

**State of Connecticut  
Department of Banking**

**Annual Report  
Of the Banking Commissioner**

To His Excellency  
Dannel P. Malloy, Governor

For the Year Ending December 31, 2014  
Hartford, Connecticut



*To His Excellency, Dannel P. Malloy, Governor*

I have the honor to submit the annual report of this department for the year 2014 pursuant to the requirements of Section 36a-14 of the Connecticut General Statutes.

Respectfully yours,

Jorge L. Perez  
Banking Commissioner

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**BANKING COMMISSIONERS  
(1900-2014)**

<b>BANKING COMMISSIONERS</b>	<b>FROM</b>	<b>TO</b>
Charles H. Noble	1900	1906
George F. Kendall	1900	1906
Charles H. Noble	1907	1911
Norris S. Lippitt	1907	1911
Norris S. Lippitt	1911	1914
Fred P. Holt	1911	1915
Everett J. Sturges	1915	1922
John K. Bissland	1922	1922
John B. Byrne	1922	1927
Lester E. Shippee	1927	1931
George J. Bassett	1931	1933
Walter Perry	1933	1943
Richard Rapport	1943	1951
Lynwood K. Elmore	1951	1955
Henry H. Pierce Jr.	1955	1960
Philip Hewes	1960	1970
Gerald A. Lamb	1970	1971
James E. Hagen	1971	1975
Lawrence Connell Jr.	1975	1977
David H. Neiditz	1977	1981
Brian J. Woolf	1981	1985
Howard B. Brown Jr.	1985	1991
Ralph M. Shulansky	1991	1995
John P. Burke	1995	2006
Howard F. Pitkin	2006	2014

Note: From 1837 to 1915 two Banking Commissioners served concurrently.

For a more complete history of the Department of Banking please visit [www.ctstatelibrary.org/agencies/banking.htm](http://www.ctstatelibrary.org/agencies/banking.htm).

**DEPUTY BANKING COMMISSIONERS  
(1900-2014)**

<b>DEPUTY BANKING COMMISSIONERS</b>	<b>FROM</b>	<b>TO</b>
John K. Bissland	1917	1921
Lester E. Shippee	1922	1927
R. Gordon Baldwin	1928	1937
Richard Rapport	1938	1942
Lynwood K. Elmore	1943	1950
Reinhard J. Bardeck	1951	1969
Maurice J. Ferland	1970	1971
Patsy J. Piscopo	1971	1974
Thomas E. Canfield	1974	1975
Kay V. Bergin	1975	1978
Linda J. Kelly	1979	1981
Howard B. Brown Jr.	1982	1985
<b>NONE</b>	1986	1987
Paul J. McDonough	1988	1991
Barbara S. McGrath	1991	1993
Robert B. Titus	1993	1995
<b>NONE</b>	1996	1998
Alan J. Cicchetti	1999	2011
<b>NONE</b>	2012	--

## ADMINISTRATION

### ***Agency Mission***

The Department of Banking is the primary state regulator for securities, consumer credit, state chartered banks and credit unions. Its mission is to protect users of financial services from unlawful or improper practices by requiring that regulated entities and individuals adhere to state and federal financial laws. Its mission is accomplished through communication with the public and other stakeholders, and by assuring the safety and soundness of state-chartered banks and credit unions by promoting cost-efficient and effective regulation.

### ***Organization***

The Department of Banking is a state agency headed by the Banking Commissioner who reports to the Governor. The Department regulates and examines financial institutions and various related entities that are chartered, licensed or registered by the state; the Banking Commissioner administers state banking and credit union laws, securities laws, consumer credit laws, and a major portion of the law concerning rental security deposits.

The department is divided into four operational divisions and three support divisions to better accomplish its mission. Specific regulatory functions are assigned to divisions within the Department.

The **Consumer Credit Division** is responsible for examination, enforcement, and licensing of mortgage lenders, brokers, servicers and loan originators; small loan companies; sales finance companies; debt adjusters; debt negotiators; consumer collection agencies, including debt buyers; money transmitters; issuers of money orders and travelers checks; and check cashing services. It also administers Truth-in-Lending laws and retail installment sales financing laws.

The **Financial Institutions Division** is responsible for the supervision of state-chartered bank and trust companies, savings banks, savings and loan associations and credit unions. The division also licenses foreign banking organizations that establish and maintain representative offices, agency offices and branch offices in Connecticut, and supervises bank holding companies. It has responsibility for analyzing applications for new bank or credit union charters, acquisitions, mergers, conversions, branches, changes in corporate structure, and credit union field of membership expansions. In addition, the division licenses business and industrial development corporations and certain non-banking corporations that exercise fiduciary powers, including limited purpose trust companies.

The **Securities and Business Investments Division** is responsible for registering securities and business opportunity offerings sold in or from Connecticut; registering (licensing) broker-dealers, agents, investment advisers and investment adviser agents who transact business in Connecticut; registering branch offices of broker-dealer and investment advisory firms; conducting on-site examinations of broker-dealers, investment advisers and branch office

registrants; and enforcing the Connecticut Uniform Securities Act, the Connecticut Business Opportunity Investment Act and the Connecticut Tender Offer Act.

The **Government Relations and Consumer Affairs Division** assists consumers with issues involving banks, credit unions, mortgage lending and other consumer credit matters, securities and business opportunity investments, and oversees the administration of the rental security deposit laws. The division also directs the agency's legislative program, manages media relations, coordinates financial and investor education outreach efforts and handles calls to the Foreclosure Assistance Hotline.

There are three support divisions at the Department of Banking: the Business Office, which is responsible for the accounting, budgeting, fiscal, payroll, purchasing and financial reporting functions; Human Resources, which addresses day-to-day employee issues and prepares the agency's affirmative action plan; and the MIS unit that provides information technology and office automation support.

As of December 31, 2014, the agency had 116 full-time budgeted positions with 113 filled.

#### ***Equal Opportunity and Affirmative Action***

The Department of Banking has had a longstanding commitment to providing equal employment opportunity on the basis of merit, assuring nondiscrimination, and implementing affirmative action and contract compliance programs, as required by law. The department's affirmative action plan, filed with the Commission on Human Rights and Opportunities, reflects the agency's commitment to achieving workforce balance and fairness in all terms and conditions of employment.

**Financial Statement**

Receipts, expenditures and adjustments relating to the fiscal year ending June 30, 2014 were as follows:

**Receipts**  
**(Banking Fund)**

Examination of banks etc. assessed in accordance with Section 36a-65, as amended .....	\$ 2,465,024
Examination of credit unions, assessed in accordance with Section 36a-65, as amended .....	184,472
Other license and examination fees .....	255,034
Registration, filing and transfer fees from securities brokers, etc. ....	20,504,533
Mortgage recording fees .....	2,251,820
License and registration fees: mortgage brokers, loan originators, check cashers, money transmitters, sales finance companies, small loan companies, debt adjusters, debt negotiators, collection agencies .....	4,211,600
Sales and miscellaneous receipts .....	<u>1,383</u>
Total Banking Fund Receipts .....	\$ 29,873,866

**Receipts**  
**(General Fund)**

Registration of securities and business opportunities* .....	\$ 5,368,020
Penalties* .....	<u>5,995,972</u>
Total General Fund receipts .....	\$ 11,363,992

**Expenditures**  
**(Operating)**

Personnel services .....	\$ 9,742,143
Fringe benefits .....	7,547,386
Travel expenses, including motor vehicle rentals, fuel, repairs .....	256,631
Other expenses .....	1,065,123
Indirect overhead and equipment .....	<u>188,370</u>
Total Expenditures .....	\$ 18,799,653

**Expenditures**  
**(Recognized by other Agencies)**

Judicial. ....	\$ 5,430,558
Department of Economic and Community Development .....	168,639
Department of Labor .....	<u>1,100,000</u>
Total Expenditures .....	\$ 6,699,197

**Fund Adjustments**

Transferred to the General Fund (Deficit Fund Mitigation) .....	\$ 10,700,000
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\*Deposited directly in the General Fund



## **CONSUMER CREDIT DIVISION**

Subject to the general supervision of the Banking Commissioner, the Consumer Credit Division is charged with administering Chapter 668 of the Connecticut General Statutes, Nondepository Financial Institutions, and Chapter 669 of the Connecticut General Statutes, Regulated Activities.

The Division is responsible for the licensing and examination of the following nondepository financial institutions: mortgage lenders, brokers and originators; mortgage servicers; loan processors and underwriters; sales finance companies; small loan lenders; check cashing services; payment instrument providers; money transmitters; debt adjusters; debt negotiators; and consumer collection agencies. The Division is also responsible for the enforcement of the state's banking laws related to these entities and for regulating certain activities regarding: collection practices of creditors; interest and finance charge rebates; consumer credit reporting; mortgage processing; mortgage servicing; mortgage insurance; Connecticut abusive home loan lending practices; other mortgage and loan practices; retail installment sales financing; and the Truth-in-Lending Act.

### ***Activities***

During 2014, the Consumer Credit Division continued monitoring compliance with the filing requirements for the mortgage industry on the Nationwide Mortgage Licensing System and Registry (NMLS). In addition to issuing administrative actions against licensees for their failure to file timely and accurate mortgage call reports, the Division began monitoring compliance with the filing of 30 day advance change notices. In addition, to an increase in the number of Loan Processor and Underwriters licensees, which currently stand at 89, the year brought a new requirement for Mortgage Servicers to be licensed in Connecticut. By year-end, the Division issued 24 Mortgage Servicer Licenses, with an additional 27 licensed branch locations.

The Division remained focused on the debt negotiation industry, with the investigation of 75 entities. The vast majority of these cases resulted in the issuance of administrative orders and orders for restitution, which totaled \$142,683. These unlicensed companies continue to collect thousands of dollars in advance fees from desperate homeowners seeking assistance for loan modifications and/or foreclosure mitigation services. Many times, these entities falsely purport to sponsor government programs; which led the Division to refer cases to the Office of the Special Inspector General for the Troubled Asset Relief Program which has begun arresting the individuals running these fraudulent loan modification schemes. In addition, the Division continues to work closely with the Office of Chief Disciplinary Counsel and the Attorney General's Office.

In an unprecedented case, Connecticut consumers received total refunds of \$3,683,883 as a result of an investigation of an unlicensed small loan lender that issued approximately 3,800 unsecured short-term loans over a three year period with annual interest rates ranging from 89% to 355%. This matter also resulted in the collection of a civil penalty in the amount of \$350,000 plus an additional \$50,000 to the Department of Banking to encourage and help

affected borrowers make their claims against the restitution fund and educate Connecticut consumers about consumer credit lending.

The Division continued to focus its efforts on examining licensed consumer collection agencies and check cashers. A total of 69 administrative actions were issued across all license types, resulting in the imposition and collection of \$701,000 in civil penalties. In addition, consumers received refunds in the amount of \$355,893 as a result of the examination findings of improper conduct and/or calculations.

In addition to leading multi-state examinations, members of the Division were actively involved in national and multi-state initiatives by participating in various task forces or work groups involving the Conference of State Bank Supervisors, the Consumer Financial Protection Bureau, the Federal Financial Institutions Examination Council, the North American Collection Agency Regulatory Association, and the American Association of Residential Mortgage Regulators.

**Enforcement Activities  
Consumer Credit Division**

	2014
Investigations Opened	202
Investigations Closed	187
Investigations in Progress	88
Subpoenas Issued	33
Consent Orders	55
Settlement Agreements	2
Notices of Intent to Refuse to Renew (Licensing)	8
Refusing to Renew Orders (Licensing)	6
Notices of Intent to Revoke (Licensing)	11
Denial Orders (Licensing)	1
Summary Suspension Orders (Licensing)	1
Automatic Suspension Orders (Licensing)	6
Revocation Orders (Licensing)	7
Notices of Intent to Impose Civil Penalty	50
Orders Imposing Civil Penalty	69
Notices of Intent to Issue Cease and Desist Orders	55
Temporary Cease and Desist Orders	26
Cease and Desist Orders	27
Findings of Fact Conclusions of Law and Order	2
Activity Restrictions/Bars	2
Repayment of Fees Ordered *	\$3,837,997
Monetary Sanctions Imposed	\$3,751,000
Offered/Returned to Consumers Following Informal Division Intervention	\$391,627
Criminal Referrals	7
Referrals to Connecticut Attorney General	5
Other Agency Referrals	10

\* Total reflects 3.6 million in restitution refunded to Connecticut residents from one company

**Examinations / Investigations  
Consumer Credit Division**

	<b>Examinations 2014</b>	<b>Investigations 2014</b>
Mortgage Brokers, Mortgage Lenders, Mortgage Correspondent Lenders and Mortgage Servicers and Mortgage Loan Originators	6	60
Money Transmitters	1	5
Check Cashers	4	4
Consumer Collection Agencies	39	41
Debt Adjusters	0	2
Debt Negotiators	0	75
Small Loan Companies	0	39
Sales Finance Companies	0	4

**Consumer Credit Licensees  
As of Year End**

	<b>2014</b>
Licensed Mortgage Companies	549
Mortgage Loan Originators	5,715
Loan Processor/Underwriter	89
Mortgage Servicer	24
Money Transmitters	87
Check Cashers	213
Consumer Collection Agencies	1,092
Debt Adjusters	57
Debt Negotiators	9
Small Loan Companies	4
Sales Finance Companies	162

## **FINANCIAL INSTITUTIONS DIVISION**

Subject to the general supervision of the Banking Commissioner, the Financial Institutions Division is charged with administering Chapter 664a of the Connecticut General Statutes, Administration and Enforcement, Chapter 664b of the Connecticut General Statutes, Corporate Organization and Administration of Connecticut Banks, Chapter 664c of the Connecticut General Statutes, Fundamental Changes Involving Banks, Branches, Automated Teller Machines, Home Banking and Bank Holding Companies, Chapter 665 of the Connecticut General Statutes, Powers, Loans and Investments, Chapter 665a of the Connecticut General Statutes, Deposits, Chapter 665b of the Connecticut General Statutes, Fiduciary Powers, Chapter 666 of the Connecticut General Statutes, Out-of-State Banks, Chapter 666a of the Connecticut General Statutes, Out-of-State Trust Companies, Chapter 667 of the Connecticut General Statutes, Credit Unions, and parts of Chapter 668 of the Connecticut General Statutes, Nondepository Financial Institutions.

The Financial Institutions Division (“Division”) is responsible for the supervision and regulation of Connecticut-chartered commercial banks, savings banks, savings and loan associations, trust banks and credit unions. The Division also regulates one Connecticut-chartered bankers’ bank, as well as one uninsured bank which does not accept retail deposits. In addition, the Division supervises the activities of state-licensed foreign banking organizations with branches, agencies, and representative offices located in Connecticut.

Through a combination of continuous off-site reviews and periodic on-site examinations, the Division monitors these institutions for compliance with Connecticut banking law, as well as applicable rules and regulations of the institutions’ respective federal regulators. Additionally, the Division, in conjunction with federal regulatory agencies, conducts examinations of one bankers’ bank and one information technology service provider whose services substantially impact the operations of Connecticut banks and credit unions. The Division is also responsible for processing applications for new banks and credit unions, branches, acquisitions, mergers and consolidations, conversions, bank holding company formations, and requests for credit union field of membership expansions. The Division also licenses business and industrial development corporations and certain non-banking corporations exercising fiduciary powers in the State.

### ***Connecticut-Chartered Banks’ Consolidated Financial Condition & Operating Results***

As of December 31, 2014, there were 8 Connecticut-chartered commercial banks (including one bankers’ bank), 24 Connecticut-chartered savings banks and two trust banks. There were no Connecticut-chartered savings & loan associations. All Connecticut-chartered commercial banks and savings institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”).

Connecticut-chartered commercial banks and savings institutions, collectively, reported total assets of \$31.0 billion as of December 31, 2014, a 27% increase from December 31, 2013. Total loans and total deposits for year-end 2014 were \$23.2 billion and \$23.6 billion, respectively. The values represent a 29% increase in total loans and a 24% increase in total deposits from year-end 2013. Total equity capital was \$3.5 billion, a 26% increase from the

prior year-end. Overall, Connecticut-chartered commercial banks and savings institutions, collectively, remained well capitalized with a combined Equity Capital to Total Assets Ratio of 11.33% as of December 31, 2014 compared to 11.40% as of December 31, 2013.

In the aggregate, Connecticut-chartered banks' earnings performance for year-end 2014 remained relatively unchanged from the prior year levels. As of December 31, 2014, return on average assets ("ROA") was stable at 0.49% as compared to the prior year. Return on average equity ("ROE") was 4.31%, down slightly from 4.38% at year end 2013. The net interest margin ("NIM") for Connecticut-chartered institutions was 3.32% for year-end 2014 versus 3.25% for year-end 2013.

### ***Connecticut-Chartered Commercial Banks***

There were 8 Connecticut-chartered commercial banks operating in the State as of December 31, 2014, including one bankers' bank.

### ***Connecticut-Chartered Savings Banks***

There were 24 Connecticut-chartered savings banks (15 mutual and nine capital stock institutions) operating in the State as of December 31, 2014. The number of Connecticut-chartered savings banks increased by two through conversions from federal to state charters during 2014.

### ***Connecticut-Chartered Uninsured Bank***

UPS Capital Business Credit ("UPSCBC"), a wholly-owned subsidiary of UPS Capital Corp., operates under an uninsured depository bank charter and does not accept retail deposits. UPSCBC focuses on originating, underwriting, and managing various small business and government guaranteed loan products.

### ***Connecticut-Chartered Trust Banks***

There were two trust banks operating in the State as of December 31, 2014 with fiduciary and related trust assets of \$63.6 billion. This total consisted of \$6.8 billion in managed assets and \$56.8 billion in non-managed assets.

### ***Connecticut-Chartered Bank Name Changes***

On March 17, 2014, the Commissioner approved the merger of United Bank, a federal savings association headquartered in Massachusetts and wholly-owned subsidiary of United Financial Bancorp, Inc., a Maryland corporation, with and into Rockville Bank, a Connecticut-chartered stock savings bank and wholly-owned subsidiary of Rockville Financial, Inc. In connection with the merger, Rockville Bank changed its name to United Bank.

On April 25, 2014, the Banking Commissioner approved the name change of ING Investment Trust Co., a trust bank, to Voya Investment Trust Co.

On October 24, 2014, the Commissioner approved the name change of Darien Rowayton Bank to DRB Bank.

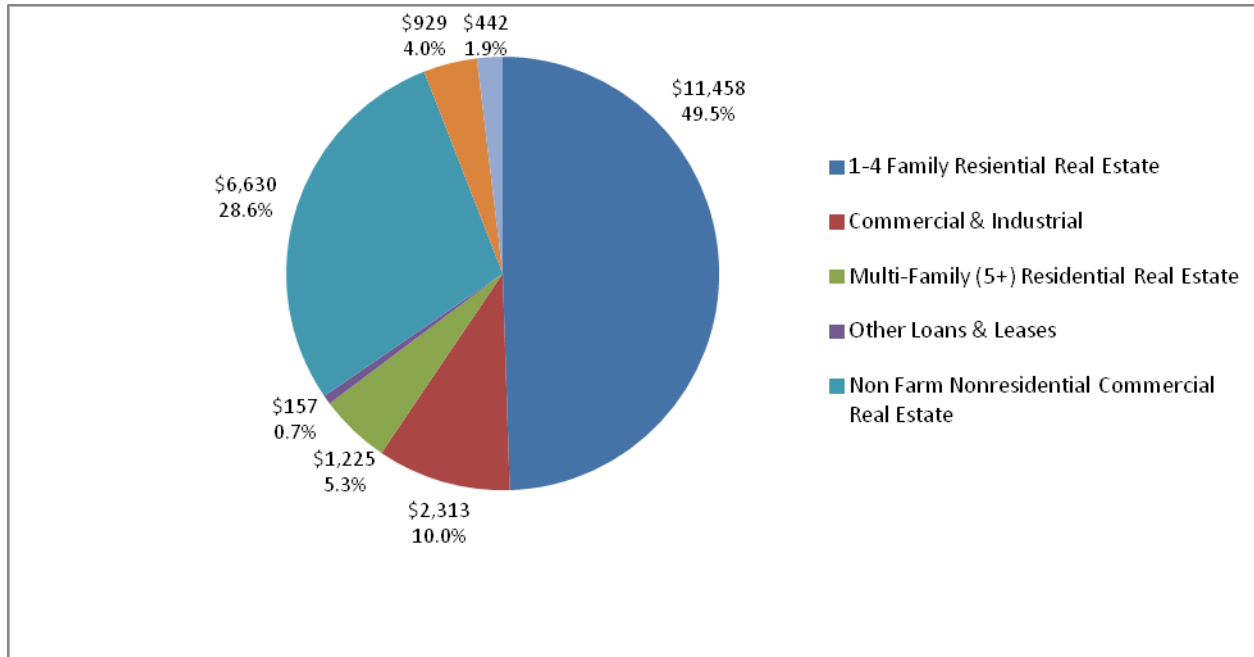
**Number of Connecticut-Chartered Institutions  
(As of December 31, 2013 & December 31, 2014)**

<b>Institution Type</b>	<b>Institutions 12/31/2013</b>	<b>Conversion</b>	<b>DeNovo</b>	<b>Merger</b>	<b>Net Change</b>	<b>Institutions 12/31/2014</b>
Commercial Banks	<b>9</b>			d(1)	<b>(1)</b>	<b>8</b>
Savings Banks	<b>22</b>	(e)(f)2			<b>2</b>	<b>24</b>
Uninsured Banks	<b>1</b>				<b>0</b>	<b>1</b>
Trust Banks	<b>2</b>		(c)1	a(1)	<b>0</b>	<b>2</b>
Credit Unions	<b>29</b>	(g)(h)2		b(1)	<b>1</b>	<b>30</b>
<b>Totals</b>	<b>63</b>	<b>4</b>	<b>1</b>	<b>(3)</b>	<b>2</b>	<b>65</b>

- a. January 1, 2014 - Northern Trust Company of Connecticut merged with Northern Trust Investments, Inc., of Chicago, Illinois.
- b. March 31, 2014 - Brand-Rex Employees Credit Union, Inc. merged with and into Northeast Family Federal Credit Union, which resulted in Northeast Family Federal Credit Union being the sole surviving entity.
- c. September 3, 2014 - the Commissioner issued a final certificate of authority to Voya Institutional Trust Company of Windsor, Connecticut to commence business as a trust bank. The trust bank opened for business effective September 3, 2014.
- d. September 15, 2014 - the Commissioner approved the merger of Quinnipiac Bank and Trust Company, a Connecticut chartered bank and trust company, with and into Bankwell Bank, a Connecticut chartered bank and trust company and wholly-owned subsidiary of Bankwell Financial Group, Inc., a Connecticut corporation. The merger was effective October 1, 2014.
- e. December 8, 2014 - the Commissioner approved the application by Putnam Bank, Putnam, Connecticut, to convert from a federally-chartered stock savings association to a capital stock Connecticut Bank. The Connecticut bank will be known as Putnam Bank. The conversion was effective December 30, 2014.
- f. December 29, 2014 - the Commissioner approved the application by Savings Institute Bank and Trust Company, Willimantic, Connecticut, to convert from a federally-chartered stock savings association to a capital stock Connecticut bank. The Connecticut bank will be known as Savings Institute Bank and Trust Company. The conversion was effective December 30, 2014.
- g. December 31, 2014 - American Eagle Federal Credit Union converted from a federal credit union to a Connecticut state-chartered credit union. The resulting credit union will operate under the name American Eagle Financial Credit Union.
- h. December 31, 2014 - Nutmeg State Federal Credit Union converted from federal credit union to a Connecticut state-chartered credit union. The resulting credit union will operate under the name Nutmeg State Financial Credit Union.

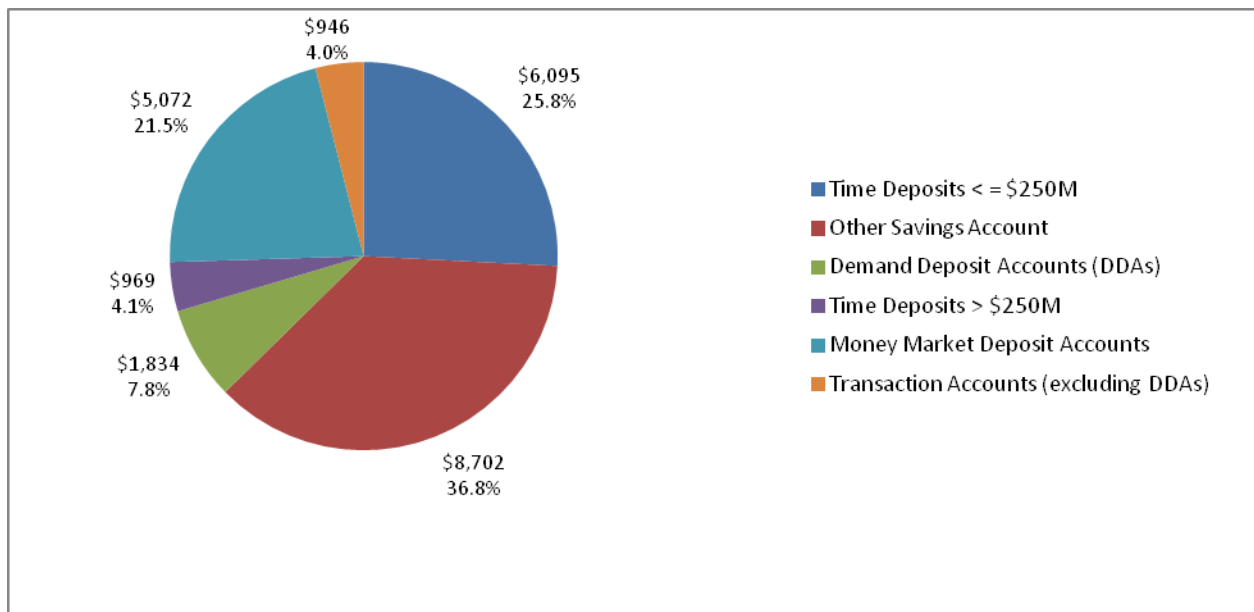
**Connecticut-Chartered Banks' Gross Loans & Leases and Total Deposits Composition**

**Total Loans & Leases of Connecticut-Chartered Banks  
December 31, 2014  
(Millions & %)**



The graph above does not include Farmland & Farm Loans totaling \$25.5 million or 0.1% of gross loans.

**Total Deposits of Connecticut-Chartered Banks  
December 31, 2014  
(Millions & %)**

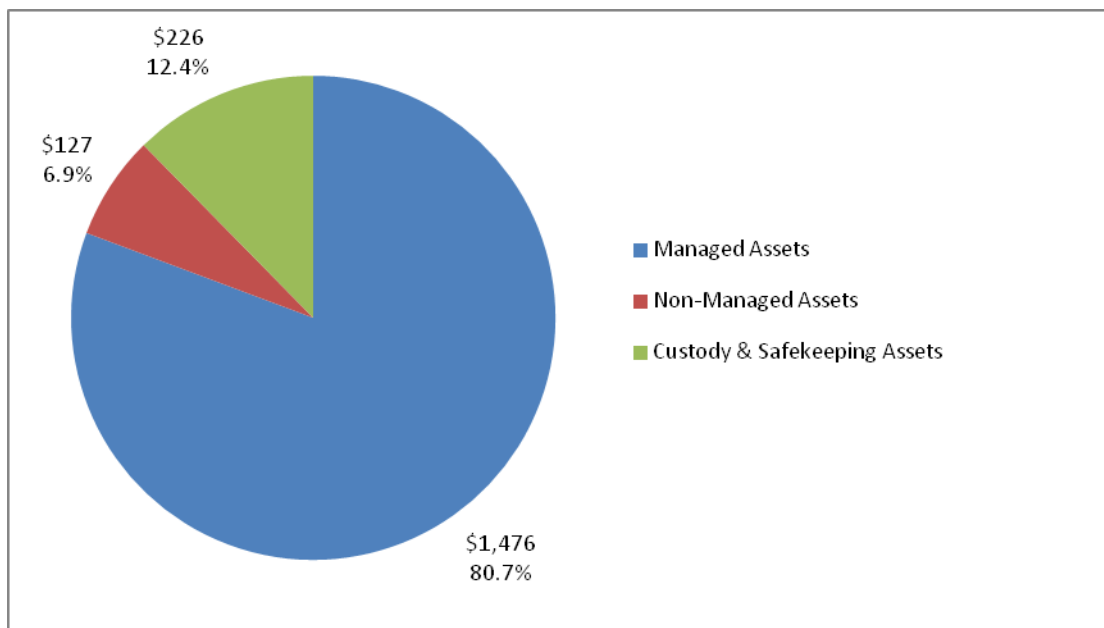




### **Connecticut-Chartered Banks' Fiduciary & Related Trust Assets**

As of December 31, 2014, eight Connecticut-chartered banks operated trust departments with fiduciary and related trust assets of \$1.6 billion, consisting of \$1.5 billion in managed assets and \$127 million in non-managed assets, with an additional \$226 million in custody and safekeeping assets.

**Fiduciary & Related Trust Assets of Connecticut-Chartered Banks  
December 31, 2014  
(Millions & %)**



### **Connecticut-Chartered Credit Unions**

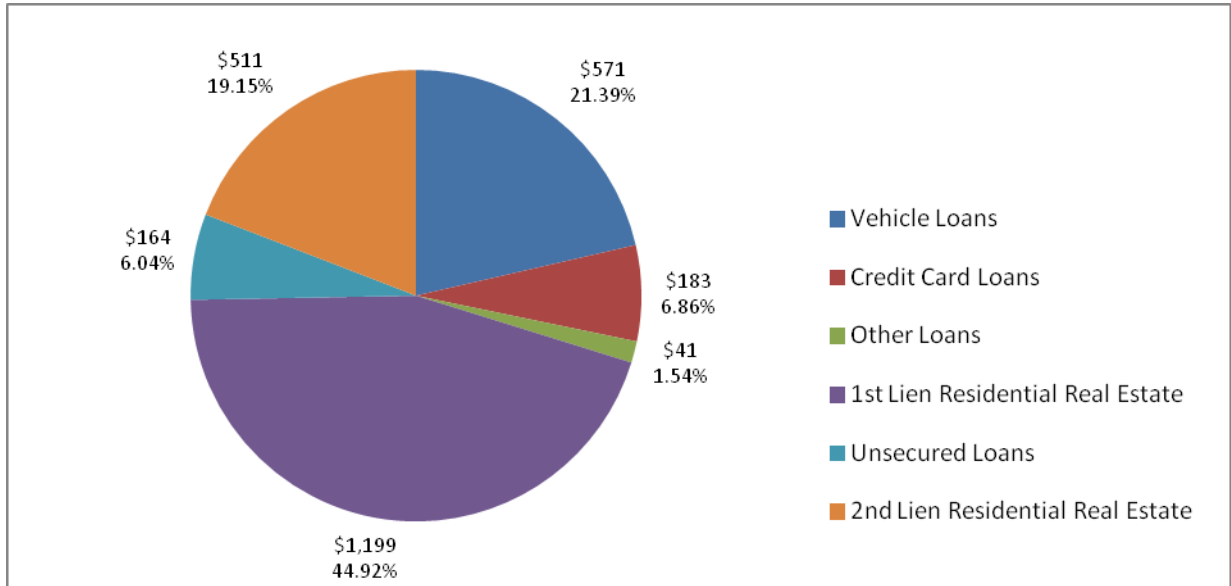
As of December 31, 2014, there were 30 Connecticut-chartered credit unions operating in the State. Overall, there was an increase of one in the number of credit unions from year-end 2013. On March 31, 2014, Brand-Rex Employees Credit Union, Inc. merged with and into Northeast Family Federal Credit Union. On December 31, 2014, American Eagle Federal Credit Union and Nutmeg State Federal Credit Union converted from federal credit unions to Connecticut state-chartered credit unions.

### **Connecticut-Chartered Credit Unions' Consolidated Financial Condition & Operating Results**

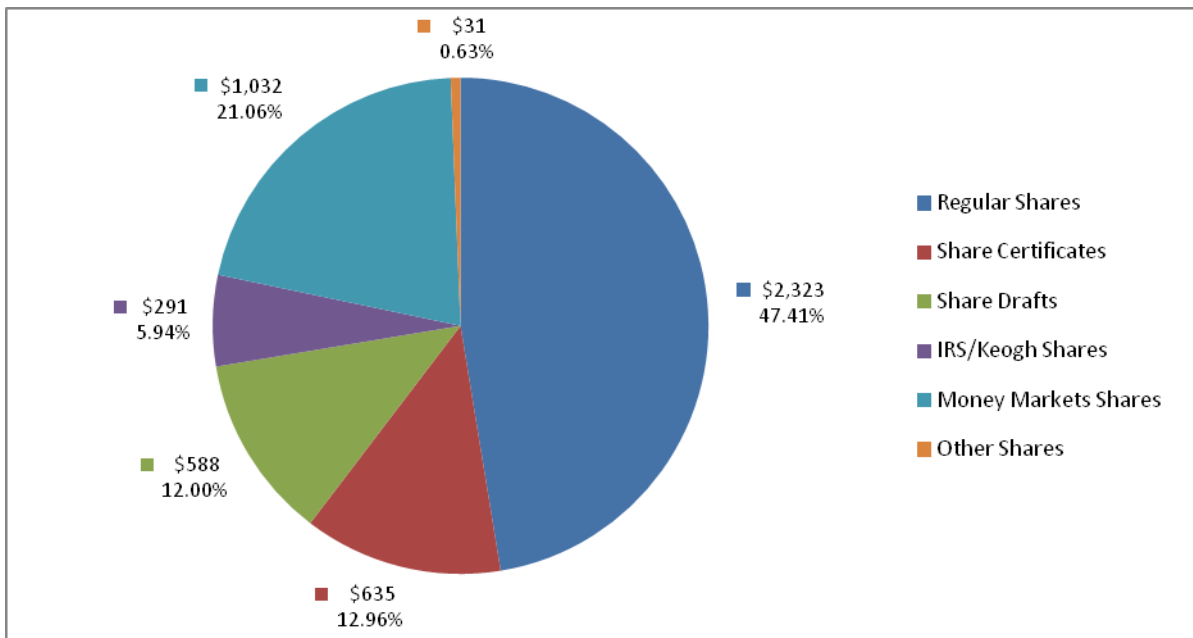
Connecticut-chartered credit unions reported total assets of \$5.5 billion as of December 31, 2014, a 48.7% increase from December 31, 2013. Aggregate shares and deposits totaled \$4.9 billion as of year-end 2014, a 46.7% increase from December 31, 2013. Total loans were \$2.7 billion as of December 31, 2014, an 84.5% increase from December 31, 2013. Total equity capital for Connecticut-chartered credit unions was \$529 million for 2014, a 58.8% increase versus 2013. Connecticut-chartered credit unions' earnings performance for 2014 increased from the prior year level, generating a ROA of 0.31% versus 0.16% for 2013. The net interest margin also increased from 1.84% to 2.50% over the same timeframe.

**Connecticut-Chartered Credit Unions' Total Loans and Total Shares/Deposits Composition**

**Total Loans of Connecticut-Chartered Credit Unions  
December 31, 2014  
(Millions & %)**



**Total Shares/Deposits of Connecticut-Chartered Credit Unions  
December 31, 2014  
(Millions & %)**



## Federal & Out-of-State Banks

In addition to the 32 Connecticut-chartered, insured depository institutions operating in the state as of June 30, 2014, there were five banks chartered and regulated by a state other than Connecticut and 18 national banks and 10 federal savings associations regulated by the OCC. Of the 18 national banks, six institutions are headquartered in Connecticut. Of the 10 federal savings banks, eight institutions are headquartered in Connecticut.

### Connecticut Deposit Market Share by Charter Type As of June 30, 2014

Institution Type	Number of Institutions	Deposits in Market (\$000s)	Offices in Market	Deposit Market Share %
Connecticut-chartered Savings Banks	22	18,079,902	309	16.0%
Connecticut-chartered Commercial Banks	9	2,214,880	24	2.0%
Other State-chartered Banks [1]	5	644,844	12	0.5%
National Banks*	6	14,713,953	155	13.0%
National Banks†	12	61,097,822	537	54.0%
Federal Savings Associations*	8	15,390,376	212	13.6%
Federal Savings Associations†	2	1,052,709	10	0.9%
<b>Totals</b>	<b>64</b>	<b>113,194,486</b>	<b>1,259</b>	<b>100.0%</b>

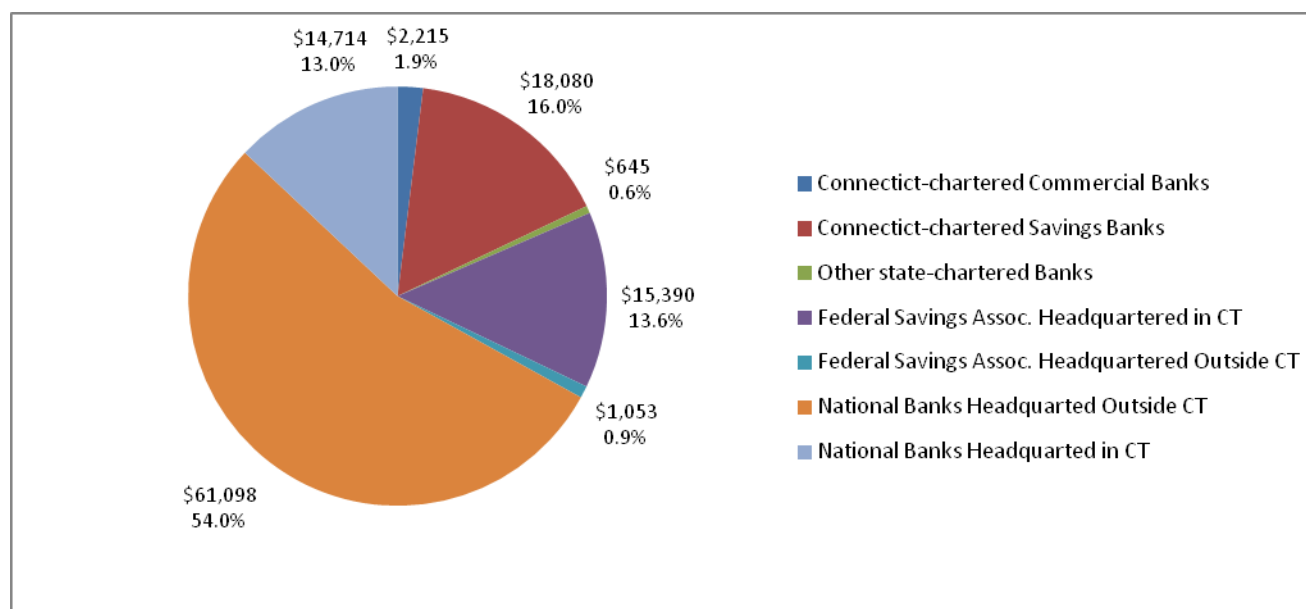
[1] Excludes one institution chartered by a state other than Connecticut which operates three loan production offices in Connecticut and does not accept deposits.

\* Indicates headquartered in Connecticut.

† Indicates headquartered outside of Connecticut.

Note: Deposit market share data is based on the Federal Deposit Insurance Corporation's annual Summary of Deposits (SOD) survey conducted as of June 30th.

### Connecticut Deposit Market Share by Charter Type June 30, 2014 (Millions & %)



### ***Community Reinvestment Act (“CRA”)***

Since 1990, the Banking Commissioner has been required to assess the community reinvestment performance of state-chartered financial institutions and to consider their reinvestment efforts as a basis for approving or denying bank expansion.

#### **CRA Ratings of Connecticut-Chartered Banks & Credit Unions As of December 31, 2014**

<b>Institution Type</b>	<b>#</b>	<b>Outstanding</b>	<b>Satisfactory</b>	<b>Not Rated</b>
Connecticut-chartered Savings Banks	<b>24</b>	3	21	0
Connecticut-chartered Commercial Banks <sup>1</sup>	<b>8</b>		7	1
Connecticut-chartered Credit Unions <sup>2</sup>	<b>29</b>	1	8	20
<b>Totals</b>	<b>61</b>	<b>4</b>	<b>36</b>	<b>21</b>

<sup>1</sup> Bankers' Bank, Northeast is not subject to CRA.

<sup>2</sup> CRA examinations are performed only for community credit unions with total assets over \$10 million. As of December 31, 2014, 9 Connecticut-chartered credit unions met this criteria. Total assets for Community Credit Union of New Milford, which has been evaluated for CRA, was marginally under \$10 million and not subject to an exam in 2014.

No institutions were rated Needs to Improve or Substantial Noncompliance

### ***Federal & Out-of-State Trust Entities***

In addition to the two trust banks operating in Connecticut as of December 31, 2014, there were three limited purpose trust companies chartered by a state other than Connecticut; one federally-chartered savings bank operating exclusively as a limited purpose trust company and headquartered in Connecticut; one national bank limited to trust activities in Connecticut.

### ***Federal & Out-of-State Credit Unions***

In addition to the 29 Connecticut-chartered credit unions operating in the State as of December 31, 2014, there were 90 federally-chartered credit unions headquartered in Connecticut, 11 federally-chartered credit unions headquartered out-of-state, and one credit union chartered by a state other than Connecticut. All credit unions operating in Connecticut are insured by the NCUA.

### ***Foreign Banking Organizations***

As of December 31, 2014, there were four branch offices of foreign banking organizations operating in the State.

A branch of a foreign banking organization is a legal and operational extension of its parent organization and, as such, may conduct a full range of banking activities including: trading and investment activities; accepting wholesale and foreign deposits, but not retail deposits; granting credit; and acting as a fiduciary.

A representative office, the simplest form of organization for foreign banking organizations to establish, may only engage in representational and administrative functions and may not make any business decisions on behalf of the foreign bank. A representative office serves as a liaison between the head office of the foreign banking organization and its customers and correspondent banks in the United States, often soliciting business for the account of the head office.

#### **Foreign Banking Organizations Operating In Connecticut**

<b>Institution Name</b>	<b>Office Type</b>	<b>CT Location</b>	<b>Approval/License Date</b>	<b>Assets As of 12/31/2012 (\$ millions)</b>	<b>Assets As of 12/31/2013 (\$ millions)</b>	<b>Assets As of 12/31/2014 (\$ millions)</b>
Abbey National Treasury Services plc	Branch	Stamford	9/17/2001	7,793	13,908	12,844
Bank of Ireland	Branch	Stamford	6/15/2006	1,006	1,552	1,132
Royal Bank of Scotland plc	Branch	Stamford	5/3/2007	8,421	39,547	54,494
UBS AG	Branch	Stamford	6/23/1997	39,871	47,113	56,045

## SECURITIES AND BUSINESS INVESTMENTS DIVISION

Subject to the general supervision of the Banking Commissioner, the Securities and Business Investments Division is charged with administering Chapter 672a of the Connecticut General Statutes, the Connecticut Uniform Securities Act; Chapter 672c of the Connecticut General Statutes, the Connecticut Business Opportunity Investment Act; and Chapter 672b of the Connecticut General Statutes, the Connecticut Tender Offer Act.

The Division is responsible for 1) the registration of securities and business opportunity offerings for sale in Connecticut; 2) the registration of broker-dealers, agents, investment advisers and investment adviser agents as well as the registration of broker-dealer and investment adviser branch offices; 3) the examination of broker-dealer, investment adviser and branch office registrants; and 4) enforcement of the state's securities, business opportunity and tender offer laws.

### ***Activities***

During this report period, the Division continued its comprehensive review of the Regulations promulgated under the Connecticut Uniform Securities Act to ensure that they were up to date and reflective of legislative changes occurring since the Regulations were last amended. Feedback on the preliminary draft amendments was received from members of the Commissioner's Securities Advisory Council (which consists of members of the bar, academia and the securities industry). The Division is in the process of incorporating revisions to the draft before the formal Uniform Administrative Procedure Act amendment process begins.

For the calendar year 2014, Securities and Business Investments Division intervention resulted in restitution and rescission offers to the investing public totaling \$10,920,045. In addition, the Division imposed \$5,198,600 in fines for violations of the state's securities and business opportunity laws. Of this amount, \$5,153,600 was attributable to Division settlements, \$20,000 was attributable to court-ordered penalties and the balance was due to formal agency orders imposing fines.

The Division also pursued a number of enforcement cases involving investment agreements, promissory note sales and misappropriation of investor funds. In addition, settlements were reached with several broker-dealers who failed to adequately supervise their agents.

The Division continued to face challenges stemming from staff attrition; the need to reallocate staff based on an increased investment adviser regulation workload following passage of the Title IV of the Dodd-Frank Wall Street Reform and Consumer Protection Act; and an increase in the number of cases involving complex fact patterns or securities fraud.

In conjunction with the Division's enforcement program, a total of 66 securities and business opportunity investigations were opened in 2014, 54 investigations were closed and 89

investigations were in progress as of December 31, 2014. Nine Cease and Desist Orders were entered.

Nine formal enforcement proceedings were initiated at the administrative level during calendar year 2014.

Of all the securities and business opportunity-related complaints and investigations handled, many were resolved at the administrative level prior to being closed. Administrative resolutions of enforcement matters typically took the form of remedial Stipulation and Agreements and Consent Orders wherein the Division sought corrective measures as well as monetary fines. Fourteen Consent Orders and one Stipulation and Agreement were executed in calendar year 2014. Six matters involved activity restrictions or the barring of affected individuals from securities-related activity in Connecticut. The Division found the use of Stipulation and Agreements and Consent Orders to be an effective supplement to its array of enforcement tools.

The Securities and Business Investments Division also continued online publication of its quarterly Securities Bulletin, now delivered via listserv, to advise the industry of new regulatory developments.

The Division is assisted by a Securities Advisory Council, comprised of industry representatives, academics and members of the bar, all of whom serve without compensation, that offers the Commissioner and staff insight on proposed regulatory initiatives. The Division obtained critical input from Advisory Council members in formulating the Division's response to federal legislative changes and the need to update the agency's securities regulations.

**Securities Industry Registrants and Notice Filers  
As of Year End**

	2010	2011	2012	2013	2014	5 Year % Change
Broker-dealer firms	2,430	2,385	2,294	2,239	2,215	(8.85)
Broker-dealer agents	144,376	152,071	145,877	151,123	152,522	5.64
Broker-dealer branch offices	2,713	2,699	2,690	2,716	2,717	.15
Investment Adviser firms	474	472	545	530	514	8.44
SEC Registered Investment Advisory Firms Filing Notice*	1,880	1,900	1,865	1,946	2,005	6.65
Investment Adviser Agents	10,332	10,835	10,863	11,413	11,829	14.49

\* Investment advisers subject to exclusive Securities and Exchange Commission registration pursuant to the National Securities Markets Improvement Act of 1996, Public Law 104-290.

**Registrations and Notice Filings  
Securities and Business Opportunities**

	2010	2011	2012	2013	2014	5 Year % Change
Offerings Reviewed	168	145	151	128	152	(9.52)
Investment Company Notice Filings*	8,749	8,769	8,879	9,102	9,647	10.26
Exemptions and Exemptive Notices†	2,548	2,813	2,703	2,562	3,424	34.38

\*Effective October 11, 1996, the National Securities Markets Improvement Act of 1996 (NSMIA), Public Law 104-290, preempted the states from registering securities offerings by investment companies subject to Securities and Exchange Commission oversight. State authority to require notice filings was preserved by the federal legislation.

†NSMIA also preempted the states from substantively reviewing private offerings under Rule 506 of federal Regulation D. State authority to require notice filings was preserved by the federal legislation.

**Examinations  
Broker-dealers and Investment Advisers**

	2014	2013
Broker-dealers	54	83
Investment Advisers	140	177



**Enforcement Activities  
Securities and Business Opportunities**

	<b>2014</b>	<b>2013</b>
Investigations Opened	66	69
Investigations Closed	54	78
Investigations in Progress	89	77
Subpoenas Issued	38	75
Administrative Actions	9	41
Consent Orders	14	13
Stipulation and Agreements	1	2
Notices of Intent to Deny (Licensing)	0	0
Notices of Intent to Revoke (Licensing)	2	2
Denial Orders (Licensing)	0	0
Suspension Orders (Licensing)	0	1
Revocation Orders (Licensing)	0	4
Notices of Intent to Fine	7	12
Orders Imposing Fine	1	36
Cease and Desist Orders	9	11
Activity Restrictions/Bars	6	5
Monetary Sanctions Imposed	\$5,198,600	\$3,756,166
Offered/Returned to Investors Following Informal Division Intervention	\$10,920,045	\$5,559,747
Criminal Referrals	3	5
Referrals to Connecticut Attorney General	0	1
Other Agency Referrals	6	5

## **GOVERNMENT RELATIONS AND CONSUMER AFFAIRS**

The Government Relations and Consumer Affairs Division (“Division”) provides assistance to the public with inquiries and complaints regarding banking, mortgage lending and other consumer credit matters, rental security deposits, and securities and business opportunity issues. The Division directs the agency's legislative program, manages media relations, and coordinates financial and investor education. It also performs community outreach efforts.

### ***Consumer Assistance***

The department protects Connecticut citizens and consumers in transactions with financial institutions and other financial service providers, and assists them with complaints and dispute resolution. In 2014, examiners in the Division handled approximately 11,839 telephone inquiries and 1,935 written complaints from the public. As a result of their efforts, the department obtained \$691,116.18 in adjustments or reimbursements on behalf of consumers during the period. In 2014 the Foreclosure Hotline staff handled 1,797 individual cases. The security deposit investigator received approximately 3,023 telephone calls, 386 e-mails and 211 complaints related to rental security deposits in 2014. Following an investigation into each complaint, the Department recovered \$82,969.58 for tenants during this same time period.

### ***Outreach***

The primary focus of the Department’s educational outreach program is to help Connecticut’s consumers and investors make informed financial decisions and also to learn how to avoid fraud and scams. Helping Connecticut homeowners prevent and navigate the foreclosure process remains a major component of the department’s outreach initiatives.

In 2014, agency staff took part in approximately 90 events, including 61 speaking engagements. Consumers and industry professionals received relevant information and training regarding credit and debt management, avoidance of fraud and identity theft, reverse mortgages, investor education and personal financial management. The Division participated in monthly foreclosure prevention clinics during the year, conducting presentations and providing one-on-one counseling to homeowners.

The Government Relations and Consumer Affairs Division took on a unique outreach initiative in 2014. Following an April 2014 settlement with a small loan lender, certain borrowers were entitled to file a claim to receive some of the excessive interest charges back as a refund. Staff from the Division directly contacted each of the 3,800 affected Connecticut borrowers to offer assistance in submitting claim forms. Many of these residents had not responded to the mailed notice and were grateful to be contacted. The Department also hosted four informational “Town Hall” meetings in Waterbury, Trumbull, New Haven and Hartford in order to help attendees determine eligibility, file their claim forms, and identify other consumer credit related issues. In the end, 77% of Connecticut borrowers received 84% of the refunds, totaling \$3.7 million.

The Department continued its successful Mortgage Assistance Event Program which began in 2011. The Department sponsored two events in 2014 together with the Governor and Attorney General. These events provide a unique opportunity for borrowers who needed assistance to meet directly with their mortgage company or a housing counselor to discuss options and explore appropriate workout solutions. The 2014 conferences were held on May 30 in Trumbull, and on October 9 in Waterbury. Nearly 1,000 people attended these events which, as of December 31, 2014, brings to the total number of borrowers assisted to approximately 7,000.

The Department of Banking participated in Connecticut Saves Week in February 2014, proclaimed by Governor Malloy as a time for Connecticut citizens to assess and improve their personal finances. Division staff conducted activities in February through presentations, workshops and fairs. The Department hosted *Connecticut Saves at the Capitol*, which featured 13 exhibitor tables promoting money management, smart saving and investing, budgeting and financial education programs, including specific information for military personnel.

### **Legislation**

Each year the Government Relations and Consumer Affairs Division, spearheads an active legislative program. During the 2014 session, five department proposals were incorporated into two bills that were enacted into law by the General Assembly. These bills also included various other proposals from industry and Legislators.

*Public Act 14-7, An Act Concerning the Banking Laws, the Uniform Commercial Code, the Electronic Fund Transfer Act and Mortgagors in Good Standing* makes a number of unrelated changes. Among other things, it: 1) expands the licensure and bond requirements for businesses that make residential mortgage loans or act as mortgage lenders, mortgage correspondent lenders, or mortgage brokers that engage the services of mortgage loan originators to act on their behalf; 2) creates a bond requirement for certain bona fide nonprofit organizations that are exempt from mortgage broker licensure and choose to sponsor a mortgage loan originator; 3) limits the recovery of judgments against a debt negotiator's bond by prospective mortgagors of certain types of mortgages; 4) expands licensure requirements for debt negotiators who are also mortgage loan originators; 5) modifies the process by which a debtor's funds held by a financial institution can be obtained to satisfy a judgment, including expanding the circumstances when a bank must leave the lesser of \$1,000 or the balance in a person's account; and 6) expands the types of banks that may offer savings promotion raffles. The bill also makes various technical changes and corrects improper references.

*Public Act 14-89, An Act Concerning Mortgage Servicers, Connecticut Financial Institutions, Consumer Credit Licenses, the Foreclosure Mediation Program, Minor Revisions to the Banking Statutes, the Modernization of Corporation Law and Reverse Mortgage Transactions* makes numerous unrelated changes regarding financial services companies. Among other things, it: 1) modifies who is subject to licensure, expands the scope of services subject to licensure, adds new licensing, application, fee, bonding, and recordkeeping

requirements, specifies standards of conduct for servicers, and provides the commissioner with authority to conduct investigations and examinations and take enforcement actions against violators; 2) expands the definition of an “automatic teller machine” to include those equipped with a telephone or televideo device that allows contact with bank employees; 3) increases the prelicensing and continuing education and testing requirements for mortgage lenders, mortgage correspondent lenders, and mortgage brokers; 4) extends the state's foreclosure mediation program by two years, until July 1, 2016, requires that the program operate within available appropriations, and requires the chief court administrator to develop a premediation review protocol; 5) creates a 17-member Commission on Connecticut's Leadership in Corporation and Business Law, within the Legislative Branch; and 6) establishes a six-member task force to study the reverse mortgage industry.