

Department of Banking

At A Glance

JORGE L. PÉREZ, Commissioner

Established - 1837

Statutory Authority - Titles 36a, 36b and subsections (b), (d), (h) and (i) of Section 47a-21

Connecticut General Statutes, and Related Laws

Central Office -

260 Constitution Plaza

Hartford, CT 06103-1800

Number of full-time employees – 118 budgeted, 115 filled

Recurring operating expenses, 2019-2020 - \$21,374,818.92 (actual)

Organization Structure:

Financial Institutions Division

Consumer Credit Division

Securities and Business Investments Division

Government Relations and Consumer Affairs Division

Administration

Business Office

Management and Information Systems (MIS)

DAS/Smart Unit (Human Resources services)

DAS Equal Employment Opportunity Unit

Mission

The Department of Banking (DOB) is the primary state regulator for state-chartered banks and credit unions, securities, and consumer credit. Its mission is to protect users of financial services from unlawful or improper practices by ensuring regulated entities and individuals adhere to state banking, consumer credit and securities laws. We accomplish this through regular, thorough, and cost-effective examinations of the entities we supervise. The Department also engages the public and other stakeholders (including elected officials) through a variety of media platforms, educational outreach initiatives, and press communications.

Statutory Responsibility

The Department of Banking is responsible for the regulation and examination of financial institutions and various related entities who are, or are required to be, chartered, licensed or registered by the state. The Banking Commissioner is charged with administering the banking and credit union laws of the state as well as the laws regarding securities and business opportunities. The Banking Commissioner also administers the Truth-in-Lending Act and other consumer credit laws (mortgage, student loan servicers, consumer collection, money transmission, etc.) and a major portion of the law concerning rental security deposits.

The Department's customers include the general public, representatives of the public, regulated entities, researchers, and consultants. Connecticut residents benefit broadly from agency activities, which protect their funds in depository institutions, offer important investor and

consumer protections, assist in dispute resolution and provide helpful educational resources and information.

The Department engages all levels of government representatives of the public, including the Governor's Office, members of the General Assembly, other elected and appointed officials, as well as federal, state and municipal government offices. This is achieved largely through case referrals, proposed legislation, and educational outreach events.

The Department is comprised of four operational divisions, and two support divisions. In addition, the Department receives support from the Department of Administrative Services (DAS) through its SmART Unit for Human Resource services and Equal Employment Opportunity/Affirmative Action Unit. Specific regulatory functions are assigned to each operational division within the Department.

The **Financial Institutions Division** is responsible for the supervision of insured state-chartered bank and trust companies, savings banks, savings and loan associations and credit unions, in addition to uninsured banks and trust banks. 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, international trade and investment corporations and certain non-banking corporations that exercise fiduciary powers, including limited purpose trust companies.

The **Consumer Credit Division** is responsible for examination, enforcement, and licensing of mortgage lenders, brokers, servicers, lead generators of residential mortgage loans 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; check cashing services; and student loan servicers. In addition, Consumer Credit also administers Truth-in-Lending laws and retail installment sales financing laws.

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 and registering branch offices of broker-dealer and investment advisory firms. The Division also conducts examinations of broker-dealers, investment advisers and branch office registrants, and enforces 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 financial services and products regulated by the Department and oversees the administration and enforcement of the rental security deposit laws. The Division also directs the agency's legislative program, manages communications and media relations for the Department, coordinates financial and investor-education outreach efforts and provides assistance to homeowners in foreclosure or in danger of foreclosure through the Foreclosure Assistance Hotline.

There are two support divisions at the Department of Banking: the Business Office and Management and Information Systems (MIS). The Business Office is responsible for the accounting, budgeting, fiscal, purchasing and financial reporting functions for the Department while assisting with payroll. The MIS unit provides information technology support and workflow enhancements across all divisions.

The Department of Administrative Services Small Agency Resource Team (DAS/SmART) provides Human Resource support for the agency. This unit consolidates human resources and payroll personnel from multiple agencies into one unit and provides services to several departments throughout state government.

In addition, the DAS Equal Employment Opportunity (EEO) Unit helps ensure that the agency complies with federal, state and local affirmative action and equal opportunity laws including serving as the Americans with Disabilities Act coordinator. The EEO Unit also ensures compliance with the agency's non-discrimination and anti-harassment policies as well as compiles the agency's affirmative action plan which is made available through the Department's intranet. The Department did not knowingly do business with any bidder, contractor, sub-contractor, supplier of materials, or licensee who discriminates against members of any class protected under Conn. Gen. Statutes Sec. 4a-60 or 4a-60a.

Public Service

The Department of Banking is strongly committed to maintaining a standard of excellence in meeting its regulatory responsibility, while balancing the strongest consumer protections in a business-friendly environment.

In order to provide the public with convenient 24-hour, 7-day access to information on agency programs, licensing activity and educational resources, the Department maintains its website, www.ct.gov/dob where consumers may send inquires or file a complaint at any time. During the 2019-2020 fiscal year, 259,074 visitors viewed nearly 745,000 pages on the agency website.

The Department updates and maintains information regarding licensees and registrants, as well as financial and industry information related to the financial institutions operating in Connecticut. Relevant financial information is updated quarterly for banks and credit unions, in addition to providing the public with easy access to such public filings as the quarterly Call Report.

The Department of Banking posts on its website administrative actions taken by the agency against various entities, as well as indices to advisory opinions issued by the Commissioner concerning banks, credit unions, consumer credit, rental security deposits and business opportunity matters.

A weekly News Bulletin provides information on applications before the agency, recent administrative orders and legal actions, and intended changes in regulations. The Securities Division produces a quarterly Securities Bulletin advising the industry of new regulatory developments. Both publications are emailed to thousands of people through Constant Contact, making it easier to view on mobile devices, and are posted to the agency website.

The Department prominently features on its website Fraud Alerts for consumers and industry. These alerts may come from other state federal agencies or as a result of work done by the Department. These are designed to raise awareness of current trends and new frauds and scams that are relevant to Connecticut consumers and industry professionals.

The Department utilizes social media as one of its tools in communicating with its stakeholders including consumers, investors, and industry professionals. Through its Facebook page ([facebook.com/ctdob](https://www.facebook.com/ctdob)) and Twitter account (twitter.com/ctbanking) the Department shares news and updates, as well as financial education information, to the general public and industry alike.

eLicense

To create a more efficient government that remains responsive to the needs of the Connecticut residents, the agency has built on the success of two prior LEAN initiatives, reviewing its licensing procedures across divisions using LEAN principles. The results validated what was long suspected – the current legacy systems were cumbersome, inefficient, paper-dependent, and did not provide the flexibility needed for a modern workplace. To improve upon this process, the agency explored various options to digitize and streamline our workflows with the underlying goal to increase our examinations and enforcement efforts as well as improve our consumer complaints process. In the end, the Department decided upon the system called eLicense currently used by other Connecticut state agencies. In 2017, with the assistance of DAS/BEST, the Department began working with the vendor Micropact to implement the eLicense system.

The Enterprise License System, known as eLicense, is an information technology application administered by DAS/BEST for use among state agencies. The eLicense system encompasses many functions related to licensing, including renewals, examinations and investigations, and complaints. At the Department of Banking, this system will interface with the current systems we use for licensing, including NMLS (Nationwide Multistate Licensing System), CRD (Central Registration Depository), and IARD (Investment Adviser Registration Depository). NMLS is the licensing system for non-depository financial institutions and individuals and is used by our Consumer Credit Division for all licensee types. CRD and IARD are the licensing and registration systems used by the securities industry.

After nearly two years of development and testing, the Department implemented the eLicense system in the fall of 2019. The system replaces CELS, BIPSS, and other locally developed legacy systems which the Department had utilized. The combined data that migrated to eLicense from all the legacy systems allows for a complete history of these companies and individuals to be accessed by agency staff. For instance, someone in the Securities Division can access the eLicense system and research if a potential investment adviser had any prior disciplinary action in the Consumer Credit industry. The flow of information among Divisions is greatly improved.

Each operational division uses the eLicense system to enhance and streamline its workflow in meeting agency needs. As an example, the Financial Institutions Division utilizes the eLicense system as a dynamic information repository which provides an interface to enhance interaction with regulated entities. The ability to interface with NMLS has allowed Consumer Credit to utilize the eLicense system to track and augment its enforcement actions.

The Securities Division was able to migrate data from two separate legacy systems that were used to capture enforcement, examination and various credential's licensing information. This migration allowed for the data to be maintained in a central location, making navigation and retrieval of such data a more efficient process and providing staff access that increased their efficiency as well. Additionally, the eLicense system provides an online portal that can be used by registrants to work through the licensing process for certain credentials under the Division's authority, making that procedure more effective. The online portal also permits the public to search for certain credentials under the Division's authority.

Finally, the Government Relations and Consumer Affairs Division has moved its workflow in handling and processing complaints to the eLicense system. The Division can now attach appropriate documentation to each action an Examiner takes with respect to any given complaint, making tracking more efficient, and gives each Examiner the ability to access the entire case in one place. The system also allows for enhanced reporting features that allow for better tracking and insights into problem areas.

Cybersecurity Training

The Department began a close collaboration with Capital Community College in 2018 to develop a cybersecurity training program, specifically designed for the Department of Banking. The resulting three-track program aims to develop skills for Department employees in data protection and encryption, understanding security risks, and policies that financial services industry firms need in order to protect themselves and their clients.

Capital Community College was an ideal choice to partner with the Department given its impressive cybersecurity curriculum and geographic proximity, allowing for reduced travel time. Track One offers basic concepts and was made available to all employees. Track Two offers Examiners and management more in-depth exploration of cybersecurity topics. Track Three will focus on the more technical aspects of cybersecurity resulting in highly trained Examiners who will be "subject matter experts" for the Department.

The first Track One classes began in October 2018. In early 2019, agency staff completed five two-day Track One classes. In April, a group completed the first Track Two class, which was more involved and consisted of one class per week for ten weeks. The agency began its next Track Two class earlier in 2020.

Financial Institution Division (FID)

As of June 30, 2020, FID had regulatory oversight over twenty-eight state-chartered domestic banks, two international banks, one uninsured bank, twenty-eight credit unions, one business and industrial development corporation, one international trade and investment corporation, and various licensees that are issued to administer trust and/or special need services. Its regulatory obligations include multiple specialty examinations such as information technology, cybersecurity, Community Reinvestment Act, Truth-In-Lending, and Bank Secrecy Act. These are in addition to the traditional safety and soundness examinations conducted by the Division.

During this fiscal year, there remains one denovo bank in organization; TNB USA Inc. holds a Temporary Certificate of Authority to organize as a state-chartered uninsured bank.

During this fiscal year, the Banking Commissioner participated in a number of industry related meetings with Chief Executive Officers (CEOs) of banks and credit unions. The Annual Bank CEO Roundtables hosted jointly with the Connecticut Bankers Association (CBA) were held in October 2019. The Department hosted the National Association of State Credit Union Supervisors (NASCUS) Executive Forum in Connecticut in November 2019, which provided information on key national and state issues facing the credit union industry; a special guest appearance by National Credit Union Administration (NCUA) Chairman Rodney Hood providing an NCUA update; presentations on enterprise risk management; the Federal Home Loan Bank of Boston housing and community investment programs; and cybersecurity threats, resources and actions. The Commissioner and other agency staff participated in a number of industry events sponsored by the CBA, Connecticut Community Bankers Association and the Credit Union League of Connecticut.

In preparation for the seventh annual Federal Reserve/Federal Deposit Insurance Corporation (FDIC)/Conference of State Bank Supervisors (CSBS) Annual Community Banking Research and Policy Conference, the Department of Banking encouraged Connecticut community bankers to provide feedback via the National Survey of Community Banks. In addition, the Banking Commissioner and FID staff met with three community bankers who provided feedback for the “5 Questions for 5 Bankers” project. The Department’s response to CSBS’s written report on community banking emerged from these meetings. The eighth annual Community Banking in the 21st Century Conference is scheduled to be held September 30-October 1st, 2020. Due to the COVID-19 pandemic this year the conference will be virtual. The conference gathers community bankers, academics, policymakers, and bank supervisors from across the country to discuss academic research and important issues affecting community banking. In preparation for the upcoming conference, the Banking Commissioner again requested Connecticut community bankers participate in the 2020 National Survey of Community Banks, and encouraged them to provide input via the new CSBS community bank sentiment index.

Finally, The Department of Banking successfully achieved reaccreditation of the banking and credit union areas, and for the first time has achieved accreditation of the mortgage banking area. The national accreditation programs are administered by the Conference of State Bank Supervisors (CSBS) and the National Association of State Credit Union Supervisors (NASCUS).

Consumer Credit Division (CC)

The Consumer Credit Division issues twelve different license types across several sectors of the nondepository financial services market. As of June 30, 2020, the Division licensed 3,090 companies and branch offices, and 7,990 individuals. The Division approved six bona fide nonprofit organizations.

For fiscal year 2019-2020, the Division conducted thirty-eight examinations of non-mortgage licensees and fifty-one examinations of mortgage licensees. During this last reporting period, the Department has continued to meet a more aggressive examination schedule in this Division.

The Division continued its enforcement efforts, including conducting investigations of companies engaged in unlicensed activity. The Division issued twenty-eight actions, resulting in penalties of more than \$1.4 million. In addition, Division efforts brought restitution to the public

in excess of \$3.9 million. Consumer Credit routinely cooperates with other law enforcement agencies, such as the U.S. Attorney's office and the Federal Bureau of Investigation.

The Consumer Credit Division is part of the CSBS initiative to modernize the software of the Nationwide Multi-State Licensing System (NMLS). NMLS 2.0 is designed to greatly increase efficiencies for the Division when licensing mortgage and non-mortgage individuals and entities. NMLS State Examination System (SES) is an end-to-end examination management system that supports supervision, complaint, investigation and enforcement activities for all non-depository financial entities, including but not limited to mortgage companies, money services businesses, consumer credit companies and debt collectors.

As mentioned previously in the Financial Institutions section, the Consumer Credit Division achieved accreditation in the mortgage area for the first time in 2019. This was the culmination of several years of a concerted and dedicated effort to train staff and increase examinations of mortgage licensees. The accreditation is issued by the Conference of State Bank Supervisors.

Securities and Business Investments Division (SBID)

As of June 30, 2020, 175,350 broker-dealer agents and 15,189 investment adviser agents were registered with the Securities Division, a fiscal year-end population increase of 2,749 and 456, respectively, from the previous fiscal year-end. In addition, as of fiscal year-end, 2,038 broker-dealer firms and 493 investment advisory firms were registered in Connecticut, representing a slight decrease from June 30, 2019. An additional 2,287 Securities and Exchange Commission (SEC)-registered investment advisers had made a notice filing with the agency. The Division continued its efforts to examine in-state investment advisers falling within its jurisdiction at least once every three years and made adaptations for remote examinations due to COVID-19. SBID also examines the books and records of broker-dealer and investment advisory main offices and branch offices. As of June 30, 2020, 2,482 broker-dealer branch offices were registered.

The Division also investigates violations of the state's securities and business opportunity laws, pursuing administrative, civil and criminal remedies where appropriate. Many times, this involves interacting with the SEC, the U.S. Attorney's Office, the Connecticut Attorney General's Office and other enforcement bodies to ensure that violators are brought to justice.

Intervention by the SBID during the fiscal year resulted in restitution and rescission offers to the investing public totaling \$1,468,221. The Division also imposed \$1,953,911 in fines for violations of the state's securities and business opportunity laws.

The SBID continued its enforcement efforts in responding to securities complaints from the Connecticut investing public. Investigations focused on schemes involving the misappropriation or conversion of investor funds; fraudulent sales of securities to Connecticut residents at unrealistic rates of return; dishonest or unethical practices by investment advisers; sales of securities by unlicensed firms and individuals; elder fraud; and brokerage firm supervisory lapses. The Division worked closely with the U.S. Department of Justice and other law enforcement agencies on many of these investigations.

During fiscal year 2019-2020, the SBID continued its ongoing evaluation of regulatory policies and rules to ensure that they remained responsive to an ever-changing economic environment and the needs of the investing public.

The SBID was also actively involved in the agency's educational outreach program (described more fully below) providing presentations regarding investor fraud and abusive sales practices.

Government Relations and Consumer Affairs (GRCA)

The Government Relations and Consumer Affairs Division manages the external affairs for the Department of Banking through its consumer affairs team, its legislative efforts, and its communications and educational outreach programs.

Consumer Affairs

In an attempt to protect Connecticut citizens in their transactions with financial institutions and assisting them with consumer complaints and dispute resolution, consumers are encouraged to contact the DOB whenever they need assistance in dealing with financial entities. Agency employees promptly assist consumers with issues involving the financial services industry in Connecticut, those residents who might be facing foreclosure, and tenants involved with issues regarding their rental security deposits.

During the fiscal year 2019-2020, GRCA's consumer affairs unit – excluding the Foreclosure Hotline and rental security deposit complaints – responded to 2,382 telephone inquiries and 1,057 written complaints from the public. As a result of their efforts, the Department obtained approximately \$516,387 in adjustments and reimbursements on behalf of consumers during the period.

The Foreclosure Assistance Hotline, established in 2007, has continued to be a valuable resource for Connecticut residents. Callers to the toll-free number receive pertinent advice and guidance regarding their mortgage problems. During the 2019-2020 fiscal year, the Hotline assisted 678 individual consumers.

The agency received 880 telephone calls and 146 e-mails for rental security deposit issues in the fiscal year. The agency's security deposit investigator resolved 181 landlord/tenant disputes and recovered approximately \$28,204 for Connecticut residents who had complained to the Department that landlords had unjustly withheld their refundable rental security deposits.

The Department's Online Customer Assistance Form continues to be a useful tool for consumers, allowing the ability to quickly and easily file complaints and upload supporting documents electronically. The online form's enhanced functionality provides the consumer with an immediate acknowledgment via e-mail and allows staff to begin processing a complaint upon receipt. This added functionality has reduced average consumer wait time by three days.

Legislative Update

Each year the Department conducts an active legislative program coordinated by the GRCA Division. The Department had submitted a legislative package to the General Assembly, but the

2020 legislative session was cut short due to the COVID-19 pandemic. Along with other agencies, the vast majority of bills were not called or even made it out of committee.

Educational Outreach

The primary focus of the Department's educational outreach program is to help Connecticut's consumers and investors make informed financial decisions and to protect their money from fraud and scams. Through the GRCA Division, the agency publishes consumer alerts and information on known frauds and scams. Agency staff provides vital information to consumers through speaking engagements, presentations, seminars and expos. During the 2019-2020 fiscal year, Department employees spoke on topics that included money management, identity theft prevention, financial exploitation, credit and debt, and investor education.

During the fiscal year, the Department took part in over a dozen fairs, expos and conferences throughout the state. Agency staff was highly visible at each event, and actively assisted seniors, veterans, social workers, and others by speaking one-on-one to attendees and distributing the agency's educational resources.

The agency's outreach coordinator continued to utilize the successful financial fraud bingo program, which educates seniors about banking scams and fraud prevention in a fun, interactive way. She conducted programs during the 2019-2020 fiscal year at senior centers and housing authority communities throughout the state, including Bridgeport, Groton, Hebron, West Hartford, Watertown and Shelton, and many in coordination with AARP volunteers.

The Department is a member of the Connecticut Saves Campaign, a statewide initiative to encourage consumers to save regularly to improve their personal finances. The agency recognized Connecticut Saves Week (February 24-29, 2020) by hosting its eighth annual expo at the State Capitol in Hartford to promote smart money management, and by participating at a financial education expo for students at the Hartford Job Corps Academy. Division staff also helped promote the Connecticut Saves message by sharing informative social media posts, sending encouraging e-mails throughout the week, and by actively participating in a one-hour Connecticut Saves Twitter Chat.

The Department is also a member of the Bank On Connecticut coalition, a New Haven initiative designed to help unbanked and underbanked communities within the City. Bank On works with banks and credit unions to offer banking products and services to communities in need.

The Division's educational outreach coordinator remains active on several state coalitions, including Connecticut Saves, the Coalition for Elder Justice in Connecticut and the Connecticut Jump\$tart Coalition for Personal Financial Literacy. She represented the Department of Banking in October 2019 at the annual TEARS Conference (Timely Elder Abuse Resource Services) hosted by the South Central Area Agency on Aging and attended by nearly 700 people. She was also a guest speaker at Southington High School, where she spoke to five Business classes on cybersecurity, credit and retirement accounts.

Department staff are often called upon to share their expertise in helping consumers and investors learn about and avoid financial fraud. The agency's outreach coordinator conducted several programs focused on financial exploitation, particularly toward seniors. She was the

featured speaker at a fraud prevention program for seniors and their caregivers in East Hartford in October 2019 hosted by American Eagle Financial Credit Union. In January 2020, she joined law enforcement and banking representatives at an elder justice training for attorneys at the Chief State's Attorney's Office. She shared information about the agency's *Senior\$afe* trainings and how the agency provides resources to financial institutions. In January, she also participated on a panel of experts at a two-day training for social workers in the Department of Social Services' Protective Services for the Elderly (PSE) unit, and shared information regarding the Department's outreach initiatives and referrals to PSE. Two members of the Department's Securities Division joined for the second day of training and discussed financial fraud investigations.

COVID-19 Response

During the unprecedented COVID-19 pandemic, the Department of Banking, as with all state agencies, closed its offices to the public and staff began a full-time telework schedule in March 2020. Commissioner Perez issued guidance and provided necessary flexibility to licensees, including banks, credit unions, mortgage servicers, investment companies and investment advisers. The commissioner encouraged mortgage servicers, banks and credit unions to work with their borrowers and customers during those challenging times. Working with industry partners, both state and federally chartered financial institutions, the Department created a mortgage relief program for those mortgage holders not covered by the federal CARES Act. In the Consumer Credit area, the Department extended certain filing deadlines and issued no action policies that allowed certain licensees to work from home. The Department also worked with other states and student loan servicers to provide relief for those with private student loan debt not covered under the CARES Act. The Securities and Business Investments Division issued guidance on paperless submission of certain filings in light of pandemic restrictions.

The Department revamped its website to highlight COVID-19 resources in both English and Spanish, and continuously offered updates as new state and federal resources were issued. Commissioner Perez joined Governor Lamont to work with over fifty Connecticut banks and credit unions on a mortgage relief program for borrowers that did not qualify for relief under the federal Coronavirus Aid, Relief, and Economic Security Act, known as the CARES Act. Effective March 31, 2020, participating financial institutions offered mortgage forbearance up to 90 days and ensured that they would not institute new foreclosures for another 60 days. The initial program was extended to July 30, 2020.

While the Department has traditionally relied upon on-site examinations, given the current pandemic, it has effectively moved to remote examinations and investigations across all divisions. This has allowed us to meet our statutory requirements and continue to ensure Connecticut consumers are protected. We accomplished this through an aggressive use of technology across the entire Department which has nearly every staff person working remotely.

Improvements/Achievements 2019-2020

Over the last year, the Department of Banking has looked internally for better ways to carry out its statutory obligations. This introspective approach has led to significant change-management initiatives that have steered the agency to an increased capacity to fulfill its mission.

LEAN

LEAN is a statewide effort to make government leaner and more efficient. According to the Office of Policy and Management, LEAN refers to the application of specific tools that are used to identify and implement the most efficient and value-added way to provide government services. For its part, the Department has held various LEAN activities over the last several years. The Department held its first LEAN events in 2016. The project management practices and principles used has led to increased efficiencies across the agency.

In August of 2019, the Department, through the efforts of its Securities Director, participated in the DAS SmART Unit's LEAN event to help streamline the hiring process. As a result, the SmART unit and other parts of DAS Human Resources have implemented some of the recommendations and are considering others alternative approaches to making the hiring process more efficient.

As a result of agency LEAN efforts, senior management, at the guidance and direction of the Commissioner, meets annually to discuss and update the agency's strategic plan. These efforts have ensured the timely implementation of eLicense as well a personal development program for agency staff.

Women and Girls' Day

The Governor's Council on Women and Girls is a group tasked with providing a coordinated state response to issues that impact the lives of women, girls, their families, and the State of Connecticut. Commissioner Perez is a member of the Council and is active on its Economic Opportunity & Workforce Equity Subcommittee. The Council hosted a Women and Girls' Day Expo at the State Capitol on March 6, 2020. The Department of Banking participated by staffing a resource table at the Career Fair. Nine DOB employees volunteered in shifts throughout the day and engaged with attendees which included several groups of girls from schools across the state.

DASH for the Stash

In 2019, the Department of Banking received a grant from the Investor Protection Institute to offer an innovative, online investor and financial education program. *DASH for the Stash* is a contest where players log in and play a video game by maneuvering "IRA the Squirrel" through an obstacle course with four levels and answering financial education quiz questions. The four levels are 1) Financial Advisers, 2) Investor Fraud, 3) Investment Fees, and 4) Building a Nest Egg. There are links at each level that help participants answer the quiz questions. Two random winners were selected in September and in October to receive a \$500 contribution to an individual retirement account (IRA).

Senior\$afe Training

The Department continued to pursue efforts to combat financial exploitation of seniors through its *SeniorSafe* training program. Through the education outreach coordinator, the Department offers this training to financial professionals who work with seniors to identify and report signs of fraud and exploitation. The training explains the red flags of financial exploitation that seniors might exhibit and how to report suspicious behavior to the state's Protective Services for the Elderly (PSE) program. The agency conducted its first training program in the fall of 2016, and since then has provided *SeniorSafe* trainings to investment advisers, social workers, and bank and credit union employees at various financial institutions throughout Connecticut.

During the 2019-2020 fiscal year, the agency's outreach coordinator conducted trainings at CorePlus Federal Credit Union in Norwich, whose program was simultaneously webcast to various branches; First Bank of Greenwich in Cos Cob; Thomaston Savings Bank; two joint programs for Members Credit Union, Greenwich Hospital Credit Union, and Greenwich Municipal Employees Credit Union; 360 Federal Credit Union in Windsor Locks; and Night Owl Capital in Greenwich. In October 2019, she presented two *SeniorSafe* programs for credit union personnel, hosted by the Credit Union League of Connecticut, along with a manager from the state's PSE program.

Virtual Programming

In March 2020, the coronavirus pandemic altered the way the agency conducted educational outreach. Thanks to modern technology, communicating through virtual platforms quickly became the new way to connect in real time. The agency's outreach coordinator developed a list of programs that could be presented virtually and offered them to libraries and other groups. The topics included coronavirus and other banking scams, managing debt and credit, government relief programs, financial exploitation, cybersecurity, and money management for teens. By the end of June 2020, she had conducted five virtual presentations with more scheduled into the summer and fall. The topic of coronavirus scams was requested most often and featured new types of scams that emerged from the pandemic, including offers for test kits and cleaning supplies, and contact tracing scams.

Since in-person programs were not possible, the Department participated in World Elder Abuse Awareness Day on June 15, 2020 in a different way this year. The State's Long Term Care Ombudsman, who had been hosting regular "Facebook Live" chats, invited members of the Coalition for Elder Justice to join her that day for a special discussion on senior abuse. The Department's outreach coordinator shared information about the agency's *SeniorSafe* training for financial professionals, and the financial exploitation and fraud programs offered to seniors and their caregivers.

The *Financial Institutions Division* remains committed to continuing its communication with industry representatives. At the conclusion of every examination, FID staff meet with the bank's or credit union's board of directors. The institutions are also given the opportunity to provide feedback directly to the Banking Commissioner by completing a two-page post-examination survey. Institutions are given the opportunity via the survey to comment on staff performance, examination efficiency and examination time demands in an effort to improve future examinations. FID staff presented at the Banking Compliance Association of Connecticut's February 2020 Regulators Forum on compliance topics such as quarterly reporting, deposit collateral requirements and cannabis banking. Assistant Director Anthony Conway represented

the Commissioner in New York City on October 17, 2019 at a Regional Cannabis Regulation and Vaping Summit with the Governors and staff from New York, New Jersey, Pennsylvania, Connecticut and Rhode Island.

The FID staff remain active members of both the CSBS and NASCUS. Division Director Mary Ellen O'Neill serves on the Board of NASCUS and is the immediate past-Chair. Financial Institutions Division staff also serve on a variety of committees, actively participate in webinars and conference calls, and assist in the development of regulatory and best practice standards. The Division received re-accreditation from CSBS (bank area) and NASCUS (credit unions area) in November 2019, and for the first time the mortgage banking area also achieved CSBS accreditation.

On June 17, 2020, agency staff participated in an FDIC Community Affairs Division hosted webinar focused on Account Access, Banking the Un/Under-banked of Connecticut. The discussion provided an overview of the expanded Bank On Connecticut coalition and efforts to assist Connecticut residents in becoming banked. The discussion also provided information from the 2017 Un/Under-banked Survey providing highlights for the State of Connecticut. Community service agencies also provided an overview and update on efforts to assist residents with filing income tax returns during the COVID-19 pandemic. Regulators, financial institutions and community organizations that play vital roles providing financial education, products and services to low- and moderate-income populations in Connecticut participated in the discussions.

On September 18, 2019, the Commissioner spoke at a dinner in Rocky Hill for the Credit Union League of Connecticut Hartford Chapter.

In October 2019, FID held two CEO Roundtables with the Connecticut Bankers Association and Connecticut banking industry representatives. The Roundtable sessions are an opportunity for Connecticut community bankers to have direct dialogue with the Banking Commissioner and senior Department of Banking staff about industry, regulatory, or other key issues facing community banks. Each session this year included a guest speaker on cybersecurity and most specifically IC3.gov reporting.

In November, the Commissioner participated at the "Banking for All" Forum hosted by the Yale Law School which spoke about making banking accessible to more Connecticut residents. He also attended the Connecticut Business and Industry Association Annual Meeting and Reception.

The Commissioner also attended various branch openings and other events at area banks and credit unions throughout the state in 2019 and 2020.

The *Consumer Credit Division* maintained steady involvement in several working groups with members from multiple states in the areas of mortgage, consumer finance, debt, and money services business. The working groups provide forums for discussion and feedback toward national reform within the entire consumer credit space. Division staff continued to conduct multi-state coordinated examinations of our licensed entities and the Division continued to collaborate with the Consumer Financial Protection Bureau (CFPB).

The Division filled several key roles in the Nationwide Multistate Licensing System & Registration (NMLS) initiative to create "One System of Supervision". Division personnel and

members of the working group were tasked with launching two initiatives: NMLS 2.0 and State Exam System (SES).

Several of our Examiners took a lead role in both projects to test new ideas and functionality of the new systems. While NMLS 2.0 is still in the development phase, the SES went live this past year. The Division was heavily involved with input for the development and testing before it was successfully rolled out to all states. SES training has been rolled out to the Division and the mortgage area began utilizing the new platform for all examinations. The Division also started the process to transition over all other license types to be fully functional with the SES system in the near future.

For the first time, the Consumer Credit Division's mortgage area celebrated achieving CSBS accreditation. The CSBS Accreditation Program involved an in-depth review of the agency's policies, procedures, and operations to determine if it met the standards set forth by the Performance Standards Committee. The goal of the accreditation program is to strengthen state regulatory agencies by raising the bar on professional excellence in state regulation. The accreditation team was so impressed by the efforts of the staff that they are using a redacted version of our Report of Examination as a guide for other state regulators.

The Consumer Credit Division was well positioned for the unexpected COVID-19 pandemic. Even as the Division staff transitioned to a new telework environment, core operations continued, thanks in part to the hard work of the staff and guidance of the management team. With the recent upgrade made to the Division's examination and enforcement tracking system to eLicense, along with the new SES platform, examination staff were able to continue to work their cases remotely due to the systems being web-based. The Division continued to look for additional ways to improve efficiencies by operating electronically wherever possible. The Division began offering a new feature to our examinees called the Agency Fee Invoicing (AFI) which streamlined the collection of examination fees directly through NMLS, benefiting the licensee with ease and convenience and the Division with greater efficiency.

The *Securities and Business Investments Division* has the ability to draw on the expertise of a Securities Advisory Council, a volunteer group comprised of industry representatives, academics and members of the bar, all of whom serve without compensation. The Securities Advisory Council is on hand to provide insight to the Commissioner and staff on proposed regulatory initiatives.

Connecticut continued its active participation in the North American Securities Administrators Association, Inc. (NASAA). Organized in 1919 and dedicated to investor protection, NASAA is a voluntary association whose membership consists of 67 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada, and Mexico. During the fiscal year, SBID staff served on NASAA committees and project groups dedicated to examination training; multistate licensing processes; variable annuities, investment adviser cybersecurity and technology, investment adviser training; and investor education initiatives involving life stages and senior outreach.

Commissioner Pérez engages with industry professionals by collaborating on initiatives and serving on the following committees and boards:

- Board Member, Conference of State Bank Supervisors (CSBS) District One
- Member of the CSBS District One
- Member of the CSBS Regulatory Committee
- Member of the NASCUS Audit Committee
- Ex officio Member of the Connecticut Housing Finance Authority Board of Directors
- Ex officio Member, Connecticut Retirement Security Authority Board
- Member of the Governor's Council on Women and Girls
- Member of the Community Economic Development Fund Foundation Board of Directors
- Member of the New Haven Works Board of Directors

Agency staff served in the following leadership roles during the fiscal year, including:

- Board Member and Immediate Past Chair of National Association of State Credit Union Supervisors (NASCUS)
- Chair of the NMLS Mortgage Call Report Workgroup
- Chair of the AARMR Training Committee
- Co-Chair of the NASAA Broker-dealer Section Training Project Group
- Senior Sustainability Officer (SSO) in compliance with the Governor's Executive Order #1 regarding Sustainability in the State of Connecticut
- State Liaison Committee Member of the Federal Financial Institutions Examination (FFIEC) Sub-Committee on Information Technology
- Member of the American Bar Association State Regulation of Securities Committee
- Member of the Banks Compliance Association of Connecticut (BCAC)
- Member of Bank On Connecticut
- Member of the CSBS Bank Secrecy Act Advisory Team
- Member of the CSBS International Banking Committee
- Member of the CSBS Key Individual Wizard Initiative for NMLS Modernization
- Member of the CSBS MSB Call Report Committee
- Member of the CSBS SES Steering Committee
- Member of the CSBS Technology Committee
- Member of the State Coordinating Committee (SCC) for AARMR in collaboration with the CFPB
- Member of the Financial and Banking Information Infrastructure Committee (FBIIC), as the NASCUS representative
- Member of the NASCUS Legislative & Regulatory Committee
- Member of the NASCUS Performance Standards Committee
- Member of the NASCUS Education Committee
- Member of the NASAA Broker-dealer Section Variable Annuities Project Group
- Member of the NASAA CRD/IARD Forms and Process Committee
- Member of the NASAA Investment Adviser Section Cybersecurity and Technology Project Group
- Member of the NASAA Investment Adviser Section Resources and Publications Project Group
- Member of the NASAA Investment Adviser Section Training Project Group

- Member of the NASAA Investor Education Section Digital Media Tools and Resources Project Group
- Member of the NASAA Investor Education Section Life Stages Project Group
- Member of the NASAA Investor Education Section Senior Outreach Project Group
- Member of the NASAA NEMO Training and Support Committee
- Member of the NASAA Professional Development Committee
- Member of the Management Advisory Council (MAC) serving as a Management Representative for the Department of Banking
- Member of the Connecticut Jump\$tart Coalition for Personal Financial Literacy
- Member of the Coordinating Council of the Elder Justice Coalition of Connecticut

The Department's support divisions have continued to lend their expertise in carrying out the agency's mission.

The *Business Office* fulfilled its fiduciary responsibility by expeditiously handling total receipts of \$51,946,728 through its accounting, budgeting, purchasing and financial reporting functions. Of this total, the Business Office directed \$41,051,940 to the Banking Fund and \$10,834,188 to the General Fund. Payroll functions were transferred out of the Business Office to the DAS SmART unit in spring 2019 allowing Business Office personnel to focus on other core functions, like the implementation of the Department's e-License System. The Director of the Business Office serves as one of the Department's LEAN Coordinators, and helps guide agency staff through the LEAN process.

The *Management and Information Systems (MIS) Division* provides information technology (IT) and workflow enhancements across all divisions. Over the last year the Department of Banking was connected to the state's Metropolitan Area Network (MAN) that is available within the Hartford area. That changed our internet connection which increased connectivity speeds and allows for failover to the State Armory. MIS also migrated all phones to DAS/BEST's Avaya Enterprise Phone System which replaced our older system and provides enterprise support. The Division connected to DAS/BEST's Enterprise System Center Configuration Manager (SCCM) for managing imaging and OS Patching for all managed devices making the process much more streamlined and less resource intensive. The eLicense project was completed and is being used by the Department and its customers. MIS also met the challenge of getting all employees working remotely which increased the need for mobile devices and help desk support getting users online at home using Virtual Private Networks (VPN) and Remote Desktop technology for secure access.