



# Monthly Bulletin



Volume 16, Number 10

April 2013

## Impermissible Advertising by Credit Unions

The Department has recently become aware of certain impermissible advertising campaigns by credit unions. The advertisements state that “everyone can join” or “all individuals can join” the credit union. Advertisements that display this message violate the Commissioner’s regulation concerning common-bond requirements for field of membership. Title 10 California Code of Regulations § 30.51 provides that members must share a common bond “beyond obtaining financial services.” Stating that “everyone can join” or that “all can join” the credit union incorrectly suggests that the common-bond requirement of § 30.51 does not apply. Please note this regulation when advertising to increase membership and do not use or display any advertisement that is in violation of Title 10 California Code of Regulations § 30.51.

## IT Systems Survey for Banks and Credit Unions is Now Available!

On May 9, 2013, DFI bank and credit union licensees were emailed information\* on accessing and submitting the electronic *2013 IT Systems Survey*. The purpose of this biannual survey is to assist the DFI in the risk assessment for IT examination. The Commissioner of Financial Institutions directs licensees to complete and submit the *2013 IT Systems Survey* as a special report, pursuant to California Financial Code, Section 455. Responses will be kept confidential and used only in the IT examination process.

**All surveys will be due Friday, June 7, 2013.**

If you have questions regarding this IT Survey, please use the contact information below:

- *Banks/Trust Companies/Foreign Banks/Foreign Branches:*  
Senior IT Examiner Robert J. Lipot at [robert.lipot@dfi.ca.gov](mailto:robert.lipot@dfi.ca.gov).

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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

*Credit Unions:*

Deputy Commissioner RaAnn Wood at [raann.wood@dfi.ca.gov](mailto:raann.wood@dfi.ca.gov).

- *Email or Technical Issues:*  
[survey@dfi.ca.gov](mailto:survey@dfi.ca.gov)

\* *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](#).*

## State Small Business Credit Initiative (SSBCI) – New Tools for Lenders

By Clifton Kellogg, Director, SSBCI

Created in 2010 when President Obama signed the Small Business Jobs Act into law, the Treasury Department's State Small Business Credit Initiative (SSBCI) is providing a total of \$1.5 billion in funding to states, territories, and the District of Columbia for a variety of different programs that support private lending and investing.

To ensure that SSBCI-funded programs address local economic and market conditions, Congress gave generous latitude to the states to design and administer their own programs to better serve their respective communities.

California received the largest state allocation, over \$168 million, which it split equally between two existing programs – the California Capital Access Program (CalCAP) administered by the California Pollution Control Financing Authority, and the California Small Business Loan Guarantee Program (SBLGP) administered by the Business, Transportation and Housing (BTH) Agency.

The infusion of SSBCI funds has increased CalCAP's ability to partner with small business lenders by doubling the state's contribution to the lender's loan loss reserve account. This added portfolio insurance enabled nearly 1,200 small business loans to be made in 2012. For 2013, CalCAP has received authorization from SSBCI to use \$35 million allocated to CalCAP to create a new Collateral Support Program (CalCSP) that pledges cash to cover the collateral shortfall on small business loans of \$100,000 or more, up to 40% of the loan value (up to 50% for a business located in a severely affected community). For more information on either program, please contact [Nancee Trombley](#).

Under the terms of the SBLGP, California provides a loan guarantee of up to 80% for eligible small businesses. With the addition of \$84 million from the SSBCI, the SBLGP has more capacity than ever. In 2012 the program guaranteed over \$33 million in small business credit. For more information on loan guarantee terms, please contact [Dan Apodaca](#).

*[Editor's Note: Clifton Kellogg and Nancee Trombley are featured speakers at the DFI Small Business Lending Fair on June 13 in Los Angeles. See below for details.]*

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## **DFI to Host Small Business Lending Fair in Los Angeles on June 13**

You are invited to attend the first-ever California Small Business Lending Fair. This event will bring together lenders—banks, credit unions and community development financial institutions—with representatives of the state small business loan guarantee programs to learn about programs that expand access to credit for small businesses.

Check-in begins at 9:00 AM and the program begins at 9:30 AM.

### Featured Speakers:

- Clifton Kellogg, Director, State Small Business Credit Initiative, Department of the Treasury
- Mark J. Robertson, Sr., President and CEO, Pacific Coast Regional Small Business Development Corporation
- Nancee Trombley, Program Manager, California Capital Access Program, State Treasurer's Office
- Mary Salinas Durón, Senior Community Affairs Specialist, Federal Deposit Insurance Corporation
- Ben Raju, Assistant District Director, Lender Relations, Small Business Administration, Los Angeles District Office

The Small Business Lending Fair will be held at the CalTrans District 7 Headquarters Building, 100 South Main Street, Los Angeles, California on Thursday, June 13. Check-in begins at 9:00 AM and the program begins at 9:30 AM.

To register for this event, just click on the following link, which will take you to the online registration form: <https://www.extremeform.com/f/509421/30fb/>

## **May is Older Americans Month - Elder Financial Abuse Protection**

In recognition of Older Americans Month, the DFI is highlighting resources and activities that bring attention to elder financial abuse protection.

Older Americans face many financial challenges as they age. Seniors may face clever scam artists or desperate family members targeting them because of their home equity or net worth, they may face a choice between paying the mortgage/rent or their credit card, and they also face complicated decisions about finances, retirement, and long-term care planning.

Seniors can be exploited through financial and legal arrangements, including:

- **Joint Bank Accounts:** Under the guise of helping the senior with their financial affairs, the offender has their name added to the seniors' bank accounts, thereby allowing the withdrawal or transfer of funds;
- **Deed or Title Transfer:** The senior transfers ownership of property such as a home, real estate, or cars to the offenders;
- **Power of Attorney and Durable Power of Attorney:** These legal arrangements give a person the authority to manage the affairs of the senior on the senior's behalf. Misuse arises when the agent induces the senior to sign the document, makes decisions or transactions that benefit the agent to the detriment of the senior, uses the power after it has been terminated, or uses the power for purposes other than what is intended; and
- **Living Trusts and Wills:** The effectiveness of these estate-planning tools depends on the trustworthiness of the person appointed to manage the trust. A perpetrator may induce a senior to change a will, making the perpetrator the sole beneficiary upon the senior's death.

## Resources

- The [CFPB's Office of Financial Protection for Older Americans](#) provides information and tools regarding navigating safely through financial challenges.
- The [National Center on Elder Abuse](#), sponsored by the Administration on Aging provides resources on elder abuse prevention, including information on reporting a suspected case of elder abuse.
- The [State of California Senior Gateway](#) provides seniors, their families, and caregivers with the information they need to connect to helpful services and resources, to find answers, and solve problems and provides reliable information on avoiding and reporting abuse, preventing fraud, financial abuse and common scam. DFI is a member of the Elder Financial Abuse Interagency Roundtable (E-FAIR), the working group that sponsors the Senior Gateway.

If you are planning to participate in an Older Americans Month event, you might consider partnering with organizations in the community and in neighboring communities. The following events are a good example of financial institutions partnering with community-benefit organizations.

Some of the events taking place in May during Older Americans Month:

- [May 15 - Elder Financial Abuse: The Silent Crime](#)
- [May 16 - Be Wise and Aware: Working Together to Prevent Elder Financial Abuse](#)
- [May 21 - Elder Justice: From Policy to Practice 8th Annual Elder Abuse Conference](#)

If you'd like DFI to highlight or help promote your free event during Older Americans Month, please contact Alana Golden, DFI Community Affairs, 916-323-7012. DFI will feature resources and activities on the DFI's financial literacy Website and on social media accounts.

For additional information on Older Americans Month, visit the [Administration on Aging Older Americans Website](#).

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## Mitigating the Risk of DDoS Attacks

Since September 2012, US financial institutions have been under coordinated and timed distributed denial of service (DDoS) attacks on their public-facing websites. In total, 50 US financial institutions have been targeted in over 200 separate DDoS attacks with varying effects.

While the recent May 7 DDoS attack by hacktivist group OpUSA had negligible results, financial institutions should nevertheless be prepared and understand how to mitigate the risks of such DDoS attacks.

Basic remediation actions can be summarized by this: "Clean, Patch, and Monitor."

- Clean - Remove the malicious content AND validate all accounts, removing unauthorized accounts and paying particular attention to accounts with administrative or elevated privileges.
- Patch - Keep systems patched and upgrade system software to the most current supported releases.
- Monitor - Stay abreast of new patches and version releases of your software, and patch when new versions are released. Also perform continuous baseline review of your system's usage to detect abuse before your infrastructure is used to attack others.

In addition to being politically motivated, DDoS attacks are sometimes used to distract from some other type of security intrusion. If your institution is targeted by a DDoS attack, make sure you were not the victim of a less-overt, but potentially more damaging activity, such as wire fraud.

DFI encourages its licensees to remain focused on emerging physical and cyber security threats and vulnerabilities to protect their customers' funds and to help safeguard the critical infrastructure of the United States.

## Commercial Bank Activity

### Merger

Pacific Premier Bank, Irvine, requests DFI's approval to merge with San Diego Trust Bank, San Diego  
Approved: 4/8/13

Royal Business Bank, Los Angeles, requests DFI's approval to merge with Los Angeles National Bank, Buena Park  
Approved: 4/30/13

### Purchase of Partial Business Unit

Cathay Bank, Los Angeles, California request DFI's approval to acquire the Las Vegas, Nevada branch office of Nevada National Bank, Las Vegas, Nevada  
Filed: 3/27/13  
Approved: 4/22/13

**Change Of Name**

Chinatrust Bank (U.S.A.) to change its name to CTBC Bank Corp. U.S.A.  
Notified: 4/11/13

**Premium Finance Company Activity****New Premium Finance Company Application**

Everguard Financial Services of California, Inc.  
6010 Commerce Boulevard, Rohnert Park, Sonoma County  
Approved: 4/23/13

Main Street Premium Finance Company  
600 West Broadway, San Diego, San Diego County  
Filed: 4/2/13  
Approved: 4/30/13

One West Financing  
500 N. State College Boulevard, Orange, Orange County  
Opened: 4/1/13

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

Branch Banking and Trust Company  
Spear Tower, One Market Street, San Francisco, San Francisco County (Facility – Insured Bank)  
Opened: 3/1/13

Dorsey & Whitney Trust Company LLC  
305 Lytton Avenue, Palo Alto, Santa Clara County County (Facility – Uninsured Trust Company)  
Filed: 4/18/13

GPN Mortgage, a division of Great Plains National Bank  
25301 Cabot Road, Laguna Hills, Orange County  
Opened: 1/2/13

**Credit Union Activity****Field of Membership**

Two credit unions received approval from DFI to add two new fields of membership during March 2013.

**Bylaw Amendment**

Three credit unions received approval from the DFI for three bylaw amendments during March 2013.

**Variance**

Four credit unions received approval from DFI for a request for variance to sections of the California Code of Regulations during March 2013.

**Merger**

America's Christian Credit Union, Glendora, requests DFI's approval to merge with Lutheran Credit Union, Brea

Filed: 1/15/13

Approved: 4/10/13

NuVision Federal Credit Union, Huntington Beach, requests DFI's approval to merge with Pacific Resources Credit Union, Los Angeles

Filed: 2/11/13

Approved: 4/10/13

## **Money Transmitter Activity**

**New Money Transmitter Application for License**

Firma Foreign Exchange Corporation (U.S.) Ltd.

Approved: 4/5/13

Intuit Payments Inc.

Approved: 4/5/13

PreCash, Inc.

Approved: 4/18/13

**Acquisition of Control**

Total System Services, Inc. requests DFI's approval to acquire control of NetSpend Holdings, Inc. and NetSpend Corporation

Filed: 4/8/13

Trilogy Equity Partners, LLC requests DFI's approval to acquire control of Beamit, Inc.

Filed: 2/8/13

Approved: 4/18/13

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**Change of Name**

Samso's Express Money Transfer, Inc., to change its name to First Global Money Inc.  
Notified: 4/5/13

Travelex Global Business Payments, Inc., to change its name to Western Union Business Solutions (USA), LLC  
Effected: 4/1/13

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TEVEIA R. BARNES  
Commissioner of Financial Institutions

Bulletin for Month ended  
April 2013, issued pursuant  
to Financial Code section 376



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