

# Monthly Bulletin

California Department of Business Oversight



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Volume 6, Number 6

January 2019

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## Request for Forbearance Due to Federal Government Shutdown

With the partial federal government shutdown suspending paychecks for thousands of Californians, Commissioner of Business Oversight Jan Lynn Owen is asking the department's licensees to grant whatever assistance and latitude they can to federal employees and others victimized by these events beyond their control.

Although there are limitations on what institutions can do to help, the Commissioner urges forbearance on loans or other obligations until federal paychecks resume to the more than 800,000 affected employees.

The Commissioner also noted that [Fannie Mae](#) has released [temporary guidance](#), effective immediately, on selling and servicing policies that may be impacted by the federal shutdown.



## Milton Cruz Promoted to Financial Institutions Manager for Credit Unions

Milton Cruz has been promoted to Financial Institutions Manager – Portfolio Manager in the Office of Credit Unions at the Department of Business Oversight's Los Angeles office. Milton assumed his new position on December 17.

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Milton began his career with the DBO as a Financial Institutions Examiner for credit unions in 2010. He served on the Examination Manual Improvement Team and several other projects aimed at improving the credit union program. He also has experience examining several of the largest credit unions in California.

Milton earned a bachelor's degree in Business Administration, with a concentration in Finance, from California State University, Fullerton, and is a certified public accountant. He was promoted to a Senior Financial Institutions Examiner in 2015.



## 2018 CFL Annual Report Forms on DBO Website; Due Mar. 15

Licensees under the California Financing Law (CFL), formerly the California Finance Lenders Law, must electronically file their 2018 annual report by Mar. 15.

Licensees will be able to start working on their 2018 annual reports this month by signing in to the [DBO self-service portal](#).

All CFL licensees must complete and submit their annual report online through the self-service portal. Licensees are required to have a registered DBO portal account. If you do not have a registered portal account, please follow the [portal registration instructions](#) or contact Shirley Tang at (213) 576-7682 or [Shirley.Tang@dbo.ca.gov](mailto:Shirley.Tang@dbo.ca.gov).

For participating licensees, the 2018 annual report for the [Responsible Small Dollar Loan \(RSDL\) pilot program](#) is also due no later than Mar. 15. Contact [CFL.Inquiries@dbo.ca.gov](mailto:CFL.Inquiries@dbo.ca.gov) or call (213) 576-7690 with any questions.



## 2018 CDDTL Annual Report and Industry Survey Forms on DBO Website; Due Mar. 15

All California Deferred Deposit Transaction Law (CDDTL) licensees must submit a 2018 Annual Report and Industry Survey to the DBO by Mar. 15, 2019.

The Annual Report and Industry Survey must be completed online by signing in to the [DBO self-service portal](#) on the DBO website. To prepare and submit the Annual Report and Industry Survey, all CDDTL licensees are required to have a registered DBO portal account.

The Annual Report and Industry Survey are required by California Financial Code sections [23026](#) and [23015](#). If you have questions about the Annual Report and Industry Survey, or need clarification on the instructions, please email [RespondToCDDTL@dbo.ca.gov](mailto:RespondToCDDTL@dbo.ca.gov).



## 2018 CRMLA Annual Reports Due Mar. 1

Licensees under the California Residential Mortgage Lending Act (CRMLA) are now able to complete and file their 2018 CRMLA annual report electronically by Mar. 1, 2019.

A notice about the CRMLA annual report filing was sent to each licensee's designated email address on Dec. 7, 2018, and the DBO posted a reminder to the DBO website's [CRMLA webpage](#) on Jan. 7. The annual report must be completed by signing in to the [DBO self-service portal](#) on the DBO website.

Licensees should immediately begin the data input process to ensure timely completion and filing of the 2018 CRMLA annual report. All CRMLA licensees must file the report by Mar. 1. No extensions will be granted. Missing the deadline may result in penalty assessments and failure to file constitutes grounds for license revocation.

Email any questions to [CRMLA.inquiries@dbo.ca.gov](mailto:CRMLA.inquiries@dbo.ca.gov).



## 2018 Escrow Annual Liability Report Forms on DBO Website; Due Feb. 15

The 2018 Escrow Annual Liability Report forms are now available by signing in to the [DBO self-service portal](#). Reports must be filed electronically through the portal by Feb. 15.

Please follow the instructions in the report to correctly enter data, save content, resume input and file the report. Questions or concerns should be emailed to [Escrow.inquiries@dbo.ca.gov](mailto:Escrow.inquiries@dbo.ca.gov).



## Banks, Trust Companies, Foreign Banks Required to Notify the DBO of Officer Changes

Banks, trust companies and agencies and branch offices of foreign banks subject to the Financial Institutions Law are reminded that pursuant to [Financial Code section 457](#):

*Every licensee shall notify the commissioner of any change in the following officers of the licensee, to the extent that those officers exist within the licensee: chairperson, chief executive officer, president, general manager, managing officer, chief financial officer, or chief credit officer.*

Please send written notice of changes to [licensing@dbo.ca.gov](mailto:licensing@dbo.ca.gov).



## Reminder: Bank Lists of Offices

Pursuant to [Financial Code section 1077](#), on or before January 1, all commercial banks, industrial banks and trust companies are required to file with the DBO a list of all offices they maintain and operate. The report must specify the type of each office listed (branch or facility, head office, but not ATMs) and its complete address. Please note that this requirement is only for banks and does not apply to credit unions or money transmitters.

Responses may be emailed to [Licensing@dbo.ca.gov](mailto:Licensing@dbo.ca.gov) or mailed to:

Department of Business Oversight  
Division of Financial Institutions  
Attn: Licensing & Information Reporting Office  
One Sansome Street, Suite 600  
San Francisco, CA 94104-4428

The required information was due to the DBO on or before Jan 1. If you have not already provided this information to the DBO, please send it in as soon as possible or fines and penalties may apply.



## Student Loan Servicing Annual Report Forms on DBO Website; Due Mar. 15

Pursuant to [Financial Code section 28146\(a\)](#) of the Student Loan Servicing Act, each student loan servicer is required to file an annual report with the Commissioner of Business Oversight on or before Mar. 15. The [Student Loan Servicing Annual Report Form](#) is on the DBO website. A copy of the cover letter sent to student loan servicers is also available on the DBO's [Student Loan Servicing Program page](#).

The completed form must be returned to the DBO by Mar. 15, 2019. The Commissioner may impose a financial penalty if a licensee fails to submit a report on time. Reports must be emailed to DBO Student Loan Servicing at [StudentLoanServicing@dbo.ca.gov](mailto:StudentLoanServicing@dbo.ca.gov). The email subject line should include company name, NMLS # and the year 2018.



## Invitation for Comments: Commercial Financing Regulations

Last year, legislation establishing the nation's most extensive set of protections for small business borrowers was signed into law. The bill, [SB 1235 \(Glazer\)](#), requires lenders and other commercial financing companies to provide clear and consistent disclosures to small business owners.

The legislation directs the DBO to adopt regulations implementing the disclosure requirements. Prior to initiating a formal rulemaking action with the Office of Administrative Law, the DBO has issued an [Invitation for Comments](#).

Interested parties and stakeholders are encouraged to submit comments to [regulations@dbo.ca.gov](mailto:regulations@dbo.ca.gov) before the Jan. 22 deadline.



## New FINRA Cybersecurity Report for Broker-Dealers

On Dec. 20, the Financial Industry Regulatory Authority ([FINRA](#)) published its [Report on Selected Cybersecurity Practices-2018](#), a review of information-security controls for securities firms. The report is intended to help broker-dealers develop and implement effective cybersecurity programs. The report has five main topics:

- Cybersecurity controls in branch offices
- Methods of limiting phishing attacks
- Identifying and mitigating insider threats
- Elements of a strong penetration-testing program
- Establishing and maintaining controls on mobile devices

The Dec. 20 report is an expansion of the [2015 FINRA Cybersecurity report](#) that addressed the main elements of a comprehensive cybersecurity program. The 2018 report adds depth and detail to the 2015 report, including specific examples of effective practices. Additional cybersecurity resources are available on [FINRA's cybersecurity page](#).

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## **Commercial Bank Activity**

### **Merger**

The Merchants National Bank of Sacramento, Sacramento, to merge with and into Redding Bank of Commerce, Redding  
Approved: 12/10/18

### **Acquisition of Control**

Francis P. Kavanaugh, to acquire control of Friendly Hills Bank  
Filed: 12/10/18

### **Application for Trust Powers**

Premier Valley Bank  
255 East River Park Circle, Fresno  
Effected: 6/6/18

**Sale/Purchase of Partial Business Unit**

Exchange Bank to acquire approximately \$40 million of fiduciary assets from First Northern Bank of Dixon

Effected: 12/7/18

Silvergate Bank to sell the banking business of the San Marcos branch office to HomeStreet Bank

Filed: 11/29/18

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

Capital Premium of California, Inc.

818 West 7<sup>th</sup> Street, Los Angeles

Approved: 12/4/18

Premium Finance Funding, Inc. DBA Premium Finance Funding

660 Newport Center Drive, Newport Beach

Approved: 12/7/18

Principal Premium Financing, Inc.

22364 Alessandro Boulevard, Moreno Valley

Filed: 12/4/18

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

Cedars-Sinai Federal Credit Union, West Hollywood, to merge with and into Credit Union of Southern California, Anaheim

Approved: 10/19/18

Desert Communities Federal Credit Union, Needles, to merge with and into Arrowhead Central Credit Union, Rancho Cucamonga

Approved: 12/8/18

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

Envios de Valores La Nacional Corp.

Opened: 12/11/18

**New Money Transmitter (cont.)**

Global Merchant Services, Inc.

Filed: 2/28/18

Withdrawn: 12/24/18

PE Global Partners, LLC

Withdrawn: 12/7/18

**Acquisition of Control**

Hangzhou Alibaba Network Technology Co., Ltd., to acquire control of Alipay US, Inc.

Filed: 12/21/18

**JAN LYNN OWEN**

Commissioner of Business Oversight



The January 2019 *Monthly Bulletin* covers the month ended December 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>.