

OFFICE OF THE AUDITOR GENERAL

194.1

REVIEW OF OPERATIONS OF
THE DEPARTMENT OF CORPORATIONS

OCTOBER 1974

Joint Legislative Audit Committee

GOVERNMENT CODE: SECTIONS 10500-10504

California Legislature

VINCENT THOMAS
CHAIRMAN

ROOM 4126, STATE CAPITOL
SACRAMENTO, CALIFORNIA 95814
(916) 445-7906

TONY BOLOBNOW, COORDINATOR
(916) 445-7907

EVE OSTOJA, OFFICE MANAGER
(916) 445-7908

SENATORS

VICE CHAIRMAN
RANDOLPH COLLIER
FIRST DISTRICT

CLARE BERRYHILL
THIRD DISTRICT

GEORGE DEUKMEJIAN
THIRTY-SEVENTH DISTRICT

GEORGE N. ZENOVICH
SIXTEENTH DISTRICT

ASSEMBLYMEN

CHAIRMAN
VINCENT THOMAS
SIXTY-EIGHTH DISTRICT

EUGENE A. CHAPPIE
SIXTH DISTRICT

MIKE CULLEN
FORTY-FOURTH DISTRICT

JOHN FRANCIS FORAN
TWENTY-THIRD DISTRICT

October 9, 1974

The Honorable Speaker of the Assembly
The Honorable President of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members:

Transmitted herewith is the Auditor General's report pertaining to the operations of the Department of Corporations.

The department's objectives include the protection of the public from unfair and dishonest business practices relating to corporate securities, franchises, and certain financial institutions.

While the Auditor General has concluded that the department, in general, has been effective in meeting its program objectives, he has also concluded that such program objectives could be accomplished in a more efficient and economical manner.

The Department of Corporations performs various functions which are similar to functions performed by the Secretary of State and the Department of Consumer Affairs. This results in duplication, confusion to the public, and unnecessary expenditures.

This duplication includes duplicate filing of documents such as in certain instances the filing of articles of incorporation by domestic corporations with both the Department of Corporations and the Secretary of State. Unnecessary expenses include administrative costs incurred in both the Department of Corporations and the Department of Consumer Affairs pertaining to the regulation and investigation of licensees.

The Honorable Members of the Legislature
of California
October 9, 1974
Page 2

The Auditor General has recommended that the Legislature eliminate the Department of Corporations through consolidating the corporate functions of the department with the Secretary of State, and through consolidating the remaining functions of the department with the Department of Consumer Affairs.

Over the past five years, the Department of Corporations has incurred expenses in excess of revenues of \$1,052,214 to administer six of the eleven laws under its jurisdiction, the Industrial Loan Law, the Escrow Law, the Retirement Systems Disclosure Law, the Check Sellers and Cashers Law, the Franchise Investment Law, and the Trading Stamp Law. As a result of charging insufficient fees to the licensees under these six laws to fully recover departmental costs, a deficit averaging \$210,440 annually over the past five years has been incurred by the department in administering these laws.

While the department annually reports to the Legislature total revenues and expenditures as well as the separate revenues charged to licensees under each of the above laws, it does not separately report the expenditures which it incurs for the administration of each law. As a result, the deficits incurred under the operation of each law are not disclosed to the Legislature. The fees for five of these laws have recovered only about 63 percent of the department's costs for administering these laws over the past five years. The fees for four of these laws have not been increased since 1968, while the fees under the fifth law have not been increased since its enactment in 1970.

The Auditor General has recommended that the Department of Corporations annually request the Legislature to establish fees to be charged to licensees which will insure the full recovery of the department's costs to administer the applicable laws. If the Department of Corporations is eliminated, as is recommended above, this recommendation should be implemented by the Department of Consumer Affairs.

Effective January 1, 1974, the organization of the department was modified along functional lines. While since that time there have been significant changes in workload, both up and down, this workload was accomplished effectively between January 1 and July 1, 1974 without the filling of 22 vacant positions, which were newly established in fiscal year 1973-74.

The Honorable Members of the Legislature
of California
October 9, 1974
Page 3

The Auditor General has recommended that 18 of the 22 positions, which are still vacant, be abolished and that the four other positions, subsequently filled, be eliminated through attrition. If the Department of Corporations is eliminated and its functions are consolidated with the Secretary of State and the Department of Consumer Affairs, as is recommended above, the elimination of these 22 positions as well as other positions in the Department of Corporations should be considered by the Secretary of State and the Department of Consumer Affairs.

Respectfully submitted,



VINCENT THOMAS, Chairman
Joint Legislative Audit Committee

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY OF FINDINGS, RECOMMENDATIONS, BENEFITS AND SAVINGS	1
INTRODUCTION	3
FINDINGS	
The Department of Corporations performs various functions which are similar to functions performed by the Secretary of State and the Department of Consumer Affairs. This results in duplication, confusion to the public, and unnecessary expense.	5
The fees charged by the Department of Corporations in administering the Industrial Loan Law, the Escrow Law, the Retirement Systems Disclosure Law, the Check Sellers and Cashers Law, the Franchise Investment Law, and the Trading Stamp Law have resulted in a deficit averaging \$210,440 annually over the past five years.	11
Authorized staff of the Department of Corporations exceeds requirements by 22 positions.	16
SUMMARY OF COMMENTS OF THE AFFECTED DEPARTMENTS	19
APPENDIX A - Duplicate Document Filing	22
APPENDIX B - Statement of Operations for Laws Being Operated At Deficits	24

SUMMARY OF FINDINGS
RECOMMENDATIONS, BENEFITS AND SAVINGS

Page

FINDING

The Department of Corporations performs various functions which are similar to functions performed by the Secretary of State and the Department of Consumer Affairs. This results in duplication, confusion to the public, and unnecessary expense.

5

RECOMMENDATION

We recommend the Legislature eliminate the Department of Corporations through consolidating the corporate functions of the department with the Secretary of State and through consolidating the remaining functions of the department with the Department of Consumer Affairs.

9

BENEFITS

Implementation of this recommendation should eliminate duplicate functions, confusion to the public, and an undetermined amount of duplicate administrative expenses.

10

FINDING

The fees charged by the Department of Corporations in administering the Industrial Loan Law, the Escrow Law, the Retirement Systems Disclosure Law, the Check Sellers and Cashers Law, the Franchise Investment Law, and the Trading Stamp Law have resulted in a deficit averaging \$210,440 annually over the past five years.

11

RECOMMENDATIONS

- We recommend that the Department of Corporations immediately request the Legislature to establish a statutory fee for the Industrial Loan Law in the amount necessary to insure full recovery of costs of administering the Industrial Loan Law.

14

- We recommend the Department of Corporations request the Legislature to establish fees, under the Escrow Law, the Retirement Systems Disclosure Law, the Check Sellers and Cashers Law, the Franchise Investment Law and the Trading Stamp Law, in amounts necessary to insure full recovery of costs of administering such laws. 14
- We recommend that the Department of Corporations annually request the Legislature to increase fees when such increases are necessary to insure full recovery of costs. 14

SAVINGS

Implementation of these recommendations will immediately produce estimated increased revenues of \$200,000 annually to the state, and will insure that all costs incurred in administering each law will be fully recovered from the licensees. 15

FINDING

Authorized staff of the Department of Corporations exceeds requirements by 22 positions. 16

RECOMMENDATION

We recommend that 18 vacant positions in the Department of Corporations be abolished and that the four positions filled since July 1, 1974 be eliminated through attrition. 18

SAVINGS

Implementation of this recommendation will result in annual salary savings and fringe benefits of approximately \$200,000. 18

INTRODUCTION

In response to a legislative request, we have reviewed the operations of the Department of Corporations.

The department is administered by the Commissioner of Corporations, who directs the activities of a staff of 302 authorized positions. In addition to the headquarters in Sacramento, branch offices are maintained in Los Angeles, San Diego and San Francisco.

The activities of the department are divided into two general areas: regulation of the issuance of securities and licensing of franchises, and licensing of lender-fiduciaries, such as industrial loan companies and employee credit unions.

The objective of the department's activities relating to securities and franchises is to protect the public from unfair investment schemes and dishonest or fraudulent sales practices. Unfair investment schemes are minimized by investigation by the department prior to the approval of new issues of securities by regulated corporations. The licensing and review of operations of businesses and individuals engaged in the marketing of securities and franchises is intended to reduce dishonest and fraudulent practices.

The objective of the regulation and licensing of lender-fiduciaries is to protect the public from dishonest and unsound business practices by

certain types of companies and institutions that either lend or hold money in a fiduciary capacity. This is accomplished by licensing and review of the operations of licensees.

In our judgment, the Department of Corporations has, in general, been effective in meeting its program objectives. However, we have concluded that the implementation of the recommendations in this report would enable programs to be administered in a more efficient and economical manner.

FINDINGS

THE DEPARTMENT OF CORPORATIONS PERFORMS VARIOUS FUNCTIONS WHICH ARE SIMILAR TO FUNCTIONS PERFORMED BY THE SECRETARY OF STATE AND THE DEPARTMENT OF CONSUMER AFFAIRS. THIS RESULTS IN DUPLICATION, CONFUSION TO THE PUBLIC, AND UNNECESSARY EXPENSE.

The Department of Corporations and the Secretary of State both have statutory duties relating to the regulation of corporations. These duties result in duplication, confusion to the public, and unnecessary expense. In addition, the department performs functions similar to the Department of Consumer Affairs which also results in duplication and unnecessary expense.

The Department of Corporations was created by the Investment Companies Act of 1913 which also established its basic corporate functions. The Secretary of State's biennial report of 1911-12 had recommended legislation to establish these activities; however, the 1913 legislation, rather than adding the new activities to the Secretary of State's existing corporate functions, created the Department of Corporations.

Following are examples of the current confusion and duplication which results, in part, from the public's difficulty in discerning the separate, but similar, corporate functions of the Secretary of State and the department.

- Approximately 2,500 inquiries received monthly, or 75 percent of the telephone calls to the department's Los Angeles office are in reference to the Secretary of State's corporate functions and are referred to that office. Both the Sacramento and San Francisco offices of the department also receive a large number of inquiries related to the Secretary of State's corporate activities.

- Unlike the department, which has processing facilities and files in its field offices, the Secretary of State has processing facilities and files only in Sacramento. Therefore, a high percentage of the inquiries referred by the department's Los Angeles office to the Secretary of State's Los Angeles office must then be referred to the Sacramento headquarters office. Three calls are required before the caller is in contact with the office having the information sought.

- Because it is difficult for the public to know that the office of the Secretary of State is centralized while the department is decentralized, filing at the wrong location is common. Thus, the filing of corporate documents in Sacramento by a Los Angeles based corporation is appropriate for the activities of the Secretary of State, but for the department's activities the material will be sent back to Los Angeles for processing and filing.

- Appendix A describes the circumstances of duplicate document filing caused by having two separate departments with closely related responsibilities.
- To reduce the confusion resulting from two separate departments, one centralized, one decentralized, which perform closely related activities, the department's employees frequently act as intermediaries for the Secretary of State for information requested by law enforcement offices and in some instances, information requested by the general public.

The above examples of confusion and duplication result in additional unnecessary expense to the state.

Study of these problems has not produced the necessary consensus regarding the corrective action to be taken. Rather, conflicting conclusions result. Thus, the March 19, 1973 report of the department in response to the study request of the Secretary of Business and Transportation concluded that advantages would result from the consolidation of the Secretary of State's corporate responsibility into the Department of Corporations. On the other hand, the May 1, 1973 report of the Legislative Analyst concluded that the elimination of these duplications would not result in an apparent net advantage to the state and recommended that the department be renamed to avoid confusion.

Both the department's and the Legislative Analyst's studies were directed to those activities of the Secretary of State and the department that are similar.

However, in addition to having functions similar to the Secretary of State, the Department of Corporations has other functions similar to the Department of Consumer Affairs. These similar functions also result in duplication and unnecessary expense.

The Departments of Corporations and Consumer Affairs are both involved in licensing persons doing business with the public. Similarly, both departments devote considerable personnel and expense to investigating potential licensees and complaints against licensees.

An example of the duplication in the two departments performing similar functions is the fact that approximately one quarter of the consumer complaints received by the Department of Corporations are referred to other agencies, principally the Department of Consumer Affairs.

Consolidation of these functions in one department would provide centralized personnel, purchasing, accounting, computer operations, license issuance, investigative and inspection services related to the regulation of licensees at an undetermined savings in duplicated personnel and unnecessary administrative costs.

The elimination of duplicative services, the elimination of confusion to the public, and the avoidance of unnecessary costs can be accomplished by the consolidation of the activities of the Department of Corporations and the Secretary of State and the Departments of Corporations and Consumer Affairs, respectively, regardless of the organizational placement of the consolidated functions.

However, in our judgment there are sound policy reasons for maintaining corporate functions in the Secretary of State, i.e., the regulation of foreign corporations which is already done by the Secretary of State and the common practice in other states for Secretaries of State to regulate corporations. Similarly there are, in our judgment, inherent cost savings in the elimination of an operational unit, such as the Department of Corporations, when the functions of the department can be performed by other existing agencies such as the Secretary of State and the Department of Consumer Affairs. Even though the elimination of the Department of Corporations would not necessarily mean the elimination of all the positions of the department in that the two agencies to which the functions are transferred would have to expand, we conclude that two agencies can perform specified functions more economically than three agencies. Since the Secretary of State is a constitutional office, which has existence apart from legislative mandate, it cannot be abolished.

We conclude, therefore, the consolidation of the Department of Corporations' corporate functions in the Secretary of State and the consolidation of its remaining functions in the Department of Consumer Affairs and the subsequent elimination of the Department of Corporations would eliminate duplication, confusion to the public, and unnecessary expense.

RECOMMENDATION

We recommend the Legislature eliminate the Department of Corporations through consolidating the corporate functions of the department with the Secretary of State and through consolidating the remaining functions of the department with the Department of Consumer Affairs.

BENEFITS

Implementation of this recommendation should eliminate duplicate functions, confusion to the public, and an undetermined amount of duplicate administrative expenses.

THE FEES CHARGED BY THE DEPARTMENT OF CORPORATIONS IN ADMINISTERING THE INDUSTRIAL LOAN LAW, THE ESCROW LAW, THE RETIREMENT SYSTEMS DISCLOSURE LAW, THE CHECK SELLERS AND CASHERS LAW, THE FRANCHISE INVESTMENT LAW, AND THE TRADING STAMP LAW HAVE RESULTED IN A DEFICIT AVERAGING \$210,440 ANNUALLY OVER THE PAST FIVE YEARS.

Over the past five years the Department of Corporations has incurred expenses in excess of revenues of \$1,052,214 to administer six of the eleven different laws under its jurisdiction. These laws are:

- Industrial Loan Law
- Escrow Law
- Retirement Systems Disclosure Law
- Check Sellers and Cashers Law
- Franchise Investment Law
- Trading Stamp Law.

Annually such deficits have averaged approximately \$210,440.

The fees to be collected by the department are set by statute, except the fees charged industrial loan companies. Section 18810 of the Financial Code requires each industrial loan company to pay in advance a fee which is its pro-rata share of all costs for regulating industrial loan companies, as estimated annually by the department.

The following schedule shows the revenues received and the actual costs incurred by the Department of Corporations in regulating loan companies during the past five years. This schedule evidences that fees charged by the department have consistently not covered costs.

Schedule of Income Received and Expenditures
Incurred by the Department of Corporations
For the Administration of the Industrial Loan Law

<u>Fiscal Year</u>	<u>Income</u>	<u>Expenditures</u>	<u>Deficit</u>
1973-74*	\$ 302,696	\$ 317,134	\$ 14,438
1972-73	232,227	313,182	80,955
1971-72	217,961	282,823	64,862
1970-71	164,731	279,415	114,684
1969-70	<u>164,969</u>	<u>230,092</u>	<u>65,123</u>
Total	<u>\$1,082,584</u>	<u>\$1,422,646</u>	<u>\$340,062</u>

In contrast to the above deficits, the fees set by statute for the recovery of the costs of regulating employee credit unions under the Credit Union Law produced general fund income in excess of costs of \$690,000 during the same five-year period. State taxpayers directly benefit because the fees collected from credit unions are in excess of costs, but such benefits are offset by the deficits resulting from undercharging industrial loan companies.

Future deficits in the costs of regulating industrial loan companies can be eliminated by replacing the general wording covering industrial loan company fees with a fee schedule similar to the credit union schedule, with fees established by statute on the basis of a full recovery of costs.

*Excluding penalties to be refunded.

Other statutory fees are insufficient to cover the costs of regulation. For example, the statutory fees paid by licensees under the following laws are insufficient to pay the costs of administering these programs:

- Escrow Law
- Retirement Systems Disclosure Law
- Check Sellers and Cashers Law
- Franchise Investment Law, and
- Trading Stamp Law.

Appendix B summarizes the operating results under these five laws for the past five years. During this period, total departmental expenditures for these five laws amounted to \$1,930,547 or \$712,152 in excess of the \$1,218,395 of fees collected by the department. Therefore, during this period, only about 63 percent of the department's costs arising from those five laws have been recovered from licensees.

The Department reports to the Legislature annually its aggregate revenues and expenditures. The net result of such aggregate reporting in fiscal year 1973-74 was an excess of fees over costs. However, while the department reports revenues by individual law, it does not report expenditures by individual law. As a result, the deficits incurred under the operation of each law, if any, are not disclosed. The fees specified in four of the above five laws have not been increased since 1968, while the fee specified in the Franchise Investment Law has not been increased since the enactment of the Franchise Investment Law in 1970.

We conclude that the fees charged by the Department of Corporations to licensees in administering laws under its jurisdiction should, at the minimum, be set high enough to insure full recovery of the costs of administering such laws.

RECOMMENDATIONS

- We recommend that the Department of Corporations* immediately request the Legislature to establish a statutory fee for the Industrial Loan Law in the amount necessary to insure full recovery of costs of administering the Industrial Loan Law.
- We recommend the Department of Corporations* request the Legislature to establish fees, under the Escrow Law, the Retirement Systems Disclosure Law, the Check Sellers and Cashers Law, the Franchise Investment Law and the Trading Stamp Law, in amounts necessary to insure full recovery of costs of administering such laws.
- We recommend that the Department of Corporations* annually request the Legislature to increase fees when such increases are necessary to insure full recovery of costs.

*If the Department of Corporations is eliminated, as is recommended on page 9 of this report, these recommendations should be implemented by the Department of Consumer Affairs.

SAVINGS

Implementation of these recommendations will immediately produce estimated increased revenues of \$200,000 annually to the state, and will insure that all costs incurred in administering each law will be fully recovered from the licensees.

AUTHORIZED STAFF OF THE DEPARTMENT
OF CORPORATIONS EXCEEDS REQUIREMENTS
BY 22 POSITIONS

On June 30, 1973, the authorized staff of the Department of Corporations totaled 274 positions, of which 263 positions were filled. Since that time the authorized size of the department has increased by 28 positions, or by approximately 10.2 percent.

The 1973-74 budget established 23 new departmental positions while the 1974-75 budget made permanent seven additional new positions which had been established administratively in October 1973, and eliminated two positions, for a total of 302 authorized positions. As of July 1, 1974, 280 positions of the 302 authorized positions were filled. As of September 24, 1974, 284 of the 302 authorized positions were filled.

After creation of these additional positions, the organization of the Department of Corporations was modified along functional lines, effective January 1, 1974. The department identified "the primary purpose for reorganization along functional lines is to render better, more effective service...[which] should result since the primary duties and responsibilities of each division will be aimed at specific areas of administration of the various laws...."

As a result of the reorganization, complete comparative workload information is not available for all of the department's activities, i.e., licensing of lender-fiduciaries. There are indications of significant changes in workload both up and down since the reorganization, however. For example,

comparative workload data is available for the issuance of securities, which shows that the number of applications for new security issues has decreased 24 percent for the first four months of calendar year 1974 from the same period of calendar year 1973.

Similarly, applications for licenses of individuals and firms engaged in the marketing of securities were down by 29 percent for the same periods.

On the other hand, workload in other areas of the department's responsibility have increased (such as lender-fiduciary consumer complaints).

Of the 28 new authorized positions, 18 have never been filled. An additional four of these 28 positions were not filled until after July 1, 1974. So the fact remains that while there have been significant changes in workload, both up and down, since the reorganization on January 1, 1974, this workload was accomplished until July 1, 1974 without the filling of 22 vacant positions.

Based on our review of the department's operations subsequent to the reorganization through July 1, 1974, we conclude the department's workload has been accomplished effectively with an actual staff of 280 positions, or 22 positions less than the present authorized staff of 302 positions.

RECOMMENDATION

We recommend that 18 vacant positions in the Department of Corporations be abolished and that the four positions filled since July 1, 1974 be eliminated through attrition.*

*If the Department of Corporations is eliminated and its functions are consolidated with the Secretary of State and the Department of Consumer Affairs, as is recommended on page 9 of this report, the elimination of these 22 positions, as well as other positions in the Department of Corporations, should be considered by the Secretary of State and the Department of Consumer Affairs.

SAVINGS

Implementation of this recommendation will result in annual salary savings and fringe benefits of approximately \$200,000.

SUMMARY OF COMMENTS
OF THE AFFECTED DEPARTMENTS

COMMISSIONER OF
CORPORATIONS AND HIS STAFF

- While we are open to a consideration of the consolidation of our department into other departments, it should be noted that the only significant duplicative functions with the Secretary of State are in the area of filing, which can be cured by a common file system.
- A consolidation would not necessarily result in substantial savings since the same functions would still have to be performed.
- A name change of the Department of Corporations would eliminate confusion to the public.
- Consideration should be given as to whether it is appropriate to transfer corporate functions to an office not responsible to the elected chief executive.
- In view of the present sensitive nature of the economy and the effect of the departments on the securities market and economy in general, great care should be exercised in changing the present system.

- Qualifications, enforcement and licensing functions are inseparable and therefore the splitting of these functions into two separate departments would require careful consideration.
- We fully concur that fees to licensees should recover full costs of administration.
- The current 302 positions in the department represents a significant reduction in personnel from 1968. While we are not presently filling vacant positions, the variations of workload requires the flexibility to fill these positions.

STAFF OF THE
SECRETARY OF STATE

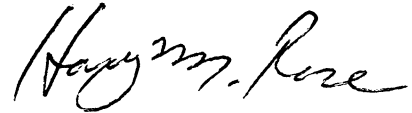
- Consolidation of corporate functions appears to offer the opportunity to reduce duplicate expenditures, and consolidation within the Secretary of State's Office would be consistent with the practice in other states.

CHIEF DEPUTY OF THE
DEPARTMENT OF CONSUMER AFFAIRS

- We would not object to assuming responsibility for the operation of the licensing and regulatory function of the Department of Corporations. Assumptions of such responsibility might cause initial operational problems of staff, space and funds.

Office of the Auditor General

- Any such consolidation should be carefully studied prior to implementation so the duties of the Secretary of State and the Department of Consumer Affairs, subsequent to such consolidation, would be fully anticipated and precisely delineated.



Harvey M. Rose
Auditor General

Date: October 3, 1974

Staff: Glen H. Merritt
Jerry L. Bassett
Wesley E. Voss
Jerome J. Wentz
Bill L. Myers

DUPLICATE DOCUMENT FILING

The following situations are examples of when duplicate filing of documents with the Secretary of State and the Department of Corporations is necessary:

- A domestic corporation must file its articles of incorporation with the Secretary of State upon formation, and must also file the articles of incorporation with the Department of Corporations when it seeks to qualify an offer and sale of securities to the public.
- When a domestic corporation that desires to issue shares of which the rights, preferences and number are not set forth in its articles, but fixed by resolution of the Board of Directors, it must file a certificate with the Secretary of State as well as an application for qualification of the issuance of the securities with the Department of Corporations.
- Every party to a corporate merger or consolidation must execute a certificate which must be filed with the Secretary of State. If any securities are issued in connection with the merger or consolidation, an additional application for qualification to issue the securities must be filed with the Department of Corporations.
- A corporation merging its wholly-owned subsidiary must file a certificate with the Secretary of State as well as an

application to qualify the issuance of securities in connection with the merger with the Department of Corporations.

- Domestic corporations must file annually a statement of names and addresses of its officers and the address of its principal office with the Secretary of State. A list of names and addresses of all directors, officers, and the position each holds must be filed with the Department of Corporations when filing an application to qualify the issuance of securities for public sale.

- In order for a foreign corporation to transact business in California it must obtain a certificate of qualification from the Secretary of State. When this same corporation proposes to sell securities in California it must file an application to qualify the issuance of its securities with the Department of Corporations.

Statement of Operations
For Laws Being
Operated at Deficits

	<u>1973-74</u>	<u>1972-73</u>	<u>1971-72</u>	<u>1970-71</u>	<u>1969-70</u>	<u>Total</u>
Escrow Law:						
Income (1)	\$207,402	\$195,480	\$182,404	\$180,278	\$171,433	\$ 936,997
Expenditures	<u>289,470</u>	<u>294,564</u>	<u>218,227</u>	<u>185,915</u>	<u>183,490</u>	<u>1,171,666</u>
Deficit	<u>82,068</u>	<u>99,084</u>	<u>35,823</u>	<u>5,637</u>	<u>12,057</u>	<u>234,669</u>
Retirement Systems Disclosure Law:						
Income	7,675	11,291	4,975	3,011	30,905	57,857
Expenditures	<u>70,083</u>	<u>57,356</u>	<u>60,196</u>	<u>60,956</u>	<u>106,065</u>	<u>354,656</u>
Deficit	<u>62,408</u>	<u>46,065</u>	<u>55,221</u>	<u>57,945</u>	<u>75,160</u>	<u>296,799</u>
Check Sellers and Cashers Law:						
Income (1)	10,343	13,825	24,093	24,183	25,831	98,275
Expenditures	<u>35,795</u>	<u>34,966</u>	<u>53,252</u>	<u>77,268</u>	<u>42,899</u>	<u>244,180</u>
Deficit	<u>25,452</u>	<u>21,141</u>	<u>29,159</u>	<u>53,085</u>	<u>17,068</u>	<u>145,905</u>
Franchise Investment Law(2)						
Income	23,150	25,525	23,450	-	-	72,125
Expenditures	<u>34,847</u>	<u>32,285</u>	<u>32,620</u>	-	-	<u>99,752</u>
Deficit	<u>11,697</u>	<u>6,760</u>	<u>9,170</u>	-	-	<u>27,627</u>
Trading Stamp Law:						
Income (1)	8,925	5,425	11,520	15,501	11,770	53,141
Expenditures	<u>7,328</u>	<u>9,050</u>	<u>17,233</u>	<u>16,005</u>	<u>10,677</u>	<u>60,293</u>
Deficit (Net Income)	<u>(1,597)</u>	<u>3,625</u>	<u>5,713</u>	<u>504</u>	<u>(1,093)</u>	<u>7,152</u>
Total:						
Income	257,495	251,546	246,442	222,973	239,939	1,218,395
Expenditures	<u>437,523</u>	<u>428,221</u>	<u>381,528</u>	<u>340,144</u>	<u>343,131</u>	<u>1,930,547</u>
Deficit	<u>\$180,028</u>	<u>\$176,675</u>	<u>\$135,086</u>	<u>\$117,171</u>	<u>\$103,192</u>	<u>\$ 712,152</u>

(1) Adjusted to relate biennial fees collected to annual fiscal year.

(2) Added by Statutes of 1970, Chapter 1400, effective January 1, 1971.