



# Monthly Bulletin

Volume 8, Number 4

October 2004

## Highlights of 2004 State Chaptered Legislation

Attached is "[Highlights of 2004 State Chaptered Legislation](#)." This summary is a compendium of most but not all of the legislation that may have an impact on financial institutions. There is a brief description of each measure with a link to the chaptered version of that legislation.

We hope you find the "2004 Highlights of State Chaptered Legislation" a productive tool. We encourage any suggestions you may have to improve its usefulness to you and your organization. Please submit your suggestions to Paul Deiro, Legislative Deputy, at (916) 322-5963 or by email at [pdeiro@dfi.ca.gov](mailto:pdeiro@dfi.ca.gov)

## Licensing Unit to Receive Most Bank Applications Directly

### Move should reduce turnaround time on most applications

Starting November 1, applications for new banks, industrial banks, conversions to state charter, mergers, sale or purchase of partial or whole business units and sale of securities should be sent to the licensing unit in the San Francisco Office instead of to the Los Angeles, Sacramento or San Diego Regional Offices. This new procedure will facilitate the processing of applications by the Department.

Applications to be forwarded to the Licensing Division starting November 1 are:

- New bank
- New industrial bank
- Conversion
- Merger
- Purchase or sale of whole or partial business units
- Sale of securities (negotiating permit, sale of securities, etc.)

111 Pine Street, Suite 1100, San Francisco, CA 94111-5613  
300 South Spring Street, Suite 15513, Los Angeles, CA 90013-1204  
1810—13<sup>th</sup> Street, Sacramento, CA 95814-7118  
7575 Metropolitan Drive, Suite 108, San Diego, CA 92108-4421  
Consumer Compliance

(415) 263-8500  
(213) 897-2085  
(916) 322-5966  
(619) 682-7227  
(800) 622-0620

Applications should be addressed to Patrick Carroll, Strategic Support Manager, Department of Financial Institutions, 111 Pine Street, #1100 San Francisco, CA 94111-5613. Please direct questions about the new procedure to Mr. Carroll at (415) 263-8559 or by email at [pcarroll@dfi.ca.gov](mailto:pcarroll@dfi.ca.gov).

As announced in the September 2004 *Monthly Bulletin*, the licensing unit will serve as the portal for most applications. Applications for new branches, places of business, branch relocations and place of business relocations were transferred on October 1. Additional changes will be announced in the *Monthly Bulletin* as they occur.

DFI hopes to achieve significant organizational efficiencies through process improvement and by organizing duties around employees' core competencies.

## Bank Investments

### Important Changes to Financial Code Section 772

When initially enacted, Financial Code Section 772 permitted a bank to invest in, subject to such regulations and rules the commissioner may prescribe, the capital stock, obligations, or other securities of one or more corporations.

Effective January 1, 2004, Financial Code Section 772 was amended to provide for the investment in equity or other securities of one or more corporations, limited liability corporations, limited liability companies, limited partnerships, trusts, business trusts, or other similar business organizations. A copy of the amended statute is detailed below.

772. *"Notwithstanding the provisions of Section 1335, except as provided in Section 1336, and subject to regulations and rules the commissioner may prescribe, a bank may invest in equity or other securities of one or more corporations, limited liability corporations, limited liability companies, limited partnerships, trusts, business trusts, or other similar business organizations.*

*Any reference to "corporation" in regulations adopted by the commissioner to implement this section shall be deemed to include limited liability corporations, limited liability companies, limited partnerships, trusts, business trusts, or other similar business organizations."*

Among permitted equity investments, a bank's investment in mutual funds is authorized by, and is subject to the approval process and limitations under Section 772. If the portfolio of the mutual fund consists solely of those instruments specified in Section 782, the approval of the commissioner is not needed. Please be advised that in some cases, the registered name of the mutual fund may refer to debt obligations in which banks are permitted to invest without limitation. However, the prospectus of the mutual fund may allow the fund to invest in additional instruments that are subject to limitations, such as commercial paper, banker's acceptances, and certificates of deposit. Therefore, Section 772 does apply to these mutual funds, despite what the name of the fund may imply. It is important to read the prospectus to determine whether the portfolio of the mutual fund falls under the authority of Section 772 or of Section 782.

Banks may request either general authorization or specific authorization to purchase mutual funds, depending upon the level of investment and other factors enumerated in Sections 10.19050 et seq. of

Title 10 of the California Code of Regulations. To exceed levels of investment beyond those under general authorization, banks may request specific authorization to purchase specified mutual funds. The Department will review all requests for appropriateness and safety and soundness concerns, including concentration levels.

Requests for a general authorization to purchase mutual funds or securities of corporations, companies, partnerships, etc. should include a description of the proposed investments, a statement that such purchases are permissible under a Board-approved investment policy, and a proposed aggregate percentage of the bank's gross capital (shareholders' equity, capital notes, and allowance for loan and lease losses) for these investments.

In applying for specific authorization to purchase specified mutual funds, banks should provide the following information:

- List of the mutual fund(s) to be purchased,
- Statement that the mutual fund purchases are permissible under a Board-approved investment policy,
- Proposed maximum holding of each mutual fund as a percentage of gross capital, and
- Prospectus for each mutual fund.

Questions regarding the Financial Code should be directed to the appropriate Assistant Deputy.

## **Commercial Bank Activity**

### **New Bank**

Bank of Santa Clarita

27441 Tourney Road, Santa Clarita, Los Angeles County

661-993-5350

Officers: James D. Hicken, President and Chief Executive Officer

Jeffery Pollard, Chief Operating Officer/Chief Financial Officer

Frank DiTomaso, Vice Chairman/Chief Business Development Officer

Capitalization: \$13,750,000

Opened: 10/26/04

Great America Bank

801 E. Valley Boulevard, San Gabriel, Los Angeles County

Correspondent: Gary Steven Findley, Esq.

1470 North Hundley Street

Anaheim, CA 92806

(714) 630-7910

Filed: 10/5/04

**New Bank (Continued)**

Security Pacific Bank  
3403 Tenth Street, City and County of Riverside  
Correspondent: Maryam Hamzeh  
c/o Carpenter & Company  
5 Park Plaza, Suite 950  
Irvine, CA 92614  
(949) 261-8888  
Filed: 10/18/04

**Merger**

Bank of Amador, Jackson, with and into American River Bank, Sacramento  
Approved: 10/7/04

Bank of Lodi, N.A., Lodi, with and into Placer Sierra Bank, Auburn  
Filed: 10/14/04

Encino State Bank, Encino, with and into First State Bank of California, Granada Hills  
Effected: 10/1/04

Five Star Bank Natomas, Sacramento, with and into Five Star Bank, Rocklin  
Filed: 10/4/04  
Approved: 10/6/04

Orange Savings Bank of Texas, SSB, Mauriceville, Texas, with and into Wilshire State Bank, Los Angeles  
Approved: 10/6/04

**Conversion to State Charter**

Affinity Bank, Ventura, to convert from an industrial bank to a state-chartered bank  
Effected: 10/14/04

Western Financial Bank, Irvine, to convert from a federal savings bank to a state-chartered bank under the name Western Financial Bank  
Approved: 10/14/04

**Industrial Bank Activity****Acquisition of Control**

Cass Information Systems, Inc. to acquire control of Franklin Bank of California  
Filed: 10/7/04  
Approved: 10/14/04

## **Trust Company Activity**

### **Sale of Whole Business Unit**

Deseret Trust Company of California, Los Angeles, to sell its business to Deseret Trust Company, Salt Lake City, Utah  
Effected: 9/30/04

### **Voluntary Surrender of License**

Deseret Trust Company of California, Los Angeles  
10880 Wilshire Boulevard, City and County of Los Angeles  
Effected: 10/14/04

## **Foreign (Other State) Bank Activity**

### **New Facility**

Builders Bank  
11111 Santa Monica Boulevard, Los Angeles, Los Angeles County (Facility – Insured Bank)  
Opened: 8/18/04

## **Premium Finance Company Activity**

### **New Premium Finance Company**

Mutual Credit Corporation  
1620 N. Placentia Ave., Suite 210, Placentia, Orange County  
(714) 713-2060  
Officers: Andres Harvey, President  
Mike Brown, Vice President  
Anthony Jacobson, Chief Financial Officer  
Opened: 10/15/04

## **Credit Union Activity**

### **Merger**

New World Federal Credit Union, Lafayette, into Telesis Community Credit Union, Chatsworth  
Filed: 10/29/04

### **Change of Name**

Riverside County's Credit Union to change its name to ALTURA CREDIT UNION  
Filed: 9/28/04  
Approved: 9/29/04  
Effected: 9/30/04

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**Field of Membership**

Thirteen credit unions received approvals to add 42 new fields of membership during September 2004.

**Bylaw Amendment**

One credit union received an approval for a bylaw amendment during September 2004.

**Investment**

One credit union received an approval to make an investment pursuant to California Financial Code Section 14651(b)

**Variances**

Two credit unions received two approvals for requests for variance to sections of the California Code of Regulations during September 2004.

**Transmitter of Money Abroad Activity****New Transmitter**

ABC Money Transactions, Inc.

Filed: 8/30/04

Withdrawn: 10/20/04

Intermex Wire Transfers, Inc.

Filed: 10/20/04

**HOWARD GOULD**

Commissioner of Financial Institutions

Bulletin for Month ended  
October 2004, issued pursuant  
to Financial Code, Section 258

