

Monthly Bulletin

California Department of Business Oversight



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Post Examination Satisfaction Surveys

Expanding a process that solicits industry feedback to improve the examination process, Commissioner of Business Oversight Jan Lynn Owen has directed the Division of Corporations to provide Post Examination Satisfaction Surveys

to its licensees starting in June.

The DBO's Division of Financial Institutions has used post exam surveys since 1992 to ensure the examination process is thorough, effective, efficient and valuable to licensees. The division uses information from the surveys to improve the pre-exam process, interactions between examiners and management, the examination process, and exam report.

"These surveys provide information that has allowed us to improve and refine the DFI examination process," Commissioner Owen said. "Now we will extend the same proven system of ongoing review to the Division of Corporations."

The surveys will be introduced throughout the DOC, which includes nonbank and payday lenders, broker dealers and investment advisors and mortgage lenders and servicers.

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After examinations, the Department will send DOC licensees a voluntary survey seeking their suggestions on the pre-examination process, interactions with examiners, the examination, the examination report and anything else they might want to comment on. The survey results are confidential but provide the DBO with high-level information about areas of potential improvement.



Secure Electronic Communications with DBO

In response to concerns expressed by some licensees, the DBO offers the following information about cyber security.

From time to time, anyone may receive “phishing” emails from what appear to be known senders, with instructions to click on a link or download a document. When recipients follow the instructions, they may inadvertently introduce a virus or some other form of malicious code that will compromise their computer system. Or, they may be linked to a web form where they will be asked to provide sensitive information that will be used for identity theft. Often, phishing emails appear to come from a government agency and will threaten the recipient with fines or penalties if they do not comply with the instructions.

At the DBO, we want you to be able to click on the links in our electronic communications with confidence. The DBO sends Monthly Bulletins and other time-sensitive communications via our list host, Granicus (aka GovDelivery). It will always come from CADBOSubscriptions@Service.GovDelivery.com.

The DBO encourages you to make the domain name *GovDelivery.com* a trusted sender to enable the DBO to deliver important communications straight to your inbox. Official communications from DBO staff will always come from their DBO email account, which follows a *firstname.lastname@dbo.ca.gov* convention. The DBO will never make a threat or demand by email.

The DBO encourages our stakeholders to take prudent precautions with electronic communications. Hover your cursor over a link in an email to see where the link will direct you. Be alert for formatting errors, misspellings, ungrammatical or unidiomatic expressions. Taking just a few, simple actions could spare you from compromising your computer system.



Designated DBO Email Reminder

Institutions licensed by the Department of Business Oversight are required to provide and maintain an email account designated for communications with the DBO, per the [Commissioner's Order issued November 22, 2013](#). The order reflects the need to establish a means of rapid, direct communication to an email account that your company monitors daily. It should conform to the following parameters:

- A generic address, not an individual's email. (Example: *dbo@xyzfinancialinstitution.com*, not *jsmith@xyzfinancialinstitution.com*.)
- Spam settings allow receipt of all “@govdelivery.com” emails.
- Security settings allow receipt of attachments.
- Licensees are responsible for updating internal distribution lists.

If you are a DBO-licensed business and have questions about registering or changing a designated email, please contact:

- licensing@dbo.ca.gov for banks, credit unions and money transmitters.
- iaamend@dbo.ca.gov for broker-dealers and investment advisors.
- FS.DEInquiries@dbo.ca.gov for finance lenders, payday lenders and escrow companies.
- ML.DEInquiries@dbo.ca.gov for mortgage lenders.
- srd_support@dbo.ca.gov for securities filers.



PACE Draft Regulations: Second Invitation for Comments

In October 2017, Governor Edmund G. Brown Jr. signed legislation granting the DBO authority to license Property Assessed Clean Energy (PACE) program administrators and regulate the PACE industry. To do

business in California, PACE program administrators must be licensed by the DBO starting January 1, 2019.

In November 2017, the DBO sought comments from interested parties on a variety of issues related to rules the DBO may adopt for PACE program administrators. To assist interested parties in providing input on rulemaking, the DBO provided formulated topics and questions. The comments received are posted to the DBO's website [here](#).

Now, the DBO seeks comments on an initial draft of PACE regulations. The DBO seeks these comments in anticipation of initiating a formal rulemaking action with the Office of Administrative Law.

The invitation for comments text and notice are on the DBO's website [here](#).

The deadline to submit comments is June 8, 2018. Please submit comments to regulations@dbo.ca.gov.



FFIEC Issues Statement on Cyber Insurance and Risk Management Programs

On April 10, the Federal Financial Institutions Examination Council (FFIEC) members issued a [joint statement](#) to describe matters that financial institutions should consider in determining whether to use cyber insurance as a component of their risk management programs.

The joint statement notes that the number and sophistication of cyberattacks are increasing and that traditional general liability insurance policies may not provide adequate coverage for potential exposures associated with cyber events. Cyber insurance can offset financial losses from a variety of situations – including data breaches resulting in the loss of confidential information – that may not be covered by more traditional policies.

Management should assess their current coverage and consider how cyber insurance may fit into an overall risk management framework. Cyber insurance, however, does not diminish the importance of a sound control environment.

Financial institutions may find additional information on cybersecurity risk management on the FFIEC's website at <http://www.ffiec.gov>.



Introduction to the 2018 Community Bank National Survey

State bank supervisors in coordination with the Federal Reserve and Conference of State Bank Supervisors ([CSBS](#)) are planning the sixth annual [Community Banking in the 21st Century](#) conference in St. Louis, Missouri. As in prior years, the conference goal is to provide a setting and encourage research on community banking issues.

The 2018 National Survey, a focal point of the conference, is now live! The purpose of the survey is to give researchers and policy makers an opportunity to hear directly from community banks on a range of important topics.

Please take the time to complete the survey, which is available at <https://sri.cornell.edu/CB21/2018/>. The survey takes 20 to 25 minutes and can be completed in intervals.

Results of the survey and commissioner-to-banker outreach sessions will be detailed in an annual publication released during the conference.

Last year's publication can be downloaded [here](#).

Commercial Bank Activity

Merger

Community Bank, Pasadena, to merge with and into Citizens Business Bank, Ontario
Filed: 4/6/18

Premier Business Bank, Los Angeles, to merge with and into First Foundation Bank, Irvine

Approved: 4/4/18

Scott Valley Bank, Yreka, to merge with and into Mechanics Bank, Walnut Creek
Approved: 4/5/18

Merger (cont.)

Tri-Valley Bank, San Ramon, to merge with and into Heritage Bank of
Commerce, San Jose
Effectuated: 4/6/18

United American Bank, San Mateo, to merge with and into Heritage Bank of
Commerce, San Jose
Approved: 4/17/18

Acquisition of Control

Basswood Capital Management, LLC, to acquire control of American River Bank
Filed: 3/28/18

De Nault Family Trust, to acquire control of Liberty Bank
Filed: 3/30/18
Approved: 4/17/18

Nano Financial Holdings, Inc., Allegiant United Holdings, LLC, et. al. to acquire
control of Commerce Bank of Temecula Valley
Approved: 4/17/18

Purchase of Partial Business Unit

BAC Community Bank to acquire the banking business of the Tracy branch
office of Central Valley Community Bank
Filed: 4/18/18

Bank of the Sierra to acquire the banking business of the Lompoc Community
Bank, a division of Community Bank of Santa Maria
Approved: 4/4/18

Community Valley Bank to acquire the banking business of the Borrego Springs
branch office of Umpqua Bank
Filed: 4/6/18

Change of Name

San Diego Private Bank, to change its name to Cal Private Bank
Effected: 3/16/18

Premium Finance Company Activity

New Premium Finance Company

Next Wave Premium Finance, Inc.
660 Newport Center Drive, Newport Beach
Approved: 4/4/18

Credit Union Activity

Merger

Ocean Crest Federal Credit Union, Signal Hill, to merge with and into Arrowhead
Central Credit Union, Rancho Cucamonga
Filed: 4/3/18

Foreign (Other Nation) Bank Activity

Change of Name

The Bank of Tokyo-Mitsubishi UFJ, Ltd., to change its name to MUFG Bank, Ltd.
(Representative office)
Effected: 4/1/18

Foreign (Other State) Bank Activity

New Facility

First National Bank in Howell
907 8th Street, Manhattan Beach (Facility – Insured Bank)
No Objection: 4/10/18

Money Transmitter Activity

New Money Transmitter

Apple Payments Inc.
Approved: 3/13/18

Pay wick Inc.
Approved: 3/13/18

New Money Transmitter (cont.)

Tinplate Payments, Inc.
Opened: 4/9/18

Capstone, Inc.
Opened: 4/3/18

Acquisition of Control

BRS Investment Holding (UK) Limited, to acquire control of Pangea USA, LLC
Approved: 3/13/18

Fintech Acquisition Corp. II, to acquire control of Intermix Wire Transfer Corp.
Approved: 4/4/18

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>.