

Department of Banking

At A Glance:

Commissioner Jorge L. Pérez

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, 116 filled

Recurring operating expenses, 2020-2021 - \$23,026,200 (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.

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-68.

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 2020-2021 fiscal year, 274,184 visitors viewed over 1.77 million 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.

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 Pérez 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 Coronavirus Aid, Relief, and Economic Security Act, known as the 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 Pérez 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 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 had nearly every staff person working remotely.

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 next Track Two class was suspended in early 2020 due to the pandemic.

Financial Institution Division (FID)

As of June 30, 2021, the Financial Institutions Division had regulatory oversight over twenty-six 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 were two de novo banks in organization: TNB USA Inc. holds a Temporary Certificate of Authority to organize as a state-chartered uninsured bank and Banking Circle US filed an application on October 30th, 2020 to form 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. Unfortunately, due to the pandemic the Department did not hold the annual CEO Roundtable or the National Association of State Credit Union Supervisors (NASCUS) Executive Forum; most all meetings held were virtual. The Commissioner and other agency staff participated in a number of industry events sponsored by the Connecticut Bankers Association (CBA), Connecticut Community Bankers Association, the Credit Union League of Connecticut, the Conference of State Bank Supervisors (CSBS) and NASCUS. FID staff participated in the pilot test for the National Credit Union Administration’s new MERIT examination program and participated in NASCUS’s Exchange Program that convenes the largest of credit unions from across the country to discuss industry and regulatory issues. FID Staff Attorney Matthew Saunig graduated from the Connecticut School of Finance and Management (CSFM).

In preparation for the eighth 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. The ninth annual Community Banking in the 21st Century Conference is scheduled to be held September 28th and 29th, 2021. Due to the COVID-19 pandemic, that conference will again 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 2021 National Survey of Community Banks and encouraged them to provide input via the new CSBS community bank sentiment index.

The Department of Banking successfully maintains its accreditation of the banking and credit union areas, and the mortgage banking area. The national accreditation programs are administered by CSBS and NASCUS.

Consumer Credit Division (CC)

The Consumer Credit Division issues twelve different license types across several sectors of the non-depository financial services market. As of June 30, 2021, the Division licensed 3,362 companies and branch offices, and 12,013 individuals. The Division approved six bona fide nonprofit organizations.

For fiscal year 2020-2021, the Division conducted sixty-eight examinations of licensees. During this last reporting period, the Department recognized the significant burden and hardships placed on licensees due to the COVID-19 pandemic. As a result, the Department worked in a cooperative spirit as it continued to complete its regulatory responsibility to oversee the activities affecting Connecticut consumers.

The Division continued its enforcement efforts, including conducting investigations of companies engaged in unlicensed activity. The Division issued forty-one actions, resulting in penalties of approximately \$634,000. In addition, Division efforts brought restitution to the public in excess of \$2.3 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 Multistate Licensing System & Registry (NMLS). NMLS 2.0 is designed to greatly increase efficiencies for the Division when licensing mortgage and non-mortgage individuals and entities. 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.

Securities and Business Investments Division (SBID)

The COVID-19 pandemic prompted the agency to close its office during the fiscal year, and personnel began working remotely. To meet the challenges, the Securities Division successfully implemented a system for conducting examinations remotely and allowing filers to make their filings and remittances electronically. The use of Microsoft Teams proved to be an effective tool in maintaining Division communications. The agency also implemented a system for conducting hearings remotely. While the long-term economic impact of COVID-19 on securities issuers, broker-dealers and investment advisers remains to be seen, the Division was able to overcome the operational challenges caused by the pandemic through the efficient use of technological resources.

As of June 30, 2021, 181,835 broker-dealer agents and 15,715 investment adviser agents were registered with the Securities Division, a fiscal year-end population increase of 6,485 and 526, respectively, from the previous fiscal year-end. In addition, as of fiscal year-end, 2,018 broker-dealer firms and 484 investment advisory firms were registered in Connecticut, representing a slight decrease from June 30, 2020. An additional 2,380 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, 2021, 2,338 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 other state securities regulators, 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 \$1,664,086. The Division also imposed \$2,278,955 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 2020-2021, 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 Department of Banking 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 2020-2021, GRCA's consumer affairs unit – excluding the Foreclosure Hotline and rental security deposit complaints – responded to 2,367 telephone inquiries and 1,367 written complaints from the public. As a result of their efforts, the Department obtained approximately \$91,650.51 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 2020-2021 fiscal year, the Hotline assisted 193 individual consumers.

The agency received 452 telephone calls and 145 e-mails for rental security deposit issues in the fiscal year. The agency's security deposit investigator resolved 174 landlord/tenant disputes and recovered approximately \$69,069.33 for Connecticut residents who had complained to the Department that landlords had unjustly withheld their refundable rental security deposits.

The Division saw its first full year using the eLicense system to process and manage complaints. Division staff use this to track and manage written complaints to the Department. This system was a key factor in the Consumer Affairs Unit ability to work remotely.

Legislative Update

The 2021 legislative session was conducted entirely remotely this year. While this did present some challenges, the agency was able to advance nearly all of its legislative initiatives. The following Public Acts reflect this.

PA 21-138, An Act Implementing the Department of Banking's Recommended Changes to the Banking Statutes Concerning Financial Institutions and Consumer Credit Licenses

- Reduce regulatory burden by allowing banks and their holding companies, who are free of any regulatory restrictions, to submit a consolidated audit report on an ongoing basis instead of submitting an individual audit report for each entity and eliminating the need to obtain an annual approval.
- Incorporates new federal banking regulatory capital standards called the Community Bank Leverage Ratio (CBLR) into the Banking Law of Connecticut. CBLR was designed to apply different standards to smaller banks, those with assets under \$10 billion. This bill would allow community banks to continue to take public deposits and apply the CBLR. Currently, statute does not allow for the application of this new framework.
- Reduce regulatory burden by eliminating the unnecessary step for the Commissioner to endorse a certificate of incorporation for a Connecticut credit union, since the certificate is already subject to the Commissioner's approval.
- This bill clarifies that once a municipality sells a lien, including sewer and water liens, to a third party and no longer have an ownership stake in the debt, the debt buyer is subject to our consumer collection laws.

- Permits a start-up company engaged in the activity of money transmission to provide a statement of condition as part of the licensure application in lieu of financial statements. This corrects language requiring new companies to provide audited statements, which would make compliance impossible for new companies.
- This is a conforming change to federal law that grants mortgage loan originators temporary authority (from the time of application to when the application is either denied or approved by the Commissioner) for individuals who either are licensed as mortgage loan originators in another state or employed as federal registered loan originators.
- This section requires entities and individuals that make, originate or broker shared appreciation agreements, to become licensed by the department and subject to our consumer protection laws. These Shared Appreciation transactions advance funds to a consumer in exchange for an equity interest in residential property or the future repayment of an amount secured by a security interest in the residential property. The Department sees no distinction between these financial products and that of Home Equity Lines of Credit and second mortgages. Under these agreements, consumers in default may have liens put on their property and they face the threat of foreclosure.
- Clarifies the definition of “change in control” for purposes of filing an advance change notice with respect to a change of a director, general partner or executive for all licensees to mean any change causing the majority ownership, voting rights or control of a licensee to be held by a different control person or group of control persons. This ensures Advance Change notices are given for only change in ownership not for changes in day-to-day operations, like branch managers.
- Makes minor technical changes to the statute.

PA 21-130, An Act Concerning Student Loan Servicers

In 2015 Connecticut was the first state in the country to begin regulating student loan servicers. Since then, other states and territories have passed similar laws. These laws have been challenged in at least two court districts, each of whom has ruled that states cannot require a federal vendor to be licensed in their home state or territory. To continue to enforce our consumer protection laws for those consumers who hold a federal student loan, statutory changes were required. This act changes the licensing requirement for federal student loans, to a simple registration with no fee attached. It preserves our ability to enforce the important consumer protection laws for federal student loans and makes no changes to those companies who service private student loans.

HB-6453, An Act Requiring the Banking Commissioner to Consider the Performance of Certain Banks Under The Community Reinvestment Act Before Approving the Establishment of Certain Loan Production Offices and Establishing a Working Group to Examine The Community Reinvestment Act

Currently this bill would have allowed the Commissioner to consider out-of-state, state-chartered banks CRA rating when applying to open a loan processing office here in Connecticut. Currently, those institutions with an unsatisfactory CRA rating in their home state can come to Connecticut and receive permission to open a loan production office in our state. This could include only opening offices in our high-income assessment areas. Current law makes no allowance for us to consider their current CRA rating when approving their application. This proposal was voted out of committee and taken up for consideration by the House, where it

passed. The Senate did not take up the bill. The agency is considering re-submitting for the next legislative session.

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 provide vital information to consumers through speaking engagements, presentations, seminars and expos, and are often called upon to share their expertise in helping consumers and investors of all ages learn about and avoid financial fraud.

In early March 2020, COVID-19 changed the way the agency conducted educational outreach. With in-person programming halted, the agency's outreach coordinator began offering virtual presentations. 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. She presented virtual programs to a variety of audiences, including high school and college students, on topics that ranged from establishing credit and managing debt to avoiding identity theft online. During the 2020-2021 fiscal year, agency staff participated in over forty virtual programs.

Collaboration was a large part of the agency's success in continuing its mission to provide information to the community during the 2020-2021 fiscal year. Libraries throughout the state were eager to offer virtual programming to their patrons, and Department scheduled the bulk of its virtual programs with libraries. Requests to partner comprised a good amount of outreach as well. In September 2020, the outreach coordinator joined a representative from the Area Agency on Aging of South Central Connecticut to provide a virtual financial fraud program that focused on coronavirus scams and Medicare fraud. In April 2021, she presented a similar program in coordination with the Senior Medicare Patrol representative from the Southwestern CT Agency on Aging.

In January 2021, the outreach coordinator was the guest speaker at the monthly meeting of the Connecticut Association of Resident Service Coordinators for Housing (CARSCH), held virtually. Although in-person programs at these communities had ceased, she had the opportunity to speak directly with the resident service coordinators and provide important resources. By late spring, in-person programming began to resume and in June 2021 the outreach coordinator conducted a financial fraud bingo program at a senior housing community in Bridgeport.

The agency's outreach coordinator was invited to provide a series of programs for students through the Connecticut Association of Schools. In March 2021, she taught a virtual program in March, entitled *Personal Banking and Online Security*, where she discussed modern ways to bank, from online banking and mobile apps to person-to-person payments, as well as ways to avoid identity theft, and how to manage your money. In April, she presented *Credit and Debt: Managing Both Wisely*, which focused on the importance of establishing credit, facts on credit and debit cards, and information about credit reports.

The Department supported AARP's virtual *Fraud Fighting Fourth Friday* series by presenting several of their monthly programs. In September 2020, the agency's outreach coordinator partnered with the Chief Education and Outreach Officer from the Department of Consumer Protection to provide a joint fraud program in which they shared resources and information on relevant frauds and scams. In January 2021, an examiner from the agency's Securities Division provided a program on investment fraud. This partnership with AARP enabled the outreach coordinator to conduct a Financial Fraud Bingo program virtually during the March 2021 *Fraud Fighting Fourth Friday*. Attendees played bingo online and learned fraud prevention tips and techniques to keep their money safe.

The Connecticut Saves Campaign is a statewide initiative to encourage consumers to save regularly to improve their personal finances. The agency was unable to host its annual financial education expo during Connecticut Saves Week in February 2021 because of the pandemic, so instead used social media to share important resources and information about saving to Connecticut residents throughout the week. Daily e-mails were also sent to Department staff during Saves week, providing money management tips and resources. Thanks to technology, Connecticut Saves partners joined forces virtually on February 22, 2021 for a webinar that promoted the themes of saving automatically, preparing for unexpected expenses, saving for retirement, reducing debt, and saving as a family.

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. The Department is 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.

Improvements/Achievements 2020-2021

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.

The Department held two agency-wide staff meetings in September 2020 and May 2021 during which divisions presented cases for review, and guest speakers presented on industry, economic, and health/pandemic-related topics.

Governor's Council on Women and Girls

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 Pérez is a member of the Council and is active on its Economic Opportunity & Workforce Equity Subcommittee. The agency's outreach coordinator serves on the financial literacy workgroup of this subcommittee and helps update the state's financial literacy portal.

Financial Literacy Initiative

At times as part of settlements, the Department of Banking receives monies to be used for investor education, staff training and educational material. In late 2020, Commissioner Pérez began looking to use these funds to provide financial education to women and young girls with an emphasis on increasing the participation of women and young girls from underserved communities. He developed a plan to partner with a 3rd party vendor(s) to provide educational program(s) that meet certain objectives, namely 1) to provide personal finance tools that will prepare residents for a financially successful future, with an emphasis on women and young girls and 2) to teach them how to make smart money management decisions that will enable them to be independent and financially secure. To accomplish this goal a committee was formed in early 2021 and began meeting regularly to solicit and review proposals from 3rd party vendors, select one or more vendors to provide the financial education training and provide recommendations to the Banking Commissioner on how the education fund should be distributed to meet the objectives.

Senior\$afe Training

Although the COVID-19 pandemic prevented in-person programming, the Department continued to pursue efforts to combat financial exploitation of seniors through its Senior\$afe 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 Senior\$afe trainings to investment advisers, social workers, and bank and credit union employees at various financial institutions throughout Connecticut.

In October 2020, the agency's outreach coordinator co-presented a virtual *Senior\$afe* program along with a manager from the state's PSE program, to train credit union personnel to spot red

flags of financial abuse and exploitation among their members. Attendees accessed the program via Zoom and the event was organized by the Credit Union League of Connecticut. Due to its success, in February 2021 this program was offered again virtually to credit unions. In February 2021, the outreach coordinator worked in collaboration with the Connecticut Bankers Association (CBA) and an attorney from the Department on Aging and Disability Services to provide a senior financial exploitation training program for the CBA. Finally, in May 2021, she provided a virtual *SeniorSafe* training program for Bankwell Bank employees and senior management.

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, and continued to do so virtually during the pandemic. 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.

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 a 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.

While the annual CEO Roundtables were not held in 2020, the Banking Commissioner participated in a number of virtual meetings and calls with the CBA and the Credit Union League of Connecticut and their memberships to discuss issues and address pandemic-related items. The Commissioner also attended various branch openings and other events at area banks and credit unions throughout the state or held virtually in 2020 and 2021.

Division Director O'Neill participated on a regulators panel at the Association of Credit Union Senior Officers (ACUSO) Annual Regulators Meeting held virtually in November 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 & Registry (NMLS) initiative to create "One System of Supervision". Division personnel and members of the working group continued involvement with the NMLS 2.0 initiative. This past year, the Division has successfully transitioned onto the State Examination System (SES) for examinations of all license types.

Several of our Examiners continued to play active roles in both projects by providing necessary feedback to the developers and collaborating with other states on system processes. While NMLS 2.0 is still in the development phase, SES went live in our state as planned. System training on SES has been completed with all examiners. It is being used exclusively with all licensed entities.

The Consumer Credit Division successfully navigated the unexpected COVID-19 pandemic due to the technological advancements that had been strategically planned. The Division had been piloting the telework environment prior to the pandemic. This provided a stable transition to the work from home requirement. Core operations continued, thanks to the hard work of the staff and guidance and support from the management team.

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 cybersecurity, examination training and support, broker-dealer training, variable annuities, investment adviser resources and training, and investor education.

In the final quarter of 2020, the Securities Division launched an online filing option for securities private offerings. Developed by NASAA, the online Electronic Filing Depository (“EFD”) platform promised to promote efficiency and make compliance easier for securities issuers who could now make their filings simultaneously in multiple states. The system also allowed members of the public to conduct free online searches of filings made through the system. With many issuers electing to take advantage of the online system, the Division witnessed a decrease in paper filings and a boost in efficiency.

In January 2021, the Division opened up EFD to unit investment trust filers with much success. NASAA plans to expand the EFD system to other types of securities filings, and the Division is monitoring developments to further promote service to the industry and the investing public.

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
- Committee Chairman 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 Past Chair of 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
- 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 Governor’s Council on Women and Girls’ Financial Literacy Work Group
- Member of the Connecticut Department of Labor Unemployment Insurance Fraud Taskforce, representing 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
- 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 Non-Depository Trust Working Group
- 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 Cybersecurity Committee
- 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 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

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 \$15,288,929 through its accounting, budgeting, purchasing and financial reporting functions. Of this total, the Business Office directed \$9,112,981 to the Banking Fund and \$6,107,547 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 pivoted to 100% telework to meet the needs caused by the COVID-19 outbreak. This included procuring mobile devices of all employees (laptop and tablets), configuring remote access, and secure connectivity using Virtual Private Networks (VPN). The MIS department was also responsible for the installation of the Avaya Softphone which allowed agency employees to access their enterprise LAN phones via their laptops. The remodel of the agency's hearing room was completed as well as the creation of a "Teams room." The hearing room is now equipped with two overhead cameras, mobile microphones and overhead speakers, which allows any onsite hearing to be recorded. The hearing room and an agency conference room are equipped with large screens and cameras that provide the opportunity to host Microsoft Teams Meetings. The MIS team also did a refresh of 35 laptops to bring older equipment up to date. The Department began using a new E-Discovery web-based application, Casepoint, which allows the agency to process incoming examinations and Freedom of Information (FOI) requests in timely manner, replacing the current application, Concordance/LAW. Lastly, the MIS team has begun preparation for the return to work at the office by deploying necessary equipment (docking stations) and making sure all state devices are properly patched and updated.