

ANNUAL REPORT
OF THE
Banking Commissioner
OF THE
STATE OF CONNECTICUT

FOR THE YEAR ENDED DECEMBER 31, 1986

HOWARD B. BROWN
BANKING COMMISSIONER

44 Capitol Avenue, Hartford, Connecticut 06106

A revised report of examination was introduced in 1986. The main revision of this report was the use of the CAMEL rating system. The examination report is designed to give officials meaningful information on significant items noted during the examination, in which five critical areas of a credit union's operation and condition (capital, assets, management, earnings and liquidity) are individually and then compositely rated.

SECURITIES AND BUSINESS INVESTMENTS DIVISION

The Securities and Business Investments Division is responsible for the following areas subject to the general supervision of the Banking Commissioner: 1) the registration of tender offers, securities and business opportunity programs for sale in Connecticut; 2) broker-dealer and investment adviser and agent registration; 3) routine examinations of broker-dealer and investment adviser registrants; and 4) enforcement of the Connecticut tender offer, securities and business opportunity laws.

As of year-end 1986, the division was comprised of a division director, an assistant division director, a director of enforcement, sixteen examiners, two Connecticut Careers Trainees, one Pre-Professional Trainee and ten support personnel.

Major Changes

Jurisdiction of the Banking Commissioner over the tender offer, securities and business opportunity laws emanates from Chapters 661a, 662 and 662a of the Connecticut General Statutes, respectively.

In connection with the securities and business opportunity laws, as of the year-end 1986, 40,929 persons were registered to engage in selling securities and to offer advice and management services regarding investments in securities. This represents 21.75% increase over the number of registrants in 1985. Fifty-six percent of those registered were engaged in the general brokerage business.

In 1986, 4,447 registration statements of issuers of securities prior to their sale in Connecticut were received. Eighty registrations by sellers of business opportunity programs were received. Thirteen business opportunity registrations were renewed.

During 1986, 135 securities complaints/investigations and 9 business opportunity complaints/investigations were completed. Also during 1986, 30 routine broker-dealer and 18 investment adviser examinations were undertaken. One hundred and sixty-six securities and 19 business opportunity investigations were initiated. Four cease and desist orders were issued in the securities area compared to a total of 10 the previous year. Four securities matters were referred for criminal action. Of all the complaints handled and investigations opened, most were resolved on the administrative level prior to their closure.

Many of the administrative resolutions took the form of consent orders wherein the division sought monetary fines as well as reimbursement of its investigatory costs. The division found the use of a consent order as an effective method supplementing a large array of enforcement tools. In one such instance, the division, in conjunction with the State Board of Accountancy, obtained a bar from a certified public accountant wherein the respondent is barred from practicing accounting before the Department of Banking for three years.

Orders

On July 8, 1986, the Banking Commissioner issued an Order permitting accelerated effectiveness for securities issued by investment trusts. The Order coordinates state and federal registration effectiveness for this type of securities offering. The Order also permits the omission of certain information and documents from the registration statement if they are substantially similar to those previously filed for a prior series and informs the registrant precisely what has to be filed. Finally, the Order permits effectiveness in accordance with the designation of effectiveness made pursuant to federal Rule 487 and speeds up effectiveness at the state level by waiving the fifteen day waiting period contained in Section 36-486(c) of the Connecticut General Statutes.

LEGISLATION

During the 1986 session of the General Assembly, the following public acts affecting areas regulated by the Department of Banking were approved and signed into law:

Banks and Savings Institutions

P.A. 86-104, *An Act Concerning Payment of Benefits for Officers and Employees of Savings Banks* (effective May 6, 1986) amends Section 36-126(b) of the General Statutes by eliminating the restriction which limits the type of entities through which a savings bank can provide officer and employee benefits and authorizes savings banks individually or jointly to provide such benefits in any manner in which the bank's governing board may decide.

P.A. 86-122, *An Act Concerning the Establishment and Operation of Branch Offices* (effective May 8, 1986) amends Section 36-129(2) of the General Statutes to eliminate a state bank and trust company's ability to branch into a town in Connecticut in which there is no main office of a savings bank.

P.A. 86-138, *An Act Concerning Investments by Savings and Loan Associations in Investment Company Stock or Shares* (effective May 23, 1986) amends Section 36-96(12) of the General Statutes to correct an inconsistency created by P.A. 85-379, which specifically authorized state or federally chartered savings and loan associations and state bank and trust companies to invest in the stock of an investment company, along with savings banks, but did not state that the stock of the investment company could be owned

Table No. 35
REGISTRATIONS:
BROKER-DEALERS, INVESTMENT ADVISERS AND AGENTS

	In Effect Dec. 31		Increase	
	1986	1985	1986	1985
Broker-Dealers	1,321	1,237	6.8%	7.2%
Agents	40,929	33,790	21.75%	16.7%
Investment Advisers	399	341	17.0%	10.0%
Investment Adviser Agents	2,286	1,798	37.1%	16.2%
Agents of Issuer	254	194	14.9%	14.8%

	Broker-Dealers	Agents	Investment Advisers	Investment Adviser Agents
Applications:				
Received	338	28,746	93	520
Withdrawn by Request	31	11	3	0
Withdrawn Voluntary	64	192	54	3
Special Review (Agents)		308		
Registrations Approved	184	16,034	58	517

Table No. 36
CLASSIFICATIONS OF BROKER-DEALER REGISTRANTS

Type of Business	Number		Percent	
	1986	1985	1986	1985
General Brokerage	742	690	7.5%	4.7%
Investment Trust	15	15	.0%	7.1%
Other Specialists	564	532	6.0%	10.4%
TOTALS	1,321	1,237	6.8%	14.8%

Table No. 37
MAIN OFFICE
BROKER-DEALER AND INVESTMENT ADVISER REGISTRANTS

	Broker-Dealers	Investment Advisers
Alabama	2	0
Alaska	0	0
Arizona	28	0
Arkansas	3	0
California	65	14
Colorado	41	3
Connecticut	135	156
Delaware	3	1
District of Columbia	16	1
Florida	50	5
Georgia	22	3
Hawaii	2	0
Idaho	0	0
Illinois	47	7
Indiana	4	1
Iowa	2	0
Kansas	2	0
Kentucky	2	0
Louisiana	6	0
Maine	2	0
Maryland	17	2
Massachusetts	97	32
Michigan	10	1
Minnesota	27	3
Missouri	20	3
Mississippi	1	0
Montana	1	0
Nebraska	6	0
Nevada	1	0
New Hampshire	3	1
New Jersey	82	9
New Mexico	0	0
New York	435	138
North Carolina	4	0
North Dakota	0	0
Ohio	17	0
Oklahoma	6	0
Oregon	1	0
Pennsylvania	45	9
Rhode Island	10	0
South Carolina	3	0
South Dakota	0	0
Tennessee	14	1
Texas	39	2
Utah	6	1
Vermont	3	0
Virginia	16	2
Washington	9	3
West Virginia	2	0
Wisconsin	12	1
Wyoming	0	0
Bermuda	0	0
British West Indies	1	0
Puerto Rico	0	0
Totals	1,321	399

Table No. 38
TREND IN BROKER-DEALER, INVESTMENT ADVISER AND AGENT REGISTRATIONS

Year	Broker — Dealers	Percent Increase/ Decrease	Agents	Percent Increase/ Decrease	Investment Advisers	Percent Increase/ Decrease	Investment Adviser Agents	Percent Increase/ Decrease	Agents of Issuer	Percent Increase/ Decrease
1955	251	13.1	1,177	47.3	22	29.4	13	8.3	...	...
1960	312	24.3	2,223	88.8	24	8.3	23	77.0	...	...
1965	345	10.5	3,268	47.0	42	75.0	62	169.5	...	...
1966	346	.0	3,703	13.3	47	11.9	85	37.0	...	...
1967	353	2.0	4,112	11.0	56	19.6	110	29.4	...	...
1968	390	10.5	5,159	25.7	60	7.1	125	13.6	...	...
1969	434	11.3	5,955	15.4	72	20.0	145	16.0	...	...
1970	451	3.9	6,429	9.6	81	12.5	171	17.9	...	...
1971	464	2.9	6,522	1.4	86	6.2	191	11.7	...	...
1972	499	7.5	7,305	12.0	103	19.7	226	18.3	...	...
1973	464	(7.0)	7,519	2.9	109	5.8	235	4.0	...	...
1974	463	(.2)	7,543	.3	121	11.0	188	22.6	...	...
1975	453	(2.2)	7,899	4.7	135	11.6	322	11.8	...	...
1976	476	5.1	8,926	13.0	156	15.6	355	10.2	...	...
1977	494	3.8	9,611	7.7	186	19.2	383	7.9	3	...
1978	530	7.3	10,809	12.5	199	7.0	438	14.4	22	63.3
1979	511	(3.6)	11,318	4.7	189	(5.0)	453	3.4	178	254.5
1980	575	12.5	12,962	14.5	193	2.1	495	9.3	136	74.4
1981	647	11.1	14,700	11.8	200	3.5	618	19.9	193	29.5
1982	745	13.2	18,707	21.4	214	6.5	775	20.3	241	19.9
1983	916	22.9	22,587	20.7	263	22.9	1,095	41.2	151	(37.3)
1984	1,154	24.9	28,964	28.0	310	17.9	1,547	41.5	169	11.9
1985	1,237	7.2	33,790	16.7	341	10.0	1,798	16.2	194	14.8
1986	1,321	6.8	40,929	21.75	399	17.0	2,286	37.1	254	14.9

Table No. 39
ROUTINE EXAMINATIONS
BROKER-DEALERS AND INVESTMENT ADVISERS

	1986	1985
Broker-Dealers.....	30	20
Investment Advisers.....	18	12

Table No. 40
REGISTRATIONS FILED AND EFFECTED OF
SECURITIES, TENDER OFFERS AND BUSINESS OPPORTUNITIES

	Received		Effected	
	1986	1985	1986	1985
Securities				
Open End Management Investment Companies	412	292	353	231
Renewals.....	1,289	1,083	1,047	903
Unit Investment Trusts	821	1,052	856	991
Renewals.....	30	14	29	15
Post-Sale Registrations	14	4	11	4
All Others	1,881	1,315	1,558	1,231
Total Securities Registrations	4,447	3,760	3,854	3,372
Tender Offer Registrations	1	0	1	0
Business Opportunity Registrations	80	53	26	40
Business Opportunity Renewals	13	28	9	26
Exempted Filings	2,341	3,042	2,341	3,166
Inquiries Received.....	702	492		

Table No. 41
ENFORCEMENT ACTIVITIES
SECURITIES AND BUSINESS OPPORTUNITIES

	Securities		Business Opportunities	
	1986	1985	1986	1985
Investigations Opened	164	144	19	18
Investigations Closed	135	165	9	18
Complaints Processed	438	314	48	5
Cease and Desist Orders Issued	4	10	6	5
Show Cause Orders Issued	6	5	1	1
Revocations Orders Issued — Broker-Dealer	0	9	0	0
Denial Orders Issued — Broker-Dealer	1	1	N/A	N/A
Subpoenas Issued	35	44	0	10
Referrals for Criminal Action	4	5	0	0
Referrals for Civil Action	2	1	0	0
Other Referrals, (NASD, SEC, etc.)	0	1	N/A	N/A
Consent Orders	8	2	N/A	N/A
Cancellation of Orders	2	3	N/A	N/A

ROSTER**DEPARTMENT OF BANKING****ADMINISTRATION**

Howard B. Brown, Banking Commissioner

Ann M. Negrini, Secretary to the Commissioner

Lawrence S. Brick
Executive AssistantRobert J. Carragher
Executive AssistantAlbert R. Maule
Executive AssistantDeborah B. Milvae
Secretary 2Jeanne M. Charbonneau
Secretary 2

Hugh C. McLean, Senior Economist

Carmen G. Calderon, Clerk Typist

David Tedeschi, Jr., Public Information Officer

Larisa L. Hull, Secretary 2

Banking Legal Staff

Cynthia E. Antanaitis

Senior Administrative Attorney

Gayle S. Fierer

Senior Administrative Attorney

William Nahas Jr.
Administrative AttorneyRobert S. Rosenthal
Administrative AttorneyNirja N. Savill
Administrative AttorneyDaniel F. Scudder
Administrative AttorneyDebra J. Shulansky
Administrative AttorneyMary Beth Anderson
Legal SecretaryTina M. Daigle
Legal SecretaryJanice L. Hitchcock
Legal Secretary**Personnel and Business Office**

Charles Fischer, Administrative Services Officer 3

Debbie L. Patterson
Administrative Services Officer 1Rose A. Austin
Personnel OfficerAnne Sbendorio
Personnel AssistantDorothy N. Stephenson
Accountant IYvette D. Levesque
Business Services AssistantPaul L. Ligas
Accounting Careers TraineeFrancis M. Antinerella
Senior ClerkVentura Ramos
Financial ClerkMaureen C. Reuss
Chief Telephone OperatorYvette R. Jenkins
ClerkMichael S. Combs
Mail Handler IPaul P. Boccacio
Mail Handler I**BANK EXAMINATION DIVISION**

Joseph A. Pandiscia, Director

Glenn W. Hayes, Assistant Director

Howard F. Pitkin, Jr., Assistant Director

Chief Examiners

Robert S. Greenwood

Frank R. Kern, Jr.

William J. MacDonald

Examiner 4Thomas J. Catania
Lewis S. Clark
Vernelle J. Davis
Joseph M. Harris
Clifford J. Jones
Edward D. KaliszewskiRobert J. Kelly
Raymond J. Milot
Andrew J. Paczkowski
Clayton L. Parker
Leo J. PelletierAlfred G. Reutter
Leonard A. Rich
Sebastian F. Scarfe
Curtis E. Warren
Walter C. Wirsul

BANKING COMMISSIONER'S REPORT**Examiner 3**

John A. Beatty	David L. O'Brien	Everett T. Whitmore
Malcolm G. Campbell, Jr.	Eugene L. Terrill	Ronald J. Wood
Irene A. Costello		

Examiner 2

Robert L. Becker	Frances S. Morocco	Jacquelyn Tordonato
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Examiner 1

Thomas J. Caruso	Anna M. Emanuel
Terralyn D. Cooper	Phyllis S. England
Joyce A. DeAngelo	Mary M. Calligan
Thomas E. DiMaio	Barry F. Goldberg

Consumer Information Section

Barry A. Elliot, Examiner 4
 Mary C. Divigard, Consumer Information Representative

Connecticut Careers Trainees

Donald F. Dooling
Paul D. Lombardo
Randolph J. Connolly, Jr.
Deborah A. Semente

Staff Assistants

Maria L. O'Toole, Unit Supervisor	
Elizabeth H. LaRoche, Secretary 2	Elizabeth A. Lauretti, Statistical Typist
Janice E. Glasgow, Clerk Typist	Kathleen D. Gordon, Clerk Typist

SECURITIES AND BUSINESS INVESTMENTS DIVISION

Caleb L. Nichols, Director

Eric J. Wilder, Assistant Director

Ralph A. Lambiase, Director (Enforcement & Trust)

Examiner 4

Sidney A. Igdalsky	Arthur F. Kleffke	Joseph H. Mulvey
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Examiner 3

Norma F. Heckendorf	Margot T. O'Grady
Maryellen R. Meara	John P. Walsh

Examiner 2

Thomas C. Dolan	William E. Olesky
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Examiner 1

William E. Bartol	Kevin R. Maher
Salvatore Cannata	Sylvia A. Morgan
Jeffrey S. Godson	Tia B. Poncini

Connecticut Careers Trainee

David R. Barry
 Lisa M. Barone

Pre-Professional Trainee

Naomi C. Church
 Jean M. Foto

BANKING COMMISSIONER'S REPORT

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Staff Assistants

Louise E. Hanson Secretary 2	Dorothy E. Jackson Secretary 2	Olympia M. Thompson Data Entry Operator I
Vera Garrison Senior Clerk	Doris A. Kinsley Senior Clerk	Virginia A. Wagner Senior Clerk
Ellen C. Morrison Clerk Typist	Pamela J. Sailor Clerk Typist	Kristine M. Fonte Clerk Typist
	June R. Christensen Clerk	

CREDIT UNION DIVISION

Joseph D. Tirinzoni, Director
Chester E. Uliasz, Assistant Director

Examiner 4

Patricia A. Budnick	Thomas J. Zaleski
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Examiner 3

Adeline P. Costa	Robert J. Daly	Russell L. Sarrazin
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Examiner 2

Moses O. Olasanoye

Accounting Careers Trainee

Jeffrey F. Hackett	Rita R. Redier
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Staff Assistants

Angela M. DiDomizio, Unit Supervisor

Cheryl L. Hawkins Head Hearing Reporter	Gail B. Brown Clerk Typist	Marion H. Gragnolati Clerk Typist
Kathleen A. McNamara Clerk Typist		Darlene M. Testa Clerk Typist

CONSUMER CREDIT DIVISION

Robert C. Focht, Director
Roger N. LaBonte, Assistant Director

Examiner 4

Harry S. Donnelly, Jr.

Examiner 3

Frank J. Accetura	Jeffrey W. Hubbel	Deana L. Wood
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Examiner 2

Robert F. Maloney

Examiner 1

Marlene M. Mannix

Staff Assistants

Doris Goldstein, Administrative Assistant	Jeanne G. Weaver, Senior Clerk
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