

Securities Database**FY2002 Request: \$300,000****Reference No: 33846****AP/AL:** Appropriation**Project Type:** Information Systems**Category:** General Government**Location:** Statewide**Contact:** Tom Lawson**House District:** Statewide (HD 1-40)**Contact Phone:** (907)465-2506**Estimated Project Dates:** 07/01/2001 - 06/30/2006**Brief Summary and Statement of Need:**

This project creates a new securities database in the Division of Banking, Securities and Corporations. The database will provide for enforcement tracking, create public access to information via the Internet, increase division productivity and consistency of staff, and establish database integrity.

Funding:	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>Total</u>
Rcpt Svcs	\$300,000						\$300,000
Total:	\$300,000	\$0	\$0	\$0	\$0	\$0	\$300,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	58,000	1
Ongoing Operating:	103,000	1
One-Time Startup:	0	
Totals:	161,000	2

Additional Information / Prior Funding History:**Project Description/Justification:**

The Securities Section protects investors by registering securities and persons who sell securities and give investment advice, and by taking enforcement actions against people who violate the Alaska Securities Act. To do this effectively requires a database that is secure, auditable, and one that makes information accessible to staff and the public. Our current Oracle database is based on an outdated WANG system. Some of its shortcomings include: (1) there is NO enforcement tracking capability; (2) data are not available for posting on the Internet to allow the public to check to see basic registration information; (3) all securities screens and fields are the same, despite differing statutory and regulation requirements, which can cause inconsistent division actions; (4) there is NO audit trail of entries and controlled "chain of custody" of files which can hurt us in a legal challenge; (5) division staff has NO capability of its own to obtain reports of securities linked to persons under investigation; (6) there is NO way to track correspondence and registration requirements and statutory due dates in order to improve speed, efficiency, and consistency.

The project's purpose is to address the shortcomings described above and to upgrade the securities database (1) to improve public access to database information via the Internet, (2) to provide faster filing services to customers, (3) to improve staff productivity allowing for increased activity without an increase in the securities staff (project will require one additional data processing position), and (4) to increase database integrity providing a comprehensive audit trail for each filing, in the event of an appeal or an enforcement action. It will increase protection for Alaskans from fraudulent filers by tracking all filings related to each filer, and by improving the consistency of staff review prior to approval. Preventing just one fraudulent filing would more than cover the cost of implementing the new database.

We anticipate the expenditure will be used almost exclusively for the purchase of database software designed for use in securities registration and enforcement, and the necessary consulting services to modify software for our needs, install it,

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train staff in its use, and ensure that it works as expected. Little, if any hardware will be purchased. If it is, it would likely be a server, or enhanced retrieval hardware such as a CD-ROM jukebox.

By increasing database integrity, the public will be assured that securities and persons are not registered without full and complete review of compliance with law. By modernizing the database, we will be able to make more information available to the public on the Internet. We will also gain in staff productivity. They will process applications faster and their public information request queries will be more accurate and complete.

As with any software program, there will be continuing maintenance, updating, and upgrading requirements. For example, a database designed to integrate well with Microsoft Office 2000 may need to be updated for Microsoft Office 2005. Also, upgrades in the operating system may require adjustments. Finally, as state or federal law changes, we may find it necessary to alter some of the features in the database. In response to the question, we would anticipate these kinds of costs could amount to about \$45.0, or 15% of the database cost.

The alternatives are to stay with the current Oracle database that is based on an antiquated WANG database, or develop one internally. Realistically, it would be years before we could expect an improved database, and it would be more costly. It also would be years before we could achieve our goals of increased staff productivity and public access to information. The new database is the core component of our strategy. Our plan is to include an imaging capability in the system that will allow examiners to access all information electronically, and to share it with other examiners or the public.