

# Monthly Bulletin

California Department of Business Oversight



---

Volume 6, Number 4

November 2018

---



## Fire Response — Extraordinary Situation in Butte, Los Angeles and Ventura Counties

Acting Governor Gavin Newsom issued emergency [proclamations](#) on Nov. 8 and 9 due to the effects of the Camp fire in Butte County and the Hill and Woolsey fires in Los Angeles and Ventura counties. The wildfires have killed at least 50 people, destroyed thousands of homes and other structures, closed roads, threatened critical infrastructure, caused power outages and forced widespread evacuations.

Commissioner of Business Oversight Jan Lynn Owen, pursuant to authority under the [Bank Extraordinary Situation Closing Act](#), determined that an extraordinary situation exists in Butte, Los Angeles and Ventura counties and issued [proclamations](#) authorizing state-chartered banks to close any or all of their offices in affected areas until the Commissioner determines the extraordinary condition has ended.

Commissioner Owen urges DBO licensees to grant appropriate latitude to affected customers to help everyone deal with economic hardships caused by these disasters.

The DBO will continue to monitor the situation in Butte, Los Angeles and Ventura counties and report back to our licensees.

---

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

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

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

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

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

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



## DeCarlton Kincy Promoted to Financial Institutions Manager in the DBO Credit Union Division

DeCarlton "Cory" Kincy has been promoted to Financial Institutions Manager – Examinations Manager in the Credit Union Division in the DBO's Los Angeles office. Cory assumed his new position on October 22.

Cory began his state career with the Board of Equalization, then joined the DBO in 2012 as a Financial Institutions Examiner with the Office of Credit Unions.

Cory has contributed to improvements in the credit union program, serving on the Examination Manual Improvement Team beginning in 2014 and rising to serve as chair. He has also examined several of the largest credit unions in Southern California.

Cory earned his Bachelor of Arts degree with a finance concentration and his MBA with an accounting concentration from Cal State San Bernardino. He is a Certified Fraud Examiner, was promoted to a Senior Financial Institutions Examiner in 2015 and was the recipient of a Commissioner's Award in 2017.



## November 16 Deadline to Submit Exam Questionnaire for Some Investment Advisers

California-registered investment adviser firms that have a principal place of business in another state are required to complete the online Examination Questionnaire by Nov. 16, 2018.

On Oct. 1, 2018, the DBO launched an online Examination Questionnaire for certain registered Investment Advisers. The mandatory examination consists of an online questionnaire that selected California-registered investment advisers

are required to complete and submit to the DBO's Broker Dealer and Investment Adviser (BDIA) Division.

Select firms that were contacted by the DBO also must complete and submit the online examinations to the DBO. The online examinations will not be accessible after the Nov. 16, 2018, submission deadline.

After reviewing examination responses, the DBO may have additional questions or requests for information, or may determine that an on-site examination is warranted.

For questions or inquiries on the submission process, please contact the BDIA Division at [IAAEQ@dbo.ca.gov](mailto:IAAEQ@dbo.ca.gov).



## **FFIEC Issues Statement on OFAC Cyber-Related Sanctions Program**

The Federal Financial Institutions Examination Council ([FFIEC](#)), on behalf of its members, has issued a [statement](#) to alert financial institutions of recent actions taken by the U.S. Department of the Treasury's Office of Foreign Assets Control ([OFAC](#)) under OFAC's Cyber-Related Sanctions Program and to the potential impact similar sanctions may have on financial institutions' operations.

Regarding the effect of sanctions, financial institutions should consider that continued use of products or services from a sanctioned entity directly or indirectly through a service provider may increase operational risk.

Further, such use of products or services may cause institutions to violate OFAC sanctions. These sanctions prohibit U.S. financial institutions from conducting transactions with sanctioned entities. Affected institutions are encouraged to contact OFAC and their legal counsel for more guidance.

The FFIEC comprises the principals of the Board of Governors of the Federal Reserve System, Bureau of Consumer Financial Protection, Federal Deposit Insurance Corporation, National Credit Union Administration, Office of the Comptroller of the Currency, and the State Liaison Committee.



## Online Student Loan Refinance Company SoFi Settles FTC Charges

Online student loan refiner SoFi has [agreed](#) to stop misrepresenting how much student loan borrowers have saved or will save from refinancing their loans with the company to settle Federal Trade Commission ([FTC](#)) charges that it deceptively advertised inflated figures for more than two years.

In a [complaint](#) against Social Finance, Inc. and subsidiary SoFi Lending Corp. (SoFi), the FTC alleged that since at least April 2016, SoFi made false statements about loan refinancing savings in television, print, and Internet advertisements. The FTC alleged that the average savings SoFi touted in ads inflated the actual savings by excluding large categories of consumers.

As part of the proposed settlement with the FTC, SoFi is prohibited from misrepresenting how much money consumers will save or have saved using SoFi's products and from making any claims about any such savings, unless they are backed up with reliable evidence.

The FTC published a description of the consent agreement package in the Federal Register subject to [public comment](#) through Nov. 28.



## CSBS Files a Second Lawsuit Over OCC Fintech Charter

The Conference of State Bank Supervisors ([CSBS](#)) on Oct. 25 filed a complaint in the U.S. District Court for the District of Columbia seeking to prevent the Office of the Comptroller of the Currency ([OCC](#)) from granting national bank charters to entities that operate as nonbanks, arguing that such charters exceed the authority granted by Congress.

The CSBS previously sued the OCC in 2017. After that suit was filed, the OCC announced that it had not yet determined whether it would move forward with the new charter, and the court decided the issue was not ready for consideration.

CSBS is now seeking court action based on the OCC's announcement in July that it is accepting applications for the new bank charter for fintechs as well as the OCC's publication of a [Licensing Manual Supplement](#).

A key point in the CSBS suit includes an assertion that the National Bank Act and other federal banking laws authorize the OCC to charter only institutions that engage in the "business of banking," which requires an institution to receive deposits. The OCC charter is for fintechs that do not take deposits.

Many fintech companies operate as nonbanks licensed at the state level. Several of the largest fintech companies are headquartered in California.



## NASAA Marks Bitcoin's 10<sup>th</sup> Anniversary With Cautionary Video

The North American Securities Administrators Association ([NASAA](#)) marked the 10th anniversary of Bitcoin with the release of the second in its series of "Get in the Know" videos to raise awareness of the risks of cryptocurrency-related investment products.

The new short, animated [video](#) focuses on concerns individuals should consider before investing in any crypto-related offering, including the three "U's" (untraceable, uninsured, unregulated), volatility and liquidity risks, and the potential for fraud.

The NASAA video highlights that, unlike deposits made to a bank account, deposits into a digital wallet for cryptocurrency transactions are uninsured in case of adverse events such as fraud or insolvency. Cryptocurrencies are often traded on unregulated digital platforms lacking consumer protections.

Earlier this year, NASAA launched "[Operation Cryptosweep](#)," a coordinated enforcement effort by state and provincial securities regulators in the United States and Canada. To date, this ongoing initiative has resulted in more than 200 active investigations of cryptocurrency-related investment products and Initial Coin Offerings (ICOs) and more than 50 enforcement actions.

---

## **Commercial Bank Activity**

### **Merger**

El Dorado Savings Bank, FSB, Placerville, to merge with and into Pacific Western Bank, Beverly Hills  
Filed: 10/22/18

First American International Bank, Brooklyn, New York, to merge with and into Royal Business Bank, Los Angeles  
Effectuated: 10/15/18

My Bank, Belen, New Mexico, to merge with and into United Business Bank, Walnut Creek  
Approved: 10/2/18

Southwestern National Bank, Houston, Texas, to merge with and into Hanmi Bank, Los Angeles  
Withdrawn: 10/2/18

### **Sale/Purchase of Partial/Whole Business Unit**

Exchange Bank to acquire approximately \$40 million of fiduciary assets from First Northern Bank of Dixon  
Filed: 10/2/18

Farmers & Merchants Bank of Central California to sell the whole business unit of Bank of Rio Vista to Farmers & Merchants Bank of Central California (related to the acquisition of control application)  
Effectuated: 10/10/18

Plumas Bank to acquire the banking business of the Carson City, Nevada branch office of Mutual OF Omaha Bank, a federal savings association  
Effectuated: 10/26/18

## **Premium Finance Company Activity**

### **New Premium Finance Companies**

AIB Financial Services, Inc.  
660 Newport Center Drive, Newport Beach  
Opened: 10/3/18

**New Premium Finance Companies (cont.)**

ATM Premium Finance Inc.  
11323 Washington Boulevard, Los Angeles  
Filed: 10/12/18

Cal West Premium Funding  
600 West Broadway, San Diego  
Approved: 10/18/18

CJS Premium Solutions, Inc.  
1249 Park Avenue, San Jose  
Approved: 10/5/18

Premium Finance Funding, Inc. DBA Premium Finance Funding  
660 Newport Center Drive, Newport Beach  
Filed: 10/12/18

SPARTA PFCA, Inc.  
1476 North Green Mount Road, O'Fallon, St. Claire County, State of Illinois  
Approved: 10/25/18

Biz Premium Finance Corp  
6200 Canoga Avenue, Woodland Hills  
Approved: 10/29/18

**Credit Union Activity****Merger**

Cedars-Sinai Federal Credit Union, West Hollywood, to merge with and into  
Credit Union of Southern California, Anaheim  
Filed: 10/1/18

Hamilton Federal Credit Union, Novato, to merge with and into Community First  
Credit Union, Ukiah  
Approved: 10/29/18

Merced Municipal Employees Credit Union, Merced, to merge with and into  
Merced School Employees Federal Credit Union, Merced  
Approved: 10/9/18

**Merger (cont.)**

Northern California Latvian Credit Union, San Francisco, to merge with and into California Lithuanian Credit Union, Santa Monica  
Filed: 10/15/18

**Change of Name**

Media City Community Credit Union, to change its name to Media City Credit Union  
Effectuated: 9/25/18

Pacific Marine Credit Union, to change its name to Frontwave Credit Union  
Effectuated: 9/27/18

San Diego Metropolitan Credit Union, to change its name to Wheelhouse Credit Union  
Effectuated: 9/20/18

**Foreign (Other Nation) Bank Activity****New Office**

DNB Bank ASA  
470 Ramona Street, Palo Alto, (Representative Office)  
Approved: 10/19/18  
Opened: 10/31/18

**Money Transmitter Activity****New Money Transmitter**

BillMo LLC  
Expired: 10/15/18

Currency Exchange International Corp.  
Expired: 10/9/18

Nobel Financial Inc.  
Opened: 10/8/18



**New Money Transmitter (cont.)**

Veem Payments Inc.

Status update: Changed name from Align Commerce Payments Inc.

Approved: 8/9/18

**Acquisition of Control**

Finabler Limited, to acquire control of Travelex Currency Services Inc.

Filed: 10/18/18

SW Bidco Limited, to acquire control of Choice Money Transfer, Inc.

Approved: 10/19/18

Trident Finxera Holdings LP, to acquire control of Finxera, Inc.

Filed: 5/1/18

Approved: 10/25/18

**JAN LYNN OWEN**

Commissioner of Business Oversight



The November 2018 *Monthly Bulletin* covers the month ended October 31, 2018. It is issued pursuant to Financial Code section 376. The *Monthly Bulletin* is available without charge via e-mail. To subscribe, go to: <http://www.dbo.ca.gov/Resources/subscription.asp>.