

# State Corporation Commission

“Imponderable Importance”

“Nearly 115 years of service to the Commonwealth”

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“Spokesman for the SCC”

“The Voice of the SCC”

Director, Information Resources

# State Corporation Commission

“Nearly 115 years of service to the Commonwealth”

3 primary areas of responsibility



# State Corporation Commission



Consumer Interests

Industry Interests

**OVERALL PUBLIC INTEREST**

# State Corporation Commission

- Created in 1902 to regulate railroads, telephone & telegraph companies, and to grant corporate charters
- Insurance regulation added in 1906
- Banking regulation added in 1910
- Public utility rate regulation added in 1914
- Securities regulation added in 1918

# State Corporation Commission

- Constitutionally created independent department of state government: Va. Const. Article IX
- The Constitution vests the SCC with judicial, legislative, and executive powers
- The Commission acts as a court of record of a status and dignity equal to that of a circuit court (Atlas Underwriters 237 Va. 45 (1989))
- The SCC can enforce its orders by fines or contempt citations
- Right of appeal of SCC decision directly to the Supreme Court of Virginia

# State Corporation Commission

- General provisions addressing the SCC are further set forth in Virginia Code Title 12.1. Other SCC responsibilities are defined throughout the Code, including:
  - ✓ Title 6.2 Banking and Finance
  - ✓ Title 8.9A UCC – Secured Transactions
  - ✓ Title 13.1 Business Entities, and Securities and Franchising
  - ✓ Title 38.2 Insurance
  - ✓ Title 50 Limited Partnerships & Partnerships
  - ✓ Title 55 Real Estate Settlement Agents
  - ✓ Title 56 Public Service Companies
  - ✓ Title 58.1 Public Service Taxation
  - ✓ Title 59.1 Trademark and Service Marks

# State Corporation Commission

- 3 Commissioners elected by the General Assembly to six-year staggered terms
- SCC staff comprised of 640 employees
- Annual budget for FY 2016  $\approx$  \$84 million
- Special fund agency, revenue derived from fees/assessments on regulated industries (\$129 million in FY2016)
- Nearly \$77 million of which was collected for the state General Fund

# State Corporation Commission

March 1903	vs.	Today
3	Commissioners	3
5	Employees	640
482	Domestic Business Entities	477,000
\$ 24,000	Annual Budget	\$84 million
\$488,271	State Revenue Contribution	\$77 million



# Office of the Clerk

- Official custodian of the judicial and administrative records of the SCC
- Central filing office for all Virginia and foreign corporations, LLCs, general and limited partnerships and business trusts authorized to do business in Virginia
- Central filing office for UCC financing statements and certain tax liens

# Office of the Clerk, continued

- In some instances the Clerk is deemed to have been appointed the statutory agent of individuals or business entities for service of process

# eFile

## Online options for the most common business entity filings are available

- ✓ Virginia stock corporation formations (50%)
- ✓ Virginia limited liability company formations (80%)
- ✓ Registered agent changes and resignations (70%)
- ✓ Corporate annual reports with no changes (23%)
- ✓ Pay corporate and LLC annual fees (30%)
- ✓ Certificates of good standing for corporations (84%)
- ✓ Certificates of fact of existence for LLCs (84%)
- ✓ Check for name distinguishability

# Bureau of Insurance

- Licenses, regulates, investigates, and examines insurance companies, agencies and agents doing business in the Commonwealth
- Registers, examines, and investigates real estate (title) settlement agencies and agents

# Bureau of Insurance, continued

- Ongoing enforcement actions
- Financial audits
- Consumer complaints
- Outreach program to promote insurance literacy

# Bureau of Insurance, continued

## Current Issues

- Long Term Insurance rates
- Certification of qualified health insurance plans offered in the Federal Health Exchange in Virginia
- Insurance Company Receiverships

# Bureau of Financial Institutions

- State depository institutions
  - ✓ Virginia chartered banks
  - ✓ Savings institutions
  - ✓ Credit unions

# Bureau of Financial Institutions, continued

## ➤ State non-depository institutions

- ✓ Trust companies
- ✓ Consumer finance companies
- ✓ Mortgage lenders and brokers
- ✓ Money transmitters
- ✓ Credit counseling agencies
- ✓ Motor vehicle title lenders
- ✓ Payday lenders
- ✓ Check cashers



# Bureau of Financial Institutions, continued

- Financial audits
- Compliance investigations
- Consumer complaints
- Outreach program to promote financial literacy

# Bureau of Financial Institutions, continued

## Current Issues

- Unregistered & Unregulated Internet Payday Lending
- Regulatory Burden on Community Banks
- Assuring Financial Strength of Regulated Institutions
- Cyber-security of Financial Institutions

# Division of Securities and Retail Franchising

- Regulates securities, broker-dealers, broker-dealer agents, and investment advisors
- Registers franchises and trademarks in Virginia

# Division of Securities and Retail Franchising, continued

- Performs audits
- Handles complaints
- Conducts investigations of alleged Code violations or misconduct
- Prosecutes broker-dealers and agents for Code violations and misconduct
- Provides consumer education

# Division of Securities and Retail Franchising, continued Current Issues

- Crowdfunding
- Ponzi Schemes/Misrepresentations
- Sale of High Risk Products to Seniors
- Unregistered Activity
- Another Trademark Issue in the News



**HAVOC**  
**LIVES**  
**HERE!**

# Energy Regulation

- Regulates investor-owned electric, natural gas, water and sewer utilities, and member-owned electric cooperatives
- Strives to ensure high quality utility service at just and reasonable rates
- Financial audits
- Reviews the public need and convenience for utility plant and transmission construction beyond ordinary extensions of service

# Energy Regulation, continued

## Current Issues

- High voltage transmission line proposals
- Demand-side management
- Renewable resources, including solar, wind and battery power
- Federal Clean Power Plan
- Limitations on SCC rate review
- Cyber-security of Utility Networks



# Communications

- Oversees the telecommunication industry
- Fosters a competitive market
- Investigates consumer inquiries and complaints
- Enforces service standards

# Communications, continued

## Current Issues

- Continuity of reliable 911 services

# Utility & Railroad Safety

- Administers safety programs for underground utility damage prevention, jurisdictional natural gas and hazardous liquid pipelines, and railroads

# Utility & Railroad Safety, continued

- Investigates incidents associated with leaks, explosions or accidents
- Investigates reports of probable violations of the Underground Damage Prevention Act
- Takes appropriate enforcement action
- Provides training
- Promotes public awareness

# Utility & Railroad Safety, continued

## Current Issues

- Oil tank train transportation safety
- Railroad track inspections
- Ongoing Miss Utility (call 811 before you dig) education, investigation and enforcement
- Monitor, train and correct gaps in utilities' safety programs

# Public Service Taxation

- Fairly and equitably assesses property of public utilities for local taxation
- Distributes the assessed values to each city, county and town in which utility property is located
- Collects certain taxes and fees

# Legal Offices

- Counsel to the Commission
  - ✓ Provides advice and legal counsel to the Commissioners
  - ✓ Represents the Commission in appeals to the Virginia Supreme Court
- Administrative Counsel
  - ✓ Provides advice and legal counsel to the Commissioners and CAO on administrative matters, notably procurement, personnel and document production requests
- Office of the Hearing Examiners
  - ✓ Conducts hearings as delegated by the Commissioners and makes recommendations for disposition of cases so assigned
- Office of the General Counsel
  - ✓ Provides legal advice and representation to the Commission divisions in hearings before the Commission or its Examiners
  - ✓ Represents the Commission before the General Assembly and federal regulatory bodies

# Chief Administrative Officer

assists the Commissioners in managing the SCC operational and administrative functions

- Information Technology
- Information Security
- Commission Comptroller
- Human Resources
- Information Resources (Administers Energy Sense, and handles public, legislative and media inquiries)
- Internal Audit



# State Corporation Commission

## Case Initiation and Participation

- Rules of Practice and Procedure
- Informal Customer Complaints
- Petitions for Relief, Applications and Rules to Show Cause
- Individuals and Companies can Participate as a Party in Cases affecting the Public by Filing a Notice
- Or, can Testify as Public Witnesses at Hearings

# State Corporation Commission

## Coverage of SCC Hearings

Hearings are generally held in the Commission Courtrooms, but we can convene local hearings when a case affects only a particular locality. As a court of record, the SCC follows the Virginia Supreme Court Guidelines regarding cameras and recording devices in the courtroom. (liberally applied). The standard applies whether the proceeding is in an SCC courtroom, a local county board of supervisors hearing room, or a high school gymnasium.

Hearings that the Commission considers to be of particular and state-wide public interest are often audio cast over the Internet with a link readily accessible on the SCC website.

# State Corporation Commission

## SCC Records

The General Assembly has created a separate, parallel statutory framework regarding both the availability of documents and the conduct of business at the SCC.

These statutory provisions provide for broad access to documents while also protecting the public interest.

Pleadings and testimony filed in docketed cases are publicly available through the SCC website.

# Commission Website

<http://www.scc.virginia.gov>