



# Monthly Bulletin

Volume 1, Number 6

December 2013

## Governor Brown Appoints Erick Orellana as Deputy Commissioner of Credit Unions

The Commissioner is pleased to announce that Erick Orellana, of Long Beach, was appointed by Governor Jerry Brown on January 8 to serve as the Department of Business Oversight's deputy commissioner of the Division of Credit Unions. Orellana has superb credentials for this position, having served most recently as chief executive officer at Nikkei Credit Union since 2004. He was chief executive officer at the Southern California Postal Credit Union from 2000 to 2004, a compliance consultant at the California Credit Union League in 2000 and vice president and office manager at LBS Financial Credit Union from 1999 to 2000. Orellana was a compliance consultant at California Credit Union League in 1999 and was a branch manager at the San Mateo Credit Union from 1998 to 1999 and at the ARCO Credit Union from 1992 to 1997.

## Financial Institutions Should Review Security Measures in Light of Data Breach

Target Corp. recently announced a data breach that affected up to 70 million customers who used their credit and debit cards in Target stores between November 27 and December 15, 2013. Since that time, several financial institutions have elected to reissue credit cards to their customers who have been impacted by the data breach.

DBO encourages its licensees to review their security measures and take necessary precautions to ensure that customers are protected from data breaches. This could include reviewing fraud analytic systems, educating customers about what to do if they believe their account has been compromised and reissuing cards for affected customers, if necessary.

DBO takes this opportunity to remind institutions that own or license data that becomes compromised of their obligations under Civil Code section [1798.82](#) and to inform affected customers of the remedies provided in Civil Code section [1798.84](#).

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For more information, we invite you to visit the Office of the Attorney General's [Privacy Protection and Enforcement Unit website](#).

## Highlights of 2013 State Chaptered Legislation

Attached is [Highlights of 2013 State Chaptered Legislation](#). This summary is a compendium of most but not all of the legislation that may have an impact on DBO licensees. There is a brief description of each measure.

We hope you find the *2013 Highlights of State Chaptered Legislation* to be a productive tool. If you have suggestions on how to improve its usefulness to you and your organization, please contact Marilyn Davis at [Marilyn.Davis@dbo.ca.gov](mailto:Marilyn.Davis@dbo.ca.gov).

## The Credit Union Advisory Committee

The Department of Business Oversight (DBO) invites credit union industry members to serve on the Credit Union Advisory Committee.

The Credit Union Advisory Committee was created pursuant to California Financial Code section 14380 et seq. to “advise the commissioner and the Deputy Commissioner of Financial Institutions for the Division of Credit Unions on matters relating to credit unions or the credit union business.”

Recent activities and achievements of the Credit Union Advisory Committee include:

- Developing initiatives to support financial literacy education both for consumers and members of the credit unions' boards of directors;
- Sharing updates on current economic conditions and the impact on DBO licensees;
- Developing a Trade, Industry, or Profession (TIP) charter for state licensees to allow the licensees to be competitive with the federal charter;
- Evaluating recommendations on how to improve credit union business in local communities and underserved areas in California;
- Establishing early warning and/or advance notice of industry trends that focus the Department's attention on risk prevention and mitigation or address consumer protection;
- Promoting projects and initiatives to improve Department examination efficiency and effectiveness;
- Supporting efforts to modernize existing credit union law and regulations;
- Implementing ideas to preserve and improve the State credit union charter to make it the charter of choice or at least provide for parity with the federal charter option.

The term of a member of the Credit Union Advisory Committee is two years and members may be reappointed. Membership in the Credit Union Advisory Committee is voluntary. No person is required to accept an appointment by the Secretary of the Business, Consumer Services and Housing Agency to the Credit Union Advisory Committee, and any member may resign by filing a resignation with the commissioner. Members do not receive any compensation, reimbursement for expenses, or other payment from the state in connection with service on the Committee. The seven-member Credit Union Advisory Committee meets at least once each calendar quarter.

For more information about serving on the Committee, contact Deputy Commissioner Erick Orellana at [Erick.Orellana@dbo.ca.gov](mailto:Erick.Orellana@dbo.ca.gov).

## Annual Commissioner's Residential Mortgage Survey Coming in January

The DBO is preparing to administer the fifth Annual Commissioner's Residential Mortgage Survey to DBO licensed banks and credit unions in January, and will include for the first time DBO licensed California Residential Mortgage Lenders and California Finance Lenders. The 2013 Commissioner's Residential Mortgage Survey ("Survey") is important to the DBO maintaining complete, accurate, and up-to-date information on the real estate loan portfolios of licensees to determine current risk and assess the potential effect of any proposed regulatory or statutory changes at the federal and/or state level on our licensees.

The Survey will collect 2013 data on residential mortgage loans secured by 1- 4 unit Family Residential Property, including mortgage loans owned, finalized foreclosures, completed short sales, modifications, and serviced loans. In response to the Homeowners Bill of Rights (effective January 1, 2013), the Survey was modified to include questions regarding foreclosures on first lien mortgages in California on 1-4 unit Family Residential Property that is owner occupied.

**DBO licensees included in the Survey will receive an email notification to their designated emails in January 2014 with additional details and information on how to access the Survey. The Commissioner requests that licensees submit the Survey in February 2014.**

*Note: Survey notifications are emailed to each licensee's designated email address for communications with the DBO in accordance with the Commissioner Orders on Electronic Communication. For more information on these Orders, please click [here](#).*

If you have questions about the Survey, please email [survey@dbo.ca.gov](mailto:survey@dbo.ca.gov).

## Email Subscription Available for Notices of DBO Rulemaking Actions

Per California Government Code Section 11346.4, interested parties who wish to receive notice of DBO rulemaking actions can subscribe to receive these notices via email. If you are interested in subscribing for email notices of rulemaking actions, *and are not a licensee*, please follow these steps:

1. Go to [www.dbo.ca.gov](http://www.dbo.ca.gov)
2. Click on the white envelope icon under the "Connect With Us!" section on the right side of the homepage.
3. Read the information regarding the Public Email Subscription Service.
4. Click on the Email Subscription Manager hyperlink.
5. Enter the email at which you would like to receive the rulemaking notices.

6. Find “Regulations” under the Subscription Topics and select the regulations areas about which you would like to receive notices.
7. Click the Submit button at the bottom of the page to save your selections.

**DBO Licensees:** Licensees who wish to receive notices of DBO rulemaking actions related to their law area (e.g., banks to receive rulemaking actions related to banking law) do not need to subscribe an email address. The DBO will use email addresses designated by licensees in accordance with the [Commissioner Order on Electronic Communications](#) to email notices of DBO rulemaking actions related to the appropriate law area. However, if licensees wish to receive notice of rulemaking actions for an unrelated area (e.g., banks to receive rulemaking actions related to credit union law), then an email will need to be subscribed by following the steps above. Click [here](#) if you would like more information on licensee designated emails or contact.

## DBO Email Communications - Reminder

The DBO Division of Corporations licensees were mailed a letter from the Commissioner on November 25/26, 2013 requesting designated email addresses in accordance with the [Order on Electronic Communication](#) dated November 22, 2013 (“Order”). The DBO Division of Corporations licensees are required to register an email address through the DBO email registration website. Mortgage Loan Originators licensed by the DBO will have the email they register with NMLS automatically designated for communications with the Department.

Please refer to the Commissioner’s letter for more information on registering a designated email.

Designated emails will be used to provide timely information on regulatory issues and other matters affecting your business. Ensuring emails from the DBO are received in designated email accounts will maintain quick, consistent communication with the Department. For specific guidelines, please refer to the Order.

Licensees of the DBO Division of Financial Institutions that have previously established a designated electronic mailbox pursuant to the [Order on Electronic Communications dated July 15, 2010](#) are not required to modify their electronic mailbox address, but are required to maintain their electronic mailbox that was designated in compliance with the July 15, 2010 Order and must update their electronic mail security settings as necessary to ensure messages are received from the domain “@dbo.ca.gov,” as well as “CADBOSubscriptions@Service.GovDelivery.com.”

If you have questions about registering designated emails, please contact [performance.assurance@dbo.ca.gov](mailto:performance.assurance@dbo.ca.gov).

## New Social Media: Consumer Compliance Risk Management Guidance

In December 2013, the Federal Financial Institutions Examination Council (FFIEC) issued new comprehensive guidance for financial institutions using social media. This guidance will help financial institutions to identify and address risks associated with the use of social media. This guidance may be found on the FFIEC website <http://www.ffiec.gov/press/pr121113.htm>

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## Important Notice Regarding Renewal Fees

The California Legislature recently passed Senate Bill (“SB”) 538, authorizing the Department of Business Oversight to charge up to \$35 in renewal fees annually for each registered Broker-Dealer Agent (“Agent”) and each registered Investment Adviser Representative (“IAR”). California is the second-to-last state to adopt a renewal fee and the proposed fee will be one of the lowest in the nation. Individuals who are dually registered will be assessed separately for each registration.

Because SB 538 becomes effective on January 1, 2014, the 2014 Agent and IAR renewal fee cannot be assessed through the CRD/IARD Renewal Program. Therefore, for the first renewal fee only, a supplementary assessment will occur in January 2014. DBO will send an invoice to each firm stating the number of Agents and/or IARs and the total amount to be remitted to the Department. DBO will use the December 31, 2013, Regulator Renewal Report generated by CRD/IARD to determine the number of Agents and/or IARs registered with your firm. The payments may be remitted via your CRD/IARD account or sent directly to DBO via check. Additional information regarding your payment will be provided with your invoice.

Future annual renewals will be made through the annual renewal process handled in December by CRD/IARD.

If you have any questions, please contact DBO at (866) 275-2677.

## Commercial Bank Activity

### Merger

Grandpoint Bank, Los Angeles, requests DBO’s approval to merge with The Biltmore Bank of Arizona, Phoenix, Arizona  
Filed: 12/2/13

Heritage Oaks Bank, Paso Robles, requests DBO’s approval to merge with Mission Community Bank, San Luis Obispo  
Filed: 11/21/13

Pacific Western Bank, Los Angeles, requests DBO’s approval to merge with CapitalSource Bank, Los Angeles  
Approved: 12/17/13

Western Alliance Bank, Phoenix, Arizona, advised DBO of the merger with Torrey Pines Bank, San Diego, California  
Effected: 12/31/13

## Credit Union Activity

### Merger

California Coast Credit Union, San Diego, requests DBO's approval to merge with Ketema Federal Credit Union, El Cajon

Approved: 12/18/13

Effectuated: 12/18/13

Southland Credit Union, Los Alamitos, requests DBO's approval to merge with Westside Employees Federal Credit Union, Santa Monica

Filed: 12/27/13

### Field of Membership

One credit unions received approval from DFI to add one new field of membership during November 2013.

## Premium Finance Company Activity

### New Premium Finance Company

Delta Premium Financing, Inc.

660 Newport Center Drive, Newport Beach, Orange County

Filed: 12/17/13

### License Revocation

C&C Premium Finance Corp.

Revoked: 12/17/13

G&G Premium Finance Corp.

Revoked: 12/17/13

## Foreign (Other Nation) Bank Activity

### New Office

Bank Hapoalim, B.M.

555 South Flower Street (Representative Office)

Opened: 12/16/13

Taipei Fubon Commercial Bank Co., Ltd.

City of San Jose, County of Santa Clara (Representative Office)

Filed: 11/18/13

# Money Transmitter Activity

## New Transmitter

Bancbox, Inc.  
Filed: 12/3/13

Moneydart Global Services, Inc.  
License Issued: 12/19/13

## Acquisition of Control

eBay, Inc. and PayPal, Inc., requests DBO's approval to acquire control of Venmo, Inc.  
Filed: 10/11/13  
Approved: 12/11/13

## Voluntary Surrender of License

Johnny Air Cargo, Inc.  
Effected: 12/13/13

Viamericas, Inc.  
Effected: 12/13/13

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JAN LYNN OWEN  
Commissioner of Business Oversight

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

