



Monthly Bulletin

Volume 1, Number 1

July 2013

Message from Jan Lynn Owen, Commissioner of Business Oversight

Dear Colleagues:

Welcome to the new Department of Business Oversight's Monthly Bulletin!

I will begin this month's bulletin by introducing myself and conveying my commitment to working with you to maintain the safety and soundness of California licensed financial institutions and financial service providers.

I am humbled and honored to have been chosen by Governor Brown to serve as the first Commissioner of Business Oversight. I am committed to the Governor's vision for transparent and accountable government and pledge to continue the work and regulatory commitments of both the former Department of Corporations (DOC) and Department of Financial Institutions (DFI).

The former DOC reached a milestone this year that the previous DFI had already reached: a century of exemplary service to Californians. This reflects the timelessness of their missions.

In December of 2011 Governor Brown appointed me as Commissioner of the Department of Corporations. It has been a fascinating experience, and preparing for the new Department of Business Oversight (DBO) has been a highlight of my many years in financial services, both as a regulator and in the private sector.

The core missions of the previous departments will continue and be strengthened as the new combined Department. All applications, examinations and reports will continue to be processed by the examiners, attorneys and support staff from the former departments. The DBO will provide information to protect the public from investment fraud and to educate consumers about the risks and rewards of investing and finances.

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I am also pleased to announce the makeup of my executive team, which includes:

- Dave O'Toole, Chief Deputy
- John Hanna, Chief Counsel
- Scott Cameron, Deputy Commissioner for Banking
- RaAnn Wood, Deputy Commissioner for Credit Unions
- Robert Venchiarutti, Deputy Commissioner for Money Transmitters
- Jerry Twomey, Deputy Commissioner for Broker-Dealers and Investment Advisors
- Louisa Broudy, Deputy Commissioner for Financial Services
- Lila Mirrashidi, Deputy Commissioner for Law and Policy
- Patty Salazar, Deputy Commissioner for Public Affairs
- Mary Ann Smith, Deputy Commissioner for Enforcement
- Marilyn Davis, Deputy Commissioner for Legislation
- Dawne Bortolazzo, Deputy Commissioner for Administration

I look forward to meeting and working with all of you to explore and seize upon opportunities to improve our operations and service to the state of California. Please feel free to contact me in my Sacramento office to answer any questions or set up a meeting.

Sincerely,

Jan Lynn Owen

Commissioner of Business Oversight

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Interim Final Rule on Basel III Approved by FDIC

On July 2, 2013, the Board of Governors of the Federal Reserve System finalized a new rule to implement Basel III in the United States in order to revise and enhance risk-based capital and leverage rules. On July 9, 2013, the FDIC Board of Directors approved an interim final rule that strengthens the definition of regulatory capital, increases risk-based capital requirements, and makes selected changes to the calculation of risk-weighted assets. The interim final rule contains regulatory text that is identical to the common rule text adopted as a final rule by the Federal Reserve Board and the Office of the Comptroller of the Currency.

The transition period for smaller, less complex banks is one year, which begins on January 1, 2015. Banks subject to the advanced approaches rule must begin implementation on January 1, 2014.

While much of what is in the rules will have no effect on community banks, it is important that community banks are cognizant of the changes in the capital rules that do apply. The Department of Business Oversight (DBO) encourages bank management and directors to learn what impact the new capital rule will have on their institutions. The FDIC will provide technical assistance in a variety of forms targeted specifically at community banks, including community bank guides on compliance with the rule, a video on the FDIC website, a series of regional outreach meetings, and subject matter experts at each of the FDIC regional offices whom banks can contact directly with questions. For more information, please visit the [FDIC Regulatory Capital page](#), the [FRB Basel Regulatory Capital Framework page](#) and the [FRB Community Banking Organization Reference Guide](#). The FDIC can be contacted at 877-ASK-FDIC (877-275-3342).

36th Annual Executive Officer and Director Compensation Survey to Launch in August

On or about August 15, 2013, DBO bank licensees will receive an email to their designated email address with a unique link to a secure web site where they will complete the survey online. California-headquartered national banks and federal savings banks that respond to a letter inviting them to participate will also receive an emailed link. Recipients are asked to please forward the link to the HR manager or other person who will be completing the survey.

The results will be compiled into a summary report that will be e-mailed to participating banks later this year.

Please contact Patrick Carroll at (415) 263-8559 or by e-mail at Patrick.Carroll@dbo.ca.gov if you do not receive the email or if you have any questions about the survey,

The survey results for the 34th *Annual Executive Officer and Director Compensation Survey* as of June 30, 2011 are now available at http://www.dbo.ca.gov/publications/executive_summaries/.

Participants in the 2012 survey will receive a PDF of the completed survey results by email upon completion.

Commissioner's Deferred Deposit Transaction Law "Payday Lenders" Survey

The Department of Business Oversight continues to assess the overall fiscal health and practices of California's deferred deposit originator industry, and to assess the potential effect of any proposed regulatory or statutory changes at the federal and/or state level on our licensees. The Department is conducting a survey of its deferred deposit originators (commonly known as "payday lenders"). An email providing access to the electronic California Deferred Deposit Transaction (CDDTL) survey was sent to licensees designated email addresses on June 26, 2013. This electronic survey form has been designed for the convenience of the licensees in providing the Department with various aspects of the company's activities that relate to deferred deposits transactions. The survey will collect data on activities from 2012 to May 31, 2013. This report is required in accordance with Financial Code Section 23015.

Escrow Advisory Committee Openings

There are currently three openings on the Escrow Advisory Committee. Escrow agents who are interested and qualify as either a medium sized company or a company with a different type of business specialization or an attorney, who has escrow company clients, may send their resumes to Kathleen Partin at Department of Business Oversight, 320 W. 4th Street, Suite 750, Los Angeles, CA 90013. The deadline for submissions is August 23, 2013.

As stated in Section 17214 of the California Financial Code, the purpose of the Escrow Law Advisory Committee is to assist the Commissioner in the implementation of her duties under the Escrow Law. The Committee is comprised of 11 members, including the Commissioner or her designee. Its members, other than those representing Escrow Institute of California and Escrow Agent's Fidelity Corporation, are appointed by the Commissioner and serve for a period of two years without compensation or reimbursement for expenses. The committee meets once a quarter in the Department's office at 320 W. 4th Street, Los Angeles, CA 90013. The meetings start at 10:00 A.M. and run between one and two hours. If you have any questions, please call Kathleen Partin at (213) 576-7595.

The current members of the committee are:

- Paula Franks Escrow Institute of California President
- PJ Garcia Escrow Institute of California Past President
- Bill Nelson EAFC Chairperson
- Jennifer Woodard EAFC Vice Chairperson
- Diane Boudreau Other Ownership
- Scott Akerley Other Specialization
- Leslie Sapone Medium Size Company
- Juliana Tu Small Size Company
- Steven Garcia Attorney
- Jeff Behm CPA

DBO to Host Small Business Lenders Conference in San Francisco on October 30

Building on the success of the first-ever California Small Business Lending Fair in Los Angeles in June, the DBO is reprising this event in San Francisco for a Northern California audience. Once again, lenders—banks, credit unions and community development financial institutions—will come together with representatives of the state and federal small business loan guarantee programs to learn about programs that expand access to credit for small businesses.

The Small Business Lenders Conference will be held at the Milton Marks Conference Center in the Hiram Johnson Building, 455 Golden Gate Avenue, San Francisco, California on Wednesday, October 30. DBO bank and credit union licensees will receive an email to their designated email address with a unique link to a secure web site where they will register online. Details to be announced.

For more information about the event, please contact Patrick Carroll at (415) 263-8559 or by email at patrick.carroll@dbo.ca.gov.

Investment Adviser Regulatory Update

The Department currently has a pending rulemaking to update its regulations governing licensee obligations when they have custody of client funds. The rule would update California Code of Regulations Title 10, section 260.237 and is intended to increase uniformity with investment adviser regulations in other states, as well as amended Securities and Exchange Commission rules. The proposed rule also generally conforms to the North American Securities Administrators Association Model Custody Rule.

The proposed rule will be published for a second round of comments in September and the final rule will be adopted in early 2014. The notice, initial statement of reasons, and proposed text can be viewed on the DBO website at: http://www.dbo.ca.gov/Licensees/Corporate_Securities_Law/Regulations.asp

Unclaimed Property News

The following information was received from the State Controller's Office, Division of Unclaimed Property:

The 2013 Summer Newsletter regarding the California Unclaimed Property Program may be accessed at the link below. The newsletter includes articles on the following topics:

- Holder Alert: Letters from Investigators
- Reporting Complete Owner Information
- Are You Reporting Properties Too Soon?
- Escheatment of Custodial Accounts
- Look Out for the Safe Deposit Call-In Letter
- We Want to Hear from You!
- Important Upcoming Dates

The newsletter can be found at http://www.sco.ca.gov/upd_rptg_outreach.html.

If you have any questions, please contact the Unclaimed Property Reporting Unit at (916) 464-6284 or ucpreporting@sco.ca.gov. You may also contact the Holder Outreach Unit at updholderoutreach@sco.ca.gov.

Commercial Bank Activity

Merger

Beach Business Bank, Manhattan Beach, requests DFI's approval to merge with The Private Bank of California, Los Angeles (and for the surviving bank to be renamed The Private Bank of California)
Effected: 7/1/13

Central Valley Community Bank, Fresno, requests DFI's approval to merge with Visalia Community Bank, Visalia
Effected: 7/1/13

Merger (Continued)

Grandpoint Bank, Los Angeles, requests DFI's approval to merge with Gilmore Bank, Los Angeles
Filed: 7/9/13

Credit Union Activity**Merger**

America's Christian Credit Union, Glendora, requests DFI's approval to merge with Lutheran Credit Union, Brea
Effected: 7/25/13

Clearpath Federal Credit Union, Glendale, requests DFI's approval to merge with Lithuanian Credit Union, Los Angeles
Filed: 6/3/13

Nuvision Federal Credit Union, Huntington Beach, requests DFI's approval to merge with Pacific Resources Credit Unions, Los Angeles
Effected: 6/28/13

Valley First Credit Union, Modesto, requests DFI's approval to merge with State Employees #84 Credit Union, Tracy
Effected: 6/30/13

Field of Membership

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

Bylaw Amendment

One credit union received approval from the DFI for one bylaw amendment during June 2013.

Variance

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

Change of Name

Monterey County Employees Credit Union, to change its name to allUS Credit Union
Effected: 5/13/13

Premium Finance Company Activity

New Premium Finance Company

Main Street Premium Finance Company
600 West Broadway, San Diego, San Diego County
Opened: 7/23/13

Foreign (Other Nation) Bank Activity

New Office

Bank Hapoalim B.M.
555 South Flower Street, Los Angeles, Los Angeles County (Representative Office)
Filed: 7/24/13

Money Transmitter Activity

New Money Transmitter Application for License

Firma Foreign Exchange Corporation (U.S.) Ltd.
License issued: 6/26/13

GoPago, Inc.
Withdrawn: 6/25/13

Viamericas Money Services Corporation
License issued: 7/26/13

JAN LYNN OWEN
Commissioner of Business Oversight

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

