

Monthly Bulletin

California Department of Business Oversight



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April 2016



Charles "Chuck" Lilly Appointed DBO Deputy Commissioner for Financial Services Division

Charles "Chuck" K. Lilly III is the DBO's new Deputy Commissioner of the Financial Services Division. He assumed the post on April 1.

Chuck brings 35 years of senior management experience throughout the financial services industry. Most recently, he served as Executive

Vice President of Acquisitions with The Picerne Group, a Southern California luxury apartment developer.

Prior to The Picerne Group, he held executive positions at various financial service institutions, including a stint of more than 18 years as Executive Vice President of Magellan Financial.

Chuck is a Southern California resident and graduate of California State University, Fullerton. He will be headquartered in the DBO's Junipero Serra Building office in Los Angeles.

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DBO Notifies 322 CFLL Licensees, 8 CDDTL Licensees of Possible Revocation for Failure to File Annual Reports

The DBO has sent notices to 322 California Finance Lenders Law (CFLL) licensees and 8 California Deferred Deposit Transaction Law (CDDTL) licensees warning them their licenses could be revoked for failure to file their statutorily-mandated annual reports.

The CFLL and CDDTL annual reports on business activity in calendar year 2015 were due to the DBO by Mar. 15.

The DBO notified the tardy CFLL licensees in an Apr. 8 letter that if they do not submit their annual report by close of business on Apr. 21 their license will be revoked effective Apr. 22. The eight CDDTL licensees were notified in an Apr. 14 letter that if they do not file their annual report by close of business on Apr. 25, their license will be revoked effective Apr. 26.

The lenders that received the notices represent 12.3 percent of total CFLL licensees (2,609) and 3.1 percent of total CDDTL licensees (260).



Commissioner Reminds Escrow Agents About Cyber Threat to Trust Accounts and Need to Move Proactively to Protect Customers' Money

The DBO has received reports of cyber-hacking of escrow trust accounts every month for the past nine months. More than \$1.5 million dollars has been redirected by hackers with fake email wiring instructions. Hackers have successfully accessed email accounts of principals, real estate agents and escrow companies.

Escrow agents' number one duty is to protect consumer funds by managing their trust accounts in a safe and sound manner. So, they must take proactive steps to protect their company from cyber-attack. Additionally, licensed escrow agents, have to meet certain legal requirements if they are victimized by hackers.

The Commissioner next week will publish and distribute to licensees a notice with details on proactive steps escrow agents should take to prevent cyber-attacks and their legal requirements if they become victims. Licensees should look for the notice on the DBO website and in their designated email boxes.



State Treasurer Time Deposit Program

The Commissioner reminds commercial bank and credit union officials that they can apply to receive funds through the Time Deposit Program administered by the State Treasurer's Office (STO). As of Mar. 31, the Program totaled \$5.65 billion in deposits and 74 participating financial institutions.

Among its benefits, the Program:

- Enables financial institutions that might not otherwise compete for state moneys through other short-term investment options to receive substantial deposits.
- Provides a stable source of funding at generally better rates compared to other sources.
- Is user-friendly, with easy administration and professional interactions.
- Stimulates growth in small businesses, home mortgages, auto loans, personal loans and other lending throughout the state.

For more information, please contact Evelyn Gorman or Sean Collier in the STO's Investment Division at 916-653-3147.



Money Transmitter Licensees Encouraged to Participate in NMLS

Effective Jan. 15, the DBO began using the National Mortgage Licensing System (NMLS) to help manage money transmitter licensees. NMLS is a secure, web-based, nationwide licensing system that allows companies to safely and conveniently apply for, update and renew their licenses in one or more states. Using NMLS will allow the DBO to improve its operations and better supervise the money transmitter industry by linking to a central database shared with other states.

Currently, the DBO will allow all money transmitter licensees to have a complete record in NMLS and submit the record to the DBO for approval. In addition, any company wishing to apply for a new money transmitter license may do so through NMLS. The process by which a licensee officially joins the NMLS for purposes of California regulation is called a “Transition Request.”

The Commissioner encourages all licensees who have not filed a Transition Request in California to do so.

More information can be found online at the [NMLS Resource Center](#).



Credit Union League Member CEOs Invited to Meet with Commissioner

CEOs of credit unions that are members of the California and Nevada Credit Union Leagues (the Leagues) are invited to join Commissioner Owen and DBO staff for an in-depth dialogue.

The Leagues and DBO are co-hosting two CEO Roundtable Meetings in 2016 — one in Northern California and one in Southern California.

Please register at <http://www.cvent.com/d/xfqzp2/4W> for one of the following DBO/CEO Roundtables:

SOUTHERN CALIFORNIA

Date: Tuesday, May 10, 2016
Time: 10 a.m.–2 p.m.
Location: DBO Office – Los Angeles
300 S. Spring St., 15th Floor, South Tower

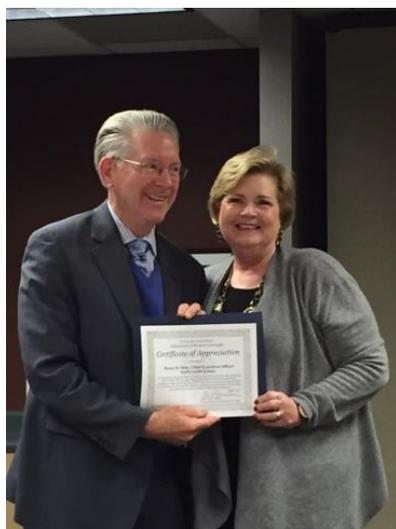
NORTHERN CALIFORNIA

Date: Tuesday, Oct. 18, 2016
Time: 10 a.m.–2 p.m.
Location: DBO Office – Sacramento
1515 K Street, 2nd Floor

These roundtables are meant to be open forums that give CEOs the opportunity to hear from, and be heard by, their state regulator.

The Leagues encourage CEOs who plan to attend to submit suggested discussion topics. After registering at the link above, please forward your discussion suggestions to Davina Law at davinal@ccul.org, by Friday, Apr. 22, so any background materials that may facilitate the discussion can be prepared.

For additional information, contact Sharon Lindeman at SharonL@ccul.org or (909) 212-6063, or Bob Arnould at BobA@ccul.org or (916) 325-1361.



Certificate of Appreciation Awarded to Henry Wirz

At the Mar. 14 meeting of the DBO Credit Union Advisory Committee (CUAC), Commissioner Jan Owen presented a Certificate of Appreciation to Henry Wirz (pictured). Henry was first appointed to the CUAC in December 2010.

"I thank Henry for all his years of service to the Department of Business Oversight, his members and the industry," said Commissioner Owen.

Henry is leaving the CUAC after retiring on Mar. 31 as CEO of SAFE Credit Union. He worked at SAFE for 37 years, and was elevated to President and CEO in 1984. During Henry's time at the helm, SAFE more than quadrupled its membership to 183,000 and now manages \$2.1 billion of assets. David Roughton, who replaced Henry as President in 2013, also has succeeded Henry as SAFE's CEO.



California Financial Literacy Month: April 2016

DBO celebrates California Financial Literacy Month (CAFLM) in April. The theme for this year is "Prosperity Through Education." California Financial Literacy Month promotes information, news and resources to help Californians make informed financial decisions and achieve their financial goals. CAFLM partners include government agencies, financial institutions and nonprofit and community-based organizations. Learn more by visiting DBO's [CAFLM homepage](#).



National Retirement Planning Week: April 11-15

The National Retirement Planning Coalition – a group of prominent education, consumer advocacy and financial services organizations – advocates crafting a holistic financial plan for retirement. To help spread its message, the coalition has organized National Retirement Planning Week, a national effort to help consumers focus on their financial needs in retirement. DBO joins in urging Californians to use this time to develop, review and/or revise their retirement plans with the tools and help available at www.RetireonYourTerms.org.



DBO Earns Awards in "Our Promise" Campaign

DBO employees once again showed their generous spirit during the 2015 "Our Promise: State Employees Giving At Work" campaign. Our Promise officials presented DBO a Silver Award for its per-donor giving in the \$65 to \$79.99 range. DBO also received a Bronze Award for achieving a participation rate (share of DBO employees who donated) in the range of 25% to 39%.

Our Promise: California State Employees Giving at Work (formerly CSECC) was established in 1957 to provide a single charitable fundraising drive in the State community. Our Promise offers State employees the opportunity to use payroll deduction to support charitable organizations.



Californians Fall Just Short of Nine-Month Water Savings Mandate

Californians fell just short of meeting the Governor's 25 percent water conservation mandate for the nine months since mandatory urban conservation began in June 2015. Statewide cumulative savings through February 2016 totaled 23.9 percent compared with the same months in 2013-14.

With nearly 1.19 million acre-feet of water conserved by urban water users over the nine-month period, the state achieved 96 percent of the savings goal. The 1.19 acre-feet of conserved water is enough to supply more than 5.9 million Californians for one year, or 15 percent of the state's population.



The state continues to deal with the effects of the unprecedented drought. Californians are urged to maintain their water-saving habits, reduce or eliminate outdoor irrigation when it's wet, and limit household water use to the essentials. For more information on the drought and conservation programs, go to www.ca.gov/drought/.

Commercial Bank Activity

Merger

National Bank of California, Los Angeles, to merge with and into Commercial Bank of California, Irvine

Approved: 3/8/16

ProAmérica Bank, Los Angeles, to merge with and into Pacific Commerce Bank, Los Angeles

Filed: 3/7/16

Merger (cont.)

Wilshire Bank, Los Angeles, to merge with and into BBCN Bank, Los Angeles
Filed: 3/3/16

Acquisition of Control

The Marvin L. Oates Trust, QSST Subtrust of the Marvilyn E. Applegate Irrevocable Trust, QSST Subtrust of the Kathryn Oates-Fairrington Irrevocable Trust, QSST Subtrust of the Philip D. Oates Irrevocable Trust, and the QSST Subtrust of the Judy Oates-Holt Irrevocable Trust, Gregory Fairrington and Kathryn Oates Fairrington, Phillip D. Oates and Jana Oates, and the LA Five Star Trust, to acquire control of Five Star Bank
Filed: 3/15/16

Purchase of Partial Business Unit

Redding Bank of Commerce, Redding, to acquire the Colusa, Corning, Orland, Willows and Yreka branches of Bank of America, National Association, Charlotte, North Carolina
Effected: 3/11/16

Tri Counties Bank, Chico, to acquire the Arcata, Eureka, and Fortuna branches of Bank of America, National Association
Effected: 3/18/16

Credit Union Activity**Merger**

Sierra Point Credit Union, South San Francisco, to merge with and into Financial Partners Credit Union, Downey
Filed: 3/3/16

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

Got Premiums, Inc.
16461 Sherman Way, Lake Balboa, Los Angeles County
Approved: 3/16/16

New Premium Finance Company (cont.)

Western Finance Company
660 Newport Center Drive, Newport Beach, Orange County
Approved: 3/28/16

Voluntary Surrender of License

Farmingdale Premium Finance Inc.
Effected: 9/23/15

Green Premium Finance Corp.
Effected: 9/23/15

Western Premium Finance
Effected: 9/23/15

Foreign Other (Nation) Bank Activity**Discontinuance of Office**

Kasikornbank pcl
601 South Figueroa Street, Los Angeles, Los Angeles County (Nondepository Agency)
(in connection with the transformation of the Nondepository Agency to a Representative Office)
Effected: 3/1/16

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

Northeast Bank
915 E. La Veta Avenue, Orange, Orange County (Facility – Insured Bank)
Opened: 3/7/16

Facility Discontinuance

Pacific Continental Bank
26 Center Street San Rafael, Marin County (Facility – Insured Bank)
Discontinued: 3/1/16

Money Transmitter Activity

New Money Transmitter

Rakuten Card USA, Inc.
Filed: 3/7/16

Acquisition of Control

SG Growth Partners III, LP, to acquire control of Remitly, Inc.
Filed: 3/30/16

JAN LYNN OWEN

Commissioner of Business Oversight



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The *Monthly Bulletin* is available without charge via e-mail. To subscribe, go to: <http://www.dbo.ca.gov/Resources/subscription.asp>.