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**Testimony of Office of Attorney General on Senate Bill 392
Presented to the House Committee on Insurance and Pensions
By Chief Deputy Attorney General Jeff Chanay**

March 7, 2022

Chairman Johnson and members of the Committee, thank you for the opportunity to testify in support of the passage of Senate Bill 392.

Senate Bill 392 is the final piece in concluding the litigation captioned *Thomas Edward Blumer, on behalf of himself and all others similarly situated v. State of Kansas*, in the District Court of Shawnee County, Kansas, Case No. 2019-CV-720. This case was a class action challenge to fee fund “sweeps” from the Securities Act Fee Fund pursuant to K.S.A. 17-12a601(a) and K.S.A. 75-3170a. By operation, the sweeps from the Securities Act Fee Fund grossly exceeded the amount necessary to reimburse the state general fund for accounting, auditing, budgeting, legal, payroll, personnel, and purchasing services, thus making the sweeps likely unlawful. Due to prior case law, it was determined that this was a matter that should to be resolved short of trial.

Ultimately the litigation was settled through the coordinated efforts of the Office of the Governor, Division of Budget, Office of Attorney General, and Department of Insurance. The settlement was approved by District Judge Teresa Watson after the certification of the plaintiff class. All of the financial terms of the settlement have been carried out. The only settlement term that has not been accomplished is the agreement to request and recommend to the Legislature that the language be struck from K.S.A. 17-12a601(a)(4) and (5) that effectuated the fee sweep.

Requested action

Senate Bill 392 statutorily carries out what the State of Kansas has already agreed to do by settlement agreement and subsequent court order. The attorneys for the plaintiffs have indicated that passage of SB 392 in its current form is compliant with the terms of the settlement agreement. Therefore, the Office of Attorney General recommends and requests its passage without amendment.

Thank you and I will stand for questions.

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