

**STATE OF CONNECTICUT**  
**DEPARTMENT OF BANKING**

**Annual Report**  
**Of the Banking Commissioner**

To His Excellency  
Ned Lamont, Governor

For the Year Ending December 31, 2022  
Hartford, Connecticut  
Submitted: November 13, 2023



*November 13, 2023*

*To His Excellency, Ned Lamont, Governor*

Pursuant to the requirements of Section 36a-14 of the Connecticut General Statutes, I have the honor to submit for your review the Department of Banking's annual report for the year 2022.

Respectfully yours,

Jorge L. Pèrez  
Banking Commissioner

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**BANKING COMMISSIONERS  
(1900-2022)**

<b>BANKING COMMISSIONERS</b>	<b>FROM</b>	<b>TO</b>
Jorge L. Pèrez	2015	--
Howard F. Pitkin	2006	2014
John P. Burke	1995	2006
Ralph M. Shulansky	1991	1995
Howard B. Brown Jr.	1985	1991
Brian J. Woolf	1981	1985
David H. Neiditz	1977	1981
Lawrence Connell Jr.	1975	1977
James E. Hagen	1971	1975
Gerald A. Lamb	1970	1971
Philip Hewes	1960	1970
Henry H. Pierce Jr.	1955	1960
Lynwood K. Elmore	1951	1955
Richard Rapport	1943	1951
Walter Perry	1933	1943
George J. Bassett	1931	1933
Lester E. Shippee	1927	1931
John B. Byrne	1922	1927
John K. Bissland	1922	1922
Everett J. Sturges	1915	1922
Fred P. Holt	1911	1915
Norris S. Lippitt	1911	1914
Norris S. Lippitt	1907	1911
Charles H. Noble	1907	1911
George F. Kendall	1900	1906
Charles H. Noble	1900	1906

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

For a more complete history of the Department of Banking please visit:  
[http://libguides.ctstatelibrary.org/ld.php?content\\_id=11021267](http://libguides.ctstatelibrary.org/ld.php?content_id=11021267)

**DEPUTY BANKING COMMISSIONERS  
(1900-2022)**

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

## ADMINISTRATION

### ***Agency Mission***

The Department of Banking 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 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 through a variety of media platforms, educational outreach initiatives, and press communications.

### ***Organization***

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

The Department is comprised of four operational divisions and two support divisions with specific regulatory functions assigned to each operational division. The Department is fully funded by the industries it regulates through licensing, assessments, and other fees.

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

The **Consumer Credit Division** is responsible for the examination, enforcement, and licensing of mortgage lenders, brokers, servicers and loan originators; loan processors and underwriters and lead generators of residential mortgage loans; 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 on-site examinations of broker-dealers, investment advisers and branch office registrants. The Division enforces the Connecticut Uniform Securities Act and the Connecticut Business Opportunity Investment Act.

The **Government Relations and Consumer Affairs Division** assists consumers with issues involving banks, credit unions, mortgage lending and other consumer credit matters, securities, business opportunity investments, 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 handles calls to the Foreclosure Assistance Hotline.

The Department's support divisions were restructured in recent years. The Business Office is responsible for the accounting, budgeting, fiscal management, purchasing, and financial reporting functions. In 2018, human resources functions were transitioned to the Department of Administrative Services (DAS), as the Department joined the Small Agency Resource Team (SmART). The SmART consolidates human resources from multiple agencies into one unit. The Equal Employment Opportunity (EEO) functions, which previously fell to Human Resources, were separated when the Department joined the SmART Unit. The DAS EEO Unit assists the agency in its affirmative action efforts.

In December 2021, the Department of Banking signed a Memo of Understanding that transferred Information Technology (IT) support to the new Bureau of Information Technology Solutions (BITS) within DAS. Banking's IT staff officially transferred to the DAS in June 2022 and are now part of the BITS organization. They continue to lend IT support to the Department.

As of December 31, 2022, the agency had 116 full-time budgeted positions with 101 filled.

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

The Department of Banking is firmly committed to the principles and objectives of equal employment opportunity for all individuals. The Department's Equal Employment Opportunity Specialist coordinates and monitors the Department's programs and ensures compliance with the Americans with Disabilities Act, Title II and Title VII of the Civil Rights Act, the Fair Employment Practices Act, state Affirmative Action (AA) regulations and Contract Compliance laws, and other applicable laws. The Department is an Affirmative Action/Equal Employment Opportunity employer and has undertaken numerous steps to effectuate equal opportunity in its hiring, promotions, trainings and other employment-related duties, as well as in the provision of the programs and services that fall under the Department's authority. More detailed information concerning these activities is available in the agency's biannual Affirmative Action Plan, that was approved by the Connecticut Commission on Human Rights and Opportunities in January 2023. 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 C.G.S. Sec. 4a-60 or 4a-60a.

The Department of Banking Equal Employment Opportunity (EEO) Unit partners with our participating client agencies to ensure that agency programs are fair and equitable, provide equal employment opportunity, and comply with state and federal laws and guidelines. The agency achieves this goal by preparing and implementing affirmative action plans, collaborating in the selection and hiring process, providing a process for complaints of discrimination, and educating staff of their rights and obligations in affirmative action laws.

The Equal Employment Opportunity Manager is responsible for the Department's State Affirmative Action Plan and serves as the Equal Employment Officer for the agency, reporting directly to the Commissioner. She directs and administers all aspects of the Department EEO/AA program including developing strategic affirmative action programs; interpreting and administering pertinent laws and regulations; investigating complaints of discrimination made against the agency and reporting findings to the Commissioner and/or designee; offering remedies on any discriminatory conduct that occurs; and counseling staff on equal employment opportunity matters. The EEO Unit prepares materials and conducts training to heighten knowledge of equal employment opportunity laws and affirmative action goals. The Equal Employment Opportunity Manager also serves as the agency's Americans with Disabilities Act (ADA) coordinator.

### ***COVID-19***

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. 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 Pèrez 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 challenging times. In the Consumer Credit area, the Department extended certain filing deadlines and issued no action policies that allowed certain licensees to work from home, as well as establishing requirements for conducting business from a remote office location. The Securities and Business Investments Division issued guidance on paperless submission of certain filings considering pandemic restrictions. Some of these changes which were only intended to be temporary have become permanent and have resulted in reducing regulatory burden on industries and creating more efficiencies within the Department.

By the end of 2021, some staff returned to a hybrid office work schedule. This primarily affected the Consumer Affairs unit and administrative staff. In addition, during the pandemic, the Department of Banking paused on-site examinations and switched to a remote examination model. After careful consideration, the Commissioner determined that, starting in the final quarter of 2021, the agency would take a hybrid approach. Technological enhancements have



allowed examiners from the Department to reduce the number of days required to be on-site at a given institution and have allowed for partial remote exams.

### ***Department of Banking's Financial Literacy Collaboration***

At times as part of settlements, the Department of Banking receives monies to be used for investor education, staff training and education 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. The Commissioner developed a plan to partner with a 3<sup>rd</sup> party vendor(s) to provide educational program(s) that meet certain objectives, namely to provide personal finance tools that will prepare residents for a financially successful future, with an emphasis on women and young girls, and 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 that included representatives from state government, the financial services industry and other organizations was formed in January 2021 to solicit and review proposals from 3<sup>rd</sup> party vendors, select one or more vendors to provide the financial education training, and to provide recommendations to the Banking Commissioner on how the education fund should be distributed to meet the objectives. This committee met virtually throughout 2021 and 2022, and on December 1, 2022 a Request for Proposal (RFP) was issued, seeking proposals to provide innovative financial wellness and empowerment programs to reach traditionally underserved populations with a priority on women and girls. The RFP was hosted on the CTsource Bid Board, the State's web-based eProcurement system. Proposals are due by March 31, 2023 and grants are expected to be awarded by the end of the year.

### ***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.

Given the hybrid work approach and additional technological advances, the program is currently being redesigned and revamped to incorporate these changes.

### ***Department Cryptocurrency Committee***

The Department of Banking's Cryptocurrency Committee, made up of members across all Divisions, has been meeting regularly to work on educational and legislative efforts.

The Education Subcommittee worked together to develop new content for the agency website dedicated to Cryptocurrency and Fin Tech resources. Definitions of key terminology, information on the risks involved for those considering making payments with crypto or investing in digital currency, and helpful links provide resources for consumers and investors. On November 15, 2023, the Education Subcommittee worked with members of the Securities Advisory Council to the Banking Commissioner to provide a webinar for industry professionals. (See page 40.)

Members of the Policy and Legislation Subcommittee focused their efforts on researching other states' statutes, regulations, and legislation and following developments at the federal level regarding digital assets.

**Financial Statement**

Receipts, expenditures, and adjustments relating to the fiscal year ending June 30, 2022, were as follows:

<u>Receipts</u> <b>(Banking Fund)</b>	
Examination of banks etc. assessed in accordance with Section 36a-65, as amended . . . . .	\$ 1,718,978
Examination of credit unions, assessed in accordance with Section 36a-65, as amended . . . . .	434,500
Other license and examination fees . . . . .	0
Registration, filing and transfer fees from securities brokers, etc. . . . .	32,041,385
License and registration fees: mortgage brokers, loan originators, check cashers, money transmitters, sales finance companies, small loan companies, debt adjusters, debt negotiators, and collection agencies . . . . .	7,807,575
Prior period refunds and miscellaneous receipts . . . . .	<u>110,365</u>
Total Banking Fund Receipts . . . . .	\$ 42,112,803

<u>Receipts</u> <b>(Non-lapsing)</b>	
Student Loan Servicers Fees . . . . .	\$ <u>88,200</u>
Total Non-lapsing Receipts . . . . .	88,200

<u>Receipts</u> <b>(General Fund – deposited directly)</b>	
Registration of securities and business opportunities . . . . .	\$ 5,933,530
Penalties . . . . .	<u>6,275,250</u>
Total General Fund Receipts . . . . .	\$ 12,208,780

**TOTAL RECEIPTS      \$ 54,409,783**

<u>Expenditures</u> <b>(Operating)</b>	
Personnel services . . . . .	\$ 11,158,743
Fringe benefits . . . . .	10,608,172
Travel expenses, including motor vehicle rentals, fuel, and repairs . . . . .	57,523
Other expenses . . . . .	1,314,628
Indirect overhead and equipment . . . . .	<u>374,046</u>
Total Operating Expenditures . . . . .	\$ 23,513,113

<u>Expenditures</u> <b>(Recognized by Other Agencies)</b>	
Judicial . . . . .	\$ 2,050,244
Department of Housing . . . . .	670,000
Department of Labor . . . . .	<u>1,425,478</u>
Total Expenditures Recognized by Other Agencies . . . . .	\$ 4,145,722

**TOTAL EXPENDITURES      \$ 27,658,835**

## **FINANCIAL INSTITUTIONS DIVISION**

Subject to the general supervision of the Banking Commissioner, the Financial Institutions Division is charged with administering Chapter 664a of the Connecticut General Statutes, Administration and Enforcement; Chapter 664b of the Connecticut General Statutes, Corporate Organization and Administration of Connecticut Banks; Chapter 664c of the Connecticut General Statutes, Fundamental Changes Involving Banks, Branches, Automated Teller Machines, Virtual Banking and Bank Holding Companies; Chapter 665 of the Connecticut General Statutes, Powers, Loans and Investments; Chapter 665a of the Connecticut General Statutes, Deposits; Chapter 665b of the Connecticut General Statutes, Fiduciary Powers; Chapter 666 of the Connecticut General Statutes, Out-of-State Banks; Chapter 666a of the Connecticut General Statutes, Out-of-State Trust Companies; Chapter 667 of the Connecticut General Statutes, Credit Unions; parts of Chapter 668 of the Connecticut General Statutes, Nondepository Financial Institutions; and parts of Chapter 669 of the Connecticut General Statutes, Regulated Activities.

The Financial Institutions Division (the Division) is responsible for the supervision and regulation of Connecticut-chartered commercial banks, savings banks, savings and loan associations, trust banks, uninsured banks, and credit unions. In addition, the Division supervises the activities of state-licensed foreign banking organizations with branches, agencies, and representative offices located in Connecticut. The Division also licenses business and industrial development corporations, international trade and investment corporations, and certain non-banking corporations exercising fiduciary powers in the State.

Through a combination of 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. The Division is also responsible for processing applications for new banks and credit unions, branches, acquisitions, mergers and consolidations, conversions, bank holding company formations, and requests for credit union field of membership expansions.

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

As of December 31, 2022, there were six Connecticut-chartered commercial banks, eighteen Connecticut-chartered savings banks, and two Connecticut-chartered trust banks. There were no Connecticut-chartered savings and loan associations and no Connecticut-chartered uninsured banks. All Connecticut-chartered commercial banks and savings banks are insured by the Federal Deposit Insurance Corporation (FDIC).

Connecticut-chartered commercial banks and savings banks, collectively, reported total assets of \$36.3 billion as of December 31, 2022, a 2.75% increase from December 31, 2021. Total loans and total deposits for year-end 2022 were \$25.8 billion and \$30.5 billion, respectively. The values represent a 17.67% increase in total loans and a 3.27% increase in total deposits from year-end 2021. Total equity capital was \$3.7 billion as of December 31, 2022, a 6.39% decrease from the prior year-end. Overall, Connecticut-chartered commercial banks and savings institutions, collectively, remained well capitalized with a combined Equity

Capital to Total Assets Ratio of 10.06% as of December 31, 2022 compared to 11.04% as of December 31, 2021.

The aggregate net-interest-margin (NIM) for Connecticut-chartered commercial and savings banks was 3.05% and 2.80% for year-end 2022 and 2021, respectively. Aggregate earnings decreased to \$234 million for 2022, compared to \$324 million for 2021. Relatedly, aggregate return on average assets (ROA) decreased to 0.65% for 2022 from 0.96% for 2021. A significant increase in the provision for credit losses and decreased gains realized on securities combined to negate the moderate increase in the NIM resulting from an increase in yields on earning assets. The aggregate return on average equity (ROE) decreased to 6.39% for 2022, compared to 8.70% for 2021.

**Number of Connecticut-Chartered Institutions  
(As of December 31, 2021 & December 31, 2022)**

<b>Institution Type</b>	<b>Institutions 12/31/2021</b>	<b>Dissolution Conversion</b>	<b>Merger</b>	<b>Net Change</b>	<b>Institutions 12/31/2022</b>
Commercial Banks	6	0	0	0	6
Savings Banks	18	0	0	0	18
Uninsured Banks	1	(1)	0	(1)	0
Trust Banks	2	0	0	0	2
Credit Unions	28	0	(1)	(1)	27
BIDCO License	1	(1)	0	(1)	0
<b>Totals</b>	<b>55</b>	<b>(1)</b>	<b>(1)</b>	<b>(2)</b>	<b>53</b>

July 31, 2022 - New London Municipal Employees Credit Union merged with and into Scient Federal Credit Union.

December 22, 2022 – UPS Capital Business Credit, an uninsured bank, filed a Certificate of Dissolution with the Connecticut Secretary of State.

***Connecticut-Chartered Commercial Banks***

The number of Connecticut-chartered commercial banks remained unchanged at six. As of June 30, 2022, the six Connecticut-chartered commercial banks collectively operated thirty-six offices with aggregate deposits of \$5.6 billion. Within the Connecticut market, this group of institutions operated twenty-two offices with aggregate deposits of \$4.4 billion.

On December 21, 2021, a group filed an application to organize The New Canaan Bank as a Connecticut bank pursuant to Section 36a-70 of the Connecticut General Statutes. After a hearing on the application held on May 9, 2022, the Banking Panel (Banking Commissioner, State Comptroller and State Treasurer) approved the issuance of a Temporary Certificate of Authority to organize the bank on July 7, 2022. The Organizers subsequently withdrew the application effective December 15, 2022.

***Connecticut-Chartered Savings Banks***

The number of Connecticut-chartered savings banks (eleven mutual and seven capital stock institutions) operating in the State as of December 31, 2022 remained unchanged from

the prior year at eighteen. As of June 30, 2022, the eighteen Connecticut-chartered savings banks collectively operated 271 offices with aggregate deposits of \$24.4 billion. Within the Connecticut market, this group of institutions operated 270 offices with aggregate deposits of \$24.3 billion.

### ***Connecticut-Chartered Uninsured Banks***

There were no active Connecticut-chartered uninsured banks as of December 31, 2022. There were, however, three applications to form an uninsured bank in process as of December 31, 2022.

On August 22, 2017, a temporary certificate of authority to organize an uninsured bank was issued to TNB USA Inc., Norwalk, Connecticut, for a period of eighteen months. The temporary certificate was extended on January 25, 2019, August 18, 2020, and February 9, 2022, and is currently valid through August 22, 2023.

On August 10, 2021, a temporary certificate of authority to organize an uninsured bank was issued to Banking Circle US, Stamford, Connecticut, for a period of eighteen months. On November 18, 2022, the Commissioner issued a revised temporary certificate of authority ("Revised Certificate") to reflect a change to Banking Circle US' business plan. The Revised Certificate was extended on February 2, 2023, as of the writing of this report, they have been granted a permanent charter.

On December 28, 2022, a group filed an application to organize Currency Reserve Bank, Greenwich, Connecticut, as an uninsured bank. A hearing on the application was held before the Banking Commissioner on April 12, 2023, and a temporary certificate of authority to organize an uninsured bank was issued to Currency Reserve Bank on April 20, 2023.

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

There were two Connecticut-chartered trust banks operating in Connecticut, Voya Institutional Trust Company and Voya Investment Trust Company. As of December 31, 2022, their combined fiduciary and related trust assets were \$162.6 billion. This total consisted of \$11.0 billion in managed assets, \$140.5 billion in non-managed assets, and \$11.1 billion in custody and safekeeping assets.

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

No Connecticut-chartered banks changed names during 2022.

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

As of December 31, 2022, seven Connecticut-chartered banks operated trust departments with fiduciary and related trust assets of \$3.6 billion, consisting of \$2.1 billion in managed assets, \$0.5 billion in non-managed assets, and \$1.0 billion in custody and safekeeping assets. One bank completed the sale of a substantial portion of its trust business in 2022. One additional bank has full trust powers granted, but only conducts a specialized fiduciary activity for one customer.

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

As of December 31, 2022, there were twenty-seven Connecticut-chartered credit unions operating in the State. The number of state-chartered credit unions declined by one from year-end 2021 with the August 1, 2022 merger of New London Municipal Employees Credit Union with and into Scient Federal Credit Union.

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

Connecticut-chartered credit unions reported total assets of \$9.3 billion as of December 31, 2022, a 4.3% increase from December 31, 2021. Aggregate shares and deposits totaled \$8.3 billion as of December 31, 2022, a 2.60% increase from December 31, 2021. Total loans were \$5.3 billion as of December 31, 2022, a 14.1% increase from December 31, 2021. Total net worth for Connecticut-chartered credit unions was \$864 million for December 31, 2022, a 9.8% increase versus December 31, 2021. Connecticut-chartered credit unions' earnings performance for 2022 increased from the prior year, generating a ROA of 0.85% versus 0.51% for 2021. The net interest margin increased modestly from 2.05% to 2.17%. Several other factors impacted earnings, most notably was a significant increase in other operating income from 0.80% to 0.97%.

### **Federal & Out-of-State Banks**

In addition to the twenty-four Connecticut-chartered, insured depository institutions operating in the State as of December 31, 2022, there were twelve banks chartered by a state other than Connecticut. There were also seventeen national banks and four federal savings associations regulated by the Office of the Comptroller of the Currency (OCC) operating in the state. Four of the national banks and three of the federal savings associations are headquartered in Connecticut.

### **Community Reinvestment Act ("CRA")**

Since 1990, the Banking Commissioner has assessed the community reinvestment performance of state-chartered banks and state-chartered community credit unions, and considered their reinvestment efforts as a basis for approving or denying expansion activity.

### **CRA Ratings of Connecticut-Chartered Banks & Credit Unions As of December 31, 2022**

<b>Institution Type</b>	<b>#</b>	<b>Outstanding</b>	<b>Satisfactory</b>	<b>Needs Improvement</b>	<b>Not Rated</b>
Connecticut-chartered Banks	<b>24</b>	5	19	0	0
Connecticut-chartered Credit Unions*	<b>27</b>	1	13	0	13
<b>Totals</b>	<b>51</b>	<b>6</b>	<b>32</b>	<b>0</b>	<b>13</b>

CRA ratings reflect the most recent ratings given by the Department.

\* Not all Credit Unions are subject to CRA. CRA examinations are applicable only for credit unions that meet **BOTH** of the following criteria: 1. Have Community fields of membership and 2. Have total assets over \$10 million. As of December 31, 2022, fourteen Connecticut-chartered credit unions met these criteria, thirteen did not.

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

In addition to the two Connecticut-chartered trust banks operating in Connecticut as of December 31, 2022, there were two limited purpose trust companies chartered by states other than Connecticut and one national bank limited to trust activities in Connecticut.

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

In addition to the twenty-seven Connecticut-chartered credit unions operating in the State as of December 31, 2022, there were fifty-five federally-chartered credit unions headquartered in Connecticut, nine federally-chartered credit unions headquartered out-of-state, and three credit unions chartered by a state other than Connecticut. All credit unions operating in Connecticut are insured by the National Credit Union Administration (NCUA).

### **Foreign Banking Organizations**

As of December 31, 2022, there was one branch office and one representative office of foreign banking organizations supervised by the Department of Banking operating in the State.

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

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

### **Connecticut Supervised Foreign Banking Organizations**

<b>Institution Name</b>	<b>Office Type</b>	<b>Approval/ License Date</b>	<b>Assets As of 12/31/2020 (\$ millions)</b>	<b>Assets As of 12/31/2021 (\$ millions)</b>	<b>Assets As of 12/31/2022 (\$ millions)</b>
Bank of Ireland	Branch	6/15/2006	1,647	1,934	2,096
NatWest Group plc	Representative Office	2/01/2017	Representative Offices do not hold assets.		



**Banking Institutions in Connecticut  
(As of 12/31/2022)**

<b>Banking Institution</b>	<b>Total Assets (in thousands)</b>	<b>Number of Branches*</b>	<b>Number of Employees</b>
Liberty Bank	6,944,336	53	730
Bankwell Bank	3,249,463	12	136
Union Savings Bank	2,985,601	26	348
First County Bank	2,075,717	15	217
Ion Bank	2,071,879	21	277
Fairfield County Bank	1,919,285	16	258
Newtown Savings Bank	1,846,410	19	235
Thomaston Savings Bank	1,623,924	15	234
Chelsea Groton Bank	1,572,496	14	203
Salisbury Bank and Trust Company	1,541,582	14	178
Savings Bank of Danbury	1,438,145	16	194
Fieldpoint Private Bank & Trust	1,412,946	4	106
Dime Bank	1,108,849	13	163
Northwest Community Bank	1,094,062	15	155
The Guilford Savings Bank	1,048,056	8	135
The Torrington Savings Bank	908,945	9	120
The First Bank of Greenwich	638,938	3	55
The Milford Bank	559,839	8	76
Essex Savings Bank	528,294	8	124
DR Bank	508,763	2	51
Jewett City Savings Bank	403,286	7	86
Stafford Savings Bank	388,705	3	28
Eastern Connecticut Savings Bank	270,820	5	57
New Haven Bank	175,816	1	19
<b>TOTALS</b>	<b>\$36,316,157</b>	<b>307</b>	<b>4,185</b>

\*Number of branches from FDIC Market Share Report as of June 30, 2022.

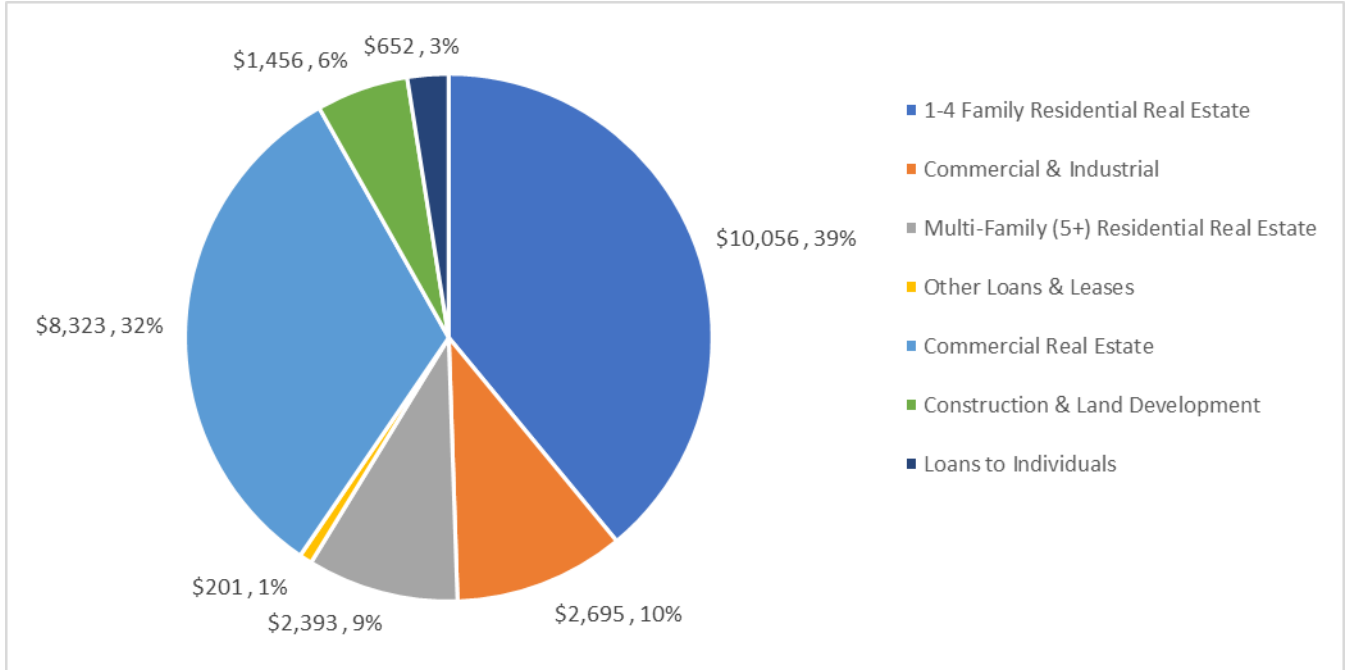
**Credit Unions in Connecticut  
(As of 12/31/2022)**

Credit Union	Total Assets (in thousands)	Number of Branches	Number of Employees
American Eagle Financial Credit Union	\$2,508,287	16	347
Connecticut State Employees Credit Union	2,477,598	7	67
Sikorsky Financial Credit Union	1,128,877	9	128
Connex Credit Union	957,478	8	152
Nutmeg State Financial Credit Union	553,487	11	108
Dutch Point Credit Union	467,297	8	69
Mutual Security Credit Union	390,854	10	71
Achieve Financial Credit Union	183,317	4	33
Finex Credit Union	104,635	2	33
State Police Credit Union Inc.	80,988	2	7
Cornerstone Community Credit Union	69,217	4	14
America's First Network Credit Union	61,610	7	19
First Connecticut Credit Union	50,422	2	16
Soundview Financial Credit Union	43,842	2	9
Members Credit Union	42,530	1	11
Northwest Hills Credit Union	41,309	2	10
Norwalk Hospital Credit Union	40,151	1	4
Metropolitan District Employees Credit Union	30,928	1	5
New Haven County Credit Union	26,133	3	5
Stamford Healthcare Credit Union	25,067	1	4
Community Healthcare Credit Union	17,070	1	4
Community Credit Union of New Milford	14,879	2	4
Northeastern CT Health Care Credit Union	10,590	2	4
New Haven Firefighters Credit Union	8,131	1	3
Regional Water Authority Employees Credit Union	7,052	1	3
Trumbull Credit Union	3,451	1	2
Kief Protective Mutual Benefit Association Credit Union	1,076	1	1
<b>TOTALS</b>	<b>\$9,346,276</b>	<b>110</b>	<b>1,133</b>

N.B. Total on this page may differ from other reports due to rounding.

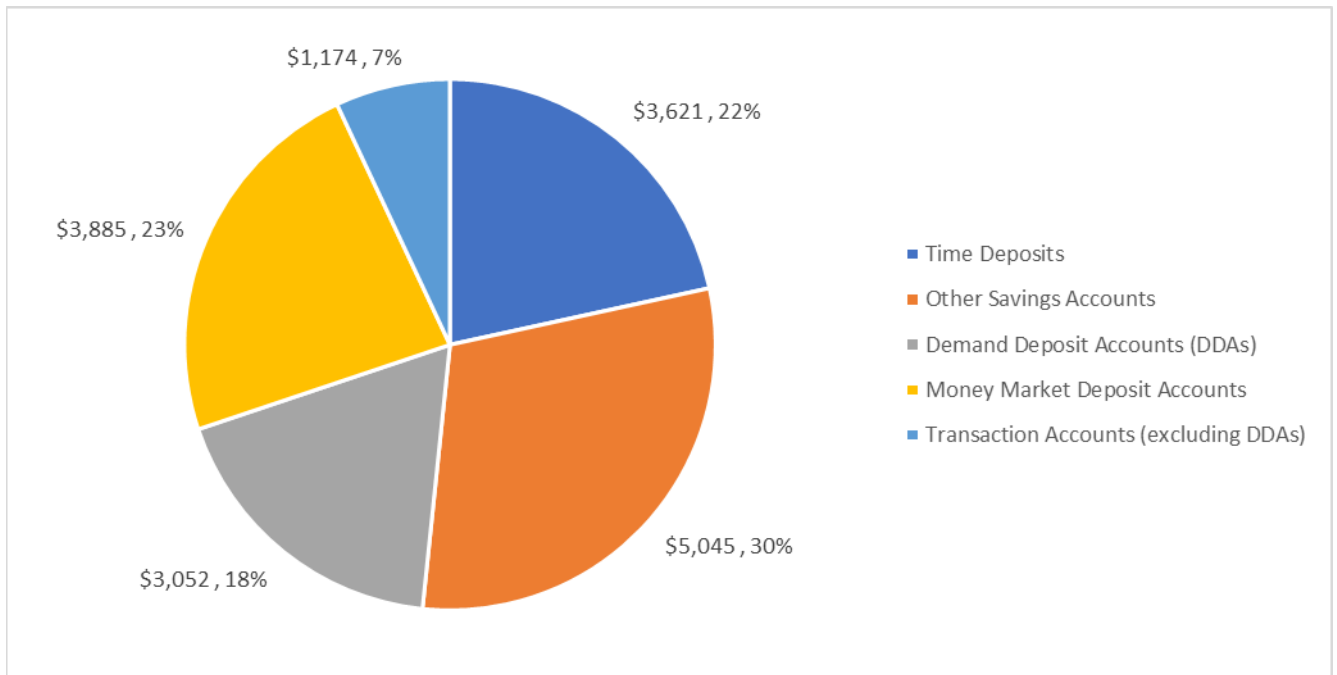
**Connecticut-Chartered Banks' Gross Loans & Leases and Total Deposits Composition**

**Gross Loans & Leases of Connecticut-Chartered Banks  
December 31, 2022  
(Millions & %)**

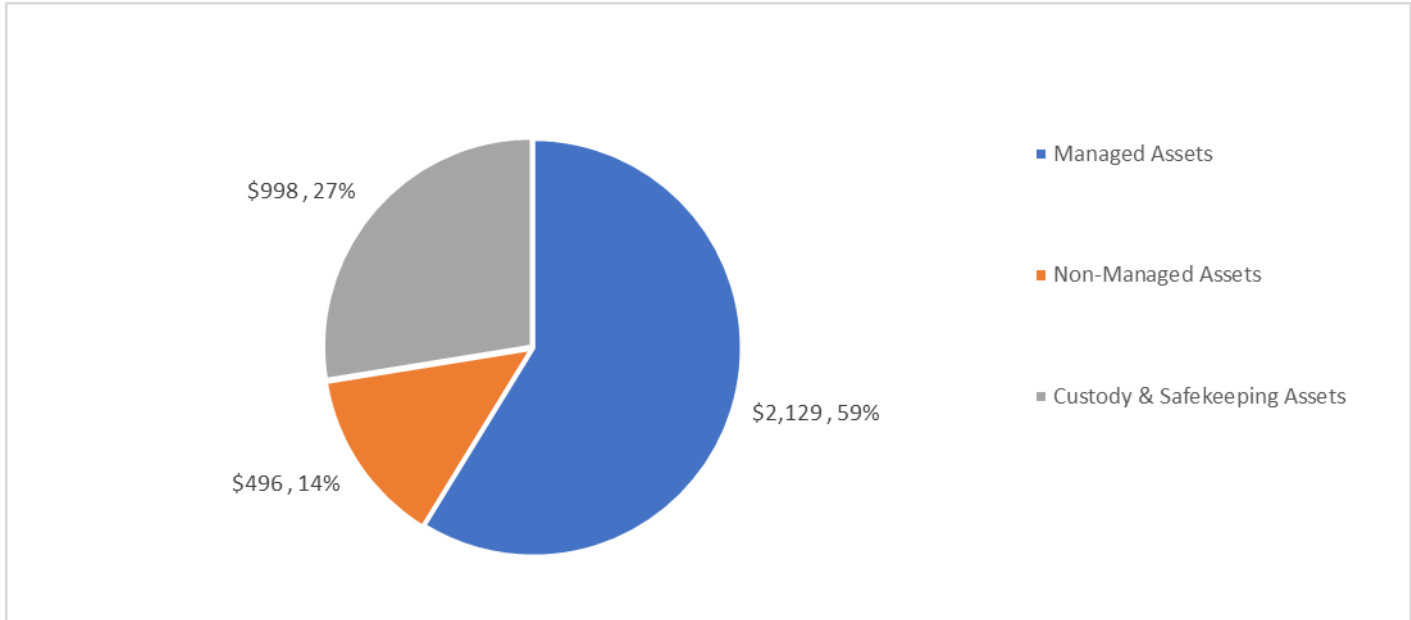


The above graph does not include Farmland & Farm loans totaling \$12.9 million, or 0.05% of gross loans.

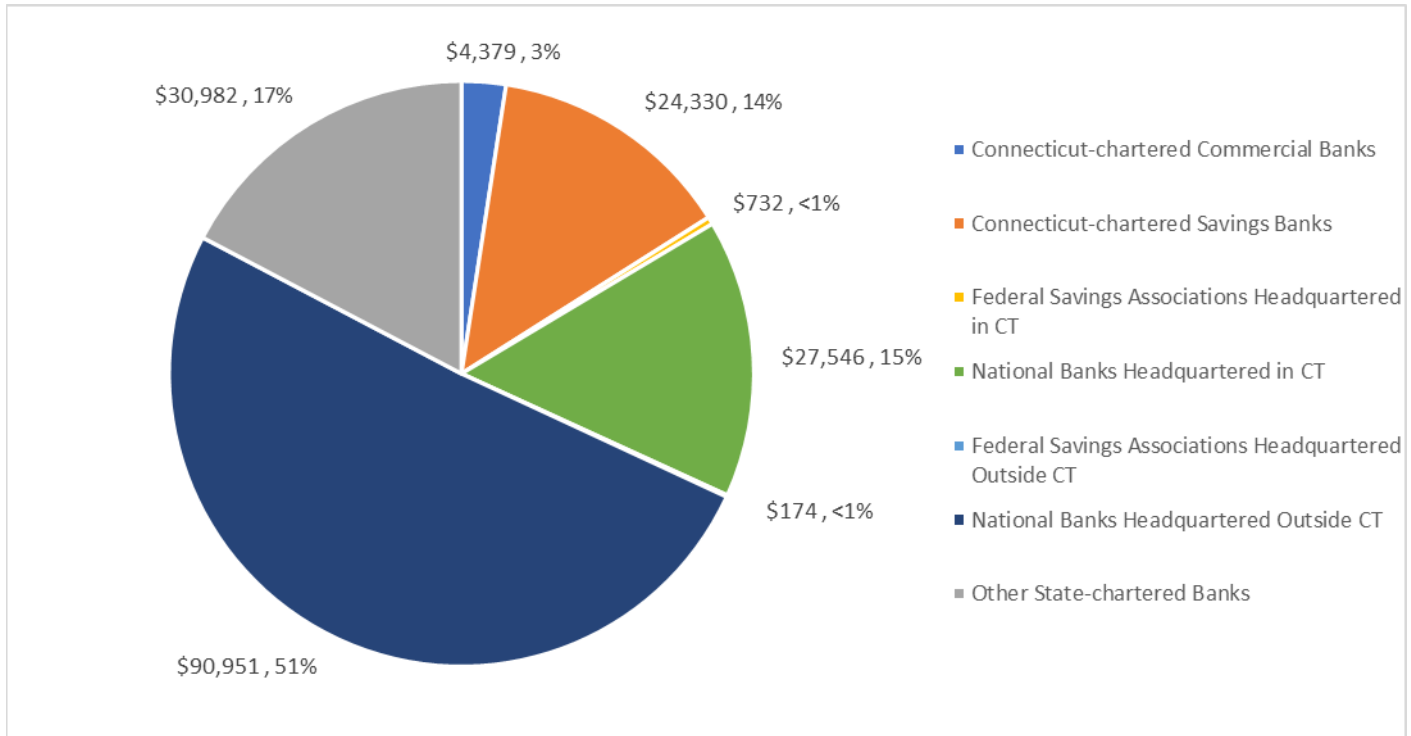
**Total Deposits of Connecticut-Chartered Banks  
December 31, 2022  
(Millions & %)**



**Fiduciary & Related Trust Assets of Connecticut-Chartered Banks  
December 31, 2022  
(Millions & %)**

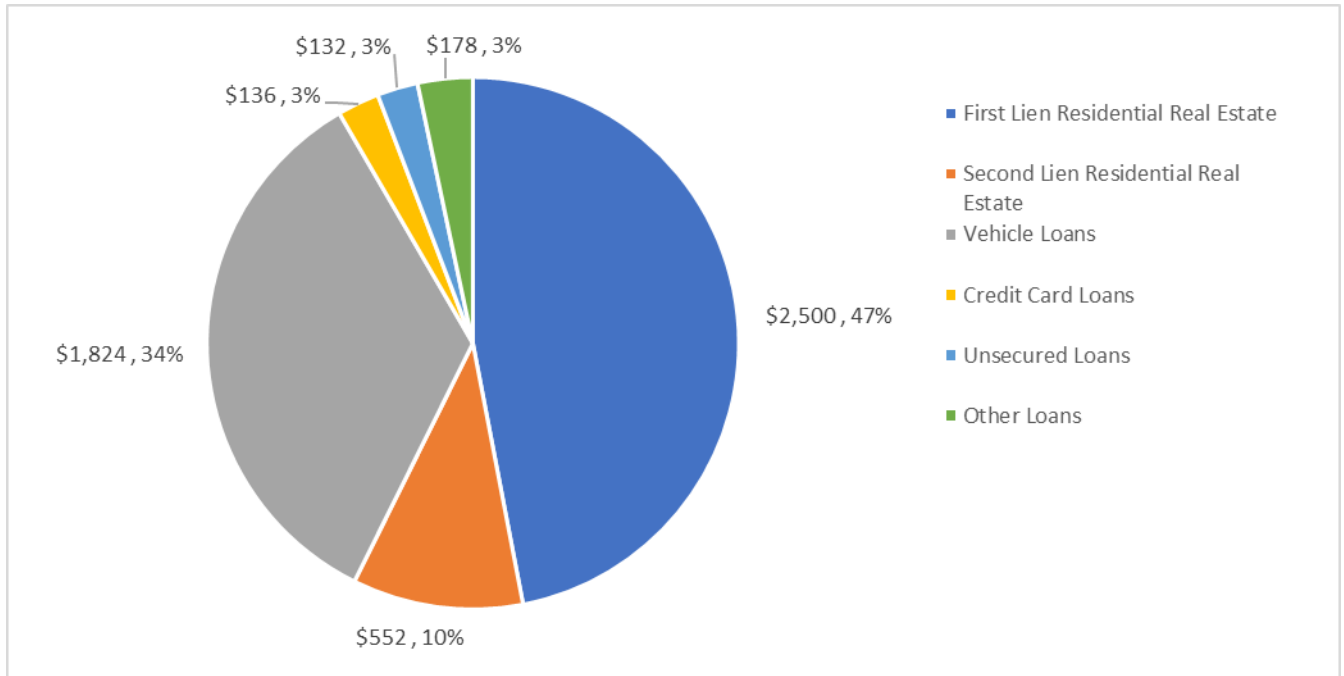


**Connecticut Deposit Market Share by Charter Type  
June 30, 2022  
(Millions & %)**

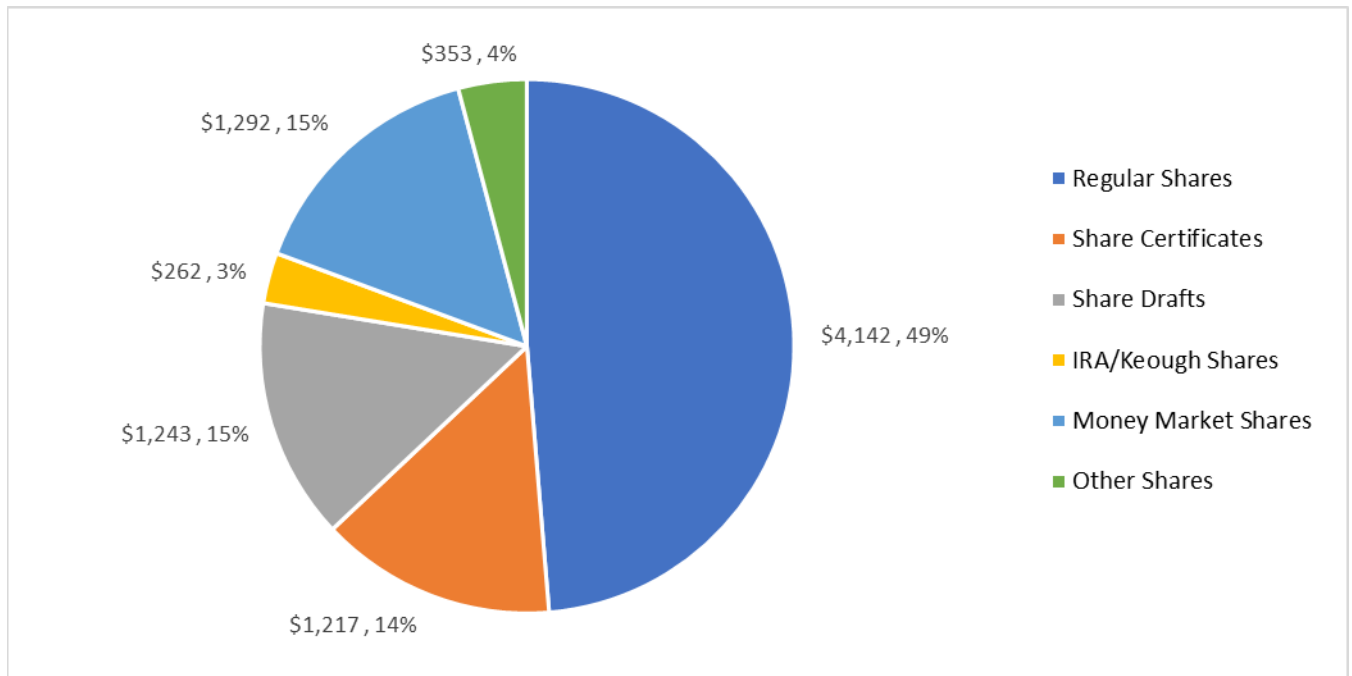


**Connecticut-Chartered Credit Unions' Total Loans and Total Shares/Deposits Composition**

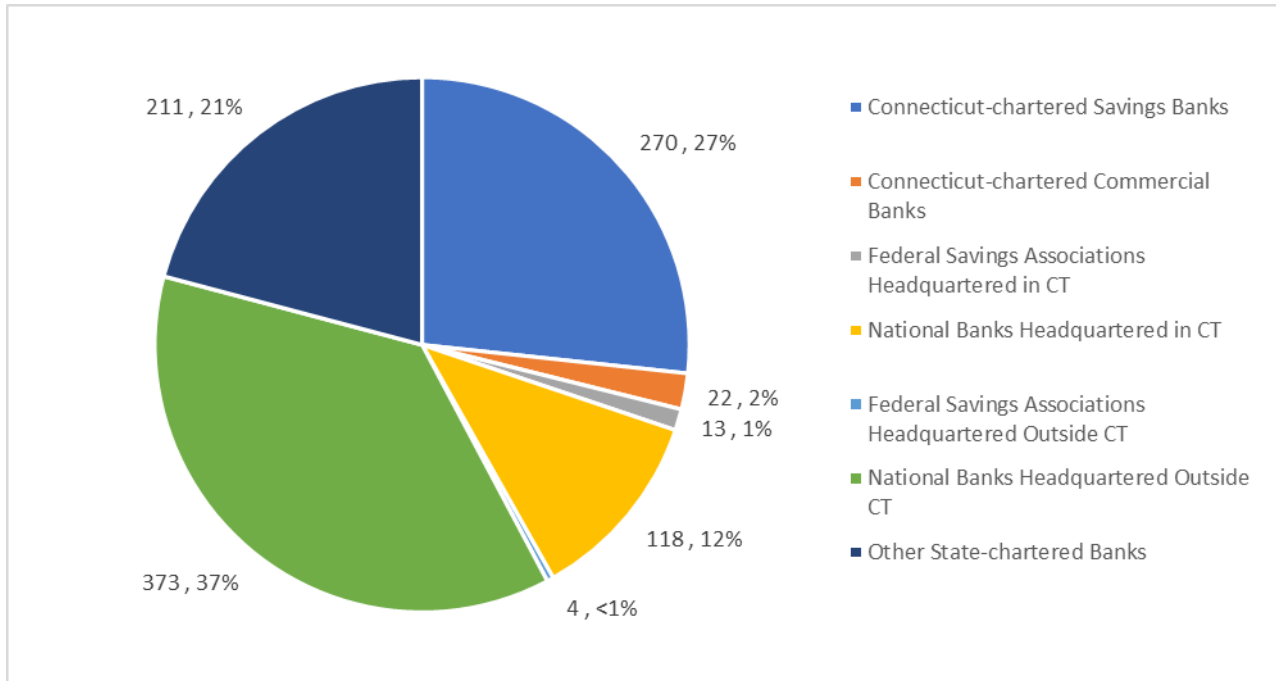
**Total Loans of Connecticut-Chartered Credit Unions  
December 31, 2022  
(Millions & %)**



**Total Shares/Deposits of Connecticut-Chartered Credit Unions  
December 31, 2022  
(Millions & %)**



**Bank Branches in Connecticut by Charter Type  
June 30, 2022  
(Number & %)**



## FINANCIAL INSTITUTIONS DIVISION ACTIVITIES WITH INDUSTRY PARTNERS

### *Division Industry Engagement*

On January 20, 2022, Attorney Matthew Saunig and Associate Financial Examiner Joseph Wallace presented at a joint regulatory forum with the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) sponsored by the Bank Compliance Association of Connecticut, Inc. (BCAC). Topics spanned a variety of areas including examination issues and a state legislative update.

Division Director Mary Ellen O'Neill attended the Credit Union National Association (CUNA) Governmental Affairs Conference (GAC), February 27 through March 3, 2022, as a member of the National Association of State Credit Union Supervisors (NASCUS) Regulators Board. NASCUS Leadership met with the credit union industry leaders, representatives from the Senate and House Leadership, the House Financial Services Subcommittee and the regulatory leadership that includes the Treasury, National Credit Union Administration (NCUA) and the Consumer Financial Protection Bureau (CFPB). They discussed critical issues facing the credit union industry, the regulators, the dual chartering system, and financial services in general. On March 3, 2022, Ms. O'Neill attended the NASCUS Joint Leadership Meeting as a current Board member.

Ms. O'Neill also attended the NASCUS National Meeting for state regulators in San Diego, California. The meeting was held April 11-12, 2022. This regulators-only event featured presentations on digital assets/cryptocurrency; interstate activities/field of membership; legislative overview; supervisory expectations for third-party due diligence and emerging risks in the credit union system. The NASCUS board meeting was held on April 11, 2022, followed by the NASCUS regulators meeting.

The Department hosted a Credit Union CEO Roundtable on April 27, 2022, which included representatives from the credit union industry and the Credit Union League of Connecticut. The session included a discussion of regulatory and industry issues impacting the credit union industry and provided an opportunity for credit union managers to highlight new initiatives and achievements.

The Department of Banking hosted the 2022 Conference of State Bank Supervisors (CSBS) District I Spring Meeting, which took place at the Trumbull Marriott May 4-5, 2022. These meetings with state regulators, federal regulators, and CSBS staff affords regulators the opportunity to increase communication, cooperation, and understanding in regulating state chartered financial institutions.

Attorney Matthew Saunig attended the NASCUS Cannabis Symposium in Aurora, Colorado June 14-15, 2022. The event provided financial institutions and regulators with the latest updates on the cannabis industry. Topics covered included: state cannabis legalization, cannabis insurance and data analytics, hemp banking updates, and cannabis compliance software demos.

The Department of Banking hosted the 2022 CSBS District I Fall Meeting, held October 6-7, 2022 at the New York State Department of Financial Services in New York, NY. Commissioner Pèrez

led the meetings and was accompanied by Acting Division Director Debora Lein and other staff members.

Attorney Matthew Saunig attended the Connecticut Cannabis Chamber of Commerce's event, *Together We Grow*, at the Hartford Club on December 7, 2022.

### ***Commissioner's Industry Engagement***

Throughout the year, the Commissioner engaged the public and industry professionals to discuss important issues confronting the financial services industry.

On February 23, 2022, Commissioner Pèrez attended the Hispanic Merchants Outreach Networking virtual event with the Connecticut Bankers Association (CBA).

On March 28, 2022, Commissioner Pèrez attended the 2022 CSBS Government Relations Fly-In and Virtual Board Meetings.

On March 29, 2022, Commissioner Pèrez was a speaker at the Cybersecurity Forum held at the Aqua Turf Club hosted by the Department of Banking and the CBA.

Commissioner Pèrez was a guest speaker at the Connecticut School of Finance and Management Class of 2022 graduation held at the Trumbull Marriott on April 6, 2022.

Commissioner Pèrez virtually attended the NASCUS 2022 National Meeting for state regulators. The meeting was held April 11-13, 2022. This event brings state regulators, credit union professionals, and topic-specific experts together to share best practices, collaborate on industry issues, as well as exchange ideas and resources.

On April 21, 2022, Commissioner Pèrez attended the Women-Owned Business Day Virtual Celebration hosted by the Women's Business Development Council with Co-Chairs Patricia Billie Miller, State Senator and Deputy President Pro Tempore, and Rosa Rebimbas, State Representative and Deputy House Republican Leader.

On April 27, 2022, Commissioner Pèrez attended the Credit Union CEO Roundtable at the Department of Banking.

Commissioner Pèrez hosted the 2022 CSBS District I Spring Meeting, which took place May 4-5, 2022 at the Trumbull Marriott. He was accompanied by Division Director O'Neill and other staff members.

On May 18, 2022, Commissioner Pèrez attended the Connecticut Housing Finance Authority (CHFA) Board Retreat held at the Meriden Commons in Meriden.

Commissioner Pèrez traveled to Wentworth by the Sea in New Castle, New Hampshire June 2-4, 2022 for the Connecticut Community Bankers Association (CCBA) annual meeting. He



attended with General Counsel and Chief of Staff Joseph Chambers and Government Relations and Consumer Affairs Director Matt Smith.

On June 6, 2022, Commissioner Pèrez was a featured speaker at the Credit Union League of Connecticut Government Affairs Conference at the Hartford Club in Hartford.

Commissioner Pèrez co-hosted the *Meet the Bankers* Hispanic Business Outreach event on June 8, 2022 in Hartford, sponsored by M&T Bank in partnership with the Spanish American Merchants Association (SAMA), Greater New Haven Chamber, Community Economic Development Fund (CEDEF) and the CBA. The guest speaker that evening was Governor Ned Lamont.

On September 13-14, 2022, Commissioner Pèrez attended the Federal Financial Institutions Examination Council's virtual event.

On September 15, 2022, Commissioner Pèrez virtually attended the Connecticut Insurance & Financial Services Board of Directors meeting.

On October 6-7, 2022, Commissioner Pèrez hosted the 2022 CSBS District I Meeting in New York, NY. He was accompanied by Debora Lein, Acting Division Director and other staff members.

On November 15, 2022, Commissioner Pèrez attended the *Unmasking Cryptocurrency* webinar, hosted by the Department of Banking in partnership with the Securities Advisory Council.

On November 16, 2022, Commissioner Pèrez spoke at the Connecticut Society of CPAs Financial Institution Conference in Rocky Hill, CT. Banking Department Managers Todd Prout and Debora Lein, Associate Financial Examiner Sandra Martinez, and Financial Examiner Ania Granatek also participated in the conference.

On December 4-8, 2022, Commissioner Pèrez attended the Conference of State Bank Supervisors Board Meeting and Supervisors Symposium in New York, NY.

## CONSUMER CREDIT DIVISION

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

The Division is responsible for the licensing and examination of the following nondepository financial institutions: mortgage lenders, brokers and originators; mortgage servicers; loan processors and underwriters and lead generators of residential mortgage loans; sales finance companies; small loan lenders; check cashing services; payment instrument providers; money transmitters; debt adjusters; debt negotiators; consumer collection agencies; and student loan servicers. 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 2022, the Consumer Credit Division through the Nationwide Multi-State Licensing System and Registry (NMLS) investigated, vetted, and processed applications for all of the financial services industries subject to licensing under the Commissioner's jurisdiction. In addition to licensing mortgage lenders, correspondent lenders, brokers, mortgage servicers, loan originators, loan processors and underwriters, NMLS functionality allows the Division to maintain licensees on the system for money transmitters, consumer collection agencies, check cashing services, debt adjusters, debt negotiators, sales finance companies, small loan companies, and student loan servicers. By year-end, the Division issued a total of 1136 main office licensed locations and 400 branch office licensed locations in the money services, consumer finance, and debt areas, bringing the total licenses in the financial service industries to 1,536. An additional 48 Exempt Registrations were processed and new for 2022 was the Federal Student Loan Servicer Registrant, which totaled twelve.

The total licenses issued for mortgage lenders, correspondent lenders and mortgage brokers for 2022 was 722 main office locations, with an additional 1199 licensed branch locations. The total number of mortgage servicer main office locations was 91 with an additional 26 licensed branch locations. The Division issued two lead generator licenses in 2022. The number of applications approved for mortgage loan originators totaled 14,263 and an additional 323 applications were approved for loan processors and underwriters.

As a direct result of Consumer Credit activities, the Department was able to secure close to \$150,000 in reimbursements, restitution and rescission offers to Connecticut consumers. This number included over \$100,000 returned to approximately 181 Connecticut consumers in 2022 which stemmed solely from examinations of licensed entities.

A total of 66 administrative actions were issued across all license types, resulting in the imposition of \$658,250 in civil penalties. The Division has also made referrals to other state and federal agencies for further investigation.

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

### ***NMLS Modernization***

In response to the 2008 Financial Crisis, Congress passed the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE Act) expanding licensing requirements in the mortgage industry. To comply with the Federal Law, Connecticut passed its own version of the SAFE Act in 2010 and began using what was then called the National Mortgage Licensing System (NMLS). The Conference of State Bank Supervisors (CSBS) developed NMLS to assist state banking regulators to comply with the SAFE Act. The majority of states now use this national database for licensing and renewals. As the system grew, other license types were added, and in 2017, by order of the Commissioner, all license types for the Consumer Credit Division were required to use NMLS, now called the Nationwide Multistate Licensing System.

In July 2021, by order of the Commissioner, individuals working on behalf of persons licensed as consumer collection agencies, debt adjusters, debt negotiators, mortgage brokers, mortgage correspondent lenders or mortgage lenders, mortgage servicers, sales finance companies, small loan companies, and student loan servicers in Connecticut, were permitted to engage in licensable activity from remote office locations with adherence to established standards and requirements governing such remote office activities. Through a legislative change, these have now been incorporated into the banking statutes.

In October 2021, by order of the Commissioner, money transmitters, consumer collection agencies, mortgage lenders, mortgage correspondent lenders, mortgage brokers, exempt registrants, mortgage servicers, and debt adjuster licensees were notified of the requirements for use of electronic bonds when the Nationwide Multistate Licensing System and Registry makes the electronic surety bond functionality available in Connecticut. Through a legislative change, these have now been incorporated into the banking statutes.

Working with CSBS, the Consumer Credit Division has been participating in upgrading the now nearly 10-year-old system, to rebuild NMLS on a modern platform – moving from a forms-based system to a data-driven, risk-focused system for managing license renewal, registration, and financial reporting.

### ***State Examination System***

As part of the Division's efforts to increase and maximize the efficiency of its examination process, Consumer Credit has participated in CSBS's development of a new State Examination System (SES). This is a system being built by state regulators for state regulators and the

companies they supervise. Our examiners have been actively learning and using the new system to conduct our examinations in all our regulated industries. Staff continues to participate in regular SES trainings and meetings in order to become proficient and provide communication to CSBS as needed to produce a highly efficient and useful examination system. Examinations are conducted on the SES in the mortgage, money services, consumer finance, and debt areas.

**Enforcement Activities  
Consumer Credit Division**

	2022
Investigations Opened	54
Investigations Closed	31
Investigations in Progress	39
Subpoenas Issued	3
Consent Orders	19
Settlement Agreements	0
Notices of Intent to Refuse to Renew (Licensing)	0
Refusing to Renew Orders (Licensing)	0
Notices of Intent to Revoke (Licensing)	1
Denial Orders (Licensing)	0
Summary Suspension Orders (Licensing)	0
Automatic Suspension Orders (Licensing)	1
Revocation Orders (Licensing)	1
Notices of Intent to Impose Civil Penalty	6
Orders Imposing Civil Penalty	23
Notices of Intent to Issue Cease and Desist Orders	6
Temporary Cease and Desist Orders	2
Cease and Desist Orders	5
Findings of Fact Conclusions of Law and Order	2
Activity Restrictions/Bars	0
Repayment of Fees Ordered	\$86,563.90
Civil Penalties Imposed	\$658,250.00
Restitution/Rescission offers	\$145,654.87
Law enforcement actions taken through cooperation with DOB	0
Referrals to Connecticut Attorney General	0
Other Agency Referrals	2

**Examinations / Investigations  
Consumer Credit Division**

License Type	Examinations/Investigations 2022
Mortgage Brokers, Mortgage Lenders, Mortgage Correspondent Lenders, Mortgage Servicers, Loan Processors/Underwriters and Mortgage Loan Originators	36
Money Transmitters	19
Check Cashers	2
Consumer Collection Agencies, including Debt Buyers	17
Debt Adjusters	0
Debt Negotiators	7
Small Loan Companies	8
Sales Finance Companies	16
Student Loan Servicers	4
Lead Generator	0

**Consumer Credit Licensees  
As of Year End  
12/31/2022**

License Type	2022
Licensed Mortgage Companies	722
- Licensed Mortgage Branches	1199
Mortgage Loan Originators	14,263
Loan Processor/Underwriters	323
Mortgage Servicers	91
- Servicer Branches	26
Lead Generators	2
Money Transmitters	201
Check Cashers	49
- Check Casher Branches	60
Consumer Collection Agencies	597
- Collection Agency Branches	225
Debt Adjusters	28
- Debt Adjuster Branches	12
Debt Negotiators	6
- Debt Negotiator Branches	3
Small Loan Companies	70
- Small Loan Company Branches	13
Sales Finance Companies	143
- Sales Finance Company Branches	65
Student Loan Servicers	42
- Student Loan Servicer Branches	22
Federal Student Loan Servicer Registrants	12
Bona Fide Nonprofit Organizations	6
Exempt Registrants	48

**Consumer Credit Licensees**  
**New Licenses**  
**As of Year End**  
**12/31/2022**

License Type	New Licenses Issued 2022	Number Not Renewed 2022	Net Change in Number of Licensees effective January 1, 2023
Mortgage Broker	42	10	32
Mortgage Broker Branch	4	0	4
Mortgage Correspondent Lender	7	2	5
Mortgage Correspondent Lender Branch	1	1	0
Mortgage Lender	29	10	19
Mortgage Lender Branch	6	52	(46)
Mortgage Loan Originator	2978	5648	(2670)
Loan Processor/Underwriter	49	134	(85)
Mortgage Servicer	3	0	3
Mortgage Servicer Branch	(11)	0	(11)
Check Casher	6	4	2
Check Casher General Facility Branch	5	15	(10)
Check Casher Limited Facility Branch	0	0	0
Consumer Collection Agency	7	25	(18)
Consumer Collection Agency Branch	(5)	4	(9)
Debt Adjuster for Profit	0	0	0
Debt Adjuster for Profit Branch	0	0	0
Debt Adjuster Non Profit	0	0	0
Debt Adjuster Non Profit Branch	0	0	0
Debt Negotiation	0	0	0
Money Transmitter	28	4	24
Sales Finance Company	10	4	6
Sales Finance Branch	(1)	1	(2)
Small Loan Company	8	1	7
Small Loan Branch	(1)	0	(1)
Student Loan Servicer	(1)	2	(3)
Student Loan Servicer Branch	(1)	1	(2)
Federal Student Loan Servicer Registrant	5	1	4



## SECURITIES AND BUSINESS INVESTMENTS DIVISION

Subject to the general supervision of the Banking Commissioner, the Securities and Business Investments Division is primarily responsible for administering Chapter 672a of the Connecticut General Statutes, the Connecticut Uniform Securities Act, and Chapter 672c of the Connecticut General Statutes, the Connecticut Business Opportunity Investment Act.

The Division is responsible for: the registration of securities and business opportunity offerings for sale in Connecticut; 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; the examination of broker-dealer, investment adviser and branch office registrants; and enforcement of the state's securities and business opportunity laws.

With the easing of COVID-19 pandemic restrictions in 2022, the agency returned to a blend of on-site office work and remote agency operations. From the Division's perspective, a greater reliance on technology made it easier to conduct examinations remotely as well as in person and for industry filings to be made more efficiently through electronic means. The use of virtual collaboration software proved to be an effective tool in maintaining Division communications both internal and external. The agency also implemented a system for conducting hearings remotely.

### **Activities**

During this report period, the Division continued to monitor industry developments affecting the securities industry and the Division's oversight responsibilities under the Connecticut Uniform Securities Act. A critical development involved the regulation of cryptocurrency and other digital financial products. On November 15, 2022, the Division, together with the Banking Commissioner's Advisory Council on Securities, hosted an online program on the topic for industry participants. The program, entitled *Unmasking Cryptocurrency*, covered how cryptocurrency functioned, how digital products were sold and marketed, how federal and state regulators were addressing what digital products were "securities"; the risk of investing in cryptocurrency; and regulatory enforcement actions taken to date. Earlier in the year, the Division participated in a multi-state settlement involving BlockFi Lending LLC, a New Jersey based financial services company that sold interest-bearing digital asset accounts called BlockFi Interest Accounts to investors. Spearheaded by the North American Securities Administrators Association, Inc., the multi-state settlement resulted in a finding that the BlockFi Interest Accounts were "securities" under state law. The agency's Consent Order directed BlockFi Lending LLC to cease and desist from regulatory violations and to pay a \$943,396.22 fine to the agency in four installments. The fine amount represented Connecticut's proportionate share of the multi-state settlement.

For the calendar year 2022, Securities and Business Investments Division intervention resulted in restitution and rescission offers to the investing public totaling \$1,117,666. Of that amount, \$490,000 was attributable to court-ordered restitution obtained by the agency. In addition, the Division imposed \$2,354,901 in fines for violations of the state's securities laws. Of this amount, \$1,054,901 was attributable to Division settlements, \$900,000 was due to formal agency orders imposing fines, and \$400,000 was due to court-ordered penalties.

During 2022, the Division also pursued a number of enforcement cases involving firm supervisory lapses that lead to dishonest or unethical practices being committed by agents. The Division also took action against individuals who misappropriated investor monies or who were otherwise involved in fraudulent conduct relating to the sale of securities. These efforts have resulted in various referrals to other law enforcement agencies for further investigation and/or criminal prosecution.

In conjunction with the Division's enforcement program, a total of fifty-four securities and business opportunity investigations were opened in 2022, twenty-eight investigations were closed, and ninety-eight investigations were in progress as of December 31, 2022.

Prior to closing, many of the securities and business opportunity-related complaints and investigations were resolved at the administrative level. Administrative resolutions of enforcement matters typically took the form of remedial Stipulation and Agreements and Consent Orders wherein the Division sought corrective measures as well as monetary fines. The Department executed fourteen Consent Orders and three Stipulation and Agreements in calendar year 2022. Six matters involved activity restrictions or the barring of affected individuals from securities-related activity in Connecticut. The Division found the use of Stipulation and Agreements and Consent Orders to be an effective supplement to its array of enforcement tools.

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

During 2022, several Division employees represented the Department on Project Groups and Committees of the North American Securities Administrators Association, Inc. (NASAA). NASAA is a voluntary association whose membership consists of sixty-seven state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the United States, Virgin Islands, Canada, and Mexico.

The Securities Advisory Council, comprised of industry representatives, academics and members of the bar, all of whom serve without compensation, assists the Division by offering advice and insight to the Commissioner and staff on proposed regulatory initiatives. The Division obtained valuable feedback from Advisory Council members regarding the agency's investor protection mission.

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

	2018	2019	2020	2021	2022	5 Year % Change
Broker-dealer firms	2,061	2,039	1,978	1,992	2,003	(2.81)
Broker-dealer agents	166,612	168,913	172,879	181,638	195,230	17.17
Broker-dealer branch offices	2,530	2,488	2,387	2,301	2,298	(9.16)
Investment Adviser firms	483	484	467	451	423	(12.42)
SEC Registered Investment Advisory Firms Filing Notice*	2,165	2,219	2,240	2,302	2,441	12.74
Investment Adviser Agents	14,380	14,867	15,181	15,292	15,257	6.09

\*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**

	2018	2019	2020	2021	2022	5 Year % Change
Offerings Reviewed	140	129	102	113	152	8.57
Investment Company Notice Filings*	9,095	8,973	8,550	8,367	8,430	(7.31)
Exemptions and Exemptive Notices†	4,155	4,446	4,866	8,678	7,812	88.01

\*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**

	2018	2019	2020	2021	2022
Broker-dealers	114	132	77	76	66
Investment Advisers	143	155	143	109	77

**Enforcement Activities  
Securities and Business Opportunities**

	2018	2019	2020	2021	2022
Investigations Opened	77	62	44	44	54
Investigations Closed	62	59	55	55	28
Investigations in Progress	90	93	87	76	98
Subpoenas Issued	34	45	16	18	35
Administrative Actions	22	7	15	8	10
Consent Orders	12	10	13	7	14
Stipulation and Agreements	11	13	7	9	3
Notices of Intent to Deny (Licensing)	0	2	1	0	1
Notices of Intent to Revoke (Licensing)	0	0	3	2	0
Denial Orders (Licensing)	0	0	2	0	1
Suspension Orders (Licensing)	0	0	0	0	1
Revocation Orders (Licensing)	1	0	1	1	1
Notices of Intent to Fine	10	6	6	3	6
Orders Imposing Fine	16	2	11	2	5
Cease and Desist Orders	10	6	6	3	6
Activity Restrictions/Bars	4	3	3	3	6
Monetary Sanctions Imposed	\$2,402,425	\$315,140	\$3,713,236	\$951,355	\$2,354,901
Offered/Returned to Investors Following Informal Division Intervention	\$101,370,897	\$2,554,868	\$1,654,526	\$4,348,778	\$1,117,666
Criminal Referrals	2	3	1	0	1
Referrals to Connecticut Attorney General	1	3	3	1	1
Other Agency Referrals	1	1	3	2	2

## **GOVERNMENT RELATIONS AND CONSUMER AFFAIRS**

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

### ***Consumer Assistance***

The Department of Banking protects Connecticut citizens and consumers who transact business with financial institutions and other financial service providers regulated by the Department. GRCA assists consumers with complaints and dispute resolution. In 2022, examiners in the Division handled approximately 2,013 telephone inquiries and 1,107 written complaints from the public, with an additional 638 telephone calls and inquiries through the Foreclosure Hotline, which provides invaluable assistance to homeowners at all stages of the foreclosure process. As a result of their efforts, the Department obtained \$66,480.99 in adjustments or reimbursements on behalf of consumers during the period. The security deposit investigator received approximately 826 telephone calls and 208 complaints related to rental security deposits in 2022. Following an investigation into each complaint, the Department recovered \$13,654.76 for tenants during this same time period.

### ***Media Relations***

The Government Relations and Consumer Affairs Division serves as the public face of the Department. As such, the Division coordinates all media requests and inquiries. In 2022, the Division fielded requests for information from media outlets on the local, state and national level. Business reporters contacting the agency regarding specific licensees or regulatory issues comprise the majority of press inquiries. Nonetheless, the Division is responsive to calls from all types of media outlets regarding a wide range of issues in the financial services sector.

Through the efforts of the Government Relations and Consumer Affairs Division, the Department utilizes social media as a means of communicating with its stakeholders that include consumers, investors, and industry professionals. Through its Facebook page ([facebook.com/ctdob](https://www.facebook.com/ctdob)) and its Twitter account ([twitter.com/ctbanking](https://twitter.com/ctbanking)), the Department shares news and updates, as well as financial education information, to the public and industry alike.

### ***Outreach, Financial Literacy, and Industry and Consumer Education Efforts***

The primary focus of the Department's educational outreach program is to help Connecticut's consumers and investors make informed financial decisions and to learn how to avoid fraud and scams. Protecting seniors from financial exploitation has long been a priority, and Division staff continues to develop strategies to educate seniors as well as those that work with them. In recent years, opportunities to provide information to students have enhanced the programming offered to younger consumers and investors.

During 2022, agency staff participated in approximately 30 outreach programs. Thanks to modern technology, communicating through virtual platforms is a convenient way to connect in real time. The agency's outreach coordinator continued to offer both virtual and in-person engagements to a variety of audiences, including older adults, high school and college students, and industry professionals, on topics that ranged from financial fraud and exploitation to credit and debt management and cybersecurity.

The Department encourages students to focus on their finances and money management. In 2022, the agency's outreach coordinator conducted three virtual programs for the University of New Haven, through its financial aid office. In February 2022, she conducted a program on cybersecurity and keeping safe while banking online and through apps. In March 2022, she partnered with the agency's Securities Director to present *Financial Empowerment for Women*, as part of the University's virtual series for women in college. They discussed financial management basics to have before investing. In November 2022, she spoke to the students about cybersecurity with a focus on Identity theft, as part of a financial wellness series.

In April 2022, the outreach coordinator was the guest speaker at two financial literacy classes at P-TECH High School in Norwalk. Her interactive presentations focused on credit, online banking and mobile apps, and avoiding fraud.

The annual Money Madness conference, hosted by Chelsea Groton Bank was held in-person in June 2022 at Connecticut College. This event is an opportunity for area high school students to learn a variety of topics from expert speakers. The Department of Banking's educational outreach coordinator was one of the featured speakers. Speaking on *Identity theft and Cybersecurity*, she discussed ways to be safer using mobile payment apps and peer-to-peer payment services, and provided examples of banking scams students might encounter, particularly online and text scams.

In September 2022, the outreach coordinator virtually joined a high school class in Rock Springs, Wyoming as a guest speaker. She provided information on cyberfraud and ways to protect one's personal information online and answered a variety of questions from the students.

The outreach coordinator was the guest speaker at a virtual lunch and learn for Access Health CT employees in March 2022, entitled, *Being Smart with Your Money*. In April 2022, she was the guest speaker at a monthly meeting at the Shore and Country Club in Norwalk, and presented *Protecting Ourselves from Fraud in the Technological World*, which focused on cyber fraud targeting seniors. In June 2022, she was the guest speaker at a lunch and learn hosted by the Department of Social Services (DSS) Protective Services Unit. She discussed financial exploitation, and this virtual program included staff from other DSS divisions. She also presented virtual programs on Identity theft for the Bloomfield Library in October 2022, and for the Avon Free Public Library in November 2022. She was a guest speaker at Ridgefield Station,

an assisted living facility in Ridgefield in November 2022, where she shared information with residents and family members on red flags of elder financial exploitation and fraud.

The educational outreach coordinator often represents the Department of Banking at conferences and expos, which provide an opportunity to speak directly with the public and share resources and promotional materials with Connecticut consumers and investors. In April 2022, she staffed a resource table at the Connecticut Town Clerks Association 2022 Spring Conference at the Mystic Marriott; in July 2022 she represented the agency at the Senior Resources Healthy Living Expo at Dodd Stadium in Norwich; and in October 2022, she participated at the UCONN Work/Life Expo, held at the Student Union on the Storrs campus.

Through our outreach program, we utilize partnerships with state, federal and community organizations to empower residents with the knowledge to protect their finances. Department staff are often called upon to share their expertise in helping consumers and investors learn about and avoid financial fraud, and collaboration continued to be a focus of its outreach efforts in 2022.

In March 2022, the agency's outreach coordinator joined a detective from the Fairfield Police Department to co-present senior fraud programs at the Bigelow Senior Center in Fairfield. They were invited back to team up for a similar program in December 2022. These presentations focused on real-life examples of financial fraud and helped explain how residents can recognize and avoid becoming a victim of scammers.

The agency's outreach coordinator participated on an AARP segment on travel scams as part of their *Fighting Fraud with AARP-CT* series. She discussed certain scams to avoid and shared tips on keeping personal and financial information safe when traveling. The segment aired on AARP-CT's Facebook page on June 24, 2022 and can be viewed on its YouTube channel.

In May and June 2022, the outreach coordinator joined a Senior Medicare Patrol (SMP) representative from the Area Agency on Aging of South Central Connecticut to provide a virtual financial fraud program that focused on banking scams and Medicare fraud. In March and April 2022, she presented a similar program in coordination with the SMP representative from the Southwestern CT Agency on Aging. The March program was given virtually to a live group at the Norwalk Senior Center, and the April presentation was translated live into Spanish. Coordinating programs with the area agencies on aging has shown to be an excellent partnership in reaching seniors in the community.

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 2022 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.

The Department has utilized the *Senior\$afe*<sup>™</sup> program to train financial professionals who work with seniors to identify and report signs of fraud and exploitation. The program, originated by the Maine Council for Elder Abuse and developed for use by state regulators, 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. In June 2022, the agency's outreach coordinator co-presented a virtual Senior\$afe<sup>™</sup> program for the Bank Compliance Association of Connecticut (BCAC). She joined a manager from the PSE program, an attorney with expertise in banking law, and an inspector with the U.S. Postal Inspector's Office. The Senior\$afe<sup>™</sup> training program continues to receive positive feedback and encourages financial institutions to develop an internal protocol for dealing with suspected financial exploitation or fraud among their older customers.

Division staff remain active on several state coalitions, including the Coalition for Elder Justice in Connecticut, the Connecticut Jump\$tart Coalition for Personal Financial Literacy, the Connecticut Saves Coalition, and the Military Community Coalition. The Department is also a member of the BankOn coalition, a New Haven initiative designed to help unbanked and underbanked communities within the City. BankOn works with banks and credit unions to offer banking products and services to communities in need.

Aligning with our mission to help provide financial education to Connecticut residents, the Department has continued its partnership with the State Department of Education (SDE). Under the terms of a long-standing MOU, SDE has continued to provide grant assistance to public schools and adult education programs across the state focusing on financial literacy. These grants have been funded through enforcement efforts by the Securities Division of the Department of Banking.

### ***Cryptocurrency Webinar***

The Department of Banking, in partnership with the Securities Advisory Council to the Banking Commissioner, hosted *Unmasking Cryptocurrency*, a free webinar aimed at unveiling the mysteries behind this digital currency. The live webinar took place on November 15, 2022, and the recording has been posted on the Department's website. Securities Division Attorney Elizabeth Mullin joined attorneys from the securities industry to present the program. Attendees were primarily investment advisers and securities lawyers, and while the program included basic information about cryptocurrency and its key features, the question of whether this virtual currency is a security was of great interest. Examples of cases involving cryptocurrency were discussed, as well as legislative efforts by various states.

### ***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 and Workforce Equity Subcommittee. The agency's outreach



coordinator serves on the financial literacy work group of this subcommittee and helps update the state's financial literacy portal.

### ***Hispanic Merchant Outreach – Meet the Bankers***

In 2020, Commissioner Pèrez attended a forum with industry, other state agencies and minority business owners. Highlighted during the discussion was a disconnect between minority business owners and local bankers and the need to forge better relationships between the two groups. To meet this need Commissioner Pèrez organized the baking community and other stakeholders with a goal of connecting Hispanic merchants and bankers, in a collaboration called “Meet the Bankers”. The idea was to create networking events across the state where local merchants were invited to an event with bankers from their community. Due to the COVID-19 pandemic, the first event was held virtually on October 27, 2021. With over 60 merchants in attendance, the event was considered a success.

In 2022, two *Meet the Bankers* events were held in-person. On June 8, 2022, an event took place at the UCONN Hartford Campus, attended by over 200 merchants and bankers. Governor Lamont spoke, along with Rene Jones, Chairman and CEO of M&T Bank. After the success of the June event, the Department, along with its partners and sponsor, hosted a second event at Gateway Community College in New Haven on October 12, 2022. This event, sponsored by the Community Foundation of Greater New Haven, expanded the focus to all minority-owned and women-owned businesses, and over 200 small businesses were represented. Commissioner Pèrez was the emcee for this event, and Governor Lamont provided the keynote address. Other speakers included New Haven Mayor Justin Elicker and Will Ginsberg, CEO of the Community Foundation of Greater New Haven.

### ***Partnering with Banking Industry***

On March 29, 2022, the Department of Banking and the Connecticut Bankers Association hosted a Cybersecurity Forum, held at the Aqua Turf Club in Plantsville, CT. Program participants were informed on the state and national cyber threat landscape, the introduction of the Federal Bureau of Investigation (FBI) IC3 reporting program, as well as the State's Cybersecurity Program and Taskforce from the State's Chief Information Security Officer. The program concluded with a comprehensive panel with representatives from law enforcement including the Secret Service, FBI Task Force and Connecticut State Police providing insight to cybersecurity from their positions and cases/scams they have identified.

### ***Legislation***

Each year the Department conducts an active legislative program coordinated by the GRCA Division. During the 2022 legislative session the Department submitted several proposals for consideration.

*Senate Bill 178, 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*, expanded the Commissioner's authority to consider the performance of certain banks under the Community Reinvestment Act before approving the establishment of certain loan production offices.

The remaining department proposals were raised in *Public Act 22-94 (SB-268), An Act Concerning Various Revisions to the Banking Statutes*. Section 1 of this bill clarified the definition of a sales finance company, ensuring that any sales finance company operating in the State is subject to licensure, regardless if they own, or have ever owned the loan.

Sections 2-8 of this bill made changes to the money transmission statutes, conforming our law to a model law adopted by many states. This allows for uniformity of regulation across the fifty states. It would reduce regulatory burden on the industry and would allow for more collaboration around exams and enforcement for those entities.

Section 9 of the bill raised the surety bond for consumer collection agencies from \$25,000 to \$50,000 for branch locations and from \$50,000 to \$100,000 for main office locations. This is an important consumer protection because it would provide for more assistance to consumers should the Department need to reimburse consumers after an enforcement action, were the company unable to do so.

**Government Relations and Consumer Affairs Division**

<b>Consumer Affairs</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Telephone Inquiries	3,598	3,035	2,155	1,925	2,013
Written Complaints	1,119	929	1,152	1,119	1,107
Adjustments/ Reimbursements on behalf of consumers	\$186,254.05	\$197,702.10	\$338,701.00	\$98,837.48	\$66,480.99

<b>Rental Security Deposit</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2021</b>
Telephone Inquiries	1,498	1,088	821	574	826
Written Complaints	132	185	164	176	208
Reimbursements on behalf of tenants	\$103,383.95	\$141,737.36	\$19,257.40	\$59,132.52	\$13,654.76

<b>Foreclosure Hotline</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Telephone Calls	959	853	481	333	638

## **CLOSING SUMMARY**

The Department of Banking continues to build upon its work and accomplishments from previous years and maintains its reputation as a fair and common-sense regulator. While the coronavirus pandemic brought unexpected and sudden changes to the Department, we have continued to fulfill our mission to protect Connecticut consumers and ensure a healthy financial sector here in the state. From examinations and investigations to meetings and consumer outreach, staff continued to transition to virtual platforms to conduct its business remotely and ensure a high level of productivity across the agency. As we look ahead, we will continue to work with the Governor and his administration, and other state and federal partners to develop processes and systems that enhance our ability to deliver cost-effective services to both consumers and industry.