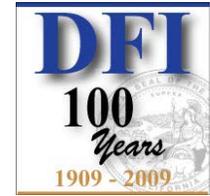




# Monthly Bulletin



Volume 16, Number 3

September 2012

## Tara Murphy Appointed Assistant General Counsel

Tara L. Murphy was appointed Assistant General Counsel at the Department of Financial Institutions by Governor Edmund G. Brown Jr. on September 26, 2012. Murphy was Vice President and Chief Counsel at Fireside Bank from 1995 to 2012. She was Senior Counsel at the Federal Deposit Insurance Corporation from 1983 to 1995, and Manager of Field Operations at the Canada Deposit Insurance Corporation from 1990 to 1992. Murphy was also an Associate at Callahan, Callaghan, Ruckman and Vaughan from 1982 to 1983. She earned a Juris Doctorate degree from the West Virginia University College of Law. Murphy is licensed to practice law in California, Hawaii, and West Virginia.

## Comment Period for New Capital Rules Closes October 22

The public comment period for joint proposals by the Federal Reserve Board, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency that would revise their current regulatory capital standards closes on October 22, 2012. The Basel III notice of proposed rulemaking (NPR) focuses primarily on strengthening the level of regulatory capital requirements and improving the quality of capital. The Standardized Approach NPR proposes a number of enhancements to the risk-sensitivity of the agencies' capital standards.

The DFI encourages financial institutions that will be affected to write comment letters to the federal banking regulators as to the immediate and possible future impact, if any, of these proposed rules on their institutions and its customers.

The federal banking regulators have released a Capital Estimation Tool incorporating proposed Basel III rules. The tool is a six-step Excel workbook with instructions. The tool also provides an email address for technical questions.

45 Fremont Street, Suite 1700, San Francisco, CA 94105-2219  
300 South Spring Street, Suite 15513, Los Angeles, CA 90013-1204  
1810—13<sup>th</sup> Street, Sacramento, CA 95811  
7575 Metropolitan Drive, Suite 108, San Diego, CA 92108-4421  
Consumer Compliance

(415) 263-8500  
(213) 897-2085  
(916) 322-5966  
(619) 682-7227  
(800) 622-0620

The estimation tools are available for banks, savings associations and their holding companies at: <http://www.fdic.gov/regulations/capital/calculator.html>.

Additionally, the FDIC has a resource page at: <http://www.fdic.gov/regulations/capital/sessions.html>. Comments may be submitted to [comments@fdic.gov](mailto:comments@fdic.gov)

## Corporate Account Takeover

### What is Corporate Account Takeover?

Corporate Account Takeover is an evolving electronic crime typically involving the exploitation of businesses of all sizes, especially those with limited to no computer safeguards and minimal or no disbursement controls for use with their institution's online business banking system. These businesses are vulnerable to theft when cyber thieves gain access to its computer system to steal confidential information in order to impersonate the business and send unauthorized wire and ACH transactions to accounts controlled by the thieves. Municipalities, school districts, large non-profit organizations, corporate businesses, and any customers that perform electronic transfers are potential targets. Losses from this form of cyber-crime range from the tens of thousands to the millions with the majority of these thefts not fully recovered. These thefts have affected both large and small institutions.

This type of cyber-crime is a technologically advanced form of electronic theft. Malicious software, which is available over the Internet, automates many elements of the crime including circumventing one time passwords, authentication tokens, and other forms of multi-factor authentication. Customer awareness of online threats and education about common account takeover methods are helpful measures to protect against these threats. However, due to the dependence of institutions on sound computer and disbursement controls of its customers, there is no single measure to stop these thefts entirely. Multiple controls or a "layered security" approach is required.

### Recommendation

In cooperation with other State and Federal regulators, the Department has posted to its web site [Best Practices - Reducing the Risk of Corporate Account Takeovers](#) (Best Practices) and other supporting documents. The Best Practices list nineteen processes and controls within a three-part risk management framework of Protect, Detect, and Respond. Management and the board of directors should consider each of these nineteen components in a risk management program to mitigate the risk of Corporate Account Takeover. The processes and controls are broad enough to accommodate the unique needs of every institution and its customers utilizing online banking services. The Best Practices are **not** an all-inclusive list and are provided as guidance to assist in implementing the recommended processes and controls to reduce the risk of Corporate Account Takeover theft.

The Best Practices reinforce the Department's expectation that all institutions are aware of the growing risk of electronic crimes, and the need to identify, develop, and implement appropriate risk management measures. Beginning in 2013, the Department's IT examinations will evaluate an institution's awareness of the Best Practices and what they have done to inform their corporate customers.

[Best Practices - Reducing the Risk of Corporate Account Takeovers](#) and other supporting documents are located on our website in the RESOURCES section of Resources and Online Tools ([www.dfi.ca.gov/resources](http://www.dfi.ca.gov/resources)).

## Local Agency Security Assessment

In accordance with Government Code section 53667, the Administrator of Local Agency Security has assessed all depositories in California in which the monies of local agency securities are deposited in order to fund the operations of the Department of Financial Institutions in administering the laws relating to local agency security. Invoices were mailed to depositories on September 18, 2012.

For the purposes of this assessment, the base rate was set at 0.002% of the average local agency deposit or \$1 per \$50,000 in average local agency deposits for the fiscal year July 1, 2011 through June 30, 2012. The assessment is necessary to fund the budget of the Department of Financial Institutions to meet the expenses of the Administrator in administering the laws regarding local agency security program for the period July 1, 2012 through June 30, 2013 and to provide a reasonable reserve for contingencies.

Depositories must pay their assessment no later than October 8, 2012. For questions regarding the assessment, contact Patrick Lum at (916) 323-7013 or by email at [plum@dfi.ca.gov](mailto:plum@dfi.ca.gov).

## FDIC National Survey of Unbanked and Underbanked

The Federal Deposit Insurance Corporation (FDIC) today released the results of its [2011 National Survey of Unbanked and Underbanked Households](#), the most comprehensive survey on the unbanked and underbanked in the United States. The survey indicates that more than one in four U.S. households (28.3%) are either unbanked or underbanked, a slight increase from the findings of the FDIC's 2009 inaugural survey.<sup>1</sup> The survey, conducted every two years by the FDIC in partnership with the U.S. Bureau of the Census, provides the banking industry and policy makers with insights and guidance on the demographics and needs of the unbanked and underbanked.

According to the 2011 Survey, 821,000 more U.S. households have become unbanked since the first survey in 2009, representing a 0.6 percentage point increase. More than half of all unbanked households said they do not have an account because they believe they do not have enough money or that they do not need or want an account. In addition, the report shows that three in ten households nationally do not hold a savings account.

Other key findings of the survey include:

- 8.2 percent of U.S. households are unbanked. This represents one in 12 households in the nation, or nearly 10 million in total. Approximately 17 million adults live in unbanked households.
- 20.1 percent of U.S. households are underbanked. This represents one in five households, or 24 million households with 51 million adults.
- 29.3 percent of households do not have a savings account, while about 10 percent do not have a checking account. About two-thirds of households have both checking and savings accounts.
- One-quarter of households have used at least one alternative financial service (AFS), such as non-bank check cashing or payday loans in the past year, and almost one in ten households have used two or more types of AFS products or services. In all, 12 percent of households used an AFS in the past 30 days, including four in 10 unbanked and underbanked households.

Read the [FDIC National Survey of Unbanked and Underbanked](#).

For additional information on the unbanked and how California is reaching out to the unbanked and underbanked, please visit the [Bank on California Website](#). If you are interested in partnering with Bank on California, please contact Alana Golden, Public Information Officer, 916-323-7012 or by email at [Alana.golden@dfi.ca.gov](mailto:Alana.golden@dfi.ca.gov).

## Deadline to Switch Federal Benefit Payments to Electronic Transfer Less than Six Months Away

The deadline for recipients of federal benefits to make the switch to electronic payments is March 2013, less than six months away. DFI encourages its bank and credit union licensees to educate their customers about the coming change by partnering with the Go Direct® campaign, a program sponsored by the U.S. Department of the Treasury and the Federal Reserve Banks. Financial institutions can learn more about partnering with Go Direct® [here](#).

Go Direct® released new videos and fliers in July. Tool kits to help [financial institutions](#) share the new videos and fliers are available on [godirect.org](http://godirect.org).

## 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  
Filed: 9/6/12

### Purchase of Partial Business Unit

Opus Bank, Irvine, to acquire ten branch offices of Pacific Western Bank, Los Angeles  
Effected: 9/21/12

### Merger

Oceanic Bank, San Francisco, to merge with and into First National Bank of Northern California, South San Francisco  
Effected: 9/21/12

## Premium Finance Company Activity

### New Premium Finance Company

Southern Star Premium Finance, Inc.  
17601 S. Denver Avenue, Gardena, Los Angeles County  
Opened: 9/11/12

## Foreign (Other Nation) Bank Activity

### Relocation

Banco Bilbao Vizcaya Argentaria, S.A.  
From 1 South Park Street, to 55 2<sup>nd</sup> Street, San Francisco, San Francisco County (Representative Office)  
Filed: 9/17/12  
Approved: 9/18/12  
Effectuated: 9/24/12

Cathay United Bank, Ltd.  
From 725 South Figueroa Street, to 707 Wilshire Boulevard, Los Angeles, Los Angeles County  
(Depository Agency)  
Filed: 8/15/12  
Approved: 8/15/12  
Effectuated: 9/24/12

## Foreign (Other State) Bank Activity

### New Facility

GPN Mortgage, a division of Great Plains National Bank  
25301 Cabot Road, Laguna Hills, Orange County  
Notified: 9/24/12

### Discontinuance of Facility

Central Pacific Bank  
895 Dove Street, Newport Beach, Orange County  
Notified: 9/10/12

## Credit Union Activity

### Merger

North Orange County Credit Union, Fullerton, to merge with and into Credit Union of Southern California, Brea  
Effected: 8/1/12

### Bylaw Amendment

Two credit unions received approval for two bylaw amendments during August 2012.

### Field of Membership

Two credit unions received approval to add two new fields of membership during August 2012.

## Money Transmitter Activity

### New Money Transmitter

GoPago, Inc.  
Filed: 9/13/12

Metavante Payment Services, LLC  
Approved: 9/19/12

Obopay, Inc.  
Approved: 9/19/12

---

TEVEIA R. BARNES  
Commissioner of Financial Institutions

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

