State of Connecticut
Department of Banking

1837 to 2010
Supervising Connecticut
Financial Institutions
For 173 Years

Annual Report
Of the Banking Commissioner

To His Excellency
Dannel P. Malloy, Governor

For the Year Ending December 31, 2010
Hartford, Connecticut

To His Excellency, Dannel P. Malloy, Governor

I have the honor to submit the annual report of this department for the year 2010 pursuant to the requirements of Section 36a-14 of the Connecticut General Statutes.

Respectfully yours,

Howard F. Pitkin
Banking Commissioner

CONTENTS

BANKING COMMISSIONERS
(1900-2010)

BANKING COMMISSIONERS	**FROM**	**TO**
Charles H. Noble	1900	1906
George F. Kendall		
Charles H. Noble	1907	1911
Norris S. Lippitt		
Norris S. Lippitt	1911	1914
Fred P. Holt	1911	1915+
Everett J. Sturges	1915	1922
John K. Bissland	1922	1922
John B. Byrne	1922	1927
Lester E. Shippee	1927	1931
George J. Bassett	1931	1933
Walter Perry	1933	1943
Richard Rapport	1943	1951
Lynwood K. Elmore	1951	1955
Henry H. Pierce Jr.	1955	1960
Philip Hewes	1960	1970
Gerald A. Lamb	1970	1971
James E. Hagen	1971	1975
Lawrence Connell Jr.	1975	1977
David H. Neiditz	1977	1981
Brian J. Woolf *	1982	1985
Howard B. Brown Jr.**	1986	1991
Ralph M. Shulansky	1991	1995
John P. Burke	1995	2006
Howard F. Pitkin ***	2007	--

+Prior to 1915 two Banking Commissioners served concurrently as agency administrators.
** Served as Acting Banking Commissioner from December 31, 1981 to March 30, 1982.*
*** Served as Acting Banking Commissioner from September 13, 1985 to February 2, 1986.*
**** Served as Acting Banking Commissioner from October 1, 2006 to March 7, 2007.*

DEPUTY BANKING COMMISSIONERS
(1900-2010)

DEPUTY BANKING COMMISSIONERS	FROM	TO
John K. Bissland	1917	1921
Lester E. Shippee	1922	1927
R. Gordon Baldwin	1928	1937
Richard Rapport	1938	1942
Lynwood K. Elmore	1943	1950
Reinhard J. Bardeck	1951	1969
Maurice J. Ferland	1970	1971
Patsy J. Piscopo	1971	1974
Thomas E. Canfield	1974	1975
Kay V. Bergin	1975	1978
Linda J. Kelly	1979	1981
Howard B. Brown Jr.	1982	1985
Paul J. McDonough	1988	1991
Barbara S. McGrath	1991	1993
Robert B. Titus	1993	1995
Alan J. Cicchetti	1999	2011

ADMINISTRATION

Agency Mission

The mission of the Department of Banking is to protect users of financial services from unlawful or improper practices by requiring that regulated entities and individuals adhere to the law, assuring the safety and soundness of state chartered banks and credit unions, educating and communicating with the public and other stakeholders, and promoting cost-efficient and effective regulation.

Organization

The Department of Banking is a state agency headed by the Banking Commissioner, who reports to the Governor. It is responsible for the regulation and examination of financial institutions and various related entities that are 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, tender offers and business opportunities. The Commissioner also administers the Truth-in-Lending Act and other consumer credit laws and a major portion of the law concerning rental security deposits.

The agency is divided into three line divisions responsible for specific types of financial institutions or types of transactions, as well as other divisions that support the department functions.

The Consumer Credit Division licenses and regulates mortgage brokers, lenders and originators, consumer collection agencies, debt adjusters, debt negotiators, sales finance companies, small loan companies, check cashing services and money forwarders.

The Financial Institutions Division regulates state-chartered bank and trust companies, credit unions, savings banks and savings and loan associations. It also supervises foreign bank agencies, branches and representative offices; licenses certain entities; and reviews applications for new banks and credit unions, mergers, branches, field of membership expansions and other matters.

The Securities and Business Investments Division is responsible for the registration of securities and business opportunity offerings for sale in Connecticut; the registration of broker-dealers and investment advisers, along with their agents and branch offices; the examination of broker-dealer, investment adviser and branch office registrants; and the enforcement of the state's securities and business opportunity laws.

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

Hotline. Other divisions that support the agency are the Business Office, which is responsible for the accounting, budgeting, fiscal, payroll, purchasing and financial reporting functions of the agency; the Human Resources Office, which addresses day-to-day employee issues and is responsible for preparing the agency's affirmative action plan detailing the department's commitment to equal opportunity; and the MIS unit that provides data processing and office automation support.

As of December 31, 2010 there were 116 full-time permanent employees.

Equal Opportunity and Affirmative Action

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

Financial Statement

Receipts and expenditures relating to the fiscal year ending June 30, 2010 were as follows:

Receipts

Examination of banks etc. assessed in accordance with Section 36a-65, as amended	$ 2,433,379
Examination of credit unions, assessed in accordance with Section 36a-65, as amended	160,566
Other license and examination fees	166,795
Registration, filing and transfer fees from securities brokers, etc.	18,478,775
Registration of securities and business opportunities	4,625,380
License and registration fees: mortgage brokers, loan originators, check cashers, money transmitters, sales finance companies, small loan companies, debt adjusters, debt negotiators, collection agencies	4,187,195
Penalties	2,658,290
Sales and miscellaneous receipts	41,416
Total Receipts	$ 32,751,796

Expenditures

Personnel services	$ 9,358,425
Fringe benefits	5,806,828
Travel expenses, including motor vehicle rentals	353,596
Other expenses	1,341,947
Indirect overhead and equipment	879,332
Total Expenditures	$ 17,740,128

Fund Adjustments

Transferred to the General Fund (per HB5545)	$ 15,000,000

CONSUMER CREDIT DIVISION

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

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

Activities

During 2010, the Division streamlined its core functions to promote greater efficiencies in licensing, enforcement and examination. These efficiencies resulted in more effective prioritization of the Division's examination and enforcement case load and minimized the costs associated with the time to review applications for licensure. Actions against licensees and related entities increased with approximately 300 actions taken, including the imposition of $655,427 in civil penalties. The Division conducted 155 examinations of licensees under its jurisdiction. The examinations included review of state and federal statutes and resulted in $294,363 being refunded to consumers.

Upon the passage of new laws requiring those engaging or offering to engage in debt negotiation in Connecticut to obtain a license from the Banking Commissioner, the enforcement staff increased its oversight of this industry with the investigation of 192 entities. In addition to being unlicensed, a number of these companies charged consumers excessive fees with promises of debt settlement, loan modifications or the halting of foreclosure proceedings. To facilitate the Division's enforcement of these new laws, it forged cooperative efforts with the Office of the Chief Disciplinary Counsel and the Office of the Attorney General. For all other entities subject to the Division's jurisdiction, the enforcement staff investigated over 600 cases. Total investigations resulted in $258,644 being refunded to consumers.

The examination staff continued to uncover persons engaged in unlicensed mortgage loan origination activities along with finding entities operating out of unlicensed locations. In 2010, these violations resulted in 36 settlement agreements and the collection of $426,000 in monetary sanctions. In addition, the Division participated in a multi-state settlement agreement addressing systemic compliance concerns with a large national lender which resulted in a penalty totaling $1.25 million to 35 states.

On February 1, 2010, the Division, in association with the Nationwide Mortgage Licensing System and Registry ("NMLS"), launched "NMLS Consumer Access". NMLS Consumer Access is a fully searchable website that allows the public to view information concerning state-licensed mortgage companies, branches and individuals. This tool is critical in protecting consumers in Connecticut. NMLS Consumer Access can be accessed at www.nmlsconsumeraccess.org.

With this year's advent of the ability to access credit reports and criminal history checks of individuals applying for a mortgage loan originator license through NMLS, the licensing staff established fair and consistent standards to ensure that mortgage loan originator applications processed through the NMLS are compliant with the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 ("S.A.F.E. Act") by red flagging those individuals with financial character issues, those that made material misstatements or those with criminal histories. These efforts resulted in the Division's refusal to renew eight mortgage loan originator licenses and the denial of 37 applications for a mortgage loan originator license.

Enforcement Activities
Consumer Credit Division

	2010	2009
Investigations Opened *	456	300
Investigations Closed *	304	250
Investigations in Progress *	298	159
Subpoenas Issued	23	13
Consent Orders	1	0
Settlement Agreements	55	67
Notices of Intent to Refuse to Renew (Licensing)	13	8
Refusing to Renew Orders (Licensing)	8	5
Notices of Intent to Revoke (Licensing)	24	104
Denial Orders (Licensing)	37	30
Summary Suspension Orders (Licensing)	1	84
Automatic Suspension Orders (Licensing)	19	17
Revocation Orders (Licensing)	14	76
Notices of Intent to Impose Civil Penalty	12	9
Orders Imposing Civil Penalty	50	42
Notices of Intent to Issue Cease and Desist Orders	29	98
Temporary Cease and Desist Orders	21	28
Cease and Desist Orders	16	74
Findings of Fact Conclusions of Law and Order	2	0
Activity Restrictions/Bars	3	5
Monetary Sanctions Imposed	$655,427	$1,143,000
Monetary Sanctions Collected	$497,927	$235,000
Offered/Returned to Investors Following Informal Division Intervention	$294,363	$496,407
Criminal Referrals	9	9
Referrals to Connecticut Attorney General	3	1
Other Agency Referrals	8	3

* Does not include MLO application investigations, also does not include multiple complaints involving same entity

Examinations / Investigations
Consumer Credit Division

	Examinations		Investigations	
	2010	2009	2010	2009
Mortgage Brokers, Mortgage Lenders, Mortgage Correspondent Lenders and Mortgage Loan Originators	112	128	462	255
Money Transmitters	0	1	6	9
Check Cashers	7	14	11	27
Consumer Collection Agencies	23	27	37	42
Debt Adjusters	0	1	5	2
Debt Negotiators	1	0	260	36
Small Loan Companies	3	12	16	3
Sales Finance Companies	9	30	0	5
Other			25	15

Small Loan Activities

Small Loan activities	2010	2009	% Change
Loans Outstanding #	14,266	18,703	(23.72%)
Loans Outstanding $	$69,426,570	$110,485,931	(37.16%)

Closed – End Loans	2010 Number of Transactions	2010 Dollar Amount
Secured	464	$3,335,938
Unsecured	2,010	$11,610,116
Total	2,474	$14,946,054

Other Business Conducted on the Same Premises as the Licensee	2010 Number of Transactions	2010 Dollar Amount
First Mortgages	8	$721,553
Second Mortgages	85	$5,182,939

State Chartered Banks with Operating Subsidiaries
Consumer Credit Division

	2010
Notice Filings*	1. DRB Mortgage, Inc., a Subsidiary of Darien Rowayton Bank 2. Family Choice Mortgage, a Subsidiary of Rockville Bank

* Effective October 1, 2010, Section 36a-487(a) of the Banking Law of Connecticut requires each wholly-owned subsidiary of a Connecticut bank or Connecticut credit union that engages in the business of making residential mortgage loans or acts as a mortgage broker in this state shall provide written notification to the commissioner prior to engaging in such activity.

Consumer Credit Licensees
As of Year End

	2009	2010
Licensed Mortgage Companies	1,428	1,041
Mortgage Loan Originators	6,361	4,344
Money Transmitters	52	54
Check Cashers	109	152
Consumer Collection Agencies	897	950
Debt Adjusters	31	44
Debt Negotiators	2	13
Small Loan Companies	18	10
Sales Finance Companies	151	144

FINANCIAL INSTITUTIONS DIVISION

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

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

Connecticut-Chartered Banks' Consolidated Financial Condition & Operating Results

As of December 31, 2010, there were 15 Connecticut-chartered commercial banks (including one bankers' bank) and 22 Connecticut-chartered savings banks. There were no Connecticut-chartered savings & loan associations. All Connecticut-chartered commercial banks and savings institutions are insured by the Federal Deposit Insurance Corporation ("FDIC").

Connecticut-chartered commercial banks and savings institutions, collectively, reported total assets of $31.5 billion as of December 31, 2010, a 6.3% increase from December 31, 2009. Total loans and total deposits for year-end 2010 were $21.4 billion and $22.7 billion, respectively. The values represent a 4.4% in total loans and 6.8% in total deposits from year-end 2009. Total equity capital was $3.6 billion, a 2.6% increase from the prior year-end.

In the aggregate, Connecticut-chartered banks' earnings performance for the year ending December 31, 2010 increased from the prior year level, generating a return on average assets ("ROA") and a return on average equity ("ROE") of 0.47% and 3.98%, respectively, compared to the ROA of 0.43% and ROE of 3.60% for the year ending December 31, 2009. The net interest margin ("NIM") for Connecticut-chartered institutions was 3.40% for year-end 2010 versus 3.22% for year-end 2009. The overall improvement in earnings performance was primarily attributable to a decrease in funding costs which outpaced a reduction in earning assets yields within a sustained low interest rate environment.

Overall, Connecticut-chartered commercial banks and savings institutions, collectively, remained well capitalized with a combined Equity Capital to Total Assets Ratio of 11.58% as of December 31, 2010.

Number of Connecticut-Chartered Institutions
(As of December 31, 2009 & December 31, 2010)

Institution Type	Institutions 12/31/2009	De Novo Opening	Closing	Merger/ Acquisition	Net Change	Institutions 12/31/2010
Commercial Banks	**15**	+1	0	-1	0	**15**
Savings Banks	**22**	0	0	0	0	**22**
Savings&Loan Associations	**0**	0	0	0	0	**0**
Uninsured Banks	**1**	0	0	0	0	**1**
Limited Purpose Trust Cos.	**2**	0	0	0	0	**2**
Credit Unions	**37**	0	-1	-2	-3	**34**
Totals	**77**	**+1**	**-1**	**-3**	**-3**	**74**

Connecticut-Chartered Commercial Banks

There were 15 Connecticut-chartered commercial banks operating in the State as of December 31, 2010, including one bankers' bank. Overall, there was no change in the number of commercial banks from year-end 2009; however, one institution was acquired and merged, and one de novo bank was newly opened. On December 3, 2010, Connecticut River Community Bank, Wethersfield, CT, was merged with and into Liberty Bank, Middletown, CT. On December 20, 2010, Start Community Bank, New Haven, CT, officially opened for business.

As of June 30, 2010, the 15 Connecticut-chartered commercial banks collectively operated 55 offices with aggregate deposits of $2.4 billion. Within the Connecticut market, this group of institutions operated 51 offices with aggregate deposits of $2.3 billion.

Connecticut-Chartered Savings Banks

There were 22 Connecticut-chartered savings banks (14 mutual and 8 capital stock institutions) operating in the State as of December 31, 2010. Overall, there were no changes from the prior year-end. However, on April 7, 2010, The First National Bank of Litchfield, Litchfield, CT, a national bank regulated by the Office of the Comptroller of the Currency ("OCC"), was merged with and into Union Savings Bank, Danbury, CT, a Connecticut-chartered mutual savings bank.

As of June 30, 2010, the 22 Connecticut-chartered savings banks collectively operated 362 offices with aggregate deposits of $20.0 billion. Within the Connecticut market, this group of institutions operated 348 offices with aggregate deposits of $19.6 billion.

Connecticut-Chartered Uninsured Bank

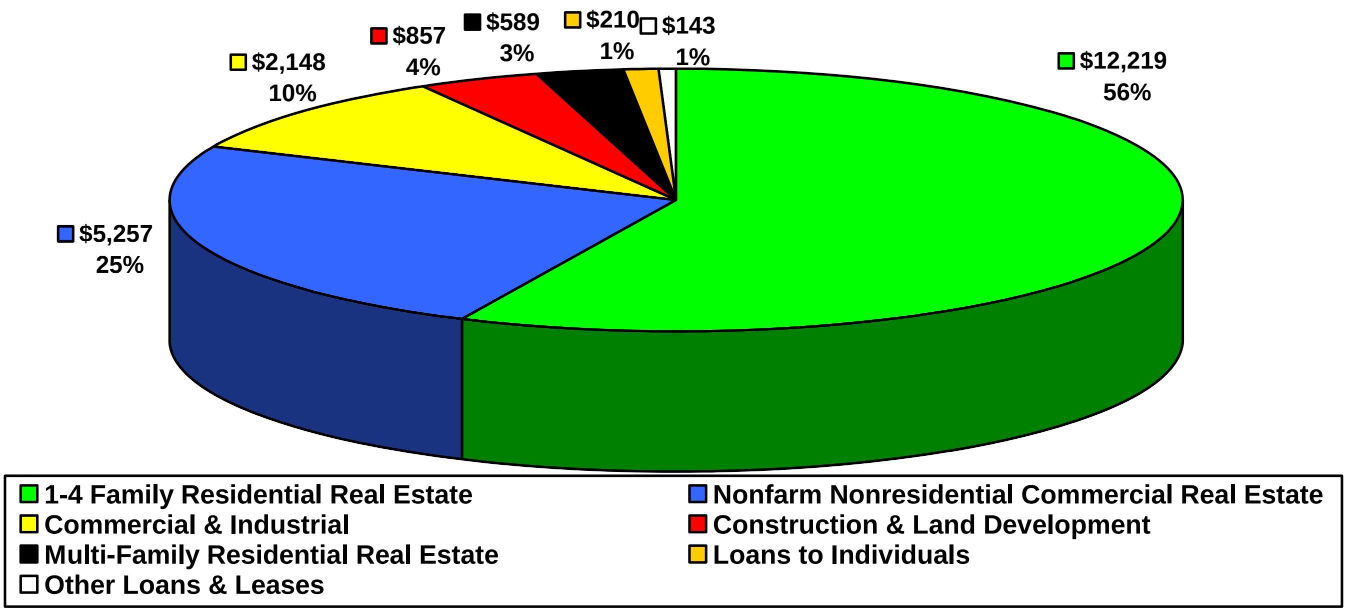
UPS Capital Business Credit ("UPSCBC"), a wholly-owned subsidiary of UPS Capital Corp., operates under an uninsured depository bank charter and does not accept retail deposits. UPSCBC focuses on originating, underwriting, and managing various small business and government guaranteed loan products.

Connecticut-Chartered Limited Purpose Trust Companies

There were two Connecticut-chartered limited purpose trust companies operating in the State as of December 31, 2010 with aggregate assets under management of $49.9 billion. This total consisted of $31.7 billion in managed assets and $18.2 billion in non-managed assets.

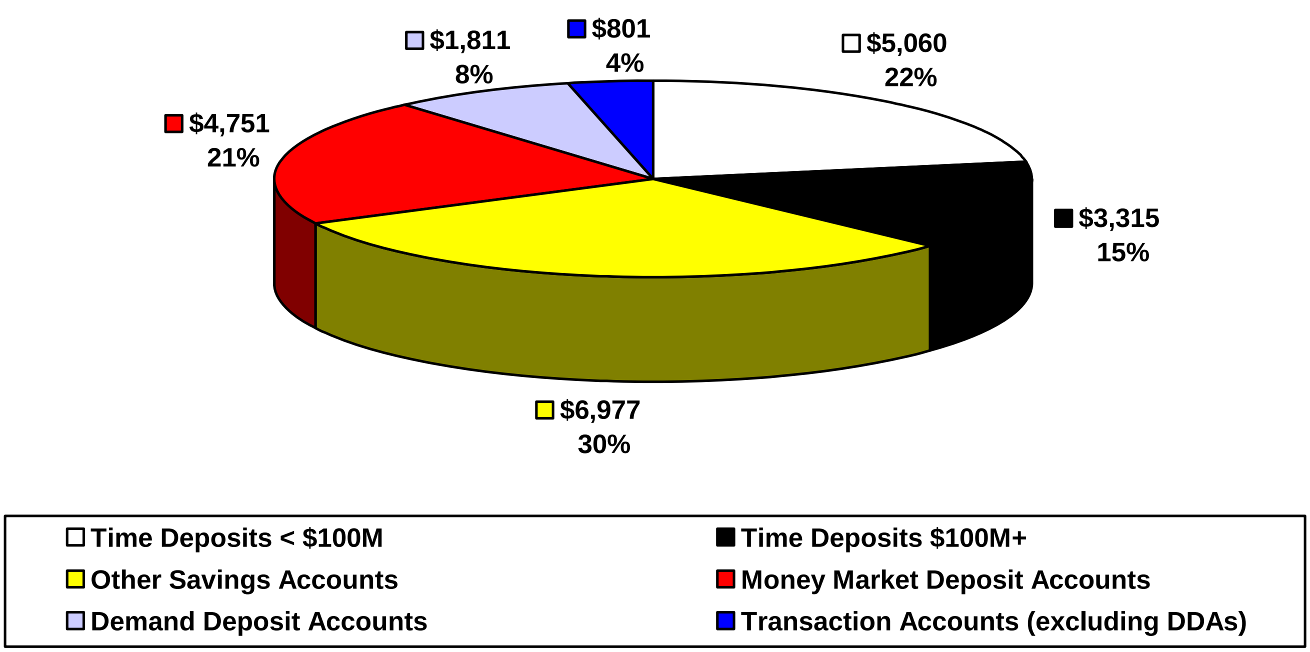
Connecticut-Chartered Banks' Gross Loans & Leases and Total Deposits Composition

Gross Loans & Leases of Connecticut-Chartered Banks
December 31, 2010
(millions & %)



The graph above does not include Farmland & Farm Loans totaling $18 million or 0.1% of loans.

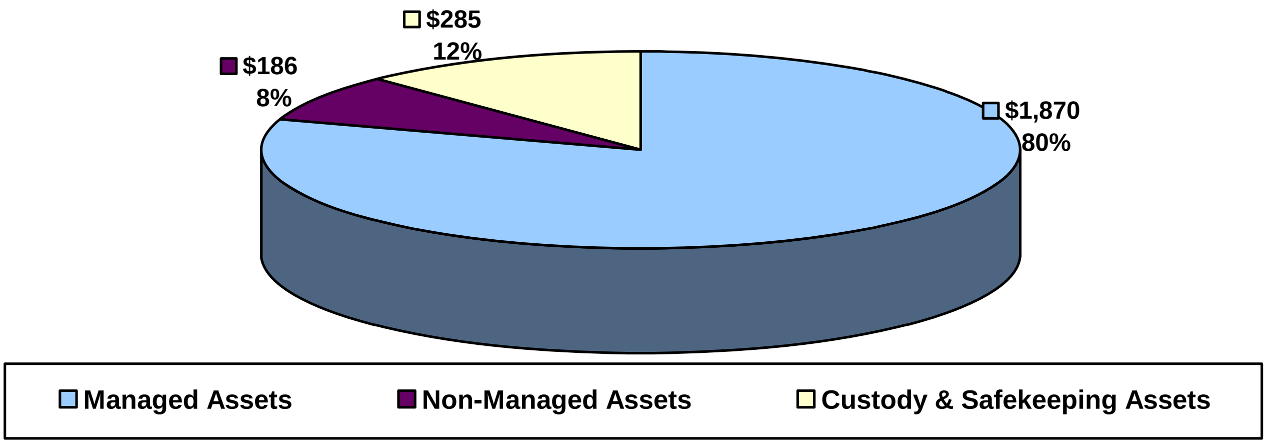
Total Deposits of Connecticut-Chartered Banks
December 31, 2010
(millions & %)



Connecticut-Chartered Banks' Fiduciary & Related Trust Assets

As of December 31, 2010, nine Connecticut-chartered banks operated trust departments with aggregate assets under management of $2.1 billion, with an additional $285 million in custody and safekeeping assets.

Fiduciary & Related Trust Assets of Connecticut-Chartered Banks
December 31, 2010
(millions & %)



Connecticut-Chartered Credit Unions

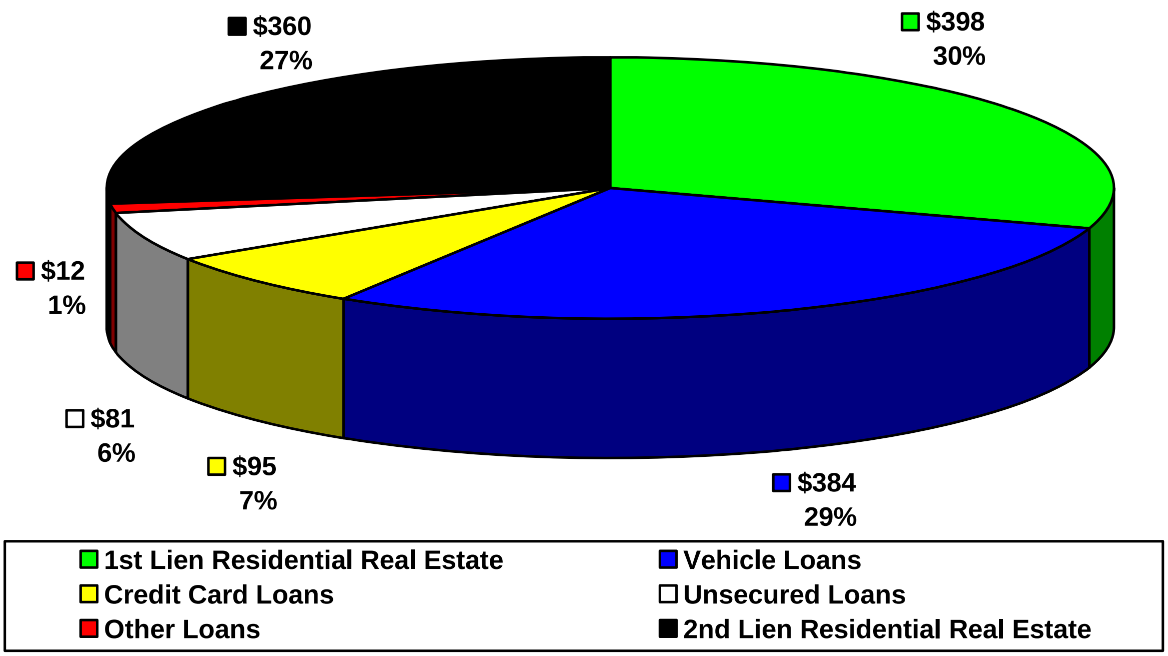
As of December 31, 2010, there were 34 Connecticut-chartered credit unions operating in the State. This represents a net reduction of three in the number of Connecticut-chartered credit unions from the total of 37 from year-end 2009. In January 2010, The Jordan Mutual Benefit Association, Bloomfield, CT, and American Mutual Credit Union, Inc., Bloomfield, CT, were merged with and into The Victory/Piaterer Mutual Benefit Association, East Hartford, CT. The latter institution, as the resulting credit union, retained its Connecticut charter. On April 8, 2010, the Banking Commissioner closed South End Mutual Benefit Association, Inc. and the National Credit Union Administration ("NCUA") was appointed receiver.

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

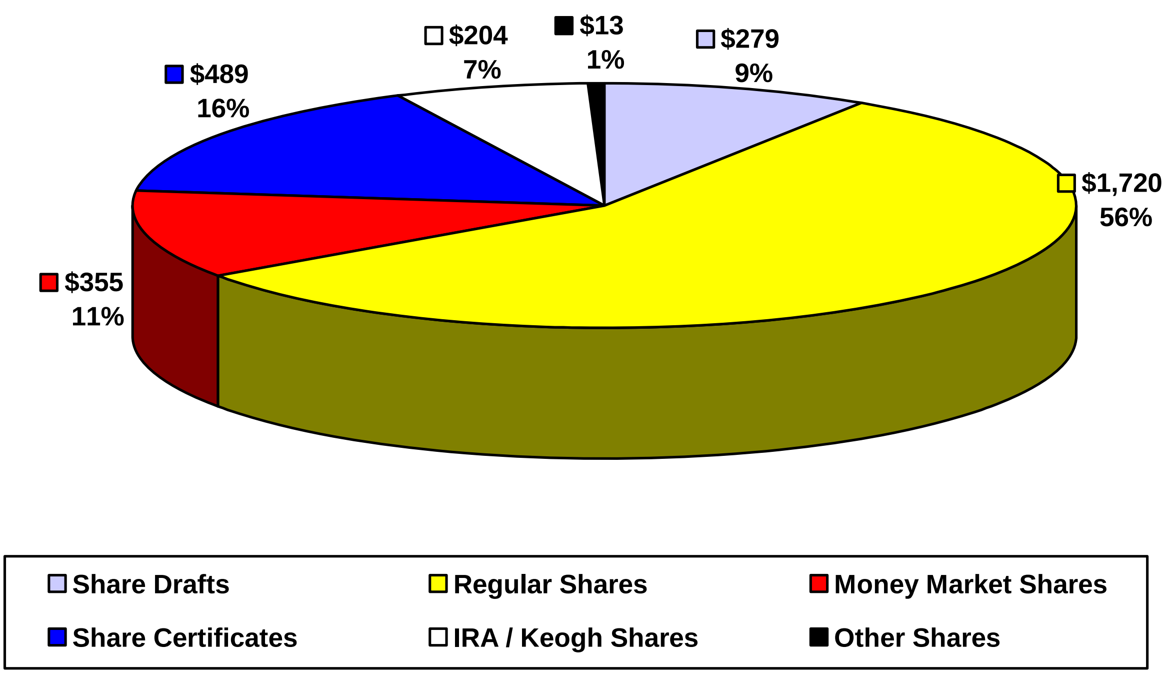
Connecticut-chartered credit unions reported total assets of $3.4 billion as of December 31, 2010, a 1.9% increase from the $3.3 billion reported as of the prior year-end. Aggregate shares and deposits totaled $3.1 billion as of December 31, 2010, a 2.8% increase from the $3.0 billion reported for the prior year-end. Total loans declined 4.5% from $1.4 billion as of December 31, 2009 to $1.3 billion as of December 31, 2010. Total equity capital for Connecticut-chartered credit unions approximated $311.7 million, a 3.8% increase from year-end 2009 to year-end 2010. Connecticut-chartered credit unions' earnings performance for year ending December 31, 2010 increased from the prior year level, generating a ROA of 0.42% versus (0.12%) for year-end 2009. There was only a slight decrease in the NIM between years from 2.47% to 2.46%. During 2009, Connecticut-chartered credit unions realized a one-time loss on investments in Constitution Corporate Federal Credit Union. Improvement for 2010 is also attributable to a reduction in the temporary corporate credit union stabilization expense and the National Credit Union Share Insurance Fund ("NCUSIF") premium.

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

Total Loans of Connecticut-Chartered Credit Unions
December 31, 2010
(millions & %)



Total Shares/Deposits of Connecticut-Chartered Credit Unions
December 31, 2010
(millions & %)



Community Reinvestment Act ("CRA")

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

CRA Ratings of Connecticut-Chartered Banks & Credit Unions
As of December 31, 2010

Institution Type	#	Outstanding	Satisfactory	Needs to Improve	Substantial Noncompliance	New Institution Not Rated
Connecticut-chartered Savings Banks	**22**	10	12	0	0	0
Connecticut-chartered Commercial Banks [1]	**15**	0	12	0	0	2
Connecticut-chartered Credit Unions [2]	**34**	1	9	0	0	0
Totals	**71**	**11**	**33**	**0**	**0**	**2**

[1] Bankers' Bank, Northeast is not rated for CRA purposes.
[2] CRA examinations are performed only for community credit unions with total assets over $10 million. As of December 31, 2010, 10 Connecticut-chartered credit unions met this criteria.

Federal & Out-of-State Banks

In addition to the 37 Connecticut-chartered, insured depository institutions operating in the State as of December 31, 2010, there were 3 banks chartered by a state other than Connecticut, 17 national banks regulated by the OCC, and 14 federal savings associations regulated by the Office of Thrift Supervision ("OTS"). Of the 17 national banks, 7 institutions are headquartered in Connecticut. Of the 14 federal savings associations, 10 institutions are headquartered in Connecticut.

On April 7, 2010, The First National Bank of Litchfield, Litchfield, CT, a national bank regulated by the OCC, was merged with and into Union Savings Bank, Danbury, CT, a Connecticut-chartered mutual savings bank.

Connecticut Deposit Market Share by Charter Type
As of June 30, 2010

Institution Type	Number of Institutions	Deposits in Market ($000s)	Number of Offices in Market	Deposit Market Share %
Connecticut-chartered Savings Banks	22	19,627,331	348	20.5%
Connecticut-chartered Commercial Banks	15	2,311,112	51	2.4%
Other State-chartered Banks [1]	2	70,452	6	0.1%
National Banks [2]	17	57,189,323	638	59.7%
Federal Savings Associations [3]	14	16,524,878	257	17.3%
Totals	**70**	**95,723,096**	**1,300**	**100.0%**

[1] Includes limited branch offices. Two institutions chartered by states other than Connecticut reported no Connecticut deposits as of June 30, 2010.
[2] Seven national banks are headquartered in Connecticut.
[3] Ten federal savings associations are headquartered in Connecticut, one of which operates one office as a trust company and reported no Connecticut deposits as of June 30, 2010.

Federal & Out-of-State Limited Purpose Trust Companies

In addition to the two Connecticut-chartered limited purpose trust companies, there was one limited purpose trust company chartered by a state other than Connecticut and three federally-chartered limited purpose trust companies headquartered out-of-state and operating in Connecticut as of December 31, 2010. There was also one federally-chartered savings association headquartered in Connecticut which was operating exclusively as a trust company.

Federal & Out-of-State Credit Unions

In addition to the 34 Connecticut-chartered credit unions operating in the State as of December 31, 2010, there was one credit union chartered by a state other than Connecticut, 100 federally-chartered credit unions headquartered in Connecticut, and 11 federally-chartered credit unions headquartered out-of-state. All credit unions operating in Connecticut are insured by the NCUA.

On November 30, 2010, Constitution Corporate Federal Credit Union ("CCFCU"), a federally-chartered credit union headquartered in Wallingford, CT, was liquidated by the NCUA. The operations of CCFCU were transferred to Members United Bridge Corporate Federal Credit Union, a federally-chartered credit union headquartered in Warrenville, IL.

Foreign Banking Organizations

As of December 31, 2010, there were four branch offices of foreign banking organizations operating in the State. Additionally, foreign banking organizations operated two representative offices as of December 31, 2010. On November 4, 2010, a license was issued to The Royal Bank of Scotland N.V. to establish a representative office in Stamford, CT.

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

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

Foreign Banking Organizations Operating In Connecticut

Institution Name	Office Type	CT Location	Approval/ License Date	Assets As of 12/31/2008 ($ millions)	Assets As of 12/31/2009 ($ millions)	Assets As of 12/31/2010 ($ millions)
Abbey National Treasury Services plc	Branch	Stamford	9/17/2001	9,942	15,895	13,131
Bank of Ireland	Branch	Stamford	6/15/2006	16,003	9,553	2,998
Royal Bank of Canada	Rep. Office	Greenwich	7/5/2001	0	0	0
Royal Bank of Scotland N.V.	Rep. Office	Stamford	11/4/2010	NA	NA	0
Royal Bank of Scotland plc	Branch	Stamford	5/3/2007	5*	34,731	30,742
UBS AG	Branch	Stamford	6/23/1997	55,366	47,810	60,531

* Pledged Assets only

Business and Industrial Development Corporations

As of December 31, 2010, there was one business and industrial development corporation (“BIDCO”), Business Lenders, LLC, licensed by the Division and operating in the State.

Persons engaged in the business of a BIDCO as a participating lender under the loan guarantee programs of the federal Small Business Administration (“SBA”) in Connecticut must be licensed by the Banking Commissioner. Any person licensed by the SBA as a small business investment company or a small business lending company, banks or credit unions, and any person not approved or not seeking approval by the SBA as a participating lender under one or more of its loan guarantee programs is exempt from the provisions of the Connecticut Business and Industrial Development Corporation Act.

SECURITIES AND BUSINESS INVESTMENTS DIVISION

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

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

Activities

During calendar year 2010, and due to an uncharacteristically large number of settlements involving auction rate securities, Securities and Business Investments Division intervention resulted in restitution and rescission offers to the investing public totaling $3,412,584,390. In addition, the Division imposed $12,468,983 in fines for violations of the state's securities and business opportunity laws.

The auction rate securities (ARS) settlements resulted from a series of multi-state investigations focusing on the marketing of these securities products by certain brokerage firms. The firms marketed ARS as safe and liquid alternatives to cash. In fact, ARS were long-term bonds subject to a complex auction process that, upon failure, resulted in accounts being frozen and lower interest rates on the bonds.

Additional enforcement cases pursued by the Division involved fraudulent high yield investment programs, promissory notes, oil and gas investments and inadequate fee disclosure on customer account statements. The Division also settled several matters involving licensing, securities registration and supervisory lapses by brokerage firms and investment advisers.

The Division also provided assistance to federal prosecutors in a matter involving a purported investment adviser/hedge fund manager based in Guilford who sold interests in an investment vehicle and converted investor monies to his personal use. The defendant, who pleaded guilty to federal charges, had been fined $900,000 by the Division in late 2009 for unregistered activity.

In conjunction with the Division's enforcement program, a total of 152 securities and business opportunity investigations were opened in 2010, 183 investigations were closed and 128 investigations were in progress as of December 31, 2010. Sixteen Cease and Desist Orders were entered.

Of all the securities and business opportunity-related complaints and investigations handled, most were resolved at the administrative level prior to being closed. Many administrative resolutions of enforcement matters took the form of remedial Stipulation and Agreements and

Consent Orders wherein the Division sought corrective measures as well as monetary fines. Thirty one Consent Orders and eleven Stipulation and Agreements were executed in calendar year 2010. Eight matters involved activity restrictions or the barring of affected individuals from securities-related activity in Connecticut. The Division found the use of Stipulation and Agreements and Consent Orders to be an effective supplement to its array of enforcement tools.

During 2010, the Division continued to monitor regulatory developments at the federal level, including proposals to restructure the regulation of the financial services industry. On July 21, 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203, 124 Stat. 1376 (2010). The Dodd-Frank bill, which carries a July 21, 2011 effective date, would shift registration responsibility over advisers having less than $100 million in assets under management from the Securities and Exchange Commission to the states and increase the Division's regulatory responsibilities. Prior to July 21, 2011, only advisers having less than $25 million in assets under management were subject to state (versus federal) registration requirements.

In addition, the Division adopted revised Part 2 of Form ADV which is the disclosure document that investment advisers provide to prospective clients. The revised form would be written in plain English using a narrative format to give clients a better picture of an adviser's services, background and potential conflicts of interest.

In June 2010, the Division and AARP joined forces to launch the Free Lunch Monitor program. The program was part of a national campaign to monitor whether older investors receiving invitations to "free" seminars and luncheons were being pressured to buy investments that were not suitable for them and to part with personal financial information. Seniors and others who volunteered to be a Free Lunch Monitor brought a Free Lunch Monitor Checklist to investment seminars and returned the completed checklists to the department. Reviewing the completed checklists assisted the Division in assessing whether the seminar promoters were running afoul of the state's securities laws.

On September 26, 2010, the National White Collar Crime Center ("NW3C") Board of Directors presented the Division with NW3C's Member Agency Award for Excellence for contributions involving the prevention, investigation and prosecution of economic and high-tech crime.

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

The Division is assisted by a Securities Advisory Council, comprised of industry representatives, academics and members of the bar, all of whom serve without compensation, that offers the Commissioner and staff insight on proposed regulatory initiatives. On October 19, 2010, the Department held its 22nd annual Securities Forum in New Haven, Connecticut. The event received a positive response from the over 200 people attending. The theme of the program was the Dodd-Frank Wall Street Reform and Consumer Protection Act. David B. Fein, United States Attorney for the District of Connecticut, delivered the keynote address. Presentations by Department speakers, Securities Advisory Council members and others kept securities industry members abreast of critical regulatory and compliance developments.

Securities Industry Registrants and Notice Filers
As of Year End

	2006	2007	2008	2009	2010	5 Year % Change
Broker-dealer firms	2,607	2,586	2,566	2,498	2,430	(6.78)
Broker-dealer agents	121,269	129,715	131,788	130,796	144,376	19.05
Broker-dealer branch offices	2,953	2,787	2,757	2,733	2,713	(8.12)
Investment Adviser firms	429	441	448	460	474	10.48
SEC Registered Investment Advisory Firms Filing Notice*	1,650	1,728	1,831	1,781	1,880	13.93
Investment Adviser Agents	7,683	8,687	9,300	9,666	10,332	34.47

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

Registrations and Notice Filings
Securities and Business Opportunities

	2006	2007	2008	2009	2010	5 Year % Change
Offerings Reviewed	248	190	174	132	168	(32.25)
Investment Company Notice Filings*	8,016	8,380	8,597	7,811	8,749	9.14
Exemptions and Exemptive Notices†	3,371	3,510	3,130	2,500	2,548	(24.41)

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

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

Examinations
Broker-dealers and Investment Advisers

	2010	2009
Broker-dealers	78	107
Investment Advisers	40	60

Enforcement Activities
Securities and Business Opportunities

	2010	2009
Investigations Opened	152	142
Investigations Closed	183	114
Investigations in Progress	128	160
Subpoenas Issued	57	30
Administrative Actions	29	13
Consent Orders	31	13
Stipulation and Agreements	11	11
Notices of Intent to Deny (Licensing)	1	0
Notices of Intent to Revoke (Licensing)	6	2
Denial Orders (Licensing)	0	0
Suspension Orders (Licensing)	0	1
Revocation Orders (Licensing)	1	2
Notices of Intent to Fine	15	9
Orders Imposing Fine	16	2
Cease and Desist Orders	16	19
Activity Restrictions/Bars	8	3
Monetary Sanctions Imposed	$12,468,983	$3,129,681
Offered/Returned to Investors Following Informal Division Intervention	$3,412,584,390	$4,612,772
Criminal Referrals	1	5
Referrals to Connecticut Attorney General	4	0
Other Agency Referrals	9	3

GOVERNMENT RELATIONS AND CONSUMER AFFAIRS

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

Consumer Assistance

As a fundamental part of its mission, the department is committed to protecting Connecticut citizens in transactions with financial institutions, as directed by state law, and in assisting with consumer complaints and dispute resolution. In 2010, examiners in the Division handled approximately 11,762 telephone inquiries and 2,415 written complaints from the public. As a result of their efforts, the department obtained approximately $1,447,188 in adjustments or reimbursements on behalf of consumers during the period. In addition, the Division handled 4,748 calls to its Foreclosure Assistance Hotline in 2010 and responded to 702 emailed inquires. During 2010, the Division received approximately 449 complaints related to rental security deposits and recovered over $159,566 for tenants.

Outreach

The primary focus of the agency's educational outreach program is to inform and educate Connecticut's consumers and investors to help them make informed financial decisions and avoid fraud and scams. The Division coordinated an active outreach program in 2010. Agency employees gave numerous presentations during the year to audiences that included students, seniors, social workers, the business community, law enforcement and the military. Topics included credit and debt management, identity theft, investment fraud and abusive sales practices, and banking scams. To assist homeowners having mortgage problems, Division personnel continued to participate in monthly foreclosure prevention clinics during the year, conducting presentations and providing one-on-one counseling to troubled borrowers.

Targeted marketing efforts resulted in outreach to military personnel, chambers of commerce and union leaders. The agency kicked-off a *Banking and Military Saves* program at the Groton Submarine Base with a presentation to 1,100 service members that focused on the importance of saving, setting financial goals and avoiding banking scams. Investment fraud and abuse was the topic of a series of presentations to chambers that took place in the spring of 2010, and was the focus of a workshop at the AFSCME Council 4 Annual Conference in Stamford.

The New Haven Free Public Library enlisted our services to implement their "Smart investing @ your library" program. Agency staff conducted five presentations during the spring and summer of 2010: *How to Be an Informed Investor; The Dos, Don'ts and Maybes of Reverse Mortgages; Manage that Debt - Fix that Credit; Debt Management Tips for the Times;* and *Investment Fraud*.

In partnership with the North Central Area Agency on Aging, the agency hosted an "Elder Financial Fraud Seminar" in July 2010 at The Club at Rentschler Field in East Hartford.

This event provided important information for social workers and those providing care giving services to seniors regarding choosing a financial planner and avoiding investment fraud.

Legislation

Each year the department, with the coordination of the Government Relations and Consumer Affairs Division, conducts an active legislative program. During the 2010 legislative session the Department of Banking proposed five pieces of legislation. Unfortunately, only one of the agency's bills passed both chambers. The Banks Committee as a whole only saw two bills pass both legislative chambers. The department hopes to resubmit our proposed bills during the 2011 session.

The one agency bill which did pass was HB 5114, An Act Applying the Provisions of the Connecticut Uniform Securities Act to the Requirement that Broker-Dealers Comply with the Currency and Foreign Transactions Reporting Act. This act applies various provisions of the state Uniform Securities Act to the requirement that broker-dealers comply with the Currency and Foreign Transactions Reporting Act ("CFTRA"), extending the banking commissioner's enforcement authority against broker-dealers for lack of compliance with the federal law.

House Bill 5114 adds the CFTRA compliance requirement to the existing provisions under which the banking commissioner may order a violator to pay restitution, disgorge illegal gains, or both, as well as a fine of up to $100,000 per violation. Willful violators may face up to two years' imprisonment. The act makes various other minor related changes.