



California Corporate & Securities Law

Governor Proposes To Consolidate The DFI And DOC

By Keith Paul Bishop on January 17, 2012

Article IV, Section 12(a) of the California Constitution requires the Governor to submit to the legislature a proposed budget for the ensuing fiscal year within the first ten days of the calendar year. Governor Jerry Brown met this deadline by announcing his proposed budget on January 5, 2012.

I was surprised and dismayed to see that Governor Brown is reviving the idea of combining the departments of Financial Institutions and Corporations. A similar idea was proposed by former Governor Arnold Schwarzenegger and introduced as AB 33 (Nava) in the 2009-2010 legislative biennium.

I previously served in the Commissioner of Corporations post and before that as the interim Savings and Loan Commissioner. In these positions, I was responsible for the administration and enforcement of both securities and financial services laws. I also served as deputy secretary for business regulation and general counsel to the California [Business, Transportation & Housing Agency](#). In that capacity, I worked with the leadership and staffs of both the Department of Banking (as it was then known) and the Department of Corporations. In my view, enactment of AB 33 would have been profound mistake.

I was not alone in that view. Five former commissioners, superintendents and chief deputies of the Departments of Banking and Financial Institutions signed a letter voicing their "strong" opposition to AB 33. The Financial Institutions Committee of the Business Law Section of the California State Bar also opposed the bill.

In the end, the proposal died and AB 33 was gutted and amended to address an entirely different topic. Nothing has occurred in the ensuing years that changes my objection to consolidating these two fundamentally different regulatory agencies. For more on this important topic, I encourage you to read this [analysis](#) of AB 33 prepared by the Senate Banking, Finance and Insurance Committee (now known as the [Banking and Financial Institutions Committee](#)).

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