



Monthly Bulletin



Volume 16, Number 6

December 2012

Message from the Commissioner

Happy New Year!

I have spent the past several months throughout California talking about the good in the banking and financial industry. Specifically the good in your bank, your credit union, your money transmission company, etc. and how DFI's licensees serve the needs of the community in which they operate. You are improving our towns and cities with your presence and your services. You provide funding for local businesses, including small business, assist families to purchase cars and homes and finance college for their children. You serve families who use money transmission businesses for the necessities of life and transmitting money to family members.

Some of you have heard me speak about a California banker, A. P. Giannini, who founded Bank of Italy, the predecessor of Bank of America. Giannini made loans to working class people. He believed that banks should be a part of the community, open and accessible - each local branch had a local advisory committee, much like the credit unions today. Giannini hired local staff. His bank officers, including AP himself, sat in the middle of the floor where members of the community could walk in and talk to them. Studies today show that consumers are willing to pay more for personal services, something I know many of you do very well in serving your communities.

I speak today about Giannini because of the current demographics of California: California is the most populous sub-national entity in North America; if it were an independent country, California would rank 34th in population in the world. Its population is one third larger than that of the next largest state, Texas; and no single racial or ethnic group forms a majority of California's population, making the state a minority-majority state. With this comes opportunities and challenges for financial institutions in California. Much of these statistics represent a population that comes from countries where bank deposits are uninsured and there is little opportunity to have a banking relationship. As banks and credit unions in California, you have a unique opportunity to take advantage of a program now administered by the Department of Financial Institutions, called Bank On California. Bank On California is a voluntary collaborative initiative in eight communities that gives unbanked households access to mainstream financial products and services, including no- and low-cost checking and savings accounts and access to financial education. Community partners include community-benefit, non-profit organizations, local,

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state and federal government agencies, and banks and credit unions. I commend and congratulate the following institutions that are already participating in Bank On California:

- Bank of the Sierra
- Bank of the West
- Cathay Bank
- Central Valley Community Bank
- East West Bank
- Golden 1 Credit Union
- Orange County's Credit Union
- Patelco Credit Union
- Pan American Bank
- Redwood Credit Union
- SAFE Credit Union
- School's Financial Credit Union
- Security First Bank
- Travis Credit Union
- United Security Bank

The bottom line is that each financial institution needs to look at its community and determine how best to serve that community and its customers and members. My vision is to promote the public's trust and confidence in the financial system by ensuring the safety and soundness of the state's chartered and regulated institutions. I truly want to return to the days when the public viewed bankers and financial institutions as pillars in the community. California's financial institutions are well on your way to demonstrating that you deserve the public's continued trust and confidence.

The beginning of the year is also a time to reflect on the good and noteworthy that happened during 2012. Some of the areas you have probably considered are improved safety and soundness, growth, improved efficiency, and products and services that improved services to consumers.

I have also continued to study the condition of state-chartered financial institutions. The safety and soundness of our licensees is of vital interest to DFI. It's our mission. I am pleased to again report that the majority of state-chartered and regulated financial institutions are safe and sound.

In 2012, DFI founded and chaired the Money Transmitter Regulators Association (MTRA) Emerging Issues Committee to foster a uniform approach to applying money transmission laws nationwide and to coordinate enforcement with other states. One of the Committee's first accomplishments was to sponsor and conduct a national Webinar attended by 37 states on the subject of legal and policy issues presented by emerging payment systems and technologies.

I look forward to working with each of you towards our common vision. Thank you for your vigilance, staying true to serving your community and preserving the integrity of the financial system in California. I look forward to hearing from you on any of these topics and/or on other topics and issues that are of interest to you. My contact information is below.

Please accept my best wishes for a safe, healthy, happy and prosperous new year, for you and all your loved ones.

Sincerely,

Teveia R. Barnes, Commissioner
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AB 2364 – Locations for Service of Legal Process to be Posted Online

In response to [AB 2364](#), (effective January 1, 2013) the DFI is in the process of collecting the central locations for service of legal process filed by financial institutions* doing business in California. The [Code of Civil Procedure Section 684.115](#) provides the DFI a period of ten (10) business days to post online the designated location information after it is received. Filed designated locations for service of legal process will be posted no later than January 15, 2013 on the DFI's [Central Locations for Service of Legal Process](#) webpage.

An email providing access to the electronic filing form was sent on December 21, 2012 to DFI licensees' designated emails and to financial institutions that are not licensed by the DFI, but that provided an email address.

If you have not received an email and need to file, or have questions about filing designated location information with the DFI, please contact the DFI Licensing Section at (415) 263-8559 or licensing@dfi.ca.gov.

**Includes all state and national banks, state and federal savings and loan associations, credit unions, and like organizations, and corporations engaged in safe deposit businesses.*

Commissioner's Residential Mortgage Survey 2012

It is important the DFI maintains complete, accurate, and up-to-date information on the real estate loan portfolios of its licensees to assess the risks in the portfolios, any regulatory requirements and the effect of any proposed legislation at the federal and/or state level on our licensees. The annual Commissioner's Mortgage Survey collects data on residential mortgage loans secured by 1- 4 unit Family Residential Property. In response to the Homeowners Bill of Rights that became effective January 1, 2013, the Survey now includes questions regarding foreclosures on first lien mortgages in California on 1-4 unit Family Residential Property that is owner occupied. The Commissioner of Financial Institutions directs licensees to complete and submit the 2012 Commissioner's Residential Mortgage Survey as a special report, pursuant to California Financial Code section 455.

Completed surveys are to be submitted online no later than January 25, 2013.

An email providing access to the Survey was sent to DFI licensed banks' and credit unions' designated emails on January 9, 2013.

If your institution's designated email account did not receive the email providing access to the Survey, or if you have questions about the Survey, please contact survey@dfi.ca.gov.

Note: Survey notifications are emailed to each institution's designated email address for communications with the DFI in accordance with the July 2010 Commissioner Order on Electronic Communications

Extension of Effective Date: Derivative Exposure and the California Lending Limit

The DFI's November Monthly Bulletin announced that effective January 21, 2013, California state chartered banks shall use the Conversion Factor Matrix Method to measure credit exposure for derivative transactions only for purposes of determining compliance with California's unsecured lending limit (FC 1481(a)).

As a result of recent inquiries, the DFI is extending the effective date to July 1, 2013. This extension will also allow the DFI to promulgate regulations for the implementation of section 611 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

If you have any questions, please contact Chief Examiner Scott Cameron at (916) 322-5962 or by e-mail at Scott.Cameron@dfi.ca.gov.

Community Economic Development Initiatives

The Department of Financial Institutions (DFI) participates in activities, programs and initiatives that bring together financial institutions, government agencies and non-governmental organizations to promote community economic development. This month we highlight ~~three~~ four such programs:

Earned Income Tax Credit Awareness Day – Friday, January 25, 2013

Financial institutions can help promote the Earned Income Tax Credit (EITC) by using your communication network. Network with other employers, government agencies, social service organizations, etc. in your community who have a vested interest in reaching and educating low income workers about EITC. Financial institutions can also get involved in the community by sponsoring a [Volunteer Income Tax Assistance \(VITA\)](#) site in your community to prepare tax returns for those who cannot prepare their own and cannot afford professional help.

Follow EITC on Twitter at IRSEITCDay. [Read more about EITC Awareness Day on EITC Central's Partner Toolkit](#). Find out how you can help...send an email to partner@irs.gov.

America Saves Week – February 25 – March 2, 2013

America Saves Week is an annual opportunity for organizations to promote good savings behavior and a chance for individuals to assess their own saving status.

Each February, thousands of financial institutions use America Saves Week to attract new customers, offer incentivized accounts to help people save, increase account balances, and educate individuals on the importance of saving. Check out the free resources below to help your customer/members save and [join this nation-wide movement today](#). By signing up for America Saves Week you will be listed as a [participating organization](#) and will receive news and updates on America Saves Week 2013. On Twitter? Use [#ASW2013](#) in any savings or ASW-related tweets.

Bank On California

Bank On California is a voluntary collaborative initiative that helps unbanked and underbanked Californians open bank or credit union accounts and provides education to help them successfully manage the accounts. Bank On partners include state and federal government, financial institutions, and community organizations.

Participating banks and credit unions offer no- and low-cost checking and savings accounts and financial education materials and workshops.

Visit the [Bank On California](#) Website to learn more about helping Californians open bank accounts.

Go Direct

Important News: All Federal Benefits Will Be Paid Electronically! March 1, 2013.

The U.S. Department of the Treasury now requires all federal benefit and non-tax payments to be paid electronically. Banks and credit unions play a vital role in educating customers and members about the new change to how federal benefit payments will be delivered and helping people choose an electronic payment option before the [federal deadlines](#).

Partnering with the Go Direct® campaign and promoting direct deposit for federal benefits can help your financial institution:

- Increase your customer and member base and enhance loyalty.
- Reduce traffic in branch lobbies to free up staff and teller time.
- Reduce operational and paper-based transaction costs.
- Reduce check fraud risk for your customers and members.
- Leverage existing marketing and product promotions.
- Simplify your ACH enrollment process.

[Free materials](#) are available to Go Direct® partners!

For more information about these and other [education and outreach](#) campaigns, visit the DFI Website's Education & Outreach page or contact Alana Golden, Community Affairs, 916-323-7012 or via email Alana.Golden@dfi.ca.gov.

Hard Copy Bank and Credit Union Examination Reports to be Eliminated

In a move to reduce the use of paper, postage, file storage space, and the time needed to deliver a completed examination report, the Department of Financial Institutions is eliminating hard copy examination reports.

In 2013, examination reports will be delivered in PDF format by secure email to the licensee and to the federal regulator. Paper copies will not be saved in the Department's file system or mailed to the licensee and the federal regulators.

It is expected that this move will reduce the Department's paper and postage costs and the need for file storage space. Licensees and federal regulators will receive examination reports sooner, as the time needed to deliver a paper report by postal mail will be eliminated.

Commercial Bank Activity

Conversion to State Charter

CommerceWest Bank, N.A., Irvine, to convert to a state-chartered commercial bank under the name CommerceWest Bank
Effected: 12/3/12

Acquisition of Control

Tieming Chen requests DFI approval to acquire control of Bank of the Orient
Filed: 12/17/12

Merger

BBCN Bank, Los Angeles, California requests DFI's approval to merge with Pacific International Bank, Seattle, Washington
Filed: 12/4/12

Coronado First Bank, Coronado, requests DFI's approval to merge with San Diego Private Bank, La Jolla
Filed: 12/14/12

Pacific Premier Bank, Costa Mesa, California, requests DFI's approval to merge with First Associations Bank, Dallas, Texas
Approved: 11/28/12

Pacific Western Bank, Los Angeles, requests DFI's approval to merge with First California Bank, Westlake Village
Filed: 11/26/12
Approved: 12/21/12

Purchase of Partial Business Unit

First Choice Bank, Cerritos, request DFI's approval to acquire the deposits and related liabilities of Evergreen International Bank, Long Beach

Filed: 11/8/12

Approved: 12/12/12

Heritage Oaks Bank, Paso Robles, request DFI's approval to acquire the Morro Bay branch of Coast National Bank, N.A., Morro Bay

Approved: 12/28/12

Effected: 12/31/12

Manufacturers Bank, Los Angeles, request DFI's approval to acquire the Glendale branch of National Bank of California, Los Angeles

Filed: 12/21/12

Premium Finance Company Activity

New Premium Finance Company Application

One West Financing

500 N. State College Boulevard, Orange, Orange County

Filed: 12/4/12

Plainview Premium Finance Company of California, Inc.

555 Capitol Mall, Sacramento, Sacramento County

Opened: 12/18/12

Foreign (Other Nation) Bank Activity

Relocation of Office

Credit Suisse AG

From 19200 Von Karman Avenue, Irvine, to 4370 La Jolla Village Drive, San Diego, San Diego County
(Representative office)

Filed: 12/13/12

Approved: 12/13/12

Voluntary Surrender of License

Bank of Scotland PLC

865 South Figueroa Street, Los Angeles, Los Angeles County (Representative office)

Notified: 11/26/12

Effected: 12/31/12

Voluntary Surrender of License (Continued)

Lloyds TSB Offshore Limited

865 South Figueroa Street, Los Angeles, Los Angeles County (Representative office)

Notified: 11/26/12

Effected: 12/31/12

Foreign (Other State) Bank Activity**New Facility**

UBS Bank USA

- 555 California Street, City of San Francisco, County of San Francisco
- 2029 Century Park East, City of Century City, County of Los Angeles
- 301 East Ocean Boulevard, City of Long Beach, County of Los Angeles
- 725 S. Figueroa Street, City of Los Angeles, County of Los Angeles

Notified: 12/10/12

Credit Union Activity**Merger**

Alliance Credit Union, San Jose, request the DFI's approval to merge with Electric Federal Credit Union, San Jose

Effected: 11/30/12

San Francisco Fire Credit Union, San Francisco, request DFI's approval to merge with Bay Media Federal Credit Union, San Francisco

Effected: 12/31/12

Valley First Credit Union, Modesto, request the DFI's approval to merge with State Center Credit Union, Fresno

Effected: 12/31/12

Field of Membership

One credit union received approval from DFI to add two new fields of membership during November 2012.

Variance

One credit union received approval from DFI for a request for variance to sections of the California Code of Regulations during November 2012.

Money Transmitter Activity

New Money Transmitter Application for License

Choice Money Transfer, Inc.
License Issued: 12/12/12

Intuit Payments Inc.
Filed: 7/25/12

NetSpend Corporation
License Issued: 12/13/12

Moneydart Global Services Inc.
Filed: 12/7/12

Square, Inc
Approved: 10/8/12

Venmo Inc.
License Issued: 12/12/12

TEVEIA R. BARNES
Commissioner of Financial Institutions

Bulletin for Month ended
December 2012, issued pursuant
to Financial Code section 376

