

Monthly Bulletin

California Department of Business Oversight



Volume 2, Number 12

July 2015



38th Annual Executive Officer and Director Compensation Survey

The Department of Business Oversight (DBO) will begin collecting data for the 38th Annual Executive Officer and Director Compensation Survey from state-chartered bank licensees, national banks and federal savings banks. DBO state bank licensees will receive an email at their designated email address with a unique link to a secure website where they can complete the survey online. National banks and federal savings banks will receive a letter with instructions on how to participate.

The survey results for the 37th Annual Executive Officer and Director Compensation Survey as of June 30, 2014 are available now at http://www.dbo.ca.gov/Publications/executive_summaries/default.asp.

Participants in the 2015 survey will receive a PDF of the survey results when they are compiled, well before the DBO makes the results public on its website.

If you have any questions about the survey, please contact Patrick Carroll at (415) 263-8559 or Patrick.Carroll@dbo.ca.gov.

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Payday Lending Survey Results Available

Older Californians in 2014 increased their payday loan borrowing at a significantly higher rate than payday customers as a whole, according to industry survey results released today by the Department of Business Oversight (DBO).

The number of payday loans taken out by customers 62 years or older increased 11.0 percent from 2013, to 1,678,523, the survey found. That compared to a 6.0 percent increase for the entire population of borrowers. The number of 62-or-older borrowers went up 9.4 percent, to 237,724, compared to a 6.3 percent increase for all customers.

The average older borrower in 2014 also took out more loans than the overall customer population, according to the survey. The specific ratios: 7.06 loans per 62-or-older borrower, compared to 6.35 loans per borrower for all customers.

Californians ages 18-21 also significantly increased their payday loan borrowing in 2014, the survey found. The number of borrowers in that age group rose by 26.8 percent from 2013, to 64,436. Their number of transactions increased 9.9 percent to 213,424.

The DBO has been conducting the industry survey annually since 2013. The summary reflects unaudited data provided by DBO-licensed lenders. It may be viewed or downloaded from the DBO website here:

http://www.dbo.ca.gov/Press/press_releases/2015/CDDTL_Industry_Survey_2015_Summary_Report_FINAL.PDF.



California Finance Lenders Law 2014 Annual Report Available

The annual report of licensed, non-bank consumer and commercial lenders under the California Finance Lender's

Law (CFLL) was published July 10 by the DBO. The report is a composite of annual reports submitted by CFLL licensees for calendar year 2014. Licensees' unaudited annual reports were submitted in accordance with Section 22159(a) and 22160 of the CFLL. Some highlights:

- The number of consumer loans valued under \$2,500 originated in 2014 increased 23.3 percent from 2013.
- The aggregate principal amount of such loans increased 21.1 percent over the same period.
- Both the total number and principal amount of auto title-secured loans increased from 2013 to 2014. The number increased 16.2 percent, and the aggregate principal went up 14.1 percent.
- A new Schedule of Loan Activity exhibit has been added to the report that provides information on consumer loan default rates by security type and size of loan.

The 2014 report and prior years' reports can be found on the DBO's website at http://www.dbo.ca.gov/Licensees/Finance_Lenders/Publications.asp.



Credit Union Advisory Committee Update

Donna Bland, President and CEO of The Golden 1 Credit Union, recently was appointed as a member of the DBO Credit Union Advisory Committee. She succeeds Barry Jolette, who recently resigned from the Committee due to his retirement. Bland possesses a great deal of credit union industry knowledge and experience and will be a valuable asset for the Committee.

The next quarterly Committee meeting will be held the week of September 7, and is planned as an in-person meeting. It will take place at the DBO's downtown Sacramento headquarters located at 1515 K Street. The meeting will be held in the 5th Floor conference room. Stay tuned for more details.



SSBCI – Leveraging Private Capital for Public Good

The DBO supports the U.S. Department of the Treasury's State Small Business Credit Initiative (SSBCI). This program was created by the USA Jobs Act signed by President Obama in 2010. According to its [website](#), the SSBCI was funded with \$1.5 billion to strengthen state programs that support lending to small businesses and small manufacturers. It is expected to help spur \$15 billion in lending.

In California, over \$90 million of the \$168 million allocated to the state by SSBCI are deployed as collateral support and loan guarantees to qualified borrowers through the [California Capital Access Program](#) and the [Small Business Loan Guarantee Program](#). DBO encourages banks and finance lenders to learn about and participate in SSBCI-funded programs.



Federal Reserve Announces Updated Collateral Margins

The Federal Reserve has announced updated collateral margins will go into effect on August 3. These margins apply to collateral pledged for discount window and payment system risk purposes. Additional information may be found at the Federal Reserve [discount window website](#).

Depository institutions supervised by the DBO can establish reserve accounts and borrow from the Federal Reserve discount window. Collateral can be used to secure discount window advances and to offset the cost of daylight overdrafts under the [Federal Reserve Policy on Payment System Risk](#).

Depending on the assets pledged, an institution's collateral value may increase or decrease as a result of updated collateral margins. That affects the maximum amount the institution would be permitted to borrow from the discount window.

If you have any questions regarding updated collateral margins, contact the Federal Reserve Bank of San Francisco at (866) 974-7475.



Escrow Advisory Committee: 3 Current Openings

The DBO's Escrow Advisory Committee, which helps the Commissioner carry out her duties under the Escrow Law, currently has three vacancies.

The Committee is comprised of 11 members, including the Commissioner or the Commissioner's designee. The Commissioner appoints the Committee members, other than those representing the Escrow Institute of California and Escrow Agents' Fidelity Corporation. Appointed members serve for a period of two years without compensation or reimbursement for expenses.

The Committee three vacancies must be filed by representatives from: a medium-size escrow company; an escrow company that has a business specialization; and an attorney who has escrow agent clients.

Examples of business specialization include joint control companies, companies that specialize in business bulk sale transfers, and Internet escrow companies. Managers or corporate officers of independent escrow companies are eligible to serve on the committee.

If you, your company or your company's attorney qualifies for one of the open positions, the DBO encourages you and/or your attorney to apply by sending a letter of qualifications and/or resume to the attention of Richard Malme, Special Administrator, 320 West 4th Street, Suite 750, Los Angeles, CA 90013. The deadline for submissions is July 31.

The Committee meets quarterly at the DBO's West 4th Street office in Los Angeles. The next meeting tentatively is scheduled for Tuesday September 15.

If you have any questions, contact Richard Malme at (213) 576-7595.



State Reduces Water Use by Nearly 29 Percent

The state's urban water users substantially improved their conservation efforts in May, according to the latest drought response report from the State Water Resources Control Board (Board). Urban water districts reduced their aggregate consumption by 28.9 percent compared to the same month in 2013, the report said. That compares to the 13.6 percent reduction recorded in April.

The May savings rate was the highest recorded since Governor Brown called on all Californians to conserve water in the face of limited supplies.

Enforcement and compliance statistics reported for the month of May also indicated that water suppliers are following up on water waste complaints and issuing formal warnings and penalties against alleged violators.

Complaints are a very important tool for identifying leaks and overwatering that could go undetected for weeks resulting in millions of gallons of wasted water.

June is the first month that new mandatory statewide conservation rules are in effect. For more information, go to www.ca.gov/drought/.



Commercial Bank Activity

Merger

Bank of Manhattan, N.A., El Segundo, to merge with and into Plaza Bank, Irvine
Effectuated: 6/26/15

Focus Business Bank, San Jose, to merge with and into Heritage Bank of
Commerce, San Jose
Approved: 6/23/15

Pacific Rim Bank, Honolulu, Hawaii, to merge with and into First Foundation Bank,
Irvine, California
Effectuated: 6/16/15

Finance and Thrift Company, Porterville, to merge with and into Pan American
Bank, Los Angeles
Filed: 6/22/15

Square 1 Bank, Durham, North Carolina, to merge with and into Pacific Western
Bank, Los Angeles, California
Approved: 6/26/15

Conversion to State-Chartered Bank

Coast National Bank, to convert to state-chartered bank under the name of
Coast Business Bank or Coast Community Bank
Filed: 6/15/15

Purchase of Partial Business Unit

Bank of Stockton, Stockton, to acquire the Brentwood and Napa branches of
First Bank, Creve Coeur, Missouri
Approved: 5/15/15

Plumas Bank, Quincy, to acquire the Redding branch of Rabobank, N.A.,
Roseville
Filed: 5/26/15
Approved: 6/23/15

Security Bank of California, Riverside, to acquire the Murrieta branch of
Rabobank N.A., Roseville
Approved: 6/2/15

Change of Name

Bank of Agriculture & Commerce, to change its name to BAC Community Bank
Effected: 6/1/15

Credit Union Activity**Merger**

Newport Beach City Employees Federal Credit Union, Newport Beach, to merge with and into Credit Union of Southern California, Brea
Filed: 5/11/15
Approved: 6/30/15
Effected: 6/30/15

SD Medical Federal Credit Union, San Diego, to merge with and into Financial Partners Credit Union, Downey
Approved: 6/1/15
Effected: 6/1/15

Southland Savings Federal Credit Union, Buena Park, to merge with and into Financial Partners Credit Union, Downey
Approved: 6/1/15
Effected: 6/1/15

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

Northern Investors Company
20011 Ballinger Way NE, Shoreline, King County, Washington
Approved: 6/25/15

Foreign (Other Nation) Bank Activity**Voluntary Surrender of License**

The Royal Bank of Scotland, PLC.
150 Spear Street, San Francisco, San Francisco County
Notified: 5/28/15
Effected: 6/30/15

Foreign (Other State) Bank Activity

New Facility

Pacific Continental Bank
26 Center Street, San Rafael, Marin County (Facility – Insured Bank)
Opened: 6/15/15

Money Transmitter Activity

New Transmitter

GCA MTL, LLC
License Issued: 6/17/15

Pangea USA, LLC
Filed: 6/10/15

Tipalti, Inc.
License Issued: 6/16/15

Trans-Fast Remittance Inc.
License Issued: 6/9/15

JAN LYNN OWEN

Commissioner of Business Oversight

