

Information Update

# Government Affairs

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March 2011 – Kirk Lambright, Chief Legal Officer

## Federal Activity

The House is facing early turnover after the 2010 election. Rep. Jane Harman (D-CA) announced her resignation, setting forth a special election in Los Angeles. It will also be the first election under California's new "top-two" primary format. Rep Chris Lee (R-NY), married, resigned as a result of apparently pursuing a date with a woman on Craigslist by sending a shirtless photo of himself.

Senators are starting to announce that they will not seek re-election in 2012: Webb (D-VA), Conrad (D- ND), Bailey (R- TX), Kyl (R-AZ) and Lieberman (I-CT). Making it more interesting is that 23 Democratic seats will be up for re-election with only 10 Republican seats being up. The races in Nebraska, Montana and Missouri are already getting a lot of attention.

A few moderate Senate Democrats are starting to distance themselves from the Health Care Law and other issues that the President supports. Some think this is preparation for the 2012 elections.

Donald for President? He might run. Would he change the name of the White House to the Trump Palace?

The Budget is a hot topic. The President unveiled his and the Republicans have their spending bill. If a budget cannot be reached the government will need to shut down until it has the money.

The Republican National Committee raised \$5.7 million in January but the Democratic National Committee raised \$7.2 million.

## State Activity

Wisconsin enacted tort reform the last few days of January. It capped punitive damages in certain cases, set requirements for product identification and special rules for strict liability cases.

California Supreme Court ruled that a credit card holder's ZIP code is considered personally identifiable information under the Song-Beverly Credit Act and retailers should not ask solely for it during a credit card transaction.

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Democrat law makers in Wisconsin and Indiana left their states (both fled to Illinois) so Republican law makers could not vote on anti-union legislation. Will lawmakers in Florida and Pennsylvania follow?

### Other Items of Interest

There is a proposed rule by FINRA that if a private placement involves the services of a broker-dealer, there will be more regulations regarding disclosure and the use of proceeds, which would include 85% of all proceeds to be used for the business purpose disclosed in the offering and all offering documents would need to be submitted to FINRA for ex post reviews. The SEC needs to publish this proposal and allow for comment.

SEC has proposed a new definition of "accredited investor" that would exclude the value of an individual's primary residence in calculating net worth for accredited investor status as well as how to handle indebtedness secured by the primary residence. Comments are to be submitted by March 11.

The SEC has proposed a new rule that would require any investment advisor registered with the SEC that advises one or more private funds to file a form PF (which is 44 pages long and various sections apply to only certain types of funds) so it can assess systemic risk.

The Tea Party created a new magazine, called the Tea Party Review, to showcase its values.

Under Dodd-Frank, the SEC is supposed to manage over 100 rulemaking provisions, open 5 new offices and issue over 20 studies. So far the SEC has issued 25 proposed rules, 7 final rules and 2 interim final rules, and has only done 5 studies.

The IRS announced a new 2011 Voluntary Disclosure Initiative for undisclosed/unreported offshore accounts during the years 2003-2010. Deadline is August 31, 2011 and of course there are restrictions and eligibility requirements.

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