

Monthly Bulletin



California Department of Business Oversight

Volume 2, Number 6

December 2014

Weekly and Quarterly Reporting Made Easier with Electronic Filing

The DBO has just released standardized electronic forms for weekly and quarterly reporting of local agency deposits and securities. This change was made possible by the enactment of [Assembly Bill 2298](#), which took effect Jan. 1. The new law allows financial institutions that hold local agency deposits to submit their weekly reports to the DBO electronically rather than through the U.S. mail. The weekly report as of Wednesday, Jan. 7, 2015 will be the first that may be filed electronically.



Both forms are in Excel format and available on the [DBO's website](#), along with instructions on how to complete them. The forms should be sent as an email attachment to LASPCallreport@dbo.ca.gov.

Until Apr. 28, (due date for the Mar. 31 quarterly call report), reporting institutions still may complete the weekly and quarterly reporting using their current forms. However, after that date electronic reporting using the new forms will be mandatory. We welcome your feedback on the forms and submission process.

Please direct questions or comments to Lisa Huang at (415) 542-6256 or by email at lisa.huang@dbo.ca.gov.

1515 K Street, Suite 200
Sacramento, CA 95814-4052
(916) 445-7205

One Sansome Street, Suite
600
San Francisco, CA 94104-
4428
(415) 972-8565

320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

1350 Front Street, Room 2034
San Diego, CA 92101-3697
(619) 525-4233

45 Fremont Street, Suite 1700
San Francisco, CA 94105
(415) 263-8500

300 S. Spring Street, Suite 15513
Los Angeles, CA 90013
(213) 897-2085

7575 Metropolitan Drive, Suite 108
San Diego, CA 92108
(619) 682-7227

Department of Business Oversight Consumer Services Office – 1(866) 275-2677

2014 Annual Report Form for the California Finance Lenders Law

The 2014 CFL Annual Report Instructions and Forms will be available on the DBO's website in Feb. 2015. The report no longer will be available in a paper format, only in a downloadable format from the DBO's website. Completed reports must be uploaded back onto the website. While the format for submitting the report is changing, the data collected will remain the same. The deadline to file the report is Mar. 15.



California Deferred Deposit Transaction Law (CDDTL) Annual Report and Survey Coming Soon

The DBO is preparing to provide payday loan licensees notifications for their annual report and the third Annual California Deferred Deposit Transaction Law (CDDTL) Survey. Every lender licensed as of Dec. 31, 2014 shall file the Annual Report and complete the CDDTL Survey even if they conducted no business in 2014. Both reports will be due on March 15, 2015. These reports are required by Financial Code Section 23026 and 23015.



The purpose of the Annual Report and Survey is for the DBO to gather y data on transaction activities of licensees to assess the fiscal health and compliance practices of California's payday lender industry. Responses by the licensees to the Annual Report and Survey will be consolidated into Summary Reports and will be available sometime after June 2015.

Note: Annual Report and Survey notifications are sent to the email address each licensee has designated for communications with the DBO.

If you have questions about the Annual Report or Survey, please email survey@dbo.ca.gov .

Escrow Agents to File Reports Electronically

Starting this month, escrow agents must file electronically the Liability Report by Month form. The link for accessing the forms will be sent to each escrow company's designated email address. The DBO expects to release the forms around Jan. 15, and licensees must file them with the DBO by Feb. 15. Once licensees complete the report, they must click on "Submit" to ensure the report is filed. Hard copy reports will not be accepted by the DBO. Before submission, licensees will be asked to print their report for their own records and mail a signed copy to the Escrow Agents Fidelity Corporation. Please contact Richard Malme, Special Administrator Escrow Law, at (213) 576-7595 or by email at richard.malme@dbo.ca.gov if you have any questions.



Residential Mortgage Loan Report under the Holden Act due by Mar. 31

Licensees are reminded the state [Residential Mortgage Loan Report](#) is due by Mar. 31 for all residential mortgage lenders who do not report to a federal or state regulatory agency as provided by the Home Mortgage Disclosure Act of 1975. Licensees making residential mortgages should consult with their internal compliance officers regarding whether they are required to file the state report.



New Bank Capital Regulations Now in Effect

[Revisions to capital regulations](#) affecting U.S. depository institutions took effect Jan. 1. The new rules, often known as Basel III, have several provisions, some of which phase in over time. A key provision of the new rules permits all non-advanced approaches institutions – generally those institutions with less than \$250 billion in total assets – to make a one-time, irrevocable election to determine how most items reported in Accumulated Other Comprehensive Income (AOCI) will be handled for federal regulatory capital purposes. AOCI includes such items as unrealized gains and losses on certain securities.



Specifically, with the filing of the Mar. 31 Consolidated Reports of Condition and Income (Call Report), a non-advanced approaches institutions must choose whether to include most components of AOCI in common equity tier 1 capital. Non-advanced approaches institutions should carefully consider both the long- and short-term effects of the election, as well as its implications in different economic environments. Remember:

- The election is irrevocable.
- For institutions that opt out, most AOCI items will not be included in the calculation of common equity tier 1 capital. In other words, most AOCI items will be treated, for federal regulatory capital purposes, in the same manner in which they were prior to the effective date.
- If a top-tier banking organization makes the AOCI opt-out election, all consolidated banking subsidiary organizations under it must make the same election.
- This election will not affect the calculation of the legal lending limit (California Financial Code Section 1481), because shareholders' equity includes AOCI in accordance with GAAP.
- As a reminder, examiners consider the amount of unrealized losses in the investment portfolio (and exposure to the possibility of unrealized losses) when qualitatively assessing capital adequacy and liquidity, regardless of the election decision. This could affect the assignment of CAMELS ratings and supervisory determinations going forward.

The Federal Financial Institutions Examination Council (FFIEC) is expected to conduct a banker teleconference or webcast on the revised Call Report regulatory capital reporting requirements during the first quarter. Further information about this training opportunity will be forthcoming from the FFIEC. The Mar. 31 Call Report [forms and instructions](#) for Schedule RC-R, Regulatory Capital will illustrate how to make this election on the reporting forms.

The following online resources provide helpful information on this election and other capital rule revisions:

- [CSBS Revised Regulatory Capital Rules, Part 324 \(Basel III\) Examiner Job Aid](#)
- [Interagency Community Bank Guide to the New Capital Rule](#)
- [Expanded Community Bank Guide to the New Capital Rule for FDIC-Supervised Banks](#)

- [Part 324: September 3, 2014 Final Rule: Regulatory Capital Rules: Regulatory Capital, Revisions to the Supplementary Leverage Ratio](#)
- [FDIC: Regulatory Capital page](#)
- [FDIC: Capital Estimation Tool](#)

SCO Winter Newsletter

The State Controller's Office (SCO) Unclaimed Property Division Holder Outreach and Compliance Unit has asked the DBO to help notify businesses and financial institutions of various changes concerning California's Unclaimed Property Program by forwarding the following information to DBO licensees and other stakeholders that hold unclaimed property:



Dear Holders,

We invite you to read the 2014 Winter Newsletter regarding the California Unclaimed Property Program. The newsletter includes the following articles:

- *Holder Alert: Letters from "Investigators"*
- *The State Controller's Office Performs Due Diligence*
- *Look for Holder Remit Reminder Letters*
- *Did You Discover Additional Property?*
- *Upcoming Unclaimed Property Event*
- *Introducing the UFS-1 Video Tutorial*

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

If you have any questions, please contact the Holder Outreach and Compliance Unit at (916) 464-6088 or UPDHolderOutreach@sco.ca.gov.

Thank you,

Holder Outreach and Compliance Unit

California Drought Update: Federal, State Agencies Plan Drought Operations for 2015



Five state and federal agencies on Dec. 12 released a draft Interagency 2015 Drought Strategy that provides an initial framework for coordinated drought response actions. The five agencies are: the U.S. Bureau of Reclamation; U.S. Fish and Wildlife Service; U.S. National Marine Fisheries Service; the California Department of Water Resources; and California Department of Fish and Wildlife. Together, these agencies are primarily involved in the operation and regulation of the federal Central Valley Project (CVP) and State Water Project (SWP).

The Interagency 2015 Drought Strategy outlines possible drought response actions and seeks to inform stakeholders and the general public about the agencies' planning efforts for a fourth year of drought.

The draft Interagency [2015 Drought Strategy](#) includes:

- [Drought Contingency Plan for Operations of the SWP and CVP](#);
- [Drought Monitoring Plan](#); and
- [Other 2015 Drought-Related Measures](#)

The agencies welcome feedback on the draft throughout early 2015. Comments will guide development of a subsequent, more detailed document.

Commercial Bank Activity

Merger

Valley Community Bank, Pleasanton, to merge with and into Bay Commercial Bank, Walnut Creek

Filed: 11/21/14

Approved: 12/22/14

Vibra Bank, Chula Vista, to merge with and into Pacific Commerce Bank, Los Angeles

Filed: 12/19/14

Purchase of Partial Business Unit

San Diego Private Bank, La Jolla, to acquire the banking business of First Security Business Bank, Orange

Approved: 12/26/14

Effectuated: 12/29/14

Industrial Bank Activity

Voluntary Surrender of License

First Security Business Bank, Orange

Effectuated: 12/29/14

Credit Union Activity

Merger

Interstate Federal Credit Union, Anaheim, to merge with and into Credit Union of Southern California, Brea

Filed: 7/1/14

Approved: 12/1/14

Effectuated: 12/1/14

Patriots Federal Credit Union, Tustin, to merge with and into Southland Credit Union, Los Alamitos

Filed: 10/3/14

Approved: 12/1/14

Effectuated: 12/1/14

Change of Name

Barstow Railway Employees Credit Union, to change its name to Barstow Community Credit Union

Filed: 5/29/14

Approved: 11/21/14

Effectuated: 12/16/14

Money Transmitter Activity

New Transmitter

GCA MTL, LLC
Approved: 12/5/14

ZenPay, Inc.
Approved: 11/13/14

Change of Name

Bancbox, Inc. to change its name to Finxera, Inc.
Effected: 12/19/14

Acquisition of Control

FleetCor Technologies, Inc., to acquire control of Comdata Network, Inc. of California
Approved: 11/12/14

JAN LYNN OWEN
Commissioner of Business Oversight

Bulletin for Month ended December 2014, issued pursuant to Financial Code section 376

