



# WASHINGTON UPDATE

444 N. Capitol Street NW, Suite 234 ♦ Washington, DC 20001 May 24, 2010

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## **Financial Regulatory Reform Heads to Conference**

On Thursday evening, the Senate passed their own version of financial regulatory reform by a vote of 59-39. The legislation now goes to conference with the House to work out the differences between the House and Senate versions.

In addition to creating a consumer protection agency, providing a mechanism for liquidating financial institutions and creating a council to monitor systemic risk, the Senate bill calls for studies on municipal trade transparency, municipal disclosure, and GASB funding. While an amendment to establish a federal funding solution for GASB was not included in the Senate passed version, a possibility remains that the language will be added during conference negotiations.

For more information on Wall Street reform efforts, please visit the Senate Banking Committee website at: <http://banking.senate.gov/public/>

## **SEC to Hold Open Meeting on Muni Market Rules**

The U.S. Securities and Exchange Commission will hold an open meeting on May 26 at 10:00 a.m. to discuss possible rule changes in the muni market. According to the SEC, one purpose of the meeting will be to consider a recommendation to adopt amendments to Rule 15c2-12 under the Securities Exchange Act of 1934, a rule pertaining to municipal securities

disclosure. The SEC will also consider related interpretive guidance to assist brokers, dealers and municipal securities dealers in meeting their obligations under the antifraud provisions of the federal securities laws.

The open meetings link at the SEC website can be found at [www.sec.gov/news/openmeetings.shtml](http://www.sec.gov/news/openmeetings.shtml).

## **Amendment to Ban State Aid Fails on Senate Floor**

Republican Senator Judd Gregg of New Hampshire submitted an amendment last week to the financial regulatory reform bill that would have banned all federal money to any state or locality that "...has defaulted on its obligations, is at risk of defaulting, or is likely to default, absent such assistance from the United States Government." The amendment, with its broad language and serious negative implications for state and local governments, only garnered 47 votes and was defeated in a floor vote last Tuesday. The Financial Regulatory reform bill as a whole passed on Thursday afternoon.

## **Internet Gaming One Step Closer to Becoming Legal**

The House Ways and Means Committee held a hearing last Wednesday to move forward on legalizing Internet gambling in the United States. H.R. 2267, the Internet Gambling Regulation, Consumer Protection and Enforcement Act, would create a legal framework for licensing and regulating online gambling. Committee Chairman Barney

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Frank announced:

“American consumers who wish to gamble online are currently without safeguards against fraud, identity theft, underage and problem gambling and money laundering... Enacting these bills would bring this industry out of the shadows, benefit consumers and ensure that all of the revenue does not continue to exclusively benefit offshore operators.”

Under this legislation, the Treasury Department would have exclusive authority to establish regulations and license Internet gambling operators, who in turn would be required to maintain protections against underage gambling, compulsive gambling, money laundering and fraud, and enforce prohibitions or restrictions on types of gambling prohibited by the states. Two gaming bills currently under consideration, H.R. 2267 and 2268, could be combined and acted on within the committee as early as July, according to Chairman Frank. H.R. 2267 has 69 cosponsors.

Information about the hearing can be found at

<http://waysandmeans.house.gov/Hearings/hearingDetails.aspx?NewsID=11179>.

### **Accounting Standards Hearing Looks at International Convergence; Legality of PCAOB**

Representatives from the Securities and Exchange Commission, Financial Accounting Standards Board, and Public Company Accounting Oversight

Board appeared before the House Financial Services Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises on Friday to discuss progress on international accounting standards convergence. Reporting on the progress of convergence efforts was Bob Herz of FASB. He included a March 2010 Quarterly Progress Report in his testimony, noting that many convergence projects are approaching exposure draft stage and that they are targeted for completion in 2011. In addition, Acting Chairman Dan Goelzer of the PCAOB told the subcommittee that the Supreme Court might make a decision on the legality of the PCAOB in the coming weeks. The court will determine whether the Presidential appointment of PCAOB members is constitutional.

All testimony can be found at [www.house.gov/apps/list/hearing/financialsvcs\\_dem/cpthrg\\_05212010.shtml](http://www.house.gov/apps/list/hearing/financialsvcs_dem/cpthrg_05212010.shtml).