the estimated amounts of other selling expenses and legal, engineering and accounting expenses to be incurred by the issuer in connection with the offering, the name and address of every underwriter and every recipient of a finder's fee, a copy of any underwriting or selling group agreement pursuant to which the distribution is to be made or the proposed form of any such agreement whose terms have not yet been determined, and a description of the plan of distribution of any securities which are to be offered otherwise than through an underwriter;

(7) The estimated cash proceeds to be received by the issuer from the offering, the purposes for which the proceeds are to be used by the issuer, the amount to be used for each purpose, the order or priority in which the proceeds will be used for the purpose stated, the amounts of any funds to be raised from other sources to achieve the purposes stated and the sources of any such funds and, if any part of the proceeds is to be used to acquire any property, including goodwill, otherwise than in the ordinary course of business, the names and addresses of the vendors and the purchase price;

(8) A description of any stock options or other security options outstanding or to be created in connection with the offering, together with the amount of any such options held or to be held by every person required to be named in subdivisions (b) (2), (b) (3), (b) (4), (b) (5) or (b) (7) of this section and by any persons who hold or will hold 10 percent or more in the aggregate of any such options;

(9) The states in which a registration statement or similar document in connection with the offering has been or is expected to be filed;

(10) Any adverse order or judgment previously entered in connection with the offering by any court or the securities and exchange commission and a description of any pending litigation or proceeding to which the issuer is a party and which materially affects its business or assets, including any such litigation or proceeding known to be contemplated;

(11) Six copies of any prospectus or circular intended as of the effective date to be used in connection with the offering;

(12) A specimen or copy of the security being registered, a copy of the issuer's articles of incorporation and bylaws as currently in effect, and a copy of any indenture or other instrument covering the security to be registered;

(13) A signed or conformed copy of an opinion of counsel as to the legality of the security being registered, which shall state whether the security when sold will be legally issued, fully paid and nonassessable, and, if a debt security, a binding obligation of the issuer;

(14) A balance sheet of the issuer as of a date within four months prior to the filing of the registration statement, a profit and loss statement and analysis of surplus for each of the three fiscal years preceding the date of the balance sheet and for any period between the close of the last fiscal year and the date of the balance sheet or for the period of the issuer's and any predecessor's existence if less than three years, and, if any part of the proceeds of the offering is to be applied to the purchase of any business, the same financial statements which would be required if that business were the registrant.

(c) A registration statement under this section becomes effective when the Securities Commission so orders. The commission may require as a condition of registration under this section that a prospectus containing any designated part of the information specified in subsection (b) of this section to be sent or given to each person to whom an offer is made before or concurrently with:

(1) The first written offer made to him, otherwise than by means of a public advertisement, by or for the account of the issuer or any other person on whose behalf the offering is being made, or by any underwriter or dealer who is offering part of an unsold allotment or subscription taken by him as a participant in the distribution,

(2) The confirmation of any sale made by or for the account of any such person,

(3) Payment pursuant to any such sale, or

(4) Delivery of the security pursuant to any such sale, whichever first occurs; but the commission shall accept for use under any such requirement a current prospectus or offering circular regarding the same securities filed under the Securities Act of 1933 or regulations thereunder.

(Acts 1959, No. 542, p. 1318, §6; Acts 1979, No. 79-462, p. 827, §2; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-8 Registration Of Securities - Registration Statement; Conditions Precedent; Bond; Notice Of Action; Fees; Quarterly Reports And Financial Statements; Discharge From Supervision.

(a) A registration statement on securities may be filed by the issuer, any other person on whose behalf the offering is to be made, or a registered dealer. Any document filed under this article within five years preceding the filing of a registration statement may be incorporated by reference in the registration statement to the extent that the document is currently accurate. The commission may permit, by rule or otherwise, the omission of any item of information or document from any registration statement.

(b) The Securities Commission may require as a condition of registration by qualification or coordination that: (1) proceeds from the sale of the registered security be impounded until the issuer receives a specified amount, or (2) any security issued within the past three years, or to be issued, to a promoter for a consideration substantially different from the public offering price or to any person for a consideration other than cash be delivered in escrow to him or her or to some other depository satisfactory to him or her under an escrow agreement that the owners of such securities shall not be entitled to sell or transfer such securities or to withdraw such securities from escrow until all other stockholders who have paid for their stock in cash shall have been paid a dividend or dividends aggregating not less than six percent of the initial offering price shown to the satisfaction of the commission to have been actually earned on the investment in any common stock so held. The commission shall not reject a depository solely because of location in another state. In case of dissolution or insolvency during the time such securities are held in escrow, the owner of such securities shall not participate in the assets until after the owners of all other securities shall have been paid in full.

(c) The Securities Commission shall take official action on the application for registration by qualification within 60 days after the application has been filed and give written notice thereof, to the applicant or applicants. If the application is denied, the notice shall state the grounds for denial or, if action is delayed, the notice shall state the reasons for the delay.

(d) For the registration of securities there shall be paid to the Securities Commission a filing fee of \$40, plus a registration fee of one tenth of one percent of the aggregate offering price of the securities which are to be offered in this state, but the registration fee shall in no case be more than one thousand five hundred dollars (\$1,500) nor less than one hundred dollars (\$100). When a registration statement is withdrawn before the effective date or a pre-effective order is entered under Section 8-6-9, the commission shall retain the filing and registration fees. An open-end management company, a face amount certificate company, or a unit investment trust, as defined in the Investment Company Act of 1940, may register an indefinite amount of securities under a registration statement. Such registrant, at the time of filing, shall pay the filing fee of one hundred dollars (\$100) and a registration fee of one thousand five hundred dollars (\$1,500) and within 60 days after the end of each year during which its registration statement is effective, the registrant shall file a report on a form the commission, by rule, adopts, specifying its sale of securities to persons in this state during such year. Such registrant shall pay the same registration fee each year during which the registration statement remains in effect.

(e) When securities are registered, they may be offered and sold by the issuer, any other person on whose behalf they are registered, or by any registered dealer. Every registration statement is effective for one year from its effective date, or any longer period during which the security is being offered or distributed in a nonexempted transaction by or for the account of the issuer or other person on whose behalf the offering is being made or by any underwriter or dealer who is still offering part of an unsold allotment or subscription taken by him or her as a participant in the distribution, except during the time an order is in effect under Section 8-6-9. All outstanding securities of the same class as a registered security are considered to be registered for the purpose of any nonissuer transaction: (1) so long as the registration statement is effective, and (2) between the thirtieth day after the entry of any order suspending or revoking the effectiveness of the registration statement under Section 8-6-9, if the registration statement did not relate in whole or in part to a nonissuer distribution, and one year from the effective date of the registration statement. A registration statement which has become effective may not be withdrawn for a period of one year from its effective date if any securities of the same class are outstanding. A registration statement may be withdrawn otherwise only in the discretion of the commission.

(f) The Securities Commission may require the person who filed the registration statement to file reports, but not more often than quarterly, to keep reasonably current the information contained in the registration statement and to disclose the progress of the offering with respect to securities registered by coordination and notification; provided, however, that where a registration statement has been filed by a person other than the issuer or an affiliate of the issuer, the commission may require such person to file such reports on an annual basis only.

(g) Every issuer whose securities have been registered by qualification and the registration of whose securities has not been cancelled and who has not been discharged from filing further quarterly reports under the provisions of subsection (i) of this section shall file within 30 days after the close of business on December 31, March 31, June 30, and September 30 of each year and at such other reasonable times as may be required by the Securities Commission, a statement, verified under oath by some person having actual knowledge of the facts therein stated, setting forth, in such form as may be prescribed by the commission, the financial condition, the amount of assets and liabilities of such issuer on the above date and such other information as the commission may require. If any issuer subject to the provisions of this subsection shall willfully fail or refuse to comply with any of the provisions of this subsection and shall continue to so fail or refuse for 30 days after notice or demand, the registration statement of the issuer's securities shall thereupon be revoked, and it shall thereafter be unlawful for any such issuer, his or her agent or agents, any dealer or salesman to sell such securities in this state.

(h) Any issuer, whose securities have been registered by qualification as provided in Section 8-6-7, who has completed the sale of the securities so registered, or who desires to discontinue the sale of said registered securities, and who desires to be discharged from further supervision of the Securities Commission or from further compliance with the Alabama securities law may file with the commission a notice in writing to such effect, and the commission may thereupon enter an order cancelling the registration of such securities; and such issuer shall thereupon be discharged from filing any financial report except as the commission may require up to and including the date of the filing of the notice as hereinabove provided. No such notice may be filed within one year after the effective date of the registration statement if any securities of the same class as those registered are outstanding. (*Acts 1959, No. 542, p. 1318, §7; Acts 1969, No. 605, p. 1093, §2; Acts 1979, No. 79-462, p. 827, §3; Acts 1990, No. 90-527, p. 772, §1; Act 2009-774, p. 2401, §1.*)

Section 8-6-9 Registration Of Securities - Denial, Suspension And Revocation Of Registration.

The Securities Commission shall issue an order denying effectiveness to, or suspending or revoking the effectiveness of, any registration statement in the sale of securities if it finds that the order is in the public interest and that:

(1) The registration statement, as of its effective date or as of any earlier date in the case of an order denying effectiveness, is incomplete in any material respect or contains any statement which was, in the light of the circumstances under which it was made, false or misleading with respect to any material fact.

(2) Any provision of this article or any rule, order, or condition lawfully imposed under this article has been willfully violated in connection with the offering by:

a. Any person filing the registration statement;

b. The issuer, any partner, officer, or director of the issuer, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling or controlled by the issuer, but only if the person filing the registration statement is directly or indirectly controlled by or acting for the issuer; or

c. Any underwriter.

(3) The issuer, any partner, officer, or director of the issuer, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the issuer, or any underwriter has:

a. Willfully violated or willfully failed to comply with any provision of this article or any rule or order under this article, or any predecessor act; or

b. Has been convicted of a felony or any misdemeanor involving moral turpitude, a security, or any aspect of the securities business.

(4) The security registered or sought to be registered is the subject of a permanent injunction or temporary restraining order of any court of competent jurisdiction entered under any other federal or state act applicable to the offering, but:

a. The commission may not institute a proceeding against an effective registration statement under this subdivision more than one year from the date of the injunction relied on; and

b. It may not enter an order under this subdivision on the basis of an injunction entered under any other state act unless that order or injunction was based on facts which would currently constitute a ground for a stop order under this section.

(5) The issuer's enterprise or method of business includes or would include activities which are illegal where performed.

(6) The offering has worked or tended to work a fraud upon purchasers or would so operate.

(7) The offering is being made on terms that are unfair, unjust, or inequitable.

(8) When a security is sought to be registered by notification, it is not eligible for such registration.

(9) When a security is sought to be registered by coordination, there has been a failure to comply with the undertaking required by subdivision (b) (6) of Section 8-6-6.

(10) The offering has been or would be made with unreasonable amounts of underwriters' and sellers' discounts, commissions or other compensation, promoters' profits or participation, or unreasonable amounts or kinds of options.

(11) The applicant or registrant has failed to pay the proper registration fee, but the commission may enter only a denial order under this subdivision, and it shall vacate any such order when the deficiency has been corrected.

(Acts 1959, No. 542, p. 1318, §8; Acts 1969, No. 605, p. 1093, §3; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-10 Registration Of Securities - Exempt Securities.

Sections 8-6-4 through 8-6-9 shall not apply to any of the following securities:

- (1) Any security, including a revenue obligation, issued or guaranteed by the United States, any state, any political subdivision of a state, any agency, corporate, or other instrumentality of one or more of the foregoing; or any certificate of deposit for any of the foregoing.
- (2) Any security issued or guaranteed by Canada, any Canadian province, any political subdivision of any province, any agency, corporate, or other instrumentality of one or more of the foregoing or any other foreign government with which the United States currently maintains diplomatic relations if the security is recognized as a valid obligation by the issuer or guarantor.
- (3) Any security issued by and representing an interest in or a debt of, or guaranteed by, any bank organized under the laws of the United States or any bank, savings institution, or trust company organized and supervised under the laws of this state.
- (4) Any security issued by and representing an interest in, a debt of, or guaranteed by any federal savings and loan association or any building and loan or similar association organized under the laws of this state.
- (5) Any security issued or guaranteed by any federal credit union or any credit union, industrial loan association, or similar association organized and supervised under the laws of this state.
- (6) Any security issued or guaranteed by any railroad, other common carrier, public utility, or holding company which is any of the following:
 - a. Subject to the jurisdiction of the Interstate Commerce Commission.
 - b. A registered holding company under the Public Utility Holding Company Act of 1935 or a subsidiary of a company within the meaning of that act.
 - c. Regulated in respect to its rates and charges by a governmental authority of the United States or any state.
 - d. Regulated in respect to the issuance or guarantee of the security by a governmental authority of the United States, any state, Canada, or any Canadian province.
- (7) Any national market system security under Section 11A of the Securities Exchange Act of 1934 (including any other security of the same issuer which is of senior or substantially equal rank; any security called for by subscription rights or warrants so designated or approved; and any warrant or right to purchase or subscribe to any of the foregoing) which is so designated or approved for designation upon notice of issuance on an interdealer quotation system operated by a national securities association registered under Section 15A of the Securities Exchange Act of 1934, or any security (including any other security of the same issuer which is of senior or substantially equal rank; any security called for by subscription rights or warrants so designated or approved; and any warrant or right to purchase or subscribe to any of the foregoing) which is listed or approved for listing upon notice of issuance on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934, if the listing or designation criteria applicable to the issuer of that security provide minimum corporate governance standards substantially equivalent to those applicable to securities on the New York Stock Exchange, the American Stock Exchange, or the National Association of Securities Dealers National Market System as of January 1, 1991. The commission may by order deny, revoke, or suspend the exemption of a specific issue of securities or by rule any category of securities when necessitated by the public interest and for the protection of investors.
- (8) Any security issued by any person organized and operated not for private profit but exclusively for religious, educational, benevolent, charitable, fraternal, social, athletic, or reformatory purposes or as a chamber of commerce, trade, or professional association, provided the issuer first files with the commission a written notice specifying the terms of the offer and the commission does not by order disallow the exemption within 15 days thereof.

(9) Any commercial paper which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions and which evidences an obligation to pay cash within nine months of the date of issuance, exclusive of days of grace, or any renewal of the paper which is likewise limited or any guarantee of the paper or of any renewal.

(10) Any investment contract issued in connection with an employee's stock purchase, savings, pension, profit-sharing, or similar benefit plan.

(11) A security issued by an issuer registered as an open-end management investment company or unit investment trust under Section 8 of the Investment Company Act of 1940 if:

a. The Securities Commission has received prior to the offer or sale of the securities:

1. A notice of intention to sell which has been executed by the issuer and which sets forth the name and address of the issuer and the description of the securities to be offered in this state; and

2. A nonrefundable filing fee of three hundred fifty dollars (\$350) for an open-end management investment company with total net assets of \$25,000,000 or less; a nonrefundable filing fee of seven hundred dollars (\$700) for an open-end management investment company with total net assets of more than \$25,000,000 but less than \$100,000,000; a nonrefundable filing fee of one thousand two hundred dollars (\$1,200) for an open-end management investment company with total net assets equal to or greater than \$100,000,000 but less than \$250,000,000; a nonrefundable filing fee of two thousand dollars (\$2,000) for an open-end management investment company with total net assets equal to or greater than \$250,000,000; or a nonrefundable filing fee of \$200 for a unit investment trust. Fees collected under this section shall be deposited in the Alabama Securities Commission Fund in the State Treasury for the use of the Alabama Securities Commission in the administration of this article.

b. In the event any offer or sale of a security of an open-end management investment company is to be made more than 12 months after the date notice under paragraph a. is received by the director, another notice and payment of the applicable fee shall be required.

c. For the purpose of this subdivision an investment adviser is affiliated with another investment adviser if it controls, is controlled by, or is under common control with the other investment adviser. (*Acts 1959, No. 542, p. 1318, §10; Acts 1969, No. 605, p. 1093, §5; Acts 1990, No. 90-527, p. 772, §1; Acts 1991, No. 91-320, p. 584, §1; Acts 1992, No. 92-524, p. 1059, §1; Act 2009-774, p. 2401, §1; Act 2018-275, §1.*)

Section 8-6-11 Registration Of Securities - Exempt Transactions.

(a) Except as hereinafter in this section expressly provided, Sections 8-6-3 through 8-6-9 shall not apply to any of the following transactions:

(1) Any isolated nonissuer transaction, whether effected through a dealer or not;

(2) Any nonissuer transaction in an outstanding security by a registered dealer if:

a. The issuer has a class of securities subject to registration under Section 12 of the Securities Exchange Act of 1934 and has been subject to the reporting requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934 for not less than 180 days before the transaction; or has filed and maintained with the commission for not less than 180 days before the transaction information, in such form as the commission, by rule, specifies, substantially comparable to the information which the issuer would be required to file under Section 12(b) or Section 12(g) of the Securities Exchange Act of 1934, or the securities have been the subject of an effective registration statement within 180 days before the transaction, or the issuer is required to file and has filed all reports under Section 13 of the Securities Exchange Act of 1934, or the issuer is exempted from registration by Section 12(g)(3) of the Securities Exchange Act of 1934, it or its predecessor in interest has been in existence for at least five years, the security is listed for trading on a foreign securities exchange and has been trading for at least six months and continues to trade on such exchange, and the aggregate market value of shares, the ownership of which is unrestricted, is not less than \$500,000,000; or

b. The issuer is an investment company registered under the Investment Company Act of 1940 and has been subject to the reporting requirements of Section 30 of that act for not less than 180 days before the transaction; or

c. The security has a fixed maturity or a fixed interest or dividend provision and there has been no default during the current fiscal year, within the three preceding fiscal years, or during the existence of the issuer and any predecessors if less than three years in the payment of principal, interest, or dividends on the security;

(3) Any nonissuer transaction effected by or through a registered dealer pursuant to an unsolicited order or offer to buy;

(4) Any transaction between the issuer or other person on whose behalf the offering is made and an underwriter or among underwriters;

(5) Any transaction in a bond or other evidence of indebtedness secured by a real or chattel mortgage or deed of trust or by an agreement for the sale of real estate or chattels if the entire mortgage, deed of trust, or agreement, together with all the bonds or other evidences of indebtedness secured thereby, is offered and sold as a unit;

(6) Any sale or the offering for sale of any security at any judicial, executor's, administrator's, guardian, or conservator's sale, or at any sale by a receiver or trustee in insolvency or bankruptcy;

(7) Any transaction executed by a bona fide pledge without any purpose of evading this article;

(8) Any offer or sale to a bank, savings institution, credit union, trust company, insurance company or investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to a dealer, whether the purchaser is acting for itself or in some fiduciary capacity;

(9) Any transaction which is part of an issue of which there are no more than 10 purchasers [other than those designated in subdivision (a)(8) of this section] wherever located, of securities from the issuer during any period of 12 consecutive months if:

a. The issuer reasonably believes that all the buyers are purchasing for investment and not with a view to distribution, and such issuer exercises reasonable care to assure this investment intent, which reasonable care shall be presumed if the following conditions are satisfied:

1. Reasonable inquiry to determine if the purchaser is acquiring the securities for himself or herself or for other persons;

2. Written disclosure to each purchaser prior to sale that the securities have not been registered under the act and, therefore, cannot be resold unless they are registered under the act or unless an exemption from registration is available;

3. Placement of a legend on the certificate or other document that evidences the securities stating that the securities have not been registered under the act and setting forth or referring to the restrictions on transferability and sale of the securities; and

b. No commission or other remuneration is paid or given directly or indirectly for soliciting any prospective buyer; and

c. No public advertising or general solicitation is used in connection with the issue of which the transaction in reliance on this exemption is a part.

Sections 8-6-3 through 8-6-9 shall not apply to any offer made pursuant to this subdivision (a)(9) in which no sale results.

But the Securities Commission may by rule or order, as to any security or transaction or any type of security or transaction, withdraw or further condition this exemption or decrease or increase the number of purchasers permitted, or waive the conditions in paragraphs a. and b. of this subdivision (9) with or without the substitution of a limitation on remuneration.

(10) Any transaction pursuant to an offer to existing security holders of the issuer, including persons who at the time of the transaction are holders of convertible securities, nontransferable warrants or transferable warrants exercisable within not more than 90 days of their issuance, if:

a. No commission or other remuneration, other than a standby commission, is paid or given directly or indirectly for soliciting any security holder in this state; or

b. The issuer first files a notice specifying the terms of the offer and the Securities Commission does not by order disallow the exemption within the next five full business days;

(11) Any offer, but not a sale, of a security for which registration statements have been filed under both this article and the Securities Act of 1933 if no order of denial, suspension, or revocation is in effect and no public proceeding or examination looking toward such an order is pending under either act;

(12) The issuance of any stock dividend, whether the corporation distributing the dividend is the issuer of the stock or not, if nothing of value is given by stockholders for the distribution other than the surrender of a right to a cash dividend where the stockholder can elect to take a dividend in cash or stock;

(13) Any transaction incident to a right of conversion or a statutory or judicially approved reclassification, recapitalization, reorganization, quasi-reorganization, stock split, reverse stock split, merger, consolidation, or sale of assets; or

(14) An offering of securities conducted solely in this state to residents of this state in which:

a. The issuer of the security shall be a for-profit corporation or other for-profit entity, or business cooperative with its principal place of business in the State of Alabama and registered with the Secretary of State.

b. The transaction shall meet the requirements of the federal exemption for intrastate offerings in section 3(a)(11) of the Securities Act of 1933, 15 U.S.C. § 77c(a)(11), and SEC Rule 147. As such, securities must be offered to and sold only to persons who are residents of the State of Alabama at the time of purchase. Prior to any offer or sale pursuant to this exemption, the seller shall obtain documentary evidence from each prospective purchaser that provides the seller with a reasonable basis to believe that such investor is a resident of the State of Alabama.

c. The sum of all cash and other consideration to be received for all sales of the security in reliance upon this exemption shall not exceed one million dollars (\$1,000,000), less the aggregate amount received for all sales of securities by the issuer within the 12 months before the first offer or sale made in reliance upon this exemption.

d. The issuer shall not accept more than five thousand dollars (\$5,000) from any single purchaser unless the purchaser is an accredited investor as defined by Rule 501 SEC Regulation D, 17 C.F.R. 230.501.

e. The issuer must reasonably believe that all purchasers of securities are purchasing for investment and not for sale in connection with a distribution of the security.

f. A commission or remuneration shall not be paid or given, directly or indirectly, for any person's participation in the offer or sale of securities for the issuer unless the person is registered as a broker-dealer or agent under the act.

g. All funds received from investors shall be deposited into a bank or depository institution authorized to do business in Alabama, and all the funds shall be used in accordance with representations made to investors.

h. Not less than 10 days prior to the use of any general solicitation or within 15 days after the first sale of the security pursuant to this exemption (provided no general solicitation has been used prior to such sale), whichever occurs first, the issuer shall provide a notice to the commission in writing or electronically on Form CF1. The notice shall specify that the issuer is conducting an offering in reliance upon this exemption and shall contain the names and addresses of the following persons:

1. The issuer;
 2. Officers, directors and any control person of the issuer;
 3. All persons who will be involved in the offer or sale of securities on behalf of the issuer; and
 4. The bank or other depository institution in which investor funds will be deposited.
- i. The issuer shall not be, either before or as a result of the offering:
1. An investment company as defined in section 3 of the Investment Company Act of 1940, 15 U.S.C. § 80a-3, or subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. § 78m and 78o(d); or
 2. An investment adviser as defined in Section 8-6-2(18) of this code, nor a person who otherwise provides investment advice as a service or for a fee.
- j. The issuer shall inform all purchasers that the securities have not been registered under the act and, therefore, cannot be resold unless the securities are registered or qualify for an exemption from registration under Sections 8-6-4 through 8-6-11 of this code. In addition, the issuer shall make the disclosures required by subsection (f) or SEC Rule 147, 17 C.F.R. 230.147(f).
- k. This exemption shall not be used in conjunction with any other exemption under the act except the exemption to institutional investors in Section 8-6-11(a)(8) of this code and for offers and sales to controlling persons of the issuer. Sales to controlling persons shall not count toward the limitation in paragraph (14)c.
- l. This exemption shall not be available if the issuer, or any its officers, controlling people or promoters is subject to a disqualifier enumerated in Section 8-6-9 of this code.
- m. Nothing in this exemption shall be construed to alleviate any person from the anti-fraud provisions in Section 8-6-17 of this code, nor shall such exemption be construed to provide relief from any other provisions of this article other than as expressly stated.
- n. Every notice of exemption provided for in paragraph h. above shall be accompanied by a nonrefundable filing fee of \$150. Such filing fee shall be deposited in the Alabama Securities Commission Fund in the State Treasury to be drawn upon by the commission for its use in administration of this article.
- But the Securities Commission may by rule or order, as to any security or transaction of any type of security or transaction, withdraw, further condition or expand this exemption.
- (b) The Securities Commission may by order deny or revoke the exemption specified in this section with respect to a specific security if it finds the sale of such security would work or tend to work a fraud upon the purchasers thereof. No order under this subsection may operate retroactively. No person may be considered to have violated this article by reason of any offer or sale effected after the entry of an order under this subsection if he or she sustains the burden of proof that he or she did not know and in the exercise of reasonable care could not have known of the order. In any proceeding under this article, the burden of proving an exemption from a definition is upon the person claiming it.
- (c) Any individual, corporation, partnership, or association who makes application to the Securities Commission for any exemption from full registration under subdivision (a)(9) of this section shall be assessed a filing fee in the amount of three hundred dollars (\$300) upon application for such exemption. The fee shall accompany the application and shall not be refunded whether the application is approved or rejected. Fees collected under this subsection shall be deposited in a special account in the State Treasury for the use of the commission in the administration of this article.
- (Acts 1959, No. 542, p. 1318, §11; Acts 1971, No. 2244, p. 3600; Acts 1975, No. 1044, p. 2095, §2; Acts 1979, No. 79-462, p. 827, §4; Acts 1990, No. 90-527, p. 772, §1; Acts 1991, No. 91-320, p. 584, §1; Act 2009-774, p. 2401, §1; Act 2014-376, p. 1401, §1.)*

Section 8-6-12 Registration Of Securities - Applicability Of Provisions Of Article; Consent To Service Of Process On Secretary Of State.

(a) The provisions of this article shall apply to persons who sell or offer to sell when

- (1) an offer to sell is made in this state, or
- (2) an offer to buy is made and accepted in this state.

(b) The provisions of this article shall apply to persons who buy or offer to buy when

- (1) an offer to buy is made in this state, or
- (2) an offer to sell is made and accepted in this state.

(c) An offer to sell or to buy is made in this state, whether or not either party is then present in this state, when the offer

- (1) originates from this state, or
- (2) is directed by the offeror to this state and received at the place to which it is directed (or at any post office in this state in the case of a mailed offer).

(d) An offer to buy or to sell is accepted in this state when acceptance

- (1) is communicated to the offeror in this state, and
- (2) has not previously been communicated to the offeror, orally or in writing, outside this state; and acceptance is communicated to the offeror in this state, whether or not either party is then present in this state, when the offeree directs it to the offeror in this state reasonably believing the offeror to be in this state and it is received at the place to which it is directed (or at any post office in this state in the case of a mailed acceptance).

(e)(1) Every applicant for registration as a dealer or salesman under this article and every issuer which proposes to offer a security in this state through any person acting on an agency basis in the common-law sense shall file with the security commission, in such form as it prescribes, an irrevocable consent appointing the Secretary of State to be his attorney to receive service of any lawful process in any noncriminal action or proceeding against him, or his successor, executor, or administrator, which arises under this article or any rule or order hereunder after the consent has been filed with the same force and validity as if served personally on the person filing the consent.

(2) A person who has filed such a consent in connection with a previous registration need not file another.

(3) Service may be made by leaving a copy of the process in the office of the Secretary of State, but it is not effective unless:

a. The plaintiff, who may be the Securities Commission, in an action or proceeding instituted by it, forthwith sends notice of the service and a copy of the process by registered mail to the defendant or respondent at his last address on file with the commission, and

b. The plaintiff's affidavit of compliance with this clause is filed in the case on or before the return day of the process, if any, or within such further time as the court allows; provided however, that this subsection shall not apply to an issuer whose securities are registered by coordination with the commission.

(Acts 1959, No. 542, p. 1318, §12; Acts 1979, No. 79-462, p. 827, §5; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-14 Filing Or Registration Not Finding Of Truth, Completeness, Etc., Of Documents; Representations Concerning Effect Of Registration Or Exemption.

(a) Neither the fact that an application for registration under Section 8-6-3 or a registration statement under Sections 8-6-5, 8-6-6 or 8-6-7 has been filed, nor the fact that a person or security is effectively registered constitutes a finding by the Securities Commission that any document filed under this article is true, complete, and not misleading.

(b) Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Securities Commission has passed in any way upon the merits or qualifications of or recommended or given approval to any person, security, or transaction.

(c) It is unlawful to make, or cause to be made, to any prospective purchaser, customer, or client any representation inconsistent with this section.

(Acts 1959, No. 542, p. 1318, §14; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-15 Investigations And Subpoenas By Commission.

(a) The Securities Commission, in its discretion, may:

(1) Make such public or private investigations within or outside of this state as he deems necessary to determine whether any registration in the sale of securities should be granted, denied, or revoked, whether any person has violated or is about to violate any provision of this article or any rule or order hereunder, to aid in the enforcement of this article or in the prescribing of rules and forms hereunder;

(2) Require or permit any person to file a statement in writing, under oath, or otherwise as the commission may determine, as to all the facts and circumstances concerning the matter to be investigated; and

(3) Publish information concerning any violation of this article or any rule or order hereunder.

(b) For the purpose of any investigation or proceeding under this article, the Securities Commission or any officer designated by it may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, agreements, or other documents or records which the commission deems relevant or material to the inquiry.

(c) In case of contumacy by or refusal to obey a subpoena issued to any person, any court of competent jurisdiction may issue, upon application by the Securities Commission, to that person an order requiring him to appear before the commission or the officer designated by it, there to produce documentary evidence if so ordered or to give evidence touching the matter under investigation or in question. Any failure to obey the order of the court may be punished by the court as a contempt of court.

(d) No person is excused from attending and testifying or from producing any document or record before the Securities Commission or in obedience to the subpoena of the commission or any officer designated by it, in any proceeding instituted by the commission, on the ground that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual may be prosecuted or subjected to any penalty or forfeiture for, or on account of, any transaction, matter, or thing concerning which he is compelled, after claiming his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that the individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

(Acts 1959, No. 542, p. 1318, §15; Acts 1969, No. 605, p. 1093, §6; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-16 Administrative Cease And Desist Authority To Commission; Injunctive Relief; Appointment Of Receivers Or Conservators For Defendants Or Defendants' Assets; Court Ordered Rescission, Restitution, Or Disgorgement For Violations.

Whenever it appears to the Securities Commission that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this article or any rule or order hereunder, it may, in its discretion, do either or both of the following:

(a) Issue a cease and desist order, with or without a prior hearing, against the person or persons engaged in the prohibited activities, directing them to cease and desist from engaging in the act or practice.

(b) Bring an action in its discretion in any court of competent jurisdiction to enjoin the act or practice and to enforce compliance with this article or any rule or order issued hereunder.

Upon a proper showing, a permanent injunction, temporary restraining order, or writ of mandamus shall be granted and a receiver or conservator may be appointed for the defendant or the defendant's assets. In addition, upon a proper showing by the commission, the court may enter an order of rescission, restitution, or disgorgement directed at any person who has engaged in an act constituting a violation of this article or any rule or order adopted or issued pursuant to this article. The Securities Commission shall not be required to post a bond.

(Acts 1959, No. 542, p. 1318, §16; Acts 1990, No. 90-527, p. 772, §1; Acts 1992, No. 92-524, p. 1059, §1.)

Section 8-6-17 Prohibited Acts Regarding Offer, Sale, Or Purchase Of Securities.

(a) It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly, to:

(1) Employ any device, scheme, or artifice to defraud;

(2) Make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or

(3) Engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

(b) It is unlawful for any person who receives, directly or indirectly, any consideration from another person for advising the other person as to the value of securities or their purchase or sale, whether through the issuance of analyses or reports or otherwise,

(1) to employ any device, scheme, or artifice to defraud the other person,

(2) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the other person,

(3) acting as principal for his own account, knowingly to sell any security to or purchase any security from a client, or acting as broker for a person other than such client, knowingly to effect any sale or purchase of any security for the account of such client, without disclosing to such client in writing before the completion of such transaction the capacity in which he is acting and obtaining the consent of the client to such transaction. The prohibitions of this subdivision shall not apply to any transaction with a customer of a dealer if such dealer is not acting as an investment adviser in relation to such transaction; or

(4) to engage in dishonest or unethical practices as the commission may define by rule.

(c) In the solicitation of advisory clients, it is unlawful for any person to make any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.

(d) Except as may be permitted by rule or order of the commission, it is unlawful for any investment adviser to enter into, extend, or renew any investment advisory contract unless it provides in writing,

- (1) that the investment adviser shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of the client;
- (2) that no assignment of the contract may be made by adviser without the consent of the other party to the contract; and
- (3) that the investment adviser, if a partnership, shall notify the other party to the contract of any change in the membership of the partnership within a reasonable time after the change.
- (e) Subdivision (d)(1) does not prohibit an investment advisory contract which provides for compensation based upon the total value of a fund averaged over a definite period, or as of definite dates or taken as of a definite date. "Assignment," as used in subdivision (d)(2), includes any direct or indirect transfer or hypothecation of an investment advisory contract by the assignor or of a controlling block of the assignor's outstanding voting securities by a security holder of the assignor; but, if the investment adviser is a partnership, no assignment of an investment advisory contract is considered to result from the death or withdrawal of a minority of the members of the investment adviser having only a minority interest in the business of the investment adviser, or from the admission to the investment adviser of one or more members who, after admission, will be only a minority of the members and will have only a minority interest in the business.
- (f) It is unlawful for any investment adviser to take or have custody of any securities or funds of any client if,
- (1) the commission by rule prohibits custody; or
- (2) in the absence of rule, the investment adviser fails to notify the commission that he has or may have custody.
- (g) The commission may by rule or order adopt exemptions from subdivision (b)(3) and subdivisions (d)(1), (d)(2) and (d)(3) where such exemptions are consistent with the public interest and within the purposes fairly intended by the policy and provisions of this act.
(Acts 1959, No. 542, p. 1318, §1; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-18 Criminal Penalties For Violations Of Article; Enforcement; Scienter.

- (a) A person who willfully violates Section 8-6-3 or Section 8-6-4, upon conviction, shall be guilty of a Class C felony. A person that willfully violates subsection (a), (b), or (c) of Section 8-6-17, upon conviction, shall be guilty of a Class B felony. The limitations period for any prosecution under this section does not commence or begin to accrue until the discovery of the facts constituting the deception, after which the prosecution shall be commenced within five years.
- (b) A person who willfully violates any provision of this chapter, other than those noted in subsection (a), or a rule adopted or order issued under this chapter, upon conviction, shall be guilty of a Class A misdemeanor.
- (c) The enforcement of the provisions of this article shall be vested in the commission. It shall be the duty of the commission to see that its provisions are at all times obeyed and to take such measures and to make such investigations as will prevent or detect the violation of any provision thereof. The commission shall at once lay before the district attorney of the proper county any evidence which shall come to its knowledge of criminality under this article. In the event of the neglect or refusal of the district attorney to institute and prosecute such violation, the commission shall be authorized to proceed therein with all the rights, privileges, and powers conferred by law upon district or court attorneys including the power to appear before grand juries and to interrogate witnesses before such grand juries.
- (d) Nothing in this article limits the power of the state to punish any person for any conduct which constitutes a crime by statute or at common law.

(e) In any proceeding under this article, scienter need not be alleged and proved in prosecutions involving the sale of unregistered securities or in the failure to register as a dealer, agent, investment adviser, or investment adviser representative under this article.

(Acts 1959, No. 542, p. 1318, §17; Acts 1969, No. 605, p. 1093, §7; Acts 1971, No. 2243, p. 3598, §3; Acts 1979, No. 79-462, p. 827, §6; Acts 1990, No. 90-527, p. 772, §1; Act 2009-774, p. 2401, §1; Act 2014-348, p. 1293, §1.)

Section 8-6-19 Civil Liabilities Of Sellers, Agents, Etc.; Remedies Of Purchasers.

(a) Any person who:

(1) Sells or offers to sell a security in violation of any provision of this article or of any rule or order imposed under this article or of any condition imposed under this article, or

(2) Sells or offers to sell a security by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, the buyer not knowing of the untruth or omission, and who does not sustain the burden of proof that he did not know and in the exercise of reasonable care could not have known of the untruth or omission,

is liable to the person buying the security from him who may bring an action to recover the consideration paid for the security, together with interest at six percent per year from the date of payment, court costs and reasonable attorneys' fees, less the amount of any income received on the security, upon the tender of the security, or for damages if he no longer owns the security. Damages are the amount that would be recoverable upon a tender less the value of the security when the buyer disposed of it and interest at six percent per year from the date of disposition.

(b)(1) Any person who engages in the business of advising others, for compensation, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities in violation of subsection (b), (c), (d), (e), or (f) of Section 8-6-17, subsection (b) or (c) of Section 8-6-3, Section 8-6-14, is liable to that person, who may bring an action to recover the consideration paid for such advice and any loss due to such advice, together with interest at six percent per year from the date of payment of the consideration plus costs and reasonable attorney's fees, less the amount of any income received from such advice. No person may maintain an action hereunder pursuant to a violation of subsection (c) of Section 8-6-3 based solely on the fact that an investment adviser representative other than the one from whom the person received advice is unregistered.

(2) Any person who receives, directly or indirectly, any consideration from another person for advice as to the value of securities or their purchase or sale, whether through the issuance of analyses, reports, or otherwise and employs any device, scheme, or artifice to defraud such other person or engages in any act, practice, or course of business which operates or would operate as a fraud or deceit on such other person, is liable to that person, who may bring an action to recover the consideration paid for such advice and any loss due to such advice, together with interest at six percent per year from the date of payment of the consideration plus costs and reasonable attorney's fees, less the amount of any income received from such advice.

An action based on a violation of subsection (c) of Section 8-6-17 and this section may not prevail where the person accused of the violation sustains the burden of proof that he did not know, and in the exercise of reasonable care, could not have known of the existence of the facts by reason of which the liability is alleged to exist.

(c) Every person who directly or indirectly controls a person liable under subsections (a) or (b) of this section, including every partner, officer, or director of such a person, every person occupying a similar status or performing similar functions, every employee of such a person who materially aids in the conduct giving rise to the liability, and every dealer or agent who materially aids in such conduct is also liable jointly and severally with and to the same extent as the person liable under subsection (a) or (b), unless he is able to sustain the burden of proof that he did not know, and in exercise of reasonable care could not have known, of the existence of the facts by reason of which the liability is alleged to exist.

(d) Any tender specified in this section may be made at any time before entry of judgment.

(e) Every cause of action under this section survives the death of any person who might have been a plaintiff or defendant.

(f) No person may obtain relief under this section in an action involving the failure to register unless suit is brought within two years from the date of sale. All other actions for relief under this section must be brought within the earlier of two years after discovery of the violation or two years after discovery should have been made by the exercise of reasonable care. No person may bring an action under subsection (a) of this section:

(1) If the buyer received a written offer, before the action and at a time when he owned the security, to refund the consideration paid together with interest at six percent per year from the date of payment, less the amount of any income received on the security, and he failed to accept the offer within 30 days of its receipt, or

(2) If the buyer received such an offer before the action and at a time when he did not own the security, unless he rejected the offer in writing within 30 days of its receipt.

(g) No person who has made or engaged in the performance of any contract in violation of any provision of this article or any rule or order hereunder or who has acquired any purported right under any such contract with knowledge of the facts by reason of which its making or performance was in violation, may base any action on the contract.

(h) Any condition, stipulation, or provision binding any person acquiring any security or receiving any investment advice to waive compliance with any provision of this article or any rule or order hereunder is void.

(i) The rights and remedies provided by this article are in addition to any other rights or remedies that may exist.

(j)(1) The commission may by order, if it finds such order to be in the public interest, impose an administrative assessment upon any person who violates any provision of this article or any rule or order issued under this article.

(2) Any administrative assessment imposed under this section shall not exceed \$5,000 for each act or omission that constitutes the basis for an order issued under this section, except that the amount of the administrative assessment may not exceed \$50,000 for any person subject to the order.

(3) For the purposes of determining the amount or extent of an administrative assessment, if any, to be imposed under this section, the commission shall consider among other factors, the frequency, persistence, and willfulness of the conduct constituting a violation of any provision of this article or any rule or order issued under this article, and the number of persons adversely affected by the conduct.

(4) The administrative assessment under this section is in addition to any other penalty, remedy, or sanction that may be imposed under this article.

(5) All assessments collected under this subsection (j) of Section 8-6-19 shall be deposited in the general fund of the state.

(k)(1) The commission may charge, in addition to any administrative assessment, fine, penalty, remedy, or sanction imposed under this article, the actual cost of any investigation resulting from any violation of any provision of this article or any violation of any rule or order issued under this article or the actual cost of any examination made by the commission pursuant to this article, to the party or parties subject to such investigation or examination. Such charge may include, but is not limited to, a per diem prorated upon the salary cost of any employee of the commission together with actual travel, housing and any and all other reasonable expenses incurred as a result of such investigation or examination.

(2) All charges assessed for costs involved pursuant to subdivision (1) of subsection (k) of Section 8-6-19 shall be deposited in the Alabama Securities Commission Fund in the State Treasury to be drawn upon by the commission for its use in the administration of this article.

(Acts 1959, No. 542, p. 1318, §18; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-21 Commission Authorized To Swear Out Warrants Of Arrest; Liability Of Commission For Warrant.

The Securities Commission is authorized and empowered to swear out warrants of arrest against any person violating the criminal provisions of this article, and it shall not be liable in damages or to an action for damages by reason of swearing out warrants or for causing the arrest and detention or imprisonment of any person or persons under such warrant or warrants.

(Acts 1959, No. 542, p. 1318, §20; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-22 Duties Of Director; Director Empowered To Swear Out Warrants Of Arrest; Liability Of Director For Warrant.

The Director of the Securities Commission shall keep the records of the commission and generally perform such duties as the commission may direct. When ordered by the commission, he shall be authorized and empowered to swear out warrants of arrest against any person violating the criminal provisions of this article. He shall not be liable in damages or to an action for damages by reason of swearing out such warrant or warrants or for causing the arrest, detention, or imprisonment of any person or persons under such warrant or warrants.

(Acts 1959, No. 542, p. 1318, §20; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-23 Making, Amending, And Rescinding Rules And Prescribing Forms By Commission.

The Securities Commission may from time to time make, amend, and rescind such rules and prescribe such forms as are necessary and desirable to carry out the provisions of this article. No rules or forms may be made or prescribed unless the commission finds that the action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of this article. In prescribing rules and forms the commission may cooperate with the securities administrators of the other states and the securities and exchange commission with a view to effectuating the policy of this article to achieve maximum uniformity in the form and content of registration statements, applications, and reports wherever practicable. All rules and forms of the commission shall be published.

(Acts 1959, No. 542, p. 1318, §20; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-24 Liability For Acts Done Or Omitted In Good Faith Under Rules, Forms, Or Orders.

No provision of this article imposing any liability applies to any act done or omitted in good faith in conformity with any rule, form, or order of the Securities Commission, notwithstanding that the rule or form may later be amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

(Acts 1959, No. 542, p. 1318, §20; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-25 Hearings To Be Public; Requests For Private Hearings.

Every hearing in an administrative proceeding shall be public unless the Securities Commission, in its discretion, grants a request joined in by all the respondents that the hearing be conducted privately.

(Acts 1959, No. 542, p. 1318, §20; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-26 Document Deemed Filed When Received.

A document is deemed filed when it is received by the Securities Commission.

(Acts 1959, No. 542, p. 1318, §20; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-27 Commission To Keep Register; Register To Be Open For Public Inspection.

The Securities Commission shall keep a register of all applications for registration and registration statements which are or have ever been effective under this article and all denial, suspension, or revocation orders which have ever been entered under this article. The register shall be open for public inspection. The information contained in or filed with any registration statement, application, or report may be made available to the public under such rules as the commission prescribes.

(Acts 1959, No. 542, p. 1318, §20; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-28 Commission To Furnish Copies Of Register Entries Or Documents; Certified Copy Deemed Prima Facie Evidence.

Upon request and at such reasonable charges as it prescribes, the Securities Commission shall furnish to any person photostatic or other copies, certified under its seal of office if requested, of any entry in the register or any document which is a matter of public record. In any proceeding or prosecution under this article, any copy so certified is prima facie evidence of the contents of the entry or document certified.

(Acts 1959, No. 542, p. 1318, §20; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-29 Interpretative Opinions By Commission.

(a) The Securities Commission, in its discretion, may honor requests from interested persons for interpretative opinions and no-action letters.

(b) Any person who makes application to the Securities Commission for an interpretative opinion or no-action letter shall be assessed a non-refundable filing fee of \$150 upon application for such opinion or letter. Fees collected under this section shall be deposited in the Alabama Securities Commission Fund in the State Treasury to be drawn upon by the commission for its use in the administration of this article.

(Acts 1959, No. 542, p. 1318, §20; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-30 Burden Of Proving Exemption Or Exception From Definition.

In any proceeding under this article, the burden of proving an exemption or an exception from a definition is upon the person claiming it.

(Acts 1959, No. 542, p. 1318, §21; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-31 Commission May Issue Warnings To Public And Publish Information Regarding Orders.

The Securities Commission may issue and give warnings to the public concerning securities being sold in this state and may in its discretion cause to be published information regarding any orders or rules issued by the commission in the implementation of its duties, including, without limitation, information pertaining to specific orders denying registration or prohibiting the sale of securities.

(Acts 1959, No. 542, p. 1318, §25; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-32 Party Aggrieved By Order Entitled To Hearing Before Commission; Appeals From Action Of Commission.

(a) Any person aggrieved by an order issued under this article shall be entitled to a hearing pursuant to the provisions of the Alabama Administrative Procedure Act (Section 41-22-1 et seq.) pertaining to "contested cases," if such person, within 28 days after delivery of the order, submits a written request for a hearing before the commission. The order shall disclose the right to a hearing upon written request within 28 days after delivery of the order. If no timely request for a hearing is made, the order shall constitute a final order of the commission.

(b) Any appeal from any final order of the commission shall be made to the Circuit Court of Montgomery County and shall be governed by the provisions of the Alabama Administrative Procedure Act pertaining to judicial review.

(Acts 1959, No. 542, p. 1318, §19; Acts 1990, No. 90-527, p. 772, §1.)

Section 8-6-33 Disposition Of Revenue.

All moneys accruing to or collected by or through the Securities Commission shall be deposited when collected into the State Treasury to the credit of the general fund, unless otherwise provided by law.

(Acts 1959, No. 542, p. 1318, §27; Acts 1969, No. 605, p. 1093, §8; Acts 1971, No. 2243, p. 3598, §4; Acts 1990, No. 90-527, p. 772, §1.)

Article 2 Securities Commission.

Section 8-6-50 Created; Duties Generally.

There is created the Alabama Securities Commission, which shall be responsible for the enforcement of laws governing the issuance, sale, and other transactions relative to securities.

(Acts 1969, No. 740, p. 1315, §1.)

Section 8-6-51 Membership; Qualifications And Appointment Of Commissioners; Use Or Disclosure Of Confidential Information By Commissioners, Employees, Etc.; Civil Liability Of Commissioners.

(a) The Securities Commission shall consist of the Attorney General of Alabama, the State Superintendent of Banks, the State Superintendent of Insurance and four other members appointed by the Governor by and with the advice and consent of the Senate. Two appointed members shall be members of the Alabama Bar Association appointed from a list of three nominees for each position submitted by the bar association, and the other two appointed members shall be certified public accountants appointed from a list of three nominees for each position submitted by the Alabama Society of Certified Public Accountants. The membership of the commission shall be inclusive and reflect the racial, gender, geographic, urban/rural, and economic diversity of the state.

(b) No person may be appointed to or by the commission while he is registered as a dealer or salesman under Article 1 of this chapter, while he is an officer, director or partner of any person so registered, while he is an officer, director or partner of an issuer which has a registration statement effective under Article 1 of this chapter or while he is occupying a similar status or performing similar functions.

(c) It is unlawful for any member of the commission, the director or any other officer or employee of the commission to use for personal benefit any information which is filed with or obtained by the director and which is not made public. No provision of this article authorizes any member of the commission, the director or any other officer or employee of the commission to disclose any such information except among themselves or when necessary or appropriate in a proceeding or investigation under this article. No provision of this article either creates or derogates from any privilege which exists at common law or otherwise when documentary or other evidence is sought under a subpoena directed to any member of the commission, the director, or any other officer or employee of the commission.

(d) Except upon proof of corruption, no commissioner shall for his acts or his failure to act be civilly liable to any investor, applicant for registration, or any other person.

(Acts 1969, No. 740, p. 1315, §2; Acts 1996, No. 96-749, p. 1320, §3.)

Section 8-6-52 Terms Of Office Of Appointed Members; Filling Of Vacancies; Reappointment Of Members.

(a) The Governor shall biennially appoint one Securities Commission member to serve for a term of four years; provided, however, that the Governor shall designate for the initial appointments one member to serve for a term of two years and one member to serve for a term of four years from their respective dates of appointment and qualification. Upon the expiration of these initial terms, the term of each member shall be four years from the date of his appointment and qualification, until his successor shall qualify; provided further, however, that, on April 4, 1988, no member shall serve more than two consecutive terms of office.

(b) Vacancies shall be filled by the Governor for the unexpired term.

(c) Members shall be eligible for reappointment.

(Acts 1969, No. 740, p. 1315, §3; Acts 1988, No. 88-137, p. 199, §3.)

Section 8-6-53 Selection Of Chair; Rules For Proceedings; Meetings; Quorum; Records And Reports; Access To Offices And Records; Exercise Of Powers Of Director.

- (a) The Securities Commission shall select a chair and may adopt rules for conducting its proceedings.
- (b) The commission shall meet quarterly on a date it designates and may meet at other times it deems necessary, or when called by the chair or by any two members. Any three members shall constitute a quorum for transacting commission business.
- (c) Complete minutes of each meeting shall be kept and filed in the office of the commission and shall be available for public inspection during reasonable office hours.
- (d) The commission shall report annually to the Governor, to the legislature and to the state Legislative Council. The report shall contain the minutes of each meeting held during the year, legislative recommendations, a summary of violations of Article 1 of this chapter, actions taken for those violations, and other data and information deemed necessary or appropriate.
- (e) Each member of the commission shall have unrestricted access to all offices and records under the jurisdiction of the commission.
- (f) The commission, or a majority of the commission, may exercise any power or perform any act that the director is authorized to perform under this chapter.

(Acts 1969, No. 740, p. 1315, §4; Acts 1992, No. 92-124, p. 224, §3.)

Section 8-6-54 Compensation Of Members.

- (a) Each appointed member of the Securities Commission shall be paid \$50 per day, for a period not to exceed a total of 60 days in any one calendar year, while engaged in the performance of his duties, and shall receive mileage and per diem as provided by Article 2 of Chapter 7 of Title 36.
- (b) Ex officio members shall not be entitled to any extra compensation for performing their duties under this chapter.

(Acts 1969, No. 740, p. 1315, §5.)

Section 8-6-55 Director - Appointment; Duties Generally.

- (a) The Securities Commission shall appoint a full-time director who shall be a career employee subject to the provisions of the Alabama Merit System Law and whose employment may be terminated only for cause.
- (b) The director shall administer the provisions of Article 1 of this chapter under the supervision of the commission and in accordance with its policies.

(Acts 1969, No. 740, p. 1315, §6.)

Section 8-6-56 Director - Qualifications; Interest In Banks, Etc., Prohibited; Salary.

- (a) The Director of the Securities Commission shall be a person of good moral character, at least 30 years of age, a resident of Alabama, a member of the Alabama bar and thoroughly familiar with corporate organization, investment banking, investment trusts, the sale of securities, and the statistical details of the manufacturing industries and commerce of this state. The Securities Commission may also require additional qualifications.
- (b) The director, while serving as such, shall not directly or indirectly be financially interested in or associated with any commercial bank, savings bank, trust company, industrial loan or investment company, credit union, building and loan association, or any other person subject to the jurisdiction of the commission or the director.
- (c) The salary of the director shall be fixed by the commission with the approval of the Governor and the State Personnel Board.

(Acts 1969, No. 740, p. 1315, §7; Acts 1990, No. 90-527, p. 772, §2; Act 2018-187, §1.)

Section 8-6-57 Deputy Director.

(a) With the approval of the Securities Commission and subject to the provisions of the Merit System law, the director thereof may designate a deputy director, who shall possess qualifications fixed by the commission with the approval of the personnel department, and who shall perform such duties as the director shall designate.

(b) In the absence of the director or his inability to act, the deputy director shall perform such duties as are required to be performed by the director.

(c) The compensation of the deputy director shall be fixed by the commission, subject to the approval of the personnel department, in the salary range payable to attorneys in the Merit System classification of Attorney IV.

(Acts 1969, No. 740, p. 1315, §8; Acts 1979, No. 79-462, p. 827, §7; Acts 1990, No. 90-527, p. 772, §2.)

Section 8-6-58 Personnel.

(a) The Director of the Securities Commission shall prepare in writing a manual of necessary employee positions for the commission, including job classifications, personnel qualifications, duties, maximum and minimum salary schedules, and other personnel information for approval by the commission.

(b) Subject to the provisions of the Merit System law, the director may select, appoint, and employ such accountants, auditors, financial analysts, special agents and senior special agents, clerks, and other personnel as the director deems necessary for the proper administration of the Alabama securities laws including legal counsel to act as attorneys for the commission in actions or proceedings brought by or against the commission under or pursuant to any provision of law under the commission's jurisdiction, or in which the commission joins or intervenes as to a matter within the commission's jurisdiction, as a friend of the court or otherwise, and stenographic reporters to take and transcribe the testimony in any formal or informal hearing or investigation before the commission or before a person authorized by the commission.

(c) Special agents and senior special agents appointed pursuant to this section shall have the power to investigate matters within the commission's jurisdiction and in such capacity shall have the powers vested in peace officers and shall be considered law enforcement officers of the State of Alabama to enforce the laws of this state pertaining to the operation and administration of the commission and this chapter. Senior special agents and special agents shall exercise their power of arrest only when ordered by both the commission and a court of competent jurisdiction. The commission shall request a suspension or waiver of firearms requalification as provided in Rule 650-X-4.02 of the Alabama Peace Officers' Standards and Training Commission Code for law enforcement officers who are not required to carry or use a firearm. If a suspension or waiver cannot be obtained, senior special agents and special agents shall not carry firearms, except as required by P.O.S.T. training and continuing education. Nothing herein shall affect subpoena, visitation, examination, or other investigatory powers contained in this chapter.

(d) No person may serve as a special agent or senior special agent unless the person meets the minimum standards established for law enforcement officers by the Alabama Peace Officers' Standards and Training Commission or other standards as may be hereafter provided by law. Special agents and senior special agents appointed pursuant to subsection (b) shall meet such other additional standards as the director may adopt.

(Acts 1969, No. 740, p. 1315, §10; Acts 1979, No. 79-462, p. 827, §8; Act 2000-703, p. 1429, §1.)

Section 8-6-59 Bonds Of Director And Employees.

(a) Before assuming office, the Director of the Securities Commission shall give a bond in the sum of \$50,000, payable to the State of Alabama, to be approved by the Attorney General of Alabama and filed in the office of the Secretary of State. Such bond shall be conditioned that he will faithfully execute the duties of his office.

(b) The director may by rule or order require any employee of the commission to be bonded on the same condition and in the same or such lesser amount as he determines.

(c) The expense of all such bonds shall be paid from funds available to the commission.

(Acts 1969, No. 740, p. 1315, §9.)

Section 8-6-60 Place Of Office.

The Securities Commission and the director thereof shall maintain offices in the capital city of the state, and all records of the commission shall be kept at these offices.

(Acts 1969, No. 740, p. 1315, §11.)

Article 3 Fiduciary Security Transfers.

Article 4 Ownership By Minors.

Section 8-6-90 Short Title.

This article may be cited as the Securities Ownership by Minors Act.

(Acts 1961, No. 1010, p. 1585, §5.)

Section 8-6-91 Definitions.

In this article, unless the context otherwise requires, the following terms shall have the meanings ascribed to them by this section:

(1) BANK. A bank, trust company, national banking association, savings bank, or industrial bank.

(2) BROKER. A person, including a bank, lawfully engaged in the business of effecting transactions in securities for the account of others and includes a broker lawfully engaged in buying and selling securities for his own account.

(3) ISSUER. A person who places, or authorizes the placing of, his name on a security other than as a transfer agent to evidence that it represents a share, participation, or other interest in his property or in an enterprise or to evidence his duty to perform an obligation evidenced by the security or who becomes responsible for or in place of any such person.

(4) PERSON. Such term includes a corporation, government or governmental subdivision or agency, business trust, estate, trust, partnership or association, two or more persons having a joint or common interest or any other legal or commercial entity.

(5) SECURITY. Such term includes any note, stock, treasury stock, bond, debenture, evidence of indebtedness or certificate of interest or participation in an oil, gas, or mining title or lease or in payment out of production under such a title or lease, collateral trust certificate, transferable share, voting trust certificate, or, in general, any interest or instrument commonly known as a security or any certificate, interest or participation in any temporary or interim certificate, receipt or certificate of deposit for, or any warrant or right to subscribe to or purchase, any of the foregoing.

(6) THIRD-PARTY. A person other than a bank, broker, transfer agent, or issuer who with respect to a security held by a minor effects a transaction otherwise than directly with the minor.

(7) TRANSFER AGENT. A person who acts as authenticating trustee, transfer agent, registrar, or other agent for an issuer in the registration of transfers of securities in the issue of new securities or in the cancellation of surrendered securities.

(Acts 1961, No. 1010, p. 1585, §1.)

Section 8-6-92 Liability Of Bank, Transfer Agent, Etc., For Treating Minor As Having Capacity To Exercise Security Rights; Presumption That Holder Not Minor.

(a) A bank, broker, issuer, third-party or transfer agent incurs no liability by reason of his treating a minor as having capacity to transfer a security, to receive or to empower others to receive dividends, interest, principal, or other payments or distributions, to vote or give consent in person or by proxy, or to make elections or exercise rights relating to the security unless prior to acting in the transaction the bank, broker, issuer, third-party or transfer agent had received written notice in the office acting in the transaction that the specific security is held by a minor.

(b) Except as otherwise provided in this article, such a bank, broker, issuer, third-party or transfer agent may assume without inquiry that the holder of a security is not a minor.

(Acts 1961, No. 1010, p. 1585, §2.)

Section 8-6-93 Minor May Not Disaffirm Security Transaction Unless Prior Written Notice Of Minority Given.

A minor who has transferred a security, received or empowered others to receive dividends, interest, principal, or other payments or distributions, voted or given consent in person or by proxy or made an election or exercised rights relating to the security has no right thereafter, as against a bank, broker, issuer, third-party or transfer agent, to disaffirm or avoid the transaction unless, prior to acting in the transaction, the bank, broker, issuer, third-party or transfer agent against whom the transaction is sought to be disaffirmed or avoided had received written notice in the office acting in the transaction that the specific security is held by a minor.

(Acts 1961, No. 1010, p. 1585, §3.)

Section 8-6-94 Right Of Minor To Receive Dividends, Etc.

A minor may receive in his own right dividends or other moneys in respect to any securities standing in his name on the books of a corporation, bank, or business trust, and such receipt shall constitute a valid and sufficient release and discharge of the corporation, bank, or business trust for such dividends or other moneys paid to such minor, notwithstanding that the corporation, bank, or business trust may have actual or written notice of the minority of such person.

(Acts 1961, No. 1010, p. 1585, §4.)

Section 8-6-95 Certain Laws Not Affected By Article.

Nothing in this article shall be construed to repeal or in any way affect Sections 10-6-1 through 10-6-4.

(Acts 1961, No. 1010, p. 1585, §7.)

Article 5 Pre-Issuance Procedure For Industrial Revenue Bonds.

Section 8-6-110 Definitions.

The following words and phrases, as used in this article, shall have the following meanings:

(1) **AUTHORIZING ACT.** Any of the following statutes or acts:

a. Any of the following sections, as amended: Section 11-20-1 et seq., relating to industrial revenue bonds to be issued by counties; Section 11-54-20 et seq., relating to industrial revenue bonds to be issued by municipalities; Section 11-54-80 et seq., relating to industrial revenue bonds to be issued by municipal industrial development boards; Section 11-58-1 et seq., relating to industrial revenue bonds to be issued by municipal medical clinic boards, Section 22-21-170 et seq., relating to industrial revenue bonds to be issued by county and municipal hospital authorities; and Section 11-20-30 et seq., relating to industrial revenue bonds to be issued by county industrial development boards.

b. The following acts of the Alabama Legislature: Act No. 4, enacted at the 1956 Second Special Session of the Alabama Legislature (1956 Acts, p. 240 et seq.), relating to industrial revenue bonds to be issued by certain municipalities to finance hotel and motel projects and Act No. 337, enacted at the 1971 Third Extra Session of the Alabama Legislature (1971 Acts, p. 4625 et seq.), relating to industrial revenue bonds to be issued by certain municipalities to finance hotel and motel projects.

(2) **COMMISSION.** The Alabama Securities Commission existing under Article 2 (commencing with Section 8-6-50) of Chapter 6 of Title 8.

(3) **DIRECTOR.** The director appointed by the commission pursuant to Section 8-6-55 or, in the absence of the director or his or her inability to act, the deputy director appointed by the director as provided in Section 8-6-57.

(4) **GOVERNING BODY.** The county commission, council, board of commissioners, board of directors, or other governing body of any issuer.

(5) **GUARANTOR.** The guarantor of the performance by the lessee of its obligations under a lease or the guarantor of any industrial revenue bonds.

(6) **IMPROVIDENT.** With respect to any industrial revenue bonds the term means that there is a reasonable probability that the bonds will be deficient in one or more of the following respects:

a. The project may not be completed.

b. The principal of or interest on the industrial revenue bonds will not be paid when due.

c. The industrial revenue bonds may be sold or distributed by the parties or in a manner as to constitute a fraud on one or more purchasers of the bonds.

(7) **INDUSTRIAL REVENUE BONDS.** The bonds, warrants, notes, certificates of indebtedness, or other obligations issued by any issuer under the authority of the authorizing act to finance or refinance a project or to refund bonds, but does not include either of the following:

a. Any obligation unless the lessee is a lessee as defined in this section.

b. Any issue of bonds, warrants, notes, certificates of indebtedness, or other obligations, any of which has a stated maturity not more than 18 months from the date of its issuance and evidences a loan initially made by a bank to the issuer of the bonds, warrants, notes, certificates of indebtedness, or other obligations.

(8) **ISSUER.** Any county, city, town, municipality, or public corporation issuing industrial revenue bonds under the authorizing act.

(9) **JUDICIAL VALIDATION.** The procedure described in Section 8-6-119 by which industrial revenue bonds may be validated and culminating in a decree of the circuit court validating the bonds.

(10) **LEASE.** The lease, installment purchase, or other agreement by which the lessee obtains the right to use the project and agrees to make payments sufficient to pay the principal of and interest on the industrial revenue bonds issued to finance or refinance the project.

(11) LESSEE. The lessee, purchaser, or user of a project under the lease. The term does not include the State of Alabama, any county, any city, town, or municipality, any public corporation or any nonprofit corporation organized and operated exclusively for religious, charitable, or educational purposes, no part of the net earnings of which inures to the benefit of any private share holder, member, or individual.

(12) NOTIFICATION. The instrument or the procedure, or both, by which an issuer is required by this article to notify the director prior to the proposed issuance of industrial revenue bonds.

(13) PROJECT. Any land, plant, building, facilities, equipment, or other property proposed to be acquired with the proceeds of any industrial revenue bonds to be used by a lessee under a lease.

(14) SERVED UPON THE ISSUER. As applied to a stop order, notice of a reference to the commission, or of a hearing before the commission, the term means that it has been deposited in the United States mail in a sealed envelope with first class, certified postage prepaid, properly addressed to the issuer at the address shown in the notification, or delivered to the person who signed the notification on behalf of the issuer.

(15) STOP ORDER. An order issued by the director or by the commission in accordance with this article prohibiting the issuer from issuing the industrial revenue bonds described in the notification or any bonds in lieu of those bonds.

(Acts 1978, No. 586, p. 681, §1; Acts 1992, No. 92-124, p. 224, §3.)

Section 8-6-111 Legislative Findings; Purpose Of Article.

(a) The Legislature finds and determines that unscrupulous promoters may take advantage of the authorizing act by inducing issuers to issue industrial revenue bonds which careful investigation by the issuer or other responsible parties would reveal to be improvident. The standing of all issuers could be impaired and the purposes of the Legislature in enacting the authorizing act could be thwarted by those improvident issues.

(b) The purpose of this article is to provide a procedure whereby the State of Alabama, acting through the director and the commission, may assist in developing facts to aid the issuer in the exercise of its authority under the authorizing act, and, to that end, to delay the issuance of industrial revenue bonds pending adequate investigation by the director or to prevent the issue of industrial revenue bonds found to be improvident.

(Acts 1978, No. 586, p. 681, §2; Acts 1992, No. 92-124, p. 224, §3.)

Section 8-6-112 Powers Of Director Of Securities Commission.

(a) The director shall have authority to:

(1) Consider and investigate proposed issues of industrial revenue bonds;

(2) Advise and consult with issuers with respect thereto;

(3) Publish such notices of proposed issues of industrial revenue bonds or proposed rules and regulations as are required by this article or the rules and regulations of the commission;

(4) Stop the issuance of industrial revenue bonds for the limited times and under the procedures provided in this article by issuing the orders and giving the notices herein required;

(5) Cause information concerning a proposed issue of industrial revenue bonds to be presented at any meeting of the governing body at which industrial revenue bonds are to be authorized or reauthorized or any hearing upon the judicial validation of such issue; and

(6) Perform such other functions and duties as may be required by this article or by order of the commission.

(b) The authority herein granted to the director is in addition to that granted under Section 8-6-50 et seq.

(Acts 1978, No. 586, p. 681, §3.)

Section 8-6-113 Powers Of Securities Commission.

(a) The commission may:

- (1) Stop the issuance of industrial revenue bonds under the procedures provided in this article.
 - (2) Issue rules and regulations necessary or desirable to prescribe the form and content of notifications, the conduct of investigations, the issuance of stop orders, appeals by issuers, or references by the director to the commission and the conduct of hearings thereon. No rule or regulation shall be adopted by the commission until the commission shall hold a public hearing on the proposed rules and regulations, notice of which shall be given by publication one time in a daily newspaper published in the City of Montgomery and in any other manner as the commission directs.
- (b) The authority granted to the commission in this section is in addition to that granted under Section 8-6-50 et seq., or any other provided by law.

(Acts 1978, No. 586, p. 681, §4; Acts 1992, No. 92-124, p. 224, §3.)

Section 8-6-115 Notifications Of Intent To Issue Bonds.

On and after May 27, 1978, any issuer proposing to issue any industrial revenue bonds under authority of the authorizing act shall, at least 20 days prior to the date of delivery of the industrial revenue bonds, deliver to the director a notification in writing of its intention to issue the bonds. The director may for good cause shown, waive, shorten, or, with the consent of the issuer, extend the 20-day requirement. The notifications shall contain the name and address of the issuer, the lessee, the guarantor, if any, the trustee, the underwriter, purchaser, fiscal agent, or agents, legal counsel for each of the above named parties and bond counsel, the estimated face amount of the bond issue, the estimated capital budget for the project to the extent that the information is available to the issuer when it files the notification, and any other information prescribed by the rules and regulations issued by the commission to advise the director and the commission of the nature of the proposed transaction. Each notification shall be accompanied by a filing fee equal to one twentieth of one percent of the principal amount of industrial revenue bonds described in the notification. No filing fee shall be less than \$25 nor greater than \$1,000. All fees shall be deposited in a special account in the State Treasury to be withdrawn by the director for the use of the commission in the administration of this article. All notifications shall be available for public inspection during the normal business hours of the director.

(Acts 1978, No. 586, p. 681, §6; Acts 1992, No. 92-124, p. 224, §3.)

Section 8-6-116 Action By Director Upon Receipt Of Notification; Stop Orders.

Upon receipt of a notification, the director shall cause a preliminary investigation or inquiry to be made into the proposed issue to determine whether there exist circumstances which, in his or her opinion, indicate that the proposed issue of industrial revenue bonds may be an improvident issue. If he or she finds that the proposed issue may be improvident, he or she shall advise the issuer of the findings and shall issue a stop order or stop orders requiring that for a period of time not exceeding in the aggregate 90 days after the filing of the notification, the issuer shall not issue the industrial revenue bonds proposed in the notification or any industrial revenue bonds in lieu of the bonds proposed. When a stop order has been served upon the issuer, it shall be fully effective (a) unless lifted by the director or the commission for good cause shown, or (b) unless the proposed industrial revenue bonds described in the notification have been reauthorized by the governing body of the issuer at a meeting at which the governing body has considered any comments or objections presented by the director or his or her representative. Written notice of the meeting shall be given to the director. The notice shall also be published in a newspaper published or circulated in the county where the proposed issuer is located.

(Acts 1978, No. 586, p. 681, §7; Acts 1992, No. 92-124, p. 224, §3.)

Section 8-6-117 Appeals Or References To Securities Commission.

When a stop order has been issued by the director, the issuer shall have the right to appeal the matter to the commission by notice in writing of such appeal delivered to the director. The director shall have the right to refer to the commission the matter of any issue of industrial revenue bonds proposed in a notification as to which a stop order is then in effect or which have been reauthorized by the governing body of the issuer pursuant to Section 8-6-116, and to request that the commission issue a permanent stop order. Notice of such reference and request shall be given in writing and served upon the issuer. The director shall mail to each member of the council a copy of each notice required by this section as soon as it is delivered to him or prepared for service upon the issuer.

(Acts 1978, No. 586, p. 681, §8.)

Section 8-6-118 Proceedings Before Securities Commission.

When the matter of any proposed industrial revenue bond issue has been appealed by the issuer to the commission or referred to the commission by the director with the request that the commission issue a permanent stop order, the director shall convene the commission. The commission shall conduct a hearing on the matter within 14 days after receipt by the director of the notice of appeal or service upon the issuer of the referral. At the request of the issuer, the date of the hearing may be postponed. Notice of the time, place, and purpose of the hearing shall be served upon the issuer at least three days before the date of the hearing. The issuer and other interested parties shall have the right to appear and be heard in person or by counsel. The commission shall render a decision within three days after the hearing. Pending the determination by the commission of any appeal or referral, the stop order previously issued by the director shall remain in effect until the commission renders a decision, or three days after the hearing, whichever is earlier. If, upon a hearing of the matter, the commission concludes that the proposed issue of industrial revenue bonds is improvident, the stop order previously issued by the director shall be made permanent and neither the proposed industrial revenue bonds nor any industrial revenue bonds in lieu of the bonds shall be issued until approved by judicial validation in proceedings instituted by the proposed issuer after the issuance of the stop order. If the commission concludes that the issue is not improvident, the commission shall lift the stop order and the issuer may proceed to issue the proposed industrial revenue bonds.

(Acts 1978, No. 586, p. 681, §9; Acts 1992, No. 92-124, p. 224, §3.)

Section 8-6-119 Judicial Validation Proceedings.

Any judicial validation proceeding instituted under this article shall conform to and be conducted in accordance with either Section 6-6-750 et seq. or Section 11-81-220 et seq., whichever is applicable to the issuer. The petition shall allege that the issue of industrial revenue bonds proposed by the issuer is not improvident, and the director shall be served with notice of the proceeding in the same manner and for the same time as the district attorney, and may attend the hearing before the circuit court having jurisdiction of the matter in person or by attorney, present evidence, and be heard by the court. The court shall not validate unless, pursuant to evidence presented at the hearing, the court finds and determines that the issue is not improvident. No judicial validation proceedings shall be instituted under this article until the commission enters a stop order or until the expiration of 15 days after the proposed industrial revenue bond issue is appealed by the issuer or referred to the commission by the director without any stop order having been issued.

(Acts 1978, No. 586, p. 681, §10; Acts 1992, No. 92-124, p. 224, §3.)

Section 8-6-120 Certificate Of Notification; Representation That Industrial Revenue Bonds Have Been Approved Prohibited.

In the event that (1) 20 days shall have expired after the filing by an issuer of the notification required by Section 8-6-115 describing proposed industrial revenue bonds to be issued by it, or the director shall have waived, shortened or, with the consent of the issuer, extended such waiting period and (2) no stop order shall then be effective as to the proposed industrial revenue bonds, the director shall provide such issuer with a certificate substantially as follows:

CERTIFICATE OF NOTIFICATION

The _____ of _____ (the issuer) has filed in my office a notification under Act No. 586 of the 1978 Regular Session of the Alabama Legislature stating its intention to issue \$ _____ of its _____ Industrial Revenue Bonds and no stop order is effective as to the issue of such bonds. This certificate is not an approval of said bonds, and it is unlawful for any person to represent that such bonds have been approved by the director, the commission or any other agency of the state.

This _____ day of _____, 2__

Director

It shall be unlawful for any issuer to issue any industrial revenue bonds under the authority of the authorizing act unless the foregoing certificate with respect to such industrial revenue bonds shall have been issued by the director or unless the proposed industrial revenue bonds shall have been reauthorized by the governing body of the issuer pursuant to Section 8-6-116 or shall have been judicially validated pursuant to Sections 8-6-118 and 8-6-119. When a certificate of notification shall have been issued by the director, no stop order thereafter issued either by the director or the commission with respect to the industrial revenue bonds described in such certificate shall be effective unless, prior to the issuance of the industrial revenue bonds described in such certificate, such stop order shall have been served personally upon the person who signed the notification in behalf of the issuer and upon each bond counsel named in the notification with respect to the industrial revenue bonds described in such certificate. When the industrial revenue bonds described in a certificate of notification shall have been issued, such certificate shall be conclusive evidence of formal compliance by the issuer with this article, and the failure of the issuer to comply with any requirement of this article in issuing the industrial revenue bonds described in such certificate shall not affect the validity of such industrial revenue bonds. In the event that any industrial revenue bonds shall be issued without a certificate of notification having been issued with respect thereto, the holder of any such bonds shall, in addition to any other right he may have by statute or law, have the right of rescission as to such bonds; provided, that such right shall be exercised within 12 months of the date on which such bonds shall have been delivered by the issuer and paid for; and provided further, that any right of recovery against the issuer shall be limited to the then unexpended proceeds of such bonds. In the event that the director shall refuse to issue a certificate of notification to any issuer entitled thereto, an appeal shall lie to the commission or the Circuit Court of Montgomery County, which shall have jurisdiction to require the director forthwith to issue any certificate wrongfully withheld.

It shall be unlawful for any issuer or any person, firm, or corporation to represent that an issue of industrial revenue bonds has been approved by the director or the commission or any agency of the state, whether the certificate herein provided for shall have been issued or not.

(Acts 1978, No. 586, p. 681, §11.)

Section 8-6-121 Criminal Penalties.

Any lessee, any guarantor, or any officer of any issuer, lessee, or guarantor or any other person, firm, or corporation who:

- (1) Willfully violates this article;
 - (2) Willfully participates in the issuance of any industrial revenue bonds without having obtained the certificate of notification required by Section 8-6-120;
 - (3) Willfully participates in the issuance of any industrial revenue bonds in violation of this article;
 - (4) Willfully violates any stop order lawfully issued by the director or the commission under this article and in effect; or
 - (5) Makes or files or causes to be made or filed, with the director or the commission under this article, any statement, document, or other paper which is false in any material respect or matter;
- shall be guilty of a felony and upon conviction shall be fined not more than \$10,000 or shall be imprisoned for a period not exceeding 10 years or both so fined and so imprisoned, as the trial court shall determine. No prosecution under this section shall be commenced more than five years after the occurrence of the alleged violation.

(Acts 1978, No. 586, p. 681, §12.)

Section 8-6-122 Article Remedial; Certain Statutes Not Repealed.

This article is remedial in nature and shall not be construed so as to repeal any provision of Section 8-6-1 et seq. or Section 8-6-50 et seq.

(Acts 1978, No. 586, p. 681, §13.)

Article 6 Uniform Transfer On Death Security Registration Act.

Section 8-6-140 Definitions.

For the purposes of this article, the following words have the following meanings unless the context otherwise requires:

- (1) BENEFICIARY FORM. A registration of a security which indicates the present owner of the security and the intention of the owner regarding the person who will become the owner of the security upon the death of the owner.
- (2) DEVISEE. Any person designated in a will to receive a disposition of real or personal property.
- (3) HEIRS. Those persons, including the surviving spouse, who are entitled under the statutes of intestate succession to the property of a decedent.
- (4) PERSON. An individual, a corporation, an organization, or other legal entity.
- (5) PERSONAL REPRESENTATIVE. Includes executor, administrator, successor personal representative, special administrator, and persons who perform substantially the same function under the law governing their status.
- (6) PROPERTY. Includes both real and personal property or any interest therein and means anything that may be the subject of ownership.
- (7) REGISTER. Including its derivatives, means to issue a certificate showing the ownership of a certificated security or, in the case of an uncertificated security, to initiate or transfer an account showing ownership of securities.
- (8) REGISTERING ENTITY. A person who originates a security title by registration, and includes a securities broker or dealer, bank, or other depository institution, trust company, investment adviser, or other financial institution that maintains security accounts for customers and a transfer agent or other person acting for or as an issuer of securities.
- (9) SECURITY. A share, participation, or other interest in property, in a business, or in an obligation of an enterprise or other issuer, and includes a certificated security, an uncertificated security, and a security account.

(10) SECURITY ACCOUNT. a. A reinvestment account associated with a security.

b. A securities, brokerage, investment management, or custody account maintained with a securities broker or dealer, bank, or other depository institution, trust company, investment adviser, or other financial institution and any securities held in such account.

c. The cash balance in any reinvestment account associated with a security or in any securities, brokerage, investment management, or custody account maintained with a securities broker or dealer, bank, or other depository institution, trust company, investment adviser, or other financial institution, whether or not credited to the account before the owner's death.

d. Cash, cash equivalents, meaning any investment that is easily converted into cash, including Treasury bills, Treasury notes, money market funds, savings bonds, short-term instruments, short-term obligations, and similar instruments or obligations, interest, earnings, or dividends earned or declared on a security in any reinvestment account associated with a security or in any securities, brokerage, investment management, or custody account maintained with a securities broker or dealer, bank, or other depository institution, trust company, investment adviser, or other financial institution.

e. A cash balance or other property held for or due to the owner of a security as a replacement for or product of any security in any reinvestment account associated with such security or in any securities, brokerage, investment management, or custody account maintained with a securities broker or dealer, bank, or other depository institution, trust company, investment adviser, or other financial institution, whether or not credited to the account before the owner's death.

(11) STATE. Includes any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession subject to the legislative authority of the United States.

(Acts 1997, No. 97-703, p. 1451, §1; Act 2012-296, p. 635, §1.)

Section 8-6-141 Registration - Beneficiary Form.

Only individuals whose registration of a security shows sole ownership by one individual or multiple ownership by two or more with right of survivorship, rather than as tenants in common, may obtain registration in beneficiary form. Multiple owners of a security registered in beneficiary form hold as joint tenants with right of survivorship, as tenants by the entireties, or as owners of community property held in survivorship form, and not as tenants in common.

(Acts 1997, No. 97-703, p. 1451, §2.)

Section 8-6-142 Registration - Authorization.

A security may be registered in beneficiary form if the form is authorized by this or a similar statute of the state of organization of the issuer or registering entity, the location of the registering entity's principal office, the office of its transfer agent or its office making the registration, or by this or a similar statute of the law of the state listed as the owner's address at the time of registration. A registration governed by the law of a jurisdiction in which this or similar legislation is not in force or was not in force when a registration in beneficiary form was made is nevertheless presumed to be valid and authorized as a matter of contract law.

(Acts 1997, No. 97-703, p. 1451, §3.)

Section 8-6-143 Registration - Designation Of A Beneficiary.

A security, whether evidenced by certificate or account, is registered in beneficiary form when the registration includes a designation of a beneficiary to take the ownership at the death of the owner or the deaths of all multiple owners.

(Acts 1997, No. 97-703, p. 1451, §4.)

Section 8-6-144 Registration - Applicable Language.

Registration in beneficiary form may be shown by the words "transfer on death" or the abbreviation "TOD," or by the words "pay on death" or the abbreviation "POD," after the name of the registered owner and before the name of a beneficiary.

(Acts 1997, No. 97-703, p. 1451, §5.)

Section 8-6-145 Designation Of Tod; Registration Cancelled Or Changed.

The designation of a TOD beneficiary on a registration in beneficiary form has no effect on ownership until the owner's death. A registration of a security in beneficiary form may be cancelled or changed at any time by the sole owner or all then surviving owners, without the consent of the beneficiary.

(Acts 1997, No. 97-703, p. 1451, §6.)

Section 8-6-146 Death Of Owner.

On death of a sole owner or the last to die of all multiple owners, ownership of securities registered in beneficiary form passes to the beneficiary or beneficiaries who survive all owners. On proof of death of all owners and compliance with any applicable requirements of the registering entity, a security registered in beneficiary form may be reregistered in the name of the beneficiary or beneficiaries who survived the death of all owners. Until division of the security after the death of all owners, multiple beneficiaries surviving the death of all owners hold their interests as tenants in common. If no beneficiary survives the death of all owners, the security belongs to the estate of the deceased sole owner or the estate of the last to die of all multiple owners.

(Acts 1997, No. 97-703, p. 1451, §7; Act 98-279, p. 1451, §1.)

Section 8-6-147 Assent Of Owner; Discharge From Claims.

(a) A registering entity is not required to offer or to accept a request for security registration in beneficiary form. If a registration in beneficiary form is offered by a registering entity, the owner requesting registration in beneficiary form assents to the protections given to the registering entity by this article.

(b) By accepting a request for registration of a security in beneficiary form, the registering entity agrees that the registration will be implemented on death of the deceased owner as provided in this article.

(c) A registering entity is discharged from all claims to a security by the estate, creditors, heirs, or devisees of a deceased owner if it registers a transfer of a security in accordance with Section 8-6-146 and does so in good faith reliance (1) on the registration, (2) on this article, and (3) on information provided to it by affidavit of the personal representative of the deceased owner, or by the surviving beneficiary or by the surviving beneficiary's representatives, or other information available to the registering entity. The protections of this article do not extend to a reregistration or payment made after a registering entity has received written notice from any claimant to any interest in the security objecting to implementation of a registration in beneficiary form. No other notice or other information available to the registering entity affects its right to protection under this article.

(d) The protection provided by this article to the registering entity of a security does not affect the rights of beneficiaries in disputes between themselves and other claimants to ownership of the security transferred or its value or proceeds.

(Acts 1997, No. 97-703, p. 1451, §8.)

Section 8-6-148 Transfer On Death.

(a) A transfer on death resulting from a registration in beneficiary form is effective by reason of the contract regarding the registration between the owner and the registering entity and this article and is not testamentary.

(b) This article does not limit the rights of creditors of security owners against beneficiaries and other transferees under other laws of this state.

(Acts 1997, No. 97-703, p. 1451, §9.)

Section 8-6-149 Terms And Conditions Of Registration.

(a) A registering entity offering to accept registrations in beneficiary form may establish the terms and conditions under which it will receive requests (1) for registrations in beneficiary form, and (2) for implementation of registrations in beneficiary form, including requests for cancellation or previously registered TOD beneficiary designations and requests for reregistrations to effect a change of beneficiary. The terms and conditions so established may provide for proving death, avoiding or resolving any problems concerning fractional shares, designating primary and contingent beneficiaries, and substituting a named beneficiary's descendants to take in the place of the named beneficiary in the event of the beneficiary's death. Substitution may be indicated by appending to the name of the primary beneficiary the letters LDPS, standing for "lineal descendants per stirpes." This designation substitutes a deceased beneficiary's descendants who survive the owner for a beneficiary who fails to so survive, the descendants to be identified and to share in accordance with the law of the beneficiary's domicile at the owner's death governing inheritance by descendants of an intestate. Other forms of identifying beneficiaries who are to take on one or more contingencies, and rules for providing proofs and assurances needed to satisfy reasonable concerns by registering entities regarding conditions and identities relevant to accurate implementation of registrations in beneficiary form, may be contained in a registering entity's terms and conditions.

(b) The following are illustrations of registrations in beneficiary form which a registering entity may authorize:

(1) Sole owner sole beneficiary: John S Brown TOD (or POD) John S Brown Jr.

(2) Multiple owners-sole beneficiary: John S Brown Mary B Brown JT TEN TOD John S Brown Jr.

(3) Multiple owners-primary and secondary (substituted) beneficiaries: John S Brown Mary B Brown JT TEN TOD John S Brown Jr SUB BENE Peter Q Brown or John S Brown Mary B Brown JT TEN TOD John S Brown Jr LDPS.

(Acts 1997, No. 97-703, p. 1451, §10.)

Section 8-6-150 Short Title; Construction.

(a) This article shall be known as and may be cited as the Uniform TOD Security Registration Act.

(b) This article shall be liberally construed and applied to promote its underlying purposes and policy and to make uniform the laws with respect to the subject of this article among states enacting it.

(c) Unless displaced by the particular provisions of this article, the principles of law and equity supplement its provisions.

(Acts 1997, No. 97-703, p. 1451, §11.)

Section 8-6-151 Application.

This article applies to registrations of securities in beneficiary form made before or after August 1, 1997, by decedents dying on or after August 1, 1997.

(Acts 1997, No. 97-703, p. 1451, §12.)

Article 7 Protection Of Vulnerable Adults From Financial Exploitation Act.

Section 8-6-170 Short Title.

This article shall be known and may be cited as the Protection of Vulnerable Adults from Financial Exploitation Act.

(Act 2016-141, §1.)

Section 8-6-171 Definitions.

In this article, unless the context otherwise requires, the following words and terms shall have the following meanings:

- (1) AGENT. The same meaning as in subdivision (2) of Section 8-6-2.
- (2) BROKER-DEALER. The same meaning as in subdivision (3) of Section 8-6-2.
- (3) COMMISSION. The Alabama Securities Commission.
- (4) DEPARTMENT. The Department of Human Resources.
- (5) FINANCIAL EXPLOITATION. Any of the following:
 - a. The wrongful or unauthorized taking, withholding, appropriation, or use of money, assets, or property of a vulnerable adult.
 - b. Any act or omission taken by a person, including through the use of a power of attorney, guardianship, or conservatorship of a vulnerable adult, to either of the following:
 1. Obtain control through deception, intimidation, or undue influence over the vulnerable adult's money, assets, or property to deprive the vulnerable adult of the ownership, use, benefit, or possession of his or her money, assets, or property.
 2. Convert money, assets, or property of the vulnerable adult to deprive the vulnerable adult of the ownership, use, benefit, or possession of his or her money, assets, or property.
- (6) INVESTMENT ADVISER. The same meaning as in subdivision (18) of Section 8-6-2.
- (7) INVESTMENT ADVISER REPRESENTATIVE. The same meaning as in subdivision (19) of Section 8-6-2.
- (8) QUALIFIED INDIVIDUAL. Any agent, investment adviser representative, or person who serves in a supervisory, compliance, legal, or associated member capacity of a broker-dealer or investment adviser.
- (9) REASONABLY ASSOCIATED INDIVIDUAL or ASSOCIATED MEMBER. An individual known to the investment adviser representative, broker-dealer, or firm who is reasonably associated with the account.
- (10) VULNERABLE ADULT. Any of the following:
 - a. A person 65 years of age or older.
 - b. A protected person included and defined in Chapter 9 of Title 38.

(Act 2016-141, §2.)

Section 8-6-172 Notification Of Department And Commission - Disclosure Of Information.

If a qualified individual reasonably believes that financial exploitation of a vulnerable adult may have occurred, may have been attempted, or is being attempted, the qualified individual shall promptly notify the department and the commission.

(Act 2016-141, §3.)

Section 8-6-173 Notification Of Department And Commission - Liability.

A qualified individual that in good faith and exercising reasonable care makes a disclosure of information pursuant to Section 8-6-172 shall be immune from administrative or civil liability that might otherwise arise from such disclosure or for any failure to notify.

(Act 2016-141, §4.)

Section 8-6-174 Notification Of Certain Third Parties - Disclosure Of Information.

If a qualified individual reasonably believes that financial exploitation of a vulnerable adult may have occurred, may have been attempted, or is being attempted, the qualified individual may notify a reasonably associated individual, legal guardian, any third party previously designated by the vulnerable adult, conservator, co-trustee, successor trustee, or agent under a power of attorney of the vulnerable adult of such belief. Disclosure may not be made to a designated third party that is suspected of financial exploitation or other abuse of the vulnerable adult.

(Act 2016-141, §5.)

Section 8-6-175 Notification Of Certain Third Parties - Liability.

A qualified individual that, in good faith and exercising reasonable care, complies with Section 8-6-174 shall be immune from any administrative or civil liability that might otherwise arise from such disclosure.

(Act 2016-141, §6.)

Section 8-6-176 Delay Of Disbursement - Authorized.

(a) A broker-dealer or investment adviser may delay a disbursement from an account of a vulnerable adult or an account on which a vulnerable adult is a beneficiary if:

(1) The broker-dealer, investment adviser, or qualified individual reasonably believes, after initiating an internal review of the requested disbursement and the suspected financial exploitation, that the requested disbursement may result in financial exploitation of a vulnerable adult; and

(2) The broker-dealer or investment adviser:

a. Immediately, but in no event more than two business days after the requested disbursement, provides written notification of the delay and the reason for the delay to all parties authorized to transact business on the account, unless any such party is reasonably believed to have engaged in suspected or attempted financial exploitation of the vulnerable adult;

b. Immediately, but in no event more than two business days after the requested disbursement, notifies the department and commission; and

c. Continues its internal review of the suspected or attempted financial exploitation of the vulnerable adult, as necessary, and reports any additional results of the investigation to the department and commission within seven business days after the requested disbursement.

(b) Any delay of a disbursement as authorized by this section expires upon the sooner of:

(1) A determination by the broker-dealer or investment adviser that the disbursement will not result in financial exploitation of the vulnerable adult.

(2) Fifteen business days after the date on which the broker-dealer or investment adviser first delayed disbursement of the funds, unless either the department or the commission requests that the broker-dealer or investment adviser extend the delay, in which case the delay shall expire no more than 25 business days after the date on which the broker-dealer or investment adviser first delayed disbursement of the funds unless sooner terminated by either the department or commission or an order of a court of competent jurisdiction.

(c) A court of competent jurisdiction may enter an order extending the delay of the disbursement of funds or may order other protective relief based on the petition of the commission, department, broker-dealer, or investment adviser that initiated the delay under this section, or other interested party.

(Act 2016-141, §7.)

Section 8-6-177 Delay Of Disbursement - Liability.

A broker-dealer or investment adviser that, in good faith and exercising reasonable care, complies with Section 8-6-176 shall be immune from any administrative or civil liability that might otherwise arise from such delay in a disbursement in accordance with this section.

(Act 2016-141, §8.)

Section 8-6-178 Access To And Availability Of Records.

A broker-dealer or investment adviser shall provide access to or copies of records that are relevant to the suspected or attempted financial exploitation of a vulnerable adult to agencies charged with administering state adult protective services laws and to law enforcement, either as part of a referral to the agency or to law enforcement, or upon request of the agency or law enforcement pursuant to an investigation. The records may include historical records as well as records relating to the most recent transaction or transactions that may comprise financial exploitation of a vulnerable adult. All records made available to agencies under this section are not a public record as defined in any state public records law. Nothing in this section shall limit or otherwise impede the authority of the commission to access or examine the books and records of broker-dealers and investment advisers as otherwise provided by law.

(Act 2016-141, §9.)

Section 8-6-179 Rulemaking Authority.

The commission, from time to time, may make, amend, and rescind such rules pursuant to the Alabama Administrative Procedure Act and prescribe such forms as are necessary and desirable to carry out the provisions of this article. No rules or forms may be made or prescribed unless the commission finds that the action is necessary or appropriate in the public interest or for the protection of vulnerable adults and those protected under the article and consistent with the purposes fairly intended by the policy and provisions of this article. In prescribing rules and forms, the commission may cooperate with the securities administrators and adult protective services agencies of the other states and the United States Securities and Exchange Commission and the Financial Industry Regulatory Authority with a view to effectuating the policy of this article to achieve general uniformity in the application of the article wherever practicable.

(Act 2016-141, §10.)

Article 8 Elderly And Vulnerable Adult Financial Protection Act Of 2021

Section 8-6-190 Short Title.

This article shall be known and may be cited as the Elderly and Vulnerable Adult Financial Protection Act of 2021.

(Act 2021-78, §1.)

Section 8-6-191 Legislative Findings.

The Legislature finds that instances of financial exploitation are on the rise in Alabama and elsewhere, particularly among elderly and vulnerable adults. The Legislature recognizes that while financial institutions are uniquely positioned to potentially uncover instances of financial exploitation, they are also subject to duties imposed by contract and law to conduct financial transactions in accordance with their customers' instructions. While all instances of financial exploitation cannot be exposed, delayed, or thwarted, it is the intent of the Legislature that this article furnish financial institutions with additional tools to protect elderly and vulnerable adults from financial exploitation.

(Act 2021-78, §2.)

Section 8-6-192 Definitions.

As used in this article, unless the context requires otherwise, the following terms have the following meanings:

(1) **ACCOUNT.** Funds or assets held by a financial service provider, including, but not limited to, a deposit account, checking account, money market account, savings account, share account, certificate of deposit, trust account, individual retirement account or other type of retirement account, guardianship or conservatorship account, investment or securities account, loan, credit card, or any extension of credit, including a home equity line of credit.

(2) **ELDERLY ADULT.** An individual 65 years of age or older.

(3) **FINANCIAL EXPLOITATION.** Any of the following:

a. The wrongful or unauthorized taking, withholding, appropriation, or use of money, assets, or property of an elderly or vulnerable adult, including incurring debt in the name of an elderly or vulnerable adult for the benefit of a third party.

b. Any act or omission taken by a person, including through the use of a power of attorney, guardianship, or conservatorship of an elderly or vulnerable adult, to do either of the following:

1. Obtain control through deception, intimidation, or undue influence over the elderly or vulnerable adult's money, assets, or property to deprive the elderly or vulnerable adult of the ownership, use, benefit, or possession of his or her money, assets, or property.

2. Convert money, assets, or property of the elderly or vulnerable adult to deprive the elderly or vulnerable adult of the ownership, use, benefit, or possession of his or her money, assets, or property.

(4) **FINANCIAL SERVICE PROVIDER.** Any entity, including its employees and officers, regulated by the Alabama Credit Union Administration or the State Banking Department, or similar federal regulatory agency, engaged in or transacting business in this state, including, but not limited to, a state or national bank or trust company; a state or federal savings and loan association; a state or federal credit union; an industrial loan and thrift company; a mortgage loan lender, broker, originator, or servicer; a title pledge lender; a deferred presentment services provider; a pawnbroker; or a small loan lender.

(5) **FINANCIAL TRANSACTION.** Any of the following:

a. A transfer or request to transfer or disburse funds or assets in an account.

b. A request to initiate a wire transfer, initiate an automated clearing house transfer, or issue a money order, cashier's check, or official check.

c. A request to negotiate a check or other negotiable instrument.

d. A request to change the ownership of an account.

e. A request for a loan, extension of credit, or draw on a line of credit.

f. A request to transfer the title to any real property or the title of any motor vehicle or mobile home, or to encumber such real property, motor vehicle, or mobile home.

(6) **LAW ENFORCEMENT AGENCY.** Any municipal, county, state, or federal agency the personnel of which have the power to arrest and to perform law enforcement functions, including prosecutorial entities.

(7) **VULNERABLE ADULT.** An individual 18 years of age or older who, because of mental or physical impairment, is unable to fully manage his or her own resources, carry out all or a portion of the activities of daily living, or is unable to fully protect against neglect, exploitation, or hazardous or abusive situations without assistance from others.

(Act 2021-78, §3.)

Section 8-6-193 Authority To Refuse Or Delay Execution Of A Financial Transaction.

(a)(1) If a financial service provider has reasonable cause to suspect that financial exploitation may have occurred, may have been attempted, or is being attempted, the financial service provider may, but is not required to, refuse or delay the execution of a financial transaction on an account of an elderly or vulnerable adult; on an account on which the elderly or vulnerable adult is a beneficiary, including a trust, guardianship, or conservatorship account; or on an account of a person suspected of perpetrating the financial exploitation.

(2) A financial service provider may also refuse or delay the execution of a financial transaction under this section if the Department of Human Resources or a law enforcement agency provides information to the financial service provider demonstrating that it is reasonable to believe that financial exploitation may have occurred, may have been attempted, or is being attempted.

(b) Except as ordered by a court, a financial service provider is not required to refuse or delay the execution of a financial transaction under this section and may use its discretion to determine whether to refuse or delay the execution of a financial transaction based on the information available to the financial service provider.

(c) A financial service provider that refuses to execute a financial transaction or places a hold on a financial transaction based on reasonable cause to suspect that financial exploitation may have occurred, may have been attempted, or is being attempted shall do both of the following:

(1) Except with regard to an account administered by a bank or trust company in a fiduciary capacity, make a reasonable effort to notify one or more parties authorized to transact business on the account orally or in writing.

(2) If the incident involves financial exploitation, report the incident to the Department of Human Resources and the appropriate law enforcement agency.

(d) Notwithstanding subsection (c), notice to any party authorized to conduct business on the account is not required if the party is the suspected perpetrator of financial exploitation.

(e) A refusal by a financial service provider to execute a financial transaction or place a hold on a financial transaction as authorized by this section, based on the financial service provider's reasonable cause to suspect that financial exploitation may have occurred, may have been attempted, or is being attempted, expires when the financial service provider reasonably believes that the financial transaction will not result in financial exploitation unless earlier terminated by an order of a court of competent jurisdiction.

(f) A financial service provider or an officer or employee of a financial service provider, acting in a reasonable manner, is immune from all criminal, civil, and administrative liability for the following:

(1) Refusing or not refusing to execute a financial transaction, or holding or not holding a financial transaction under this section.

(2) Actions taken in furtherance of the determination made under subdivision (1) if the determination was based upon a reasonable belief.

(Act 2021-78, §4.)

Section 8-6-194 Financial Service Provider Authorized To Contact Certain Individuals Or Entities Upon Suspicion Of Financial Exploitation; Disclosure Of Information.

(a) A financial service provider may offer to a customer who is an elderly or vulnerable adult the opportunity to submit and periodically update a list of individuals or entities that the elderly or vulnerable adult authorizes the financial service provider to contact when the financial service provider has reasonable cause to suspect that the elderly or vulnerable adult is a victim or a target of financial exploitation.

(b) A financial service provider that has reasonable cause to suspect that an elderly or vulnerable adult is the victim or target of financial exploitation may convey the suspicion to one or more of the following, provided that the person is not the suspected perpetrator:

(1) An individual or entity on the list described in subsection (a), if a list has been provided by the elderly or vulnerable adult to the financial service provider.

(2) A co-owner, additional authorized signatory, or beneficiary on the elderly or vulnerable adult's account at the financial institution.

(3) A third party reasonably associated with the elderly or vulnerable adult.

(c) When providing information under this section, a financial service provider may limit the information and disclose only that the financial service provider has reasonable cause to suspect that the elderly or vulnerable adult may be a victim or target of financial exploitation without disclosing any other details or confidential personal information regarding the financial affairs of the elderly or vulnerable adult.

(d) A financial service provider may choose not to contact one or more individuals or entities on the list provided pursuant to subsection (a) if the financial service provider suspects that the person or persons are engaged in financial exploitation.

(e) A financial service provider may rely on information provided by the customer in compiling a list of contact persons.

(f) A financial service provider or an officer or employee of a financial service provider, acting in a reasonable manner, is immune from all criminal, civil, and administrative liability for contacting a person or electing not to contact a person under this section and for actions taken in furtherance of that determination.

(g) Any contact or disclosure of information made pursuant to this section is exempt from any applicable state customer consent and customer notice statutes or rules.

(Act 2021-78, §5.)

Section 8-6-195 Construction And Application Of Article.

(a) All laws or parts of laws which conflict with this article are repealed. Notwithstanding the previous sentence, nothing in this article shall be construed as altering or amending Article 7, commencing with Section 8-6-170, of Chapter 6, the Protection of Vulnerable Adults from Financial Exploitation Act, which relates to broker-dealers and investment advisors protecting vulnerable adults from financial exploitation.

(b) Nothing in this article shall be construed as altering or amending a contract, including a deposit agreement, to which a financial service provider is a party.

(Act 2021-78, §6.)

Chapter 7A Alabama Monetary Transmission Act.

Section 8-7A-1 Short Title.

This chapter may be cited as the Alabama Monetary Transmission Act.

(Act 2017-389, §2.)

Section 8-7A-2 Definitions.

For purposes of this chapter, the following terms shall have the following meanings:

(1) AGENT or AUTHORIZED DELEGATE. Any person designated or employed by a licensee under this chapter to provide monetary transmission services on behalf of the licensee.

(2) APPLICANT. Any person that files an application for a license under this chapter.

(3) BANK. An institution organized under federal or state law which meets any of the following requirements:

a. Accepts demand deposits or deposits that the depositor may use for payment to third parties and engages in the business of making loans.

b. Engages in credit card operations and maintains only one office that accepts deposits, does not accept demand deposits or deposits that a depositor may use for payments to third parties, does not accept a savings or time deposit less than one hundred thousand dollars (\$100,000), and does not engage in the business of making commercial loans.

c. Is a trust company subject to the jurisdiction of the Alabama State Banking Department, or subject to another state or federal banking regulatory authority.

(4) COMMISSION. The Alabama Securities Commission, its director, officers, or any person authorized to act on its behalf.

(5) CONTROL. Any of the following:

a. The ownership of, or the power to vote, directly or indirectly, at least 25 percent of a class of voting securities or voting interests of a licensee or person in control of a licensee.

b. The power to elect a majority of executive officers, managers, directors, trustees, or other persons exercising managerial authority of a licensee or person in control of a licensee.

c. The power to exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee.

(6) EXECUTIVE OFFICER. A president, chair of the executive committee, chief financial officer, responsible individual, or other individual who performs similar functions.

(7) LICENSEE. A person licensed under this chapter.

(8) MONETARY VALUE. A medium of exchange, including virtual or fiat currencies, whether or not redeemable in money.

(9) MONEY. A medium of exchange that is authorized or adopted by the United States or a foreign government. The term includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more governments.

(10) MONEY TRANSMISSION. Selling or issuing payment instruments, stored value, or receiving money or monetary value for transmission. The term does not include the provision solely of delivery, online or telecommunications services, or network access.

(11) PAYMENT INSTRUMENT. A check, draft, money order, traveler's check, or other means utilized for the transmission or payment of money or monetary value, whether or not negotiable. The term does not include a credit voucher, letter of credit, or instrument that is redeemable by the issuer in goods and services.

(12) PERSON. An individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government; governmental subdivision, agency, or instrumentality; public corporation; or any other legal or commercial entity.

(13) RECORD. Information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(14) RESPONSIBLE INDIVIDUAL. An individual who is employed by a licensee and has managerial authority over the provision of the money transmittal services of the licensee in this state.

(15) STORED VALUE. Monetary value that is evidenced by an electronic record.

(16) UNSAFE OR UNSOUND PRACTICE. A practice or conduct by a person licensed to engage in money transmission or an authorized delegate of such person which creates the likelihood of material loss, insolvency, or dissipation of the licensee's assets, or otherwise prejudices the interests of its customers or a practice or conduct defined by rule of the commission to be an unsafe or unsound practice.

(Act 2017-389, §2.)

Section 8-7A-3 Exclusions.

This chapter does not apply to any of the following:

(1) The United States or a department, agency, or instrumentality thereof.

(2) The transmission of money by the United States Postal Service or by a contractor on behalf of the United States Postal Service.

(3) A state, county, city, or any other governmental agency or governmental subdivision of a state.

(4) Electronic funds transfer of governmental benefits for a federal, state, or governmental agency by a contractor on behalf of the United States or a department, agency, or instrumentality thereof, or a state or governmental subdivision, agency, or instrumentality thereof.

(5) A board of trade designated as a contract market under the federal Commodity Exchange Act, 7 U.S.C. Sections 1-25 (1994), or a person that, in the ordinary course of business, provides clearance and settlement services for a board of trade to the extent of its operation as or for such a board.

(6) A registered futures commission merchant under the federal commodities laws to the extent of its operation as such a merchant.

(7) A bank, bank holding company, office of an international banking corporation, or a branch of a foreign bank, provided that such international banking corporation or foreign bank is subject to regulation significantly similar to United States or state chartered banks and deposits are insured.

(Act 2017-389, §2.)

Section 8-7A-4 Exemptions From Licensing.

Sections 8-7A-5 to 8-7A-15, inclusive, shall not apply to any of the following persons:

(1) A person that provides clearance or settlement services pursuant to a registration as a clearing agency or an exemption from such registration granted under the federal securities laws.

(2) An operator of a payment system to the extent that it provides processing, clearing, or settlement services, between or among persons excluded by this section, in connection with wire transfers, credit card transactions, debit card transactions, stored-value transactions, automated clearing house transfers, or similar funds transfers.

(3) A person registered as a securities broker-dealer under federal or state securities laws to the extent of its operation as such a broker-dealer.

(4) Any person collecting, forwarding, or submitting payments to the state, a state agency, board, or commission, a quasi-governmental agency, or to persons in state custody, provided the person does all of the following:

- a. Operates in this state exclusively for such purpose.
 - b. Has entered into a binding contract with the governmental entity or entities to provide money transmittal services to third parties.
 - c. Files a notice with the commission identifying all governmental agencies for whom the person has contracted to provide money transmittal services.
 - d. Has an independent audit performed on a yearly basis.
 - e. Immediately notifies the commission if any financial or other condition arises which would compromise the person's ability to perform the services for which the person has contracted.
 - f. Maintains a segregated account or accounts for the deposit and transmittal of third-party payments which will not be comingled with any other funds.
 - g. Upon request, makes its books and records available for examination by the commission.
- (Act 2017-389, §2.)*

Section 8-7A-5 License Required.

(a) A person may not engage in the business of money transmission or advertise, solicit, or hold itself out as providing money transmission unless the person meets one of the following requirements:

- (1) Is licensed under this chapter.
 - (2) Is an authorized delegate of a person licensed under this chapter.
- (b) A license under this chapter is not transferable or assignable.
- (c) Persons licensed and in good standing pursuant to Chapter 7 of this title, on August 1, 2017, shall retain the license issued pursuant to that chapter without interruption until their next licensing renewal date.

(Act 2017-389, §§2, 3.)

Section 8-7A-6 Application For License.

(a) A person applying for a license under this chapter shall do so in a form and in a medium prescribed by the commission. The application shall contain all of the following information:

- (1) The legal name, the residential address of the applicant if the applicant is an individual, the business addresses of the applicant, and any fictitious or trade name used by the applicant in conducting its business.
- (2) A list of any criminal convictions of the applicant and any material litigation in which the applicant has been involved in the 10-year period preceding the submission of the application.
- (3) A description of any money transmission services previously provided by the applicant.
- (4) A list of the proposed authorized delegates of the applicant and the locations in this state where the applicant and its authorized delegates propose to engage in money transmission services.
- (5) A list of other states in which the applicant is licensed to engage in money transmission or provide other money services and any license revocations, suspensions, or other disciplinary action taken against the applicant in another state.
- (6) Information concerning any bankruptcy within the last seven years, or receivership proceedings affecting the applicant or any control person or affiliate of the applicant.
- (7) A sample form of any contract the applicant proposes to use, including both of the following:
 - a. Any contract to be used by an authorized delegate or agent of the applicant.
 - b. Any contract to be used with consumers relating to the provision of money transmission services.

- (8) A sample form of any payment instrument or instrument upon which stored value is recorded, if applicable.
- (9) The names and addresses of any banks through which the applicant's payment instruments and stored value will be paid.
- (10) Any other information the commission reasonably requires with respect to the applicant.
- (b) If an applicant is not an individual or natural person, in addition to the information required in subsection (a), the applicant shall provide all of the following information:
- (1) The date of the applicant's incorporation or formation and state or country of incorporation or formation.
- (2) A certificate of good standing from the state or country in which the applicant is incorporated or formed and proof of registration with the Alabama Secretary of State to do business as a foreign corporation, if incorporated in another state or country.
- (3) A brief description of the structure or organization of the applicant, including any parent, affiliate, or subsidiary of the applicant, and whether any parent, affiliate, or subsidiary is publicly traded.
- (4) The legal name, any fictitious name, all business and residential addresses, and the employment, for the 10 years preceding the submission of the application for each executive officer, manager, director, or a person who has direct or indirect control of the applicant.
- (5) A list of criminal convictions of, and material litigation involving, any executive officer, manager, director, or a person who has direct or indirect control of the applicant, for the 10 years preceding the submission of the application.
- (6) A copy of the applicant's audited financial statements for the most recent fiscal year and, if available, for the two-year period preceding the submission of the application.
- (7) A copy of the applicant's unconsolidated financial statements for the current fiscal year.
- (8) If the applicant has a registered agent in this state, the name and address of the applicant's registered agent.
- (9) Any other information the commission reasonably requires with respect to the applicant.
- (c) A nonrefundable filing fee and a license fee shall accompany an application for a license under this chapter. The commission may set the filing and license fees by rule. The minimum filing fee and license fee shall not be less than five hundred dollars (\$500), respectively.
- (d) The commission may waive one or more of the requirements in subsections (a) and (b) or permit an applicant to submit alternate information in lieu of the required information.
- (Act 2017-389, §2.)*

Section 8-7A-7 Security.

- (a) A licensee shall maintain a surety bond, letter of credit, or other similar security in an amount, determined by rule or order of the commission, sufficient to secure faithful performance of the obligations of the licensee with respect to money transmission in Alabama.
- (b) Security must be in a form satisfactory to the commission and payable to the commission for the benefit of any claimant against the licensee.
- (c) A claimant against a licensee may maintain an action on the bond, or the commission may maintain an action on behalf of the claimant.
- (d) A surety bond must cover claims for a minimum of five years after the licensee ceases to provide money transmission services in this state. The surety bond may be reduced or eliminated, at the discretion of the commission, to the extent the amount of the licensee's outstanding payment instruments and stored-value obligations are less than the surety bond coverage.
- (e) The commission has discretion to accept other forms of security in lieu of the bond.

(f) In no event shall the bond be set at an amount less than one hundred thousand dollars (\$100,000), or the average daily outstanding obligations for money received for transmission in Alabama plus 50 percent of the average daily outstanding payment instrument and stored value obligations in Alabama, whichever is greater.

(g) The commission may increase the amount of security required to a maximum of five million dollars (\$5,000,000) if the financial condition of a licensee so requires, as evidenced by reduction of net worth, financial losses, or other relevant criteria.

(Act 2017-389, §2.)

Section 8-7A-8 Issuance Of License.

(a) When an application is filed under this chapter, the commission shall investigate the applicant's financial condition and responsibility, financial and business experience, character, and general fitness. The commission may conduct an on-site investigation of the applicant, the reasonable cost of which the applicant must pay. The commission shall issue a license to an applicant under this chapter if the commission finds that both of the following conditions have been fulfilled:

(1) The applicant has complied with Sections 8-7A-6 and 8-7A-7.

(2) The financial condition and responsibility, financial and business experience, competence, character, and general fitness of the applicant; and the competence, experience, character, and general fitness of the executive officers, managers, directors, and persons in control of the applicant indicate that it is in the interest of the public to permit the applicant to engage in money transmission.

(b) When an application for an original license under this chapter is determined by the commission to be complete, the commission shall promptly notify the applicant in writing of the date on which the application was determined to be complete, and:

(1) The commission shall approve or deny the application within 120 days after that date.

(2) If the application is not approved or denied within 120 days after that date, the application is approved, and the license takes effect as of the first business day after expiration of the 120-day period.

(c) The commission may for good cause extend the application period.

(Act 2017-389, §2.)

Section 8-7A-9 Renewal Of License.

(a) All licenses under this chapter shall expire on March 31 of the calendar year.

(b) A licensee under this chapter shall pay an annual renewal fee no later than March 15. The renewal fee shall be established by rule of the commission and shall not be less than five hundred dollars (\$500).

(c) A licensee under this chapter shall submit a renewal report with the renewal fee, in a form and in a medium prescribed by the commission. The renewal report shall contain the following information:

(1) A copy of the licensee's most recent audited financial statement.

(2) The number and monetary value of payment and stored-value instruments sold by the licensee in this state which have not been included in a previous renewal report, and the monetary amount of payment and stored-value instruments currently outstanding.

(3) A description of each material change in information submitted by the licensee in its original license application which has not been reported to the commission.

(4) Proof that the licensee continues to maintain adequate security as required by Section 8-7A-7.

(5) A list of the locations in this state where the licensee or an authorized delegate of the licensee engages in money transmission.

(d) The renewal license shall become immediately effective upon the expiration of the current license if the licensee has submitted the renewal fee pursuant to subsection (b) and the required reports pursuant to subsection (c) to the commission.

(e) If the licensee fails to renew the license prior to March 31, the licensee shall have 20 days from the expiration date to submit the renewal fee and report required pursuant to subsections (b) and (c), plus a late fee of one hundred dollars (\$100) for each day between expiration of the license and submission of the renewal report. If the licensee perfects renewal of the license prior to the expiration of the 20 days, the license renewal shall be effective on April 1, and the licensee shall not be liable for unlicensed monetary transmission during the period between the statutory expiration date and the date the renewal is perfected.

(f) The commission, for good cause, may grant an extension of the renewal date.

(Act 2017-389, §2.)

Section 8-7A-10 Net Worth.

A licensee under this chapter shall maintain a net worth of at least twenty-five thousand dollars (\$25,000) determined in accordance with generally accepted accounting principles.

(Act 2017-389, §2.)

Section 8-7A-11 Relationship Between Licensee And Authorized Delegate.

(a) A contract between a licensee and an authorized delegate shall require the authorized delegate to operate in full compliance with this chapter.

(b) The licensee shall establish, furnish, and enforce policies and procedures sufficient to ensure that its authorized delegates comply with this chapter.

(c) An authorized delegate may not use a subdelegate to conduct money transmission on behalf of a licensee.

(Act 2017-389, §2.)

Section 8-7A-12 Examinations.

(a) The commission may conduct an annual examination of a licensee or of any of its authorized delegates.

(b) The commission may examine a licensee or its authorized delegate, at any time, if the commission has reason to believe that the licensee or authorized delegate is engaging in an unsafe or unsound practice or has violated or is violating this chapter or any rule adopted or order issued under this chapter.

(c) If the commission concludes that an on-site examination is necessary under subsection (b), the licensee shall pay the reasonable cost of the examination.

(d) Information obtained during any examination under this chapter may be disclosed only as prescribed in Section 8-7A-21.

(Act 2017-389, §2.)

Section 8-7A-13 Reports.

(a) A licensee shall file a report to the commission within 15 business days of any material change in information provided in a licensee's application.

(b) A licensee shall file a report with the commission within five business days after the licensee has reason to know of the occurrence of any of the following events:

(1) The filing of a petition by or against the licensee under the United States Bankruptcy Code for bankruptcy or reorganization.

(2) The filing of a petition by or against the licensee for receivership, the commencement of any other judicial or administrative proceeding for its dissolution or reorganization, or the making of a general assignment for the benefit of its creditors.

(3) The commencement of a proceeding to revoke or suspend its license in a state or country in which the licensee engages in business or is licensed.

(4) The cancellation or other impairment of the licensee's bond or other security.

(5) A charge or conviction of the licensee or of an executive officer, manager, commission, or other control person of the licensee for a felony.

(6) A charge or conviction of an authorized delegate of the licensee for a felony.

(7) The executive officers, managers, directors, an authorized delegate, or persons in control of the licensee are named in any material civil litigation or class action.

(c) (1) A licensee shall give notice of a proposed change of control within 15 days after learning of the proposed change in control.

(2) The commission shall approve a request for change of control if, after investigation, the commission determines that the person or group of persons requesting approval has the competence, experience, character, and general fitness to operate the licensee or person in control of the licensee in a lawful and proper manner and that the public interest will not be jeopardized by the change of control.

(3) The commission shall approve or deny a request for change of control within 120 days after the notice. If the request has not been approved or denied within 120 days, the request will be deemed to have been approved and will take effect on the first day after the expiration of the 120 days.

(d) A licensee and an authorized delegate shall maintain a file of all reports required by federal currency reporting, record keeping, and suspicious transaction reporting requirements as set forth in 31 U.S.C. Section 5311 (1994), and other federal and state laws pertaining to money laundering. If an investigation or other inquiry is initiated by any regulatory authority, the licensee shall immediately notify the commission and forward all records associated with such investigation or inquiry.

(Act 2017-389, §2.)

Section 8-7A-14 Records.

(a) A licensee shall maintain all of the following records for determining its compliance with this chapter:

- (1) A record of each payment instrument or stored-value obligation sold.
- (2) A general ledger posted at least monthly containing all assets, liabilities, capital, income, and expense accounts.
- (3) Bank statements and reconciliation records.
- (4) Records of outstanding payment instruments and stored-value obligations.
- (5) Records of each payment instrument and stored-value obligation paid within a five-year period.
- (6) A list of names and addresses of all of the licensee's authorized delegates.
- (7) Any other record the commission requires by rule.

(b) The records referenced in subsection (a) shall be maintained by the licensee for a minimum of five years. Records may be maintained outside of the state.

(c) All records of a licensee, authorized delegate, or applicant shall be subject to reasonable, periodic, or special examination, at any time or from time to time, whether the records are located within or outside of this state, as the commission deems necessary or appropriate to the public interest. The licensee shall make any record available for inspection by the commission within five business days of the request.

(Act 2017-389, §2.)

Section 8-7A-15 Suspension And Revocation.

(a) The commission, by order, may suspend or revoke a license or order a licensee to revoke the designation of an authorized delegate, with or without prior notice, if the commission finds that such an order is in the best interest of the public, and any of the following circumstances exist:

(1) The licensee has violated any provision of this chapter or a rule adopted or an order issued under this chapter.

(2) The licensee, or any authorized delegate, does not cooperate with an examination or investigation by the commission.

(3) The licensee, or any authorized delegate, engaged in fraud, intentional misrepresentation, or gross negligence.

(4) An authorized delegate is convicted of a violation of a state or federal anti-money laundering statute, or willfully violates a rule adopted or an order issued under this chapter.

(5) The competence, experience, character, or general fitness of the licensee, authorized delegate, or a control person of a licensee indicates that it is not in the public interest to permit the person to provide money transmission services.

(6) The licensee becomes insolvent, suspends payment of its obligations, or makes a general assignment for the benefit of its creditors.

(7) The licensee engages in an unsafe or unsound practice. In determining whether a licensee is engaging in an unsafe or unsound practice, the commission may consider the size and financial condition of the licensee's money transmission business, the magnitude of any losses, the severity of the violation of this chapter, and the previous disciplinary history of the person involved.

(b) The commission may issue an order suspending or revoking the designation of an authorized delegate, if the commission finds that such order is in the best interest of the public, and any of the following circumstances exist:

(1) The authorized delegate has violated any provision of this chapter or a rule adopted or an order issued under this chapter.

(2) The authorized delegate does not cooperate with an examination or investigation by the commission.

- (3) The authorized delegate engaged in fraud, intentional misrepresentation, or gross negligence.
 - (4) An authorized delegate is convicted of a violation of a state or federal anti-money laundering statute, or willfully violates a rule adopted or an order issued under this chapter.
 - (5) The competence, experience, character, or general fitness of the authorized delegate indicates that it is not in the public interest to permit the person to provide money transmission services.
 - (6) The authorized delegate engages in an unsafe or unsound practice. In determining whether a licensee is engaging in an unsafe or unsound practice, the commission may consider the size and financial condition of the licensee's money transmission business, magnitude of any losses, severity of the violation of this chapter, and previous disciplinary history of the person involved.
- (Act 2017-389, §2.)*

Section 8-7A-16 Unauthorized Activities.

A person may not provide monetary transmission services on behalf of a person required to be licensed who is not licensed under this chapter. The commission, by rule or order, may further define unauthorized activities.

(Act 2017-389, §2.)

Section 8-7A-17 Orders To Cease And Desist And Other Injunctive Or Civil Relief.

- (a) If the commission determines that any person has engaged in or is about to engage in any act or practice constituting a violation of this chapter or a rule adopted or an order issued under this chapter, the commission, in its discretion, may do any of the following:
 - (1) Issue an order, with or without a prior hearing or notice, against the person or persons engaged in the act or practice, directing them to cease and desist from engaging in the act or practice.
 - (2) Issue an order appointing a receiver or conservator over a respondent or the respondent's assets.
 - (3) Order restitution or disgorgement against any person who has violated this chapter or any rule adopted or order issued pursuant to this chapter.
 - (4) Bring an action in any court of competent jurisdiction to enjoin an act or practice and to enforce compliance with this chapter or any rule adopted or order issued hereunder. Upon a proper showing, the court may issue a temporary restraining order or permanently enjoin any unlawful act or practice.
 - (b) The commission shall not be required to post a bond.
- (Act 2017-389, §2.)*

Section 8-7A-18 Consent Orders.

The commission may enter into a consent order at any time with a person to resolve a matter arising under this chapter or a rule adopted or order issued under this chapter. A consent order must be signed by the person to whom it is issued or by the person's authorized representative, and must indicate agreement with the terms contained in the order.

(Act 2017-389, §2.)

Section 8-7A-19 Civil Penalties.

(a) The commission may assess a civil penalty against a person that violates this chapter or a rule adopted or an order issued under this chapter in an amount not to exceed one thousand dollars (\$1,000) per day for each day the violation is outstanding.

(b) In addition to the assessment in subsection (a), the commission may assess a charge for the actual cost of any investigation resulting from any violation of this chapter, a violation of any rule or order issued under this chapter, or the cost of any examination made by the commission pursuant to this chapter, to the person or persons subject to such investigation or examination. All assessments collected under this subsection shall be deposited in the Alabama Securities Commission Fund in the State Treasury to be drawn upon by the commission for its use in administration of this chapter.

(Act 2017-389, §2.)

Section 8-7A-20 Criminal Penalties.

(a) A person that intentionally makes a false statement, misrepresentation, or false certification in a record filed or required to be maintained under this chapter or that intentionally makes a false entry or omits a material entry in such a record, upon conviction, shall be guilty of a Class D felony.

(b) A person that knowingly engages in an activity for which a license is required under this chapter without being licensed under this chapter and who receives more than five thousand dollars (\$5,000) in compensation within a one-year period from this activity, upon conviction, shall be guilty of a Class C felony.

(c) A person that knowingly engages in an activity for which a license is required under this chapter without being licensed under this chapter and who receives no more than five thousand dollars (\$5,000) in compensation within a one-year period from this activity, upon conviction, shall be guilty of a Class D felony.

(d) The enforcement of this chapter shall be vested in the commission. It is the duty of the commission to enforce this chapter and to investigate, prevent, and detect violations of this chapter. The commission is vested with the rights, privileges, and powers conferred by law upon district attorneys, including the power to appear before grand juries and to interrogate witnesses before such grand jury. A district attorney may empower the commission to proceed on its behalf in any proceeding under this chapter.

(e) In any proceeding under this chapter, scienter need not be alleged and proved in prosecutions of violations involving unlicensed money transmission.

(f) A proceeding under this chapter shall not preempt or foreclose any criminal action or liability which may arise under any other criminal provision of the Code of Alabama 1975.

(Act 2017-389, §2.)

Section 8-7A-21 Confidentiality.

(a) Except as otherwise provided in subsection (b), all information or reports obtained by the commission from the applicant, licensee, or authorized delegate and all information contained in or related to examination, investigation, operation, or condition reports prepared by, or on behalf of, or for the use of the commission, are confidential and are not subject to disclosure under Section 36-12-40.

(b) The commission may disclose information not otherwise subject to disclosure under subsection (a) to representatives of state and federal agencies, provided the agencies submit an undertaking to maintain the confidentiality of the information in a record.

(c) This section does not prohibit the commission from disclosing to the public a list of persons licensed under this chapter or the aggregated financial data concerning those licensees.

(Act 2017-389, §2.)

Section 8-7A-22 Cooperation.

The commission may consult and cooperate with other federal and state agencies in enforcing and administering this chapter. The commission may jointly pursue examinations and take other official action that it is otherwise empowered to take.

(Act 2017-389, §2.)

Section 8-7A-23 Investigation And Subpoenas By Commission.

(a) The commission may do any of the following:

(1) Make such public or private investigations within or outside of this state as it deems necessary to determine whether: Any license under this chapter should be granted, denied, suspended, or revoked; any person has violated or is about to violate any provision of this chapter or any rule or order hereunder; or to aid in the enforcement of this chapter or in the prescribing of rules and forms hereunder.

(2) Require or permit any person to file a statement in writing, under oath, or otherwise as the commission may determine, as to all the facts and circumstances concerning the matter to be investigated.

(3) Publish information concerning any violation of this chapter or any rule or order hereunder.

(b) In relation to any investigation or proceeding under this chapter, the commission, or any officer designated, may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any books, papers, correspondence, memoranda, agreements, or other documents or records which the commission deems relevant to the inquiry.

(c) In case of refusal to obey a subpoena, upon application by the commission, any court of competent jurisdiction may issue an order to the person failing to obey the subpoena requiring that person to appear before the commission or the officer designated by it, to produce documentary evidence if so ordered, or to give evidence touching the matter under investigation or in question. The court may hold any person who fails to obey an order of the court in contempt of court.

(d) No person is excused from attending and testifying or from producing any document or record before the commission or any officer designated by it, in any proceeding instituted by the commission, on the ground that the testimony or evidence, documentary or otherwise, required of the person may tend to incriminate him or her or subject him or her to a penalty or forfeiture. No individual may be prosecuted or subjected to any penalty or forfeiture using or based on information he or she offered after asserting such privilege, except that the individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying. Nothing in this section shall prohibit the commission from prosecuting any person compelled to testify or provide evidence, if the commission has sufficient evidence, derived from other sources not discovered, derived, or revealed from such compelled testimony or evidence, to sustain a prosecution for a violation under this chapter.

(Act 2017-389, §2.)

Section 8-7A-24 Party Aggrieved By Order Entitled To Hearing Before Commission; Appeals From Action Of Commission.

(a) Any person aggrieved by an order issued under this chapter shall be entitled to a hearing, as authorized for contested cases, pursuant to the Administrative Procedure Act, Chapter 22 of Title 41, if the aggrieved person, within 28 days after delivery of the order, submits a written request for a hearing before the commission. The order shall disclose the right to a hearing upon written request within 28 days after delivery of the order. If no timely request for a hearing is made, the order shall constitute a final order of the commission.

(b) Any appeal from any final order of the commission shall be made to the Circuit Court of Montgomery County and shall be governed by the provisions of the Administrative Procedure Act pertaining to judicial review.

(Act 2017-389, §2.)

Section 8-7A-25 Burden Of Proving An Exemption Or An Exception From A Definition.

In any proceeding under this chapter, the burden of proving an exemption or an exception from a definition is upon the person claiming it.

(Act 2017-389, §2.)

Section 8-7A-26 Making, Amending, And Rescinding Rules And Prescribing Forms.

The commission from time to time, may make, amend, and rescind rules and prescribe forms as are necessary and desirable to carry out this chapter. No rules or forms may be made or prescribed unless the commission finds that the action is necessary or appropriate in the public interest and consistent with the purposes fairly intended by the policy and provisions of this chapter. In prescribing rules and forms, the commission may cooperate with the administrators of other states, industry representatives, and other federal regulatory bodies with a view to effectuate the policy of this chapter to achieve maximum uniformity in the form and content of applications and reports wherever practicable. All rules shall be adopted pursuant to the Alabama Administrative Procedure Act and, along with all forms adopted, be published by the commission.

(Act 2017-389, §2.)

Section 8-7A-27 Interpretive Opinions By The Commission.

(a) The commission may issue interpretative opinions and no-action letters upon request from interested persons. Such opinions or no-action letters shall be limited in scope and may not be requested to provide legal advice to any person. No opinion or no-action letter shall be issued on a hypothetical basis.

(b) Any person who makes application to the commission for an interpretative opinion or no-action letter shall be assessed a nonrefundable filing fee of five hundred dollars (\$500) upon application for such opinion or no-action letter.

(Act 2017-389, §2.)

Appendix II: Professional Services by Vendor

	FY 2019	FY 2020	FY 2021	FY 2022
<u>Administrative Services</u>				
<i>Education/Training Consultants</i>				
AL Association of Regulatory Boards	\$1,150.00	\$	\$	\$
AL Chapter FBI National Academy Associates	225.00			
AL District Attorneys Association	3,200.00			
AL Society of CPAs	250.00			
Association of Registration Managing Inc.	600.00			
Compulink Management Center	3,200.00			
CSBS Education Foundation	2,085.00			
Fred Pryor Seminars	297.00			
H. Council Trenholm State Community College	297.00			
Law Enforcement Coordinating Committee (NDAL)	500.00			
Money Transmitter Regulators Association, Inc.	4,750.00			
North American Securities Administrators Association	6,275.00			
Public Investors Arbitration Bar Association	1,700.00			
Sig Sauer Inc	260.00			
Skillpath Seminars/NST Seminar	299.00	299.00		
Stalling Health Services	1,250.00			
University of Toledo	150.00			
<i>Moving Services</i>				
Armstrong Relocation	26,709.00			
Copy Products Company	375.00			
Industrial Revolving Fund	1,200.00			
Patterson Pope Inc.	5,016.00			
<i>Mailing Services</i>				
Department of Finance	176.50	69.65	54.35	57.90
Wells Printing Company, Inc.	19.83			
<i>Advertising - Professional</i>				
Hearst Newspapers, LLC				1,257.60
Legislative Services Agency	100.00	30.00		
<i>Sanitation Services</i>				
Gilmore Moving and Storage, Inc.	1,290.29	445.55	249.87	433.97
<i>Personnel Services</i>				
Office of Prosecution Services - Interfund Contract				64,992.09
State Personnel Department	20,982.00	22,658.00	24,474.00	26,548.00
<i>Security and Monitoring Services</i>				
State Records Center	12,738.72	3,214.08		
Total Administrative Services	95,095.34	26,716.28	24,778.22	93,289.56
<u>Data Processing Services-Professional</u>				
David E Gilmore		83.88		
<i>Department of Finance</i>				
Comptroller Services	8,794.57	17,286.53	19,362.70	18,200.67
State Business Systems	15,627.67	17,509.07	23,283.88	27,067.90
Alabama Buys Software Maintenance				4,267.56

	FY 2019	FY 2020	FY 2021	FY 2022
<i>Office of Information Technology</i>				
Collection Services			1,519.11	
Finance and IT Planning/Oversight	4,016.65	4,302.40	4,232.80	4,008.29
Imaging Services	8,519.25	15,505.50	16,595.88	19,313.91
Data Processing Services-Professional	92,335.81	108,091.24	125,929.10	129,267.34
Ricky G Locklar			103.99	
Tyler Technologies, Inc.				16,150.00
Total Data Processing Professional Services	129,293.95	162,778.62	191,027.46	218,275.67
<u>Legal Services</u>				
<i>Court Services-Professional</i>				
Amanda L Senn				20.00
Anne W Gunter			456.00	
Court Solutions, LLC				70.00
Cyber Forensics, Inc.	25,173.16	4,631.25		
Edwin L Reed				20.00
Harris County TX				75.00
Joseph P Borg				70.00
Leslie D Worrell				70.00
Michelle R Turner				20.00
Philip A Feigin		992.79		
Stephen P Feaga				20.00
US District Court			250.00	1,600.00
Warren Averett, LLC				3,700.00
West Publishing Corporation				2,010.75
<i>Court Reporter Services-Professional</i>				
Huseby, LLC				1,800.00
Mary R King				16.00
Paige T Solley			115.00	
Paula M. Murrell				75.00
Sheree W Cater		64.00		
Stephanie G Mays				181.50
Veritext LLC		608.55	798.05	610.00
<i>Legal - Professional</i>				
Balch & Bingham LLP	53,850.17	12,783.48		
Total Legal Professional Services	79,023.33	19,080.07	1,619.05	10,358.25
Total Professional Services	\$303,412.62	\$208,574.97	\$217,424.73	\$321,923.48

Appendix III: Commission Members



AMANDA L. SENN
Director

STEPHEN P. FEAGA
Chief Deputy

APRIL MCKAY
Deputy Director
Administration

LOUIS V. FRANKLIN, SR.
Deputy Director
Enforcement

ALABAMA SECURITIES COMMISSION

445 DEXTER AVENUE, SUITE 12000
MONTGOMERY, ALABAMA 36104

MAIL: POST OFFICE BOX 304700
MONTGOMERY, AL 36130-4700

TELEPHONE (334) 242-2984
1-800-222-1253

FAX (334) 242-0240

E-MAIL asc@asc.alabama.gov

COMMISSIONERS

S. DAGNAL ROWE
CHAIRMAN
Attorney at Law

STEVEN T. MARSHALL
Attorney General

MIKE HILL
Superintendent of Banks

MARK FOWLER
Commissioner of Insurance

W. ALLEN CARROLL, JR.
Certified Public Accountant

HOPE S. MARSHALL
Attorney at Law

CRISTY ANDREWS
Certified Public Accountant

August 7, 2023

The Department of Public Examiners
401 Adams Ave., Ste. 280
Montgomery, AL 36104

To Whom It May Concern:

Below is a list of current Commissioners as requested by your office for the examination period:

S. Dagnal Rowe—Chairman

Huntsville, Alabama
Confirmed: 03/27/2018
Exp: 03/27/2022

W. Allen Carroll, Jr.

Mobile, Alabama
Confirmed: 05/02/2019
Exp: 05/01/2023

Hon. Steven T. Marshall

Attorney General
Montgomery, AL 36104
Serves for Term in Office

Hope S. Marshall

Birmingham, Alabama
Confirmed: 05/05/2020
Exp: 05/04/2024

Cristy Andrews

Pike Road, Alabama
Confirmed: 02/28/2022
Exp: 05/10/2024

Mark Fowler

Insurance Commissioner
Montgomery, Alabama
Serves for Term in Office

Mike Hill

Banking Superintendent
Montgomery, Alabama
Serves for Term in Office

Should you need additional information, please feel free to contact this office.

Sincerely,

A handwritten signature in black ink, appearing to read "ASenn", is written over a light blue horizontal line.

Amanda Senn
Director

ALS:stp

Appendix IV: Commission's Response to Significant Issue



AMANDA L. SENN
Director

STEPHEN P. FEAGA
Chief Deputy

APRIL W. MCKAY
Deputy Director
Administration

LOUIS V. FRANKLIN, SR.
Deputy Director
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Commissioner of Insurance

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HOPE S. MARSHALL
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CRISTY ANDREWS
Certified Public Accountant

September 12, 2023

Ms. Dixie Thomas
Director of Operational Audits
Examiners of Public Accounts
PO Box 302251
Montgomery, AL 36130-2251

RE: Significant Issue Letter, Dated September 12, 2023

Dear Ms. Thomas:

This letter is in response to the following significant issue raised by the Examiners of Public Accounts:

Significant Issue 2023-001: The Commission did not notify the Secretary of State of vacancies occurring as a result of the expiration of two members' terms. One Commission member's term expired March 27, 2022 and another Commission member's term expired May 1, 2023.

While I cannot dispute the finding, as we learned today of the amended language in §36-14-17(c)(1), I can report that we immediately remedied the deficiency (**see attached** confirmations of 'board member updates' to the Secretary of State website), and we are incorporating the requirement into our policies and procedures to prevent future violations.

I thought it might also be helpful to provide an overview of the appointment process for our commission. The Commission consists of the Attorney General, Insurance Commissioner, Superintendent of the Alabama State Banking Department, two Commissioners who are attorneys selected from a list from the Alabama State Bar (Bar), and two Commissioners who are certified public accountants selected from a list provided by the Alabama Society of Certified Public Accountants (CPAs). This process intentionally leaves the Commission out of the selection process to avoid any appearance of, or true, conflict or impropriety in the process.

While the Commission was not aware of the new requirement to provide the notice through the Secretary of State's website, it did notify the Alabama Society of Certified Public Accountants and the Alabama State Bar of expired terms. Both organizations are in the process of submitting names for the appointments.

The Commission strives to comply with the rules and regulations set forth by the Legislature and appreciates the work of the committee to ensure efficiency and productivity of state government. I will ensure compliance with the requirements of the applicable statute in the future and regret the oversight in this instance. Please feel free to call or email if you need additional information.

Sincerely,

Amanda Senn

Enclosure

Thomas, Dixie

From: Alabama Securities Commission <Alabama.Securities@asc.alabama.gov>
Sent: Tuesday, September 12, 2023 10:46 AM
To: Proctor, Shana
Subject: FW: SOS Boards & Commissions - Update to Member Seat Information

From: noreply@egov.com <noreply@egov.com>
Sent: Tuesday, September 12, 2023 10:46 AM
To: Alabama Securities Commission <Alabama.Securities@asc.alabama.gov>
Subject: SOS Boards & Commissions - Update to Member Seat Information

Member Information Update

Member seat information for Alabama Securities Commission has been successfully updated. This update was made on 2023-09-12 by Shana Proctor. Details of this update are recorded below. Please keep this email for your records.

Current Information

Seat Title:

Status: filled

Member name: Mr. Dagnal Rowe Esq.

Appointment Start: 3/28/2018

Appointment Expiration: 3/27/2022

Vacant on expiration? Yes

Appointment Term: 4 Years

Unexpired duration? No

Seat filled by: appointment

Appointing authority: The Honorable Kay Ivey, Governor

Reason for vacancy: N/A

Previous Information

Seat Title:

Status: filled

Member name: Mr. Dagnal Rowe Esq.

Appointment Start: 3/28/2018

Appointment Expiration: 3/27/2022

Vacant on expiration? No

Appointment Term: 4 Years

Unexpired duration? No

Seat filled by:

Appointing authority: The Honorable Kay Ivey, Governor

Reason for vacancy: N/A

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Thomas, Dixie

From: Alabama Securities Commission <Alabama.Securities@asc.alabama.gov>
Sent: Tuesday, September 12, 2023 10:46 AM
To: Proctor, Shana
Subject: FW: SOS Boards & Commissions - Update to Member Seat Information

From: noreply@egov.com <noreply@egov.com>
Sent: Tuesday, September 12, 2023 10:45 AM
To: Alabama Securities Commission <Alabama.Securities@asc.alabama.gov>
Subject: SOS Boards & Commissions - Update to Member Seat Information

Member Information Update

Member seat information for Alabama Securities Commission has been successfully updated. This update was made on 2023-09-12 by Shana Proctor. Details of this update are recorded below. Please keep this email for your records.

Current Information

Seat Title:

Status: filled

Member name: Mr. Wayne A Carroll Jr.

Appointment Start: 5/2/2019

Appointment Expiration: 5/1/2023

Vacant on expiration? Yes

Appointment Term: 4 Years

Unexpired duration? No

Seat filled by: appointment

Appointing authority: The Honorable Kay Ivey, Governor

Reason for vacancy: N/A

Previous Information

Seat Title:

Status: filled

Member name: Mr. Wayne A Carroll Jr.

Appointment Start: 5/2/2019

Appointment Expiration: 5/1/2023

Vacant on expiration? No

Appointment Term: 4 Years

Unexpired duration? No

Seat filled by:

Appointing authority: The Honorable Kay Ivey, Governor

Reason for vacancy: N/A

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Thomas, Dixie

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Current Information

Seat Title:

Status: filled

Member name: Ms. Hope S Marshall

Appointment Start: 5/4/2020

Appointment Expiration: 5/3/2024

Vacant on expiration? Yes

Appointment Term: 4 Years

Unexpired duration? No

Seat filled by: appointment

Appointing authority: Kay Ivey, Governor

Reason for vacancy: N/A

Previous Information

Seat Title:

Status: filled

Member name: Ms. Hope S Marshall

Appointment Start: 5/4/2020

Appointment Expiration: 5/3/2024

Vacant on expiration? No

Appointment Term: 4 Years

Unexpired duration? No

Seat filled by:

Appointing authority: Kay Ivey, Governor

Reason for vacancy: N/A

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