



Monthly Bulletin



Volume 16, Number 7

January 2013

Message from the Commissioner

The year 2012, my first year as Commissioner, was challenging, very exciting and productive. I am extremely proud of the accomplishments of the Department of Financial Institutions. Through the hard work of our professional and dedicated staff, our industry leaders and community partners, we have achieved numerous important accomplishments.

DFI's mission is to protect and serve the people in California through the effective regulation and supervision of state-chartered financial institutions. We also have an array of vital programs to protect consumers. The following is a brief list of activities and accomplishments that further our mission. DFI published a complete list of [2012 Accomplishments](#) and a [2012 Annual Activity Report](#) that further describe the Department's activities and the health and growth of state-chartered financial institutions.

Here are some highlights:

Licensing

- One national bank and one federal savings bank converted to a DFI state charter:
 - CommerceWest Bank
 - First Foundation Bank
- The DFI Money Transmitter Program issued new money transmitter licenses to the following 17 companies:
 - Beamit, Inc.
 - CheckFreePay Corporation
 - Choice Money Transfer, Inc.
 - Commonwealth Foreign Exchange, Inc.
 - Custom House (USA) Ltd. Db a Western Union Business Solutions
 - Facebook Payments Inc.
 - IntelliSpend Prepaid Solutions, LLC
 - ITC Financial Licenses, Inc.
 - JPay Inc.
 - Keefe Commissary Network, LLC

45 Fremont Street, Suite 1700, San Francisco, CA 94105-2219
300 South Spring Street, Suite 15513, Los Angeles, CA 90013-1204
1810—13th Street, Sacramento, CA 95811
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

- Kwik Dollar LLC dba DINEX
 - Meracord LLC dba Meracord
 - Netspend Corporation
 - Official Payments Corporation
 - Softgate Systems of California, Inc.
 - USFOREX Inc.
 - Venmo, Inc.
- In 2013 year to date, one money transmitter has opened:
 - Square, Inc.
- Sixteen money transmitter applications were approved:
 - Ace Payment Services, Inc.
 - ADP Payroll Services, Inc.
 - Beमित, Inc.
 - Choice Money Transfer, Inc.
 - Facebook Payments Inc.
 - InteliSpend Prepaid Solutions
 - ITC Financial Inc (ITCFL)
 - Kwik Dollar LLC dba DINEX
 - Meracord LLC dba Meracord
 - Metavante Payment Services, LLC
 - Netspend Corporation, Austin
 - Obopay, Inc.
 - Square, Inc.
 - TouchPay Holdings, LP
 - USFOREX Inc.
 - Venmo, Inc.
- Eleven applications were filed:
 - Beमित, Inc.
 - FIRMA Foreign Exchange Corporation (U.S.) Ltd.
 - GoPago, Inc.
 - Intuit Payments Inc.
 - Kwik Dollar LLC dba DINEX
 - Moneydart Global Services, Inc.
 - Netspend Corporation
 - PayNearMe Plus, Inc.
 - PreCash, Inc.
 - Square, Inc.
 - TouchPay Holdings, LP

Examination

- The Bank Examination Program completed 81 safety and soundness bank examinations.
- The Credit Union Examination Program completed 79 safety and soundness credit union examinations.
- The Money Transmitter Program conducted 26 full scope money transmitter examinations and over 200 on-site agent examinations. Fifteen were joint examinations performed with other states, which is a record number and twice the number conducted in 2011.

Enforcement Actions

- The DFI Bank Examination Program issued 24 bank enforcement actions, including six Cease and Desist (C&D) orders, three Board Resolutions (BR), and 15 Memorandums of Understanding (MOU). Thirty-four bank enforcement actions were lifted, including 12 Cease and Desist (C&D) orders, four Board Resolutions (BR), and 18 Memorandums of Understanding (MOU).
- The DFI Credit Union Examination Program issued seven enforcement actions and lifted 17 enforcement actions.
- DFI placed Telesis Community Credit Union into conservatorship in March and liquidated the credit union in June.
- The Money Transmitter Examination Program issued nine enforcement actions, including five MOUs, three Board Resolutions, and one C&D.

Consumer Complaints and Inquiries

DFI processed 534 complaints. Ninety-one percent of the complaints were processed in less than 26 days. There were 137 complaints regarding banks; 282 regarding credit unions and 115 regarding money transmitters. DFI handled 2,907 inquiries, including 1,775 regarding non-DFI licensees, which were referred to the appropriate regulator. Consumers who filed complaints received an aggregate of \$30,412.43 in reversed fees, charges and payments.

Elder Financial Abuse Outreach

- DFI served on the Elder Financial Abuse Interagency Roundtable hosted by the California Insurance Commissioner's Office. The Roundtable members launched a senior Web portal in October 2012. The [Senior Gateway](#) empowers seniors, their families, and caregivers with news, information, services and resources.
- DFI also participated in events and actively promoted the awareness and prevention of elder financial abuse.

Community Outreach

- DFI participated in activities, programs and initiatives that brought together financial institutions, government agencies and non-governmental organizations to promote community economic development. Some of the initiatives were [Bank on California](#), [California Financial Literacy Month](#), the Treasury's [GoDirect](#) campaign, IRS [Earned Income Tax Credit](#), American Bankers

Association's [Teach Children to Save Day](#), FTC's [National Consumer Protection Week](#), and [America Saves Week](#).

- As part of DFI's community economic development efforts, DFI participated in 31 community events and visited four classrooms.

Bank On California

- [Bank On California](#), under DFI's leadership, expanded with Bank On Stanislaus in 2012. The program is now available in Amador, El Dorado, Placer, and Yolo counties through an expansion of Bank On Sacramento. There are now eight Bank On California coalitions: Fresno, Los Angeles, Oakland, Orange, Sacramento (includes Yolo, Placer, Amador and El Dorado), San Francisco, San Jose and Stanislaus.
- Over forty financial institutions are participating in the Bank On California program. Half of the participating financial institutions are state-chartered banks and credit unions licensed and supervised by DFI.
- Other regions are reaching out to DFI for guidance as they research a Bank On for their community

Foreclosure Outreach

- DFI's education and outreach program participated in homeownership events throughout the state. We also disseminated consumer brochures related to foreclosure prevention and homeownership published by the federal bank regulators, who regulate the large banks and mortgage servicers.
- We used the Web and social media to share important information about free and safe government programs and services and events. We added [DFI Homepage](#) links to CalHFA's Keep Your Home California, the Treasury and HUD's Making Home Affordable, and the National Mortgage Settlement.
- DFI's financial education [blog](#) frequently featured news, alerts and other important information regarding homeownership and foreclosure programs as well as foreclosure-related fraud prevention.

Financial Education Portal

In April 2012, as part of California Financial Literacy Month efforts, DFI released a new [portal](#) that features financial education news, events, curriculum, and resources for specific audiences, including [college students](#), [homeowners](#), [military families](#), [community/non-profit organizations](#), [seniors](#), [small business](#), the [unbanked/underbanked](#), [women](#), and [youth](#).

Social Media

DFI's education and outreach program used [social media](#) to reach a larger and broader audience. DFI has over 2,000 Twitter followers and tweeted over 2,000 messages in 2012. DFI's financial education [blog](#) has reached almost two million people since it was launched in August 2010.

My priorities for DFI in 2013 are to continue to (i) preserve the integrity of the financial system in California and ensure the public's trust and confidence by promoting the safety and soundness of the state's chartered depository institutions, (ii) encourage participation by DFI's state chartered banks and credit unions and to support the expansion and implementation of Bank On California in additional cities and counties throughout the state, (iii) protect the consumer through the enforcement of applicable state

and federal laws and regulations and the supervision of enterprise risk management at DFI's licensees and (iv) work with DFI's licensees to combat elder financial abuse..

Of course, these priorities are only a small fraction of all the work we do at DFI and within each of our programs and regional offices we have many other priorities that are extremely important.

I know that this year will be full of successes for DFI and state-chartered financial institutions. I hope you will continue to follow our initiatives and accomplishments in the months ahead through the Monthly Bulletin, following DFI on Twitter and Facebook, subscribing to our blog and regularly visiting us on the Web.

I look forward to a successful 2013 together.

Sincerely,

Teveia R. Barnes, Commissioner
Department of Financial Institutions
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San Francisco, CA 94105
(415) 263-8507
Teveia.Barnes@dfi.ca.gov

Information on Central Locations for Service of Legal Process

Introduction

[AB 2364](#) (Wagner) was signed into law by Governor Edmund G. Brown Jr. and became law on January 1, 2013. Included in the law is new Code of Civil Procedure Section 684.114 which requires certain financial institutions to file with the Department of Financial Institutions (DFI) one or more central locations within California that are designated for service of legal process, and authorizes others to do so. This law applies to financial institutions, including state or national banks, all banks, state or federal savings and loan associations, credit unions, or like organizations, and corporations engaged in safe deposit businesses. "Legal Process" refers to each and all of the writs, notices, orders, or other papers required or permitted to be served pursuant to Title 9, including adverse claims as to deposits and safety deposit boxes.

The statute requires that the DFI maintain the information and make it accessible to the public by providing it to any person who requests it and by posting the information online. In response to the new law, DFI collected a list of central locations in December 2012 and posted it to the DFI web site on January 14, 2013.

For Persons Serving Legal Process on a Financial Institution

Finding a Financial Institution's Designated Location(s) for Service of Legal Process

The [Code of Civil Procedure Section 684.115](#) provides the DFI a period of ten (10) business days to post online the designated location information after it is received. To view an institution's designated central location, please visit the DFI's webpage, [Central Locations for Service of Legal Process](#), or go to www.dfi.ca.gov and click on the "Service of Legal Process" link that is located under the Popular Links area.

Agent for Service of Process – California Secretary of State

If you are looking for information regarding the designation of an agent for service of process, then you may wish to visit the California Secretary of State's website at <http://www.sos.ca.gov/business/be/service-of-process.htm>.

Note: The DFI has no authority to provide advice or guidance about serving process on a financial institution and has no information other than [the Central Locations for Service of Legal Process](#) and [Information on Central Locations for Service of Process](#) web pages.

For Financial Institutions

What to File with the DFI

Financial institutions with more than nine California branches or offices are required to designate one or more central locations within California for service of legal process. Failure to designate a central location for service of legal process will result in all the institutions' branches or offices in California being deemed as central locations for service of legal process.

Financial institutions with nine or fewer California branches or offices have the option to designate one or more central locations within California for service of legal process.

How to File with the DFI

The DFI developed an electronic form for collecting the designated location information to publish on its website. If you would like to designate a central location for your financial institution or to change the location, please send an email to licensing@dfi.ca.gov. You will receive an email with a link to the electronic form where you can input the designated location information.

If a financial institution elects to designate a central location for service of legal process, the electronic form will request the following information:

- Institution Name
- Institution ID Number (DFI, FDIC, NCUA, or other)
- Contact information of person filing the information on behalf of the institution.
- Physical address of the central location(s)
- Days and Hours during which service will be accepted at the central location(s).
- Information sufficient to identify the branches or offices as to which service at the central location(s) will not apply and the nature of the limitations applicable to those branches and offices. See [Code of Civil Procedure Section 684.115](#) for additional information.

How to Modify Filed Information

Financial institutions can modify previously filed designated location information for service of legal process by notifying the DFI of their need to make a change and requesting access to the electronic form. To modify filed information, contact licensing@dfi.ca.gov.

Community Economic Development Initiatives

The Department of Financial Institutions (DFI) participates in activities, programs and initiatives that bring together financial institutions, government agencies and non-governmental organizations to promote community economic development.

This month we highlight two such programs:

National Consumer Protection Week

National Consumer Protection Week (NCPW) is a coordinated campaign that encourages consumers nationwide to take full advantage of their consumer rights and make better-informed decisions. NCPW 2013 will take place March 3 through March 9, 2013. In conjunction with other state agencies, DFI is actively promoting educational opportunities during National Consumer Protection Week in the public, private and non-profit sectors. The DFI Website features an array of resources designed to help consumers learn how to guard against identity theft, and financial fraud and scams. For information on how to get involved, visit the NCPW Website, www.ncpw.gov/content/get-involved.

California Financial Literacy Month

Since 2001, April has been designated California Financial Literacy Month (CAFLM) to highlight the importance of financial literacy and encourage all Californians to increase their understanding of saving, investing and credit choices. The 2013 theme, "Empowering Californians To Make Well-Informed Financial Decisions," highlights the importance of making educated and affordable financial decisions to achieve financial goals. Organizations across the state will work together to reach out to communities and give consumers of all ages the tools and inspiration for a successful financial future. For more information on how to get involved, visit the CAFLM Website, www.caflm.ca.gov.

DFI to Consider Money Transmission Regulations and Orders in 2013

After extensive experience administering the Money Transmission Act ("MTA") since it became effective on January 1, 2011, DFI will begin a process aimed at adopting regulations and issuing orders to address issues that have arisen in the past two years. DFI is reviewing certain parts of the MTA and its application to certain products, services and marketplaces, including 1) payroll processing companies, 2) stored value and 3) the ownership requirements for eligible securities.

DFI looks forward to obtaining input from all stakeholders, including consumers and consumer advocates, to assist in this process.

Helping California Small Businesses Thrive

Small businesses play an important role in the California economy. According to the United States Small Business Administration, 3.5 million California small businesses account for 99% of the state's employers and employ 52% of the workforce.

The State of California helps small businesses to grow and flourish through programs that make it possible for financial institutions to extend credit to qualified small businesses that might otherwise be unable to obtain financing. DFI encourages California banks, credit unions and community development financial institutions to learn more about how they can help small businesses thrive.

California Small Business Loan Guarantee Program (SBLGP)

The California Small Business Loan Guarantee Program (SBLGP) is administered by the Business, Transportation and Housing Agency and works to help businesses create and retain jobs, while at the same time encouraging investment into low- to moderate-income communities. Recognizing that small businesses are the backbone of the state's economy and the main drivers of private job creation, the SBLGP enables a small business to not only obtain a loan it could not otherwise obtain, but to establish a favorable credit history with a lender. With that, the business may obtain further loans on its own, without the assistance of the program.

Small businesses owners that employ five hundred (500) people or less may apply for a SBLGP loan by contacting a Financial Development Corporation (FDC). For more information, please visit the SBLGP web site at <http://www.bth.ca.gov/sblgp.htm> or contact the SBLGP at (916) 327-2028 or Dan.Apodaca@ibank.ca.gov .

California Capital Access Program (CalCAP)

The California Capital Access Program (CalCAP) was created in 1994 and is run by a financing authority chaired by State Treasurer Bill Lockyer. The Program encourages banks and other financial institutions to make loans to small businesses that have difficulty obtaining financing. Almost any small business or non-profit qualifies and loans can be used for working capital, equipment, inventory or almost any business purpose. CalCAP lenders have cumulatively loaned approximately \$2.2 billion since inception. A recent influx of \$84.3 million from the [State Small Business Credit Initiative](#) (SSBCI) allows California lenders the opportunity to gain support for years to come.

The CalCAP Collateral Support Program can provide up to 40% of loan value as cash collateral for qualified loans. An extra 10% can be provided in distressed areas such as areas of high unemployment. Initial lender interest in the program has centered around bridge loans that lead to SBA504 transactions, working capital for shorter term loans such as those to construction companies and loans for established customers who need collateral support as they seek new financing. Minimum loan size is \$100,000 and the maximum is \$20 million. The maximum collateral support is \$5 million per business.

Another program is a loss-reserve program that provides funds matched by the borrower and lender into a loss reserve account specific to the lender. Lender and borrower contributions are set by the lender at amounts of 1% to 3.5%. CalCAP matches the combined borrower and lender contributions and provides a boost in distressed areas. The loss reserve account grows as more loans are enrolled and claims can include out of pocket expenses and lost interest, up to the amount available in the account. There is no

minimum loan size for this program and the maximum enrolled amount is \$2.5 million on loans up to \$5 million.

CalCAP benefitted from [SB 1116](#) (Leno), which was enacted into law on January 1, 2013. The bill decreased the minimum contribution required of borrowers who participate in the CalCAP from 2% to 1% of the principal amount of the loan; 2) increased the length of time that a financial institution has in which to apply to enroll a qualified loan in CalCAP; and 3) established an April 1, 2017 sunset date on the provision that lowers the minimum lender and borrower contribution amount to 1%.

For more information about the programs that are available, please visit the CalCAP web site at <http://www.treasurer.ca.gov/cpcfca/calcap/index.asp> or contact CalCAP at 916-654-5610 or CalCAP@treasurer.ca.gov.

Commercial Bank Activity

Merger

BBCN Bank, Los Angeles, California requests DFI's approval to merge with Pacific International Bank, Seattle, Washington
Approved: 1/8/13

Coronado First Bank, Coronado, requests DFI's approval to merge with San Diego Private Bank, La Jolla
Approved: 1/7/13

Mission Bank, Bakersfield, requests DFI's approval to merge with Mojave Desert Bank, N.A., Mojave
Approved: 12/13/12
Effected: 1/25/13

Acquisition of Control

Bing Yang and Alice Liu requests DFI approval to acquire control of Mega Bank
Approved: 1/24/13

Tieming Chen requests DFI approval to acquire control of Bank of the Orient
Approved: 1/8/13

Purchase of Partial Business Unit

First Choice Bank, Cerritos, requests DFI's approval to acquire the deposits and related liabilities of Evergreen International Bank, Long Beach
Effected: 1/2/13

Manufacturers Bank, Los Angeles, requests DFI's approval to acquire the Glendale branch of National Bank of California, Los Angeles
Approved: 1/7/13

Voluntary Surrender of License

Evergreen International Bank
Effected: 1/2/13

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

Allied Premium Finance, Inc.
500 East E Street, Ontario, San Bernardino County
Opened: 1/24/13

CPF Columbia Pacific Finance
5716 Corsa Avenue, Westlake Village, Thousand Oaks County
Opened: 1/10/13

One West Financing
500 N. State College Boulevard, Orange, Orange County
Approved: 1/15/13

Voluntary Surrender of License

Thomco Finance, Inc.
Effected: 1/9/13

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

HomeStreet Bank
City of Pasadena, Los Angeles County
Notified: 1/25/13

Credit Union Activity**Merger**

National 1st Credit Union, Santa Clara, requests the DFI's approval to merge with San Jose Credit Union, San Jose
Effected: 1/2/13

Field of Membership

Two credit unions received approval from DFI to add two new fields of membership during December 2012.

Bylaw Amendment

Three credit unions received approval from the DFI for three bylaw amendments during December 2012.

Variance

Three credit union received approval from DFI for a request for variance to sections of the California Code of Regulations during December 2012.

TEVEIA R. BARNES
Commissioner of Financial Institutions

Bulletin for Month ended
January 2013, issued pursuant
to Financial Code section 376



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