

# *Mississippi Secretary of State's Office*

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# Exams

The goal of the exam program is to protect the public interest, foster investor and donor confidence, and protect legitimate businesses.

- Two Types of Examinations
  - Routine --*generally a standard comprehensive exam*
  - For Cause --*there for a reason, sometimes a focused exam*
- Some exams are conducted from examiner's office



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# Exams

State examinations generally include the following areas:

- Books and records
  - Financials/Accounting
  - Contracts/Agreements
  - Advertising/Solicitations
  - Trading histories, commission reports
- Registration – Accuracy of filings
- Operations – Supervisory, sales, program services



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# Exams

- Routine exams are typically a four-part process.
  - Pre-Exam
  - On-Site
  - Post-Exam
  - Resolution
- Onsite portion of exam may last from one day to a week depending on several factors.
- Usually one or two examiners.



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# Pre-Exam

- Notification of upcoming exam typically done with a phone call followed by a fax or e-mail with a list of documents to have ready.
- Pre-Exam Questionnaire
- May request documents prior to on-site visit.
- Some exams may be unannounced.
- During this time, the examiner conducts background research (Registration, Internet, Social Media, etc...)



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# Onsite

- Introduction and description of the purpose of the visit.
- Identify contact/point person for the examiner.
- Try to meet key personnel.
- Initial interview conducted by examiner
  - Tour of the office
    - *Where are your records?*
    - *Where is the copier?*
    - *Where can I work?*
  - Interview: Questions about operations



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# Onsite

- Document/File review. Sample client accounts.
- Exam modules
- Exit interview (optional).
  - The examiner explains what comes next. May be done onsite or may come after the actual visit, but not required.



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# Post Exam

- Once examiner leaves the premises, the exam is not over.
  - Most of exam is done back at the office, and frequently additional documents or information is requested.
- Exam report “deficiency letter” prepared.
- May take one to several weeks depending on several factors.



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# Resolution

- Once post-exam work is complete, an exam report or deficiency letter may be sent via certified mail.
- Registrant must respond to the deficiency letter in writing, usually within a set amount of time.
- Once all deficiencies have been satisfactorily addressed, exam is closed.
- Certain issues may be referred to enforcement.



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