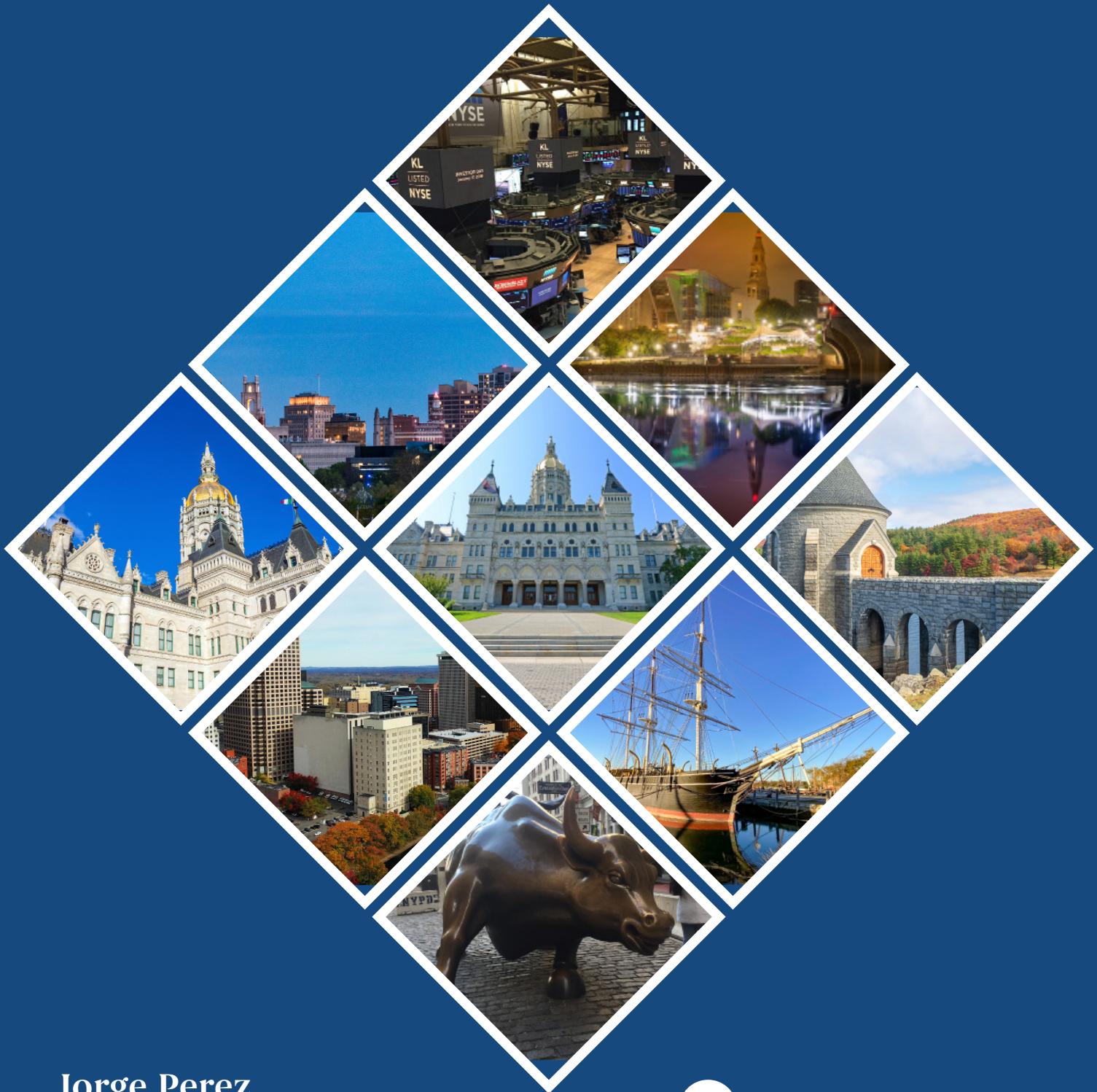


# 2023 Annual Report of the Banking Commissioner



Jorge Perez  
Banking Commissioner

 CONNECTICUT  
DEPARTMENT OF BANKING



# **Annual Report Of the Banking Commissioner**

To His Excellency  
Ned Lamont, Governor

For the Year Ending December 31, 2023  
Hartford, Connecticut  
Submitted: October 21, 2024



October 21, 2024

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 2023.

Respectfully yours,

*Jorge L. Pérez*  
Jorge L. Pérez  
Banking Commissioner

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## BANKING COMMISSIONERS (1900-2023)

<b>Jorge L. Pérez</b>	<b>2015</b>	<b>Present</b>
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 (1900-2023)**

NONE .....	2012 .....	Present
Alan J. Cicchetti.....	1999 .....	2011
NONE .....	1996 .....	1998
Robert B. Titus.....	1993 .....	1995
Barbara S. McGrath .....	1991.....	1993
Paul J. McDonough .....	1988 .....	1991
NONE .....	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

# SECTION 1: ADMINISTRATION

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## 1.1 Agency Mission

The Department of Banking is the primary state regulator for Connecticut state-chartered banks and credit unions, securities and business investments, and consumer credit. Its mission is to protect the public from unlawful or improper practices within the financial services sector by ensuring regulated entities and individuals adhere to state banking and securities laws. The Department accomplishes this through regular, thorough, and cost-effective examinations of the entities we supervise. The agency also engages the public and other stakeholders through a variety of ways, including its consumer assistance unit, different media platforms, educational outreach initiatives, and press communications.

## 1.2 Organization

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

## **1.3 Department of Banking Organization**

The Department is comprised of the executive/administrative office, four operational divisions and one support division 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.

### ***Executive/Administrative Office***

The **Executive/Administrative Office** provides overall supervision as well as strategic guidance for the agency. Comprised of the Commissioner and the Chief of Staff/General Counsel, the office also houses the Student Loan Ombudsperson and the agency's hearing officer. With input from the other divisions, the Executive Office sets the vision and goals for the agency as well as public policy.

### ***Financial Institutions Division***

The **Financial Institutions Division** is responsible for the supervision and examination of state-chartered savings banks, savings and loan associations, bank and trust companies, innovation banks (formerly known as uninsured banks), 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 (BIDCO), international trade and investment corporations (ITIC) and certain non-banking corporations that exercise fiduciary powers.

### ***Consumer Credit Division***

The **Consumer Credit Division** is responsible for the examination, enforcement, and licensing of non-depository financial services companies including, 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; check cashing services; and private student loan servicers. The division also registers federal student loan servicers. In addition, Consumer Credit also administers Truth in Lending laws and retail installment sales financing laws.

## *Securities and Business Investments Division*

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.

## *Government Relations and Consumer Affairs Division*

The **Government Relations and Consumer Affairs Division** (GRCA) assists consumers with inquiries and complaints 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 main support division is its Business Office which is responsible for the accounting, budgeting, fiscal management, purchasing, financial reporting functions and oversight of the agency's audit. The Department of Administrative Services' (DAS) Small Agency Resource Team (SmART) provides human resources functions, and the DAS Equal Employment Opportunity Unit assists the agency with its affirmative action efforts. Information technology support is provided to the Department of Banking through the DAS Bureau of Information Technology Solutions.

As of December 31, 2023, the agency had 125 full-time budgeted positions with 118 filled.

## **1.4 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 which 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.

Through our partnership with DAS, the Department ensures 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 assigned by DAS SmART to work with the Department and is responsible for its State Affirmative Action Plan while serving as the Equal Employment Officer for the agency. The EEO Manager 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.

## 1.5 Department of Banking's Financial Literacy Collaboration

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At times as part of settlements, the Department of Banking receives monies to be used for investor education, staff training and educational material. Commissioner Perez established a working group to develop a plan to partner with third-party vendors to provide educational programs that meet certain objectives, namely 1) to provide personal finance tools that will prepare residents for a financially successful future, with an emphasis on women and young girls and 2) to teach how to make smart money management decisions that will enable them to be independent and financially secure. After issuing a Request for Proposal (RFP) utilizing the state's eProcurement system, the committee recommended several entities for the Commissioner's consideration to receive funding for financial literacy education. In March 2024, Commissioner Perez joined Governor Lamont and Lt. Governor Bysiewicz to announce the release of three state grants totaling more than \$400,000 that will be used to support programs focused on improving the financial wellness of Connecticut residents with a priority focus on women and girls.

## 1.6 Cybersecurity Training

Cybersecurity is a growing concern for the Department. Its approach to mitigate this risk among our regulated entities has been to expand its IT examinations and employ tools to help identify these risks and bolster training efforts among staff. One tool the Department has used is Security Scorecard, which assists Examiners in evaluating the cyber risks of companies we examine. Throughout the year we continued to identify and provide various training opportunities in IT and cybersecurity for Department employees.

As such, the Department maintains a close collaboration with Capital Community College through its cybersecurity training program, specifically designed for the Department of Banking. This 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 is an ideal partner with the Department given its impressive cybersecurity curriculum and geographic proximity. Track One offers

basic concepts and is made available to all employees. Track Two provides examiners and management more in-depth exploration of cybersecurity topics, while Track Three focuses on the more technical aspects of cybersecurity resulting in highly trained Examiners who are “subject matter experts” for the Department. Given the hybrid work approach and additional technological advances, the program continues to be redesigned and revamped to incorporate these changes.

## **1.7 Department Cryptocurrency Committee**

The Department of Banking’s Cryptocurrency Committee, made up of members across all Divisions, meets regularly to work on educational and legislative efforts.

In 2023 the Education Subcommittee designed a presentation for college students, entitled *Investing in the Modern World*, which offers investment basics, discusses ways to properly vet investment offers found on social media or marketed by celebrities, and explains how to avoid investment fraud, with an emphasis on cryptocurrency. On March 21, 2023, the Department’s Securities Division Director presented this webinar for students at the University of New Haven.

The Education Subcommittee introduced a book club and held a discussion on *Tracers in the Dark*, a non-fiction book by Andy Greenberg which describes how investigators and cyber techs were able to work together to trace cryptocurrency and expose criminal schemes operating through the digital black market. The Subcommittee continues to develop new content for the agency website related to Cryptocurrency and Fin Tech resources.

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. The Subcommittee has been assisted by two law student interns from the Quinnipiac University School of Law, who are helping with research and drafting potential legislation aimed at Digital Assets.

## 1.8 Financial Statement

Receipts, expenditures, and adjustments relating to the fiscal year ending June 30, 2023, were as follows:

### **Receipts**

#### **Banking Fund**

Examination of banks etc. assessed in accordance with Section 36a-65, as amended	\$1,769,845
Examination of credit unions, assessed in accordance with Section 36a-65, as amended	\$460,347
Other license and examination fees	\$0
Registration, filing and transfer fees from securities brokers, etc.	\$39,139,140
License and registration fees: mortgage brokers, loan originators, check cashers, money transmitters, sales finance companies, check cashers, money transmitters, sales finance companies, small loan companies, debt adjusters, debt negotiators, and collection agencies	\$6,448,000
Prior period refunds and miscellaneous receipts	\$106,961
<b>Total Banking Fund Receipts</b>	<b>\$47,924,293</b>

#### **Non-lapsing**

Student Loan Servicers Fees	\$78,300
<b>Total Non-lapsing Receipts</b>	<b>\$78,300</b>

#### **General Fund - deposited directly**

Registration of securities and business opportunities	\$5,317,130
Penalties	\$5,595,649
<b>Total General Fund Receipts</b>	<b>\$ 10,912,779</b>

**TOTAL RECEIPTS** **\$ 58,915,372**

## Expenditures

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### Operating

Personnel services	\$11,271,090
Fringe benefits	\$10,422,839
Travel expenses, including motor vehicle rentals, fuel, and repairs	\$133,692
Other expenses	\$1,164,005
Indirect overhead and equipment	\$824,191
<b>Total Operating Expenditures</b>	<b>\$ 23,815,817</b>

### Recognized by Other Agencies

Judicial	\$2,142,821
Department of Housing	\$670,000
Department of Labor	\$1,426,732
<b>Total Expenditures Recognized by Other Agencies</b>	<b>\$4,239,553</b>
<b>TOTAL EXPENDITURES</b>	<b>\$28,055,370</b>

## 1.9 Commissioner's 2023 Industry Engagement

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

Commissioner Perez gave a presentation to the Connecticut Bankers Forum on March 8, 2023, for the Connecticut Bankers Association at the Aqua Turf Club in Plantsville. He was joined by leadership of the Department's Financial Institution Division (FID).

On March 16, 2023, Commissioner Perez spoke at the New Haven Works 10th Anniversary celebration at Amarante's Sea Cliff in New Haven.

Commissioner Perez was a guest speaker at a March 20, 2023, Bank Management class at Central Connecticut State University. He was joined by a Manager in the Financial Institutions Division and a Principal Examiner in the Securities Division.

Commissioner Perez attended the Conference of State Bank Supervisors (CSBS) District I Spring Meeting, March 28-29, 2023, at the Federal Reserve Bank of Philadelphia.

Commissioner Perez attended the National Association of State Credit Union Supervisors (NASCUS) National Meeting April 3-6, 2023, in New Orleans, LA.

Commissioner Perez attended the National Credit Union Association Capital Summit on April 11, 2023, held at the New York Stock Exchange. He was there for the ringing of the bell at 4:00 p.m.

Commissioner Perez attended the 2023 Women-Owned Business Day, held at the State Capitol in Hartford on April 26, 2023. The event was hosted by the Women's Business Development Council.

Commissioner Perez and General Counsel/Chief of Staff Joseph Chambers attended the CSBS Annual "Fly-In" May 15-18, 2023, in Washington, DC.

Commissioner Perez attended the Connecticut Investor Conference organized by State Treasurer Erick Russell at the Connecticut Convention Center on May 23, 2023, in Hartford.

Commissioner Perez and Danzel Palmer, Director of the Department's Financial Institutions Division (FID), were guest speakers at the Credit Union League of

Connecticut's Governmental Affairs Conference on May 24, 2023, at the Hartford Armory in Hartford.

Commissioner Perez and General Counsel Joseph Chambers attended the Connecticut Community Bankers Association Annual Meeting and Conference from June 1-4, 2023, in Stowe, VT.

Commissioner Perez attended the Ribbon Cutting of the Cornell Scott-Hill Health Center Dixwell satellite location at the Dixwell Q House on June 26, 2023, in New Haven.

On June 27, 2023, Commissioner Perez attended and addressed employees at the Department of Banking Agency Wide Meeting in Hartford.

Commissioner Perez attended Leadership Summit on HR with Department of Administrative Services Commissioner Michelle Halloran Gilman on June 28, 2023, in Hartford.

Commissioner Perez attended and spoke at the bill signing for Senate Bill 1088, *An Act Concerning the Financial Exploitation of Senior Citizens*, on August 3, 2023, at Elim Park Independent Senior Living Community in Cheshire.

Commissioner Perez participated in a zoom interview for the Cornell Scott-Hill Health Center on September 12, 2023.

Commissioner Perez attended the 55th Anniversary of Health Equity in Action Cornell-Scott-Hill Health Center and Awards Ceremony at The New Haven Lawn Club in New Haven on September 21, 2023.

Commissioner Perez attended Hispanic Heritage Press Conference with Governor Lamont at The Rockin' Chicken in Newington on September 25, 2023.

Commissioner Perez chaired the CSBS District 1 Fall meeting in Washington, DC from September 19-20, 2023.

Commissioner Perez attended and spoke at the leadership of HOLA!, M&T's Hispanic Resource Group, in Bridgeport on October 4, 2023.

Commissioner Perez and General Counsel Joseph Chambers attended and spoke at the Connecticut Bankers Association Annual Meeting & Conference in White Sulphur Springs, WV on October 5-9, 2023.

Commissioner Perez spoke at The New Haven Works Staff Retreat at the Jewish Community Center of Greater New Haven in Woodbridge on October 27, 2023.

On November 6, 2023, Commissioner Perez was a guest speaker at a Bank Management class at Central Connecticut State University. He was joined by a Financial Examiner in the Department's Consumer Credit Division.

Commissioner Perez provided welcoming remarks and attended the Connecticut Bankers Association's 2023 Elder Fraud Seminar Training Summit in Bristol on November 8, 2023.

On November 15, 2023, Commissioner Perez, Business Office Director Jacqueline Shirley, and FID Director Danzel Palmer participated at an event at the Q House Community Center in New Haven. The event was planned in coordination with the Q House Board and Youth Council to provide information on affording college to high school students and their families.

On November 28, 2023, Commissioner Perez attended and addressed employees at the Department of Banking Agency Wide Meeting in Hartford.

Commissioner Perez and General Counsel Joe Chambers attended the CSBS Board Meeting & Supervisor Symposium December 4-7, 2023, in New Orleans, LA.

Commissioner Perez participated at a press conference regarding holiday scams with Lieutenant Governor Susan Bysiewicz, Department of Consumer Protection Commissioner Bryan Cafferelli, East Hartford Mayor Connor Martin, State Senator Saud Anwar, and Connecticut River Valley Chamber of Commerce President Jessica Olander, on December 11, 2023, at Main Hardware Supply in East Hartford.



# FINANCIAL INSTITUTIONS DIVISION

## SECTION 2: FINANCIAL INSTITUTIONS DIVISION

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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, Non-depository 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, innovation banks (formerly 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 (BIDCO), international trade and investment corporations (ITIC), 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.

## **2.1 Connecticut-Chartered Banks**

As of December 31, 2023, there were five 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 one innovation bank. All Connecticut-chartered commercial banks and savings banks are insured by the Federal Deposit Insurance Corporation (FDIC).

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

Connecticut-chartered commercial banks and savings banks, collectively, reported total assets of \$36.3 billion as of December 31, 2023, a nominal increase of 0.08% from December 31, 2022. Total loans and total deposits for year-end 2023 were \$26.8 billion and \$28.4 billion, respectively. The values represent a 4.10% increase in total loans and a 6.69% decline in total deposits from year-end 2022. Total equity capital was \$3.9 billion as of December 31, 2023, a 5.69% increase 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 10.62% as of December 31, 2023 compared to 10.06% as of December 31, 2022.

The aggregate net-interest-margin (NIM) for Connecticut-chartered commercial and savings banks was 2.85% and 3.05% for year end 2023 and 2022, respectively. Aggregate earnings totaled \$237.2 million for 2023, compared to \$234 million for 2022. Relatedly, aggregate return on average assets (ROA) totaling 0.66% for 2023 remained inline with 0.65% for 2022. The aggregate return on average equity (ROE) decreased to 6.14% for 2023, compared to 6.39% for 2022.

**Number of Connecticut-Chartered Institutions  
(As of December 31, 2022 & December 31, 2023)**

Institution Type	Institutions 12/31/2022	Dissolution Conversion	Merger	Net Change	Institutions 12/31/2023
Commercial Banks	6	0	(1)	(1)	5
Savings Banks	18	0	0	0	18
Innovation Banks	0	0	0	0	0
Trust Banks	2	0	0	0	2
Credit Unions	27	0	(1)	(1)	26
<b>Totals</b>	<b>53</b>	<b>0</b>	<b>(2)</b>	<b>(2)</b>	<b>51</b>

***Connecticut-Chartered Commercial Banks***

The number of Connecticut-chartered commercial banks declined to five. As of June 30, 2023, the five Connecticut-chartered commercial banks collectively operated nineteen offices with aggregate deposits of \$5 billion. Within the Connecticut market, this group of institutions operated fifteen offices with aggregate deposits of \$4.3 billion.

***Connecticut-Chartered Savings Banks***

The number of Connecticut-chartered savings banks (thirteen mutual and five capital stock institutions) operating in the State as of December 31, 2023 remained unchanged from the prior year at eighteen. As of June 30, 2023, the eighteen Connecticut-chartered savings banks collectively operated 271 offices with aggregate deposits of \$23.5 billion. Within the Connecticut market, this group of institutions operated 268 offices with aggregate deposits of \$23.3 billion.

***Connecticut-Chartered Innovation Banks (formerly Uninsured Banks)***

There was one active Connecticut-chartered innovation bank as of December 31, 2023. and two additional applications to form an innovation bank were in process as of December 31, 2023.

On July 25, 2023, a Final Certificate of Authority was issued to Banking Circle US to commence business as an uninsured (innovation) bank.

On August 22, 2017, a temporary certificate of authority to organize an uninsured (innovation) 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, February 9, 2022, and August 1, 2023, and is currently valid through February 22, 2025.

On December 28, 2022, a group filed an application to organize Currency Reserve Bank, Greenwich, Connecticut, as an uninsured (innovation) 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 (innovation) bank was issued to Currency Reserve Bank, later known as Numisma 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, 2023, their combined fiduciary and related trust assets were \$200.7 billion. This total consisted of \$11.7 billion in managed assets, \$176.6 billion in non-managed assets, and \$12.4 billion in custody and safekeeping assets.

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

No Connecticut-chartered banks changed names during 2023.

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

As of December 31, 2023, six Connecticut-chartered banks operated trust departments with fiduciary and related trust assets of \$2.5 billion, consisting of \$1.8 billion in managed assets, \$0.5 billion in non-managed assets, and \$0.2 billion in custody and safekeeping assets.

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

As of December 31, 2023, there were twenty-six Connecticut-chartered credit unions operating in the State. The number of state-chartered credit unions declined by one from year end 2022 with the merger of First Connecticut Credit Union with and into Finex Credit Union.

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

Connecticut-chartered credit unions reported total assets of \$9.7 billion as of December 31, 2023, a 3.49% increase from December 31, 2022. Aggregate shares

and deposits totaled \$8.5 billion as of December 31, 2023, a 2.55% increase from December 31, 2022. Total loans were \$5.4 billion as of December 31, 2023, a 1.31% increase from December 31, 2022. Total net worth for Connecticut-chartered credit unions was \$931 million for December 31, 2023, a 7.61% increase versus December 31, 2022. Connecticut-chartered credit unions' earnings performance for 2023 decreased from the prior year, generating a ROA of 0.55% versus 0.85% for 2022. The net interest margin decreased slightly from 2.17% to 2.11%. Several factors impacted earnings, including higher levels of overhead and provision expenses, and lower levels of non-interest income.

## 2.3 Federal & Out-of-State Banks

In addition to the twenty-three Connecticut-chartered, insured depository institutions operating in the state as of December 31, 2023, there were eight banks chartered by a state other than Connecticut. There were also seventeen national banks and three federal savings associations regulated by the Office of the Comptroller of the Currency (OCC) operating in the state. Four of the national banks and two of the federal savings associations are headquartered in Connecticut.

## 2.4 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<sup>1</sup> of Connecticut-Chartered Banks & Credit Unions As of December 31, 2023**

Institution Type	#	Outstanding	Satisfactory	Needs Improvement	Not Rated
Connecticut-chartered Banks	23	5	18	0	0
Connecticut-chartered Credit Unions <sup>2</sup>	26	1	13	0	12
<b>Totals</b>	<b>49</b>	<b>6</b>	<b>31</b>	<b>0</b>	<b>12</b>

<sup>1</sup> CRA ratings reflect the most recent ratings given by the Department.

<sup>2</sup> 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, 2023, fourteen Connecticut-chartered credit unions met these criteria, twelve did not.

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

In addition to the two Connecticut-chartered trust banks operating in Connecticut as of December 31, 2023, there were two limited purpose trust companies chartered by states other than Connecticut; and one national bank limited to trust activities in Connecticut.

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

In addition to the twenty-six Connecticut-chartered credit unions operating in the State as of December 31, 2023, there were fifty federally-chartered credit unions headquartered in Connecticut, seven federally-chartered credit unions headquartered out-of-state, and three credit union chartered by a state other than Connecticut. All credit unions operating in Connecticut are insured by the National Credit Union Administration (NCUA).

## 2.7 Foreign Banking Organizations

As of December 31, 2023, there was one branch office and one representative office of foreign banking organizations supervised by Connecticut 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 for the account of the head office.

Institution Name	Office Type	Approval/License Date	Assets As of 12/31/2021 (\$ millions)	Assets As of 12/31/2022 (\$ millions)	Assets As of 12/31/2023 (\$ millions)	
Bank of Ireland	Branch	6/15/2006	1,934	2,096	1,667	
NatWest Group plc	Representative Office	2/01/2017	Representative Offices do not hold assets.			

## 2.8 Financial Institutions Division Activities with Industry Partners

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### *Division Industry Engagement*

Division Director Danzel Palmer attended the Conference of State Bank Supervisors (CSBS) District 1 Spring Meeting in Philadelphia, PA, March 28-29, 2023, at the Federal Reserve Bank of Philadelphia. These meetings with other state regulators, federal regulators, and CSBS staff afford regulators the opportunity to increase communication, cooperation, and understanding in regulating state chartered financial institutions.

Mr. Palmer attended the National Association of State Credit Union Supervisors (NASCUS) National Regulators Meeting for state regulators in New Orleans, LA, April 3-6, 2023. These meetings brought state regulators together to collaborate on the emerging risks and supervisory challenges in the state credit union system. State regulators examined developments in Fintech and decentralized finance; exchanged ideas with the National Credit Union Administration (NCUA) on current challenges and future of supervision; shared strategies for addressing increased internal fraud; and learned about the nuances of Low Income Credit Unions (LICUs), Community Development Financial Institutions (CDFIs), Minority Depository Institutions (MDIs) and much more.

On May 24, 2023, Mr. Palmer attended the Credit Union League of Connecticut 2023 Government Affairs Conference at the Officers Club in Hartford. This meeting included discussion of legislative, regulatory, and industry issues impacting the credit union industry.

Mr. Palmer, Assistant Director Matthew Saunig, and Banking Department Manager Debora Lein attended the NASCUS State System Summit in Nashville, TN, August 27-29, 2023. These meetings brought together credit union regulators for mutual exchange and dialog and provided an opportunity to participate in educational workshops, insightful discussions, and networking events.

The Department hosted a Credit Union CEO Roundtable on September 5, 2023, 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.

Mr. Palmer and Mr. Saunig attended the virtual Federal Reserve Bank of Philadelphia Annual Fintech Conference from September 7-8, 2023. This conference provided a platform for fintech experts from various backgrounds to come together to discuss emerging issues in financial technology, their impact, and the appropriate policy responses.

Mr. Palmer, Mr. Saunig, and Banking Department Manager Joseph Wallace attended the CSBS District I Fall Meeting, held September 18-20, 2023, in Washington, DC. These meetings are with state regulators, federal regulators and the CSBS staff.

The Department hosted Bank CEO Roundtable meetings September 26-27, 2023, which included representatives from the banking industry and the Connecticut Bankers Association. The sessions included a discussion of regulatory and industry issues impacting the banking industry and provided an opportunity for bank CEOs to highlight new initiatives and achievements.

# Financial Institutions Data Analytics

## Banking Institutions in Connecticut (As of 12/31/2023)

Banking Institution	Total Assets (in thousands)	Number of Branches <sup>3</sup>	Number of Employees
Liberty Bank	7,667,364	60	804
Bankwell Bank	3,211,883	9	128
Union Savings Bank	3,011,634	25	357
First County Bank	2,223,038	18	191
Ion Bank	2,211,814	23	325
Fairfield County Bank	1,927,648	17	275
Newtown Savings Bank	1,846,562	16	240
Thomaston Savings Bank	1,785,562	15	231
Chelsea Groton Bank	1,634,586	14	217
Savings Bank of Danbury	1,562,846	17	200
Fieldpoint Private Bank & Trust	1,222,472	4	82
Dime Bank	1,179,621	15	161
Northwest Community Bank	1,097,028	13	156
The Guilford Savings Bank	1,119,445	8	150
The Torrington Savings Bank	917,201	8	130
The First Bank of Greenwich	739,509	3	56
The Milford Bank	586,383	8	78
Essex Savings Bank	505,605	6	128
DR Bank	616,099	2	62
Jewett City Savings Bank	419,899	7	85
Stafford Savings Bank	395,028	3	31
Eastern Connecticut Savings Bank	273,066	5	55
New Haven Bank	189,724	2	23
<b>TOTALS</b>	<b>36,344,017</b>	<b>298</b>	<b>4,165</b>

<sup>3</sup> Number of branches from FDIC Market Share Report as of June 30, 2023.

**Credit Unions in Connecticut**  
**(As of 12/31/2023)**

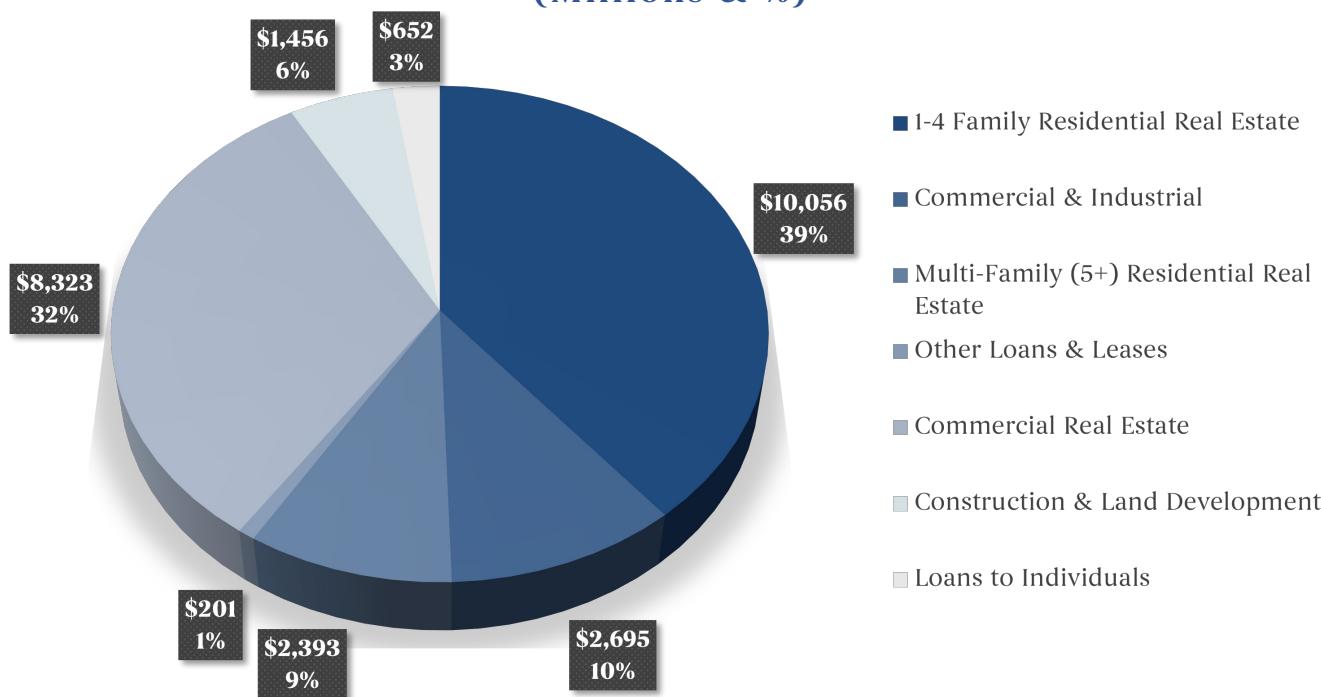
<b>Credit Union</b>	<b>Total Assets (in thousands)</b>	<b>Number of Branches</b>	<b>Number of Employees</b>
American Eagle Financial Credit Union	2,699,086	16	358
Connecticut State Employees Credit Union	2,379,764	7	71
Sikorsky Financial Credit Union	1,263,652	11	131
Connex Credit Union	1,012,806	8	157
Nutmeg State Financial Credit Union	584,719	10	105
Dutch Point Credit Union	475,468	8	64
Mutual Security Credit Union	357,474	10	71
Achieve Financial Credit Union	192,476	3	32
Finex Credit Union	150,015	3	48
State Police Credit Union Inc.	78,653	2	7
America's First Network Credit Union	74,617	8	22
Soundview Financial Credit Union	74,342	3	14
Cornerstone Community Credit Union	69,951	4	14
Members Credit Union	43,638	1	13
Northwest Hills Credit Union	39,421	2	10
Norwalk Hospital Credit Union	36,347	1	5
Metropolitan District Employees Credit Union	32,132	1	5
New Haven County Credit Union	26,860	3	5
Stamford Healthcare Credit Union	24,364	1	4
Community Healthcare Credit Union	16,214	1	4
Community Cred Union of New Milford	15,166	2	4
Northeastern CT Health Care Credit Union	10,269	2	4
Regional Water Authority Employees Credit Union	6,569	1	3
New Haven Firefighters Credit Union	6,033	1	3
Trumbull Credit Union	3,221	1	2
Kief Protective Mutual Benefit Association Credit Union	1,026	1	1
<b>TOTALS<sup>4</sup></b>	<b>9,674,284</b>	<b>111</b>	<b>1,157</b>

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

**Gross Loans & Leases of Connecticut-Chartered Banks<sup>5</sup>**

**December 31, 2023**

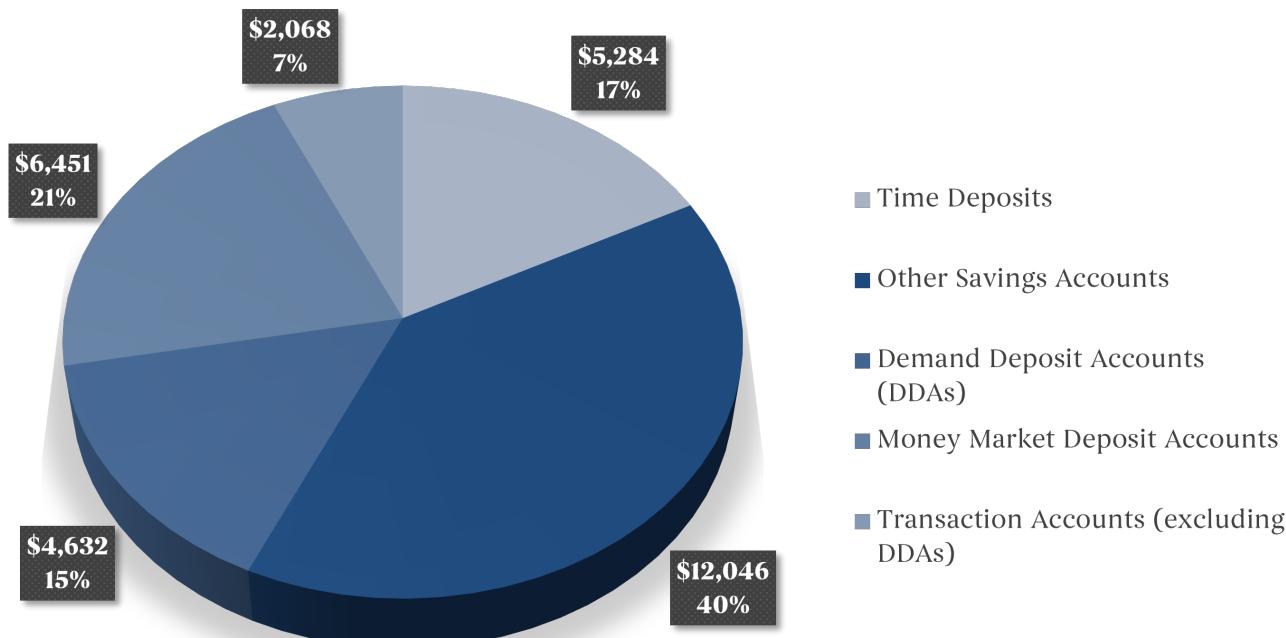
**(Millions & %)**



**Total Deposits of Connecticut-Chartered Banks**

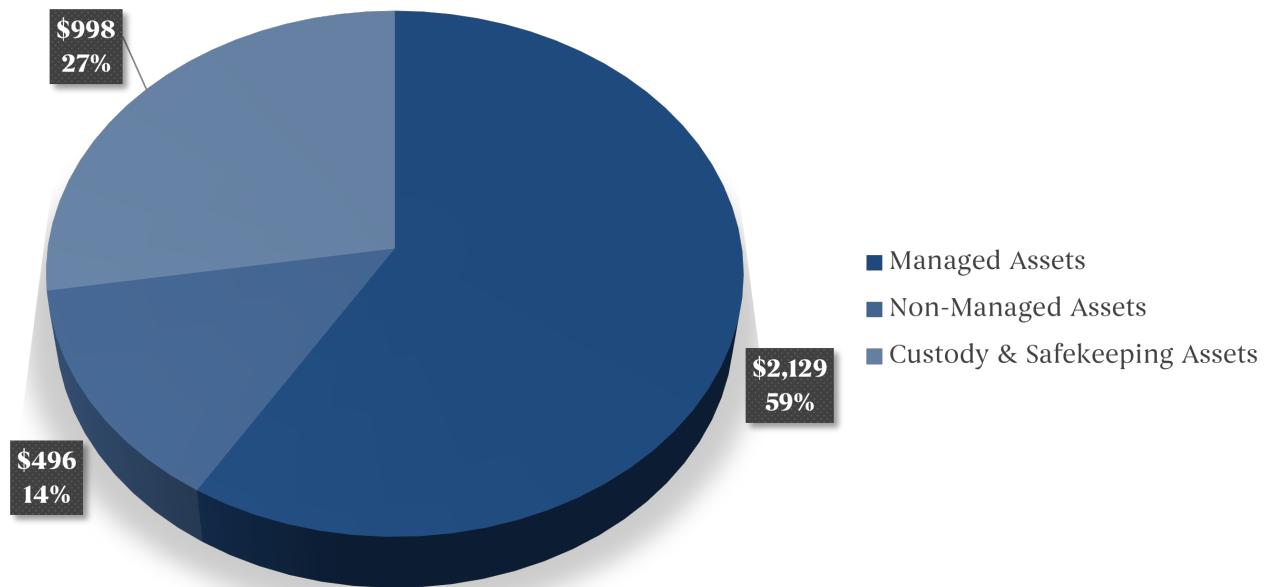
**December 31, 2023**

**(Millions & %)**

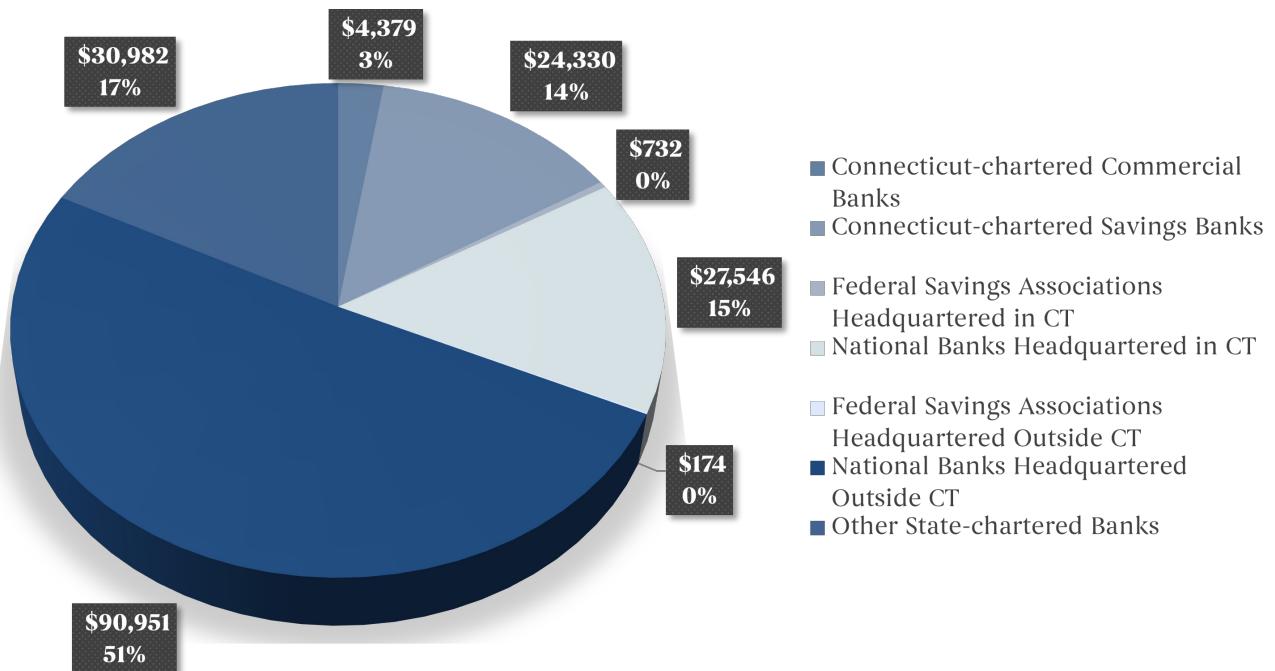


<sup>5</sup> The above graph does not include Farmland & Farm loans totaling \$12.9 million, or 0.05% of gross loans.

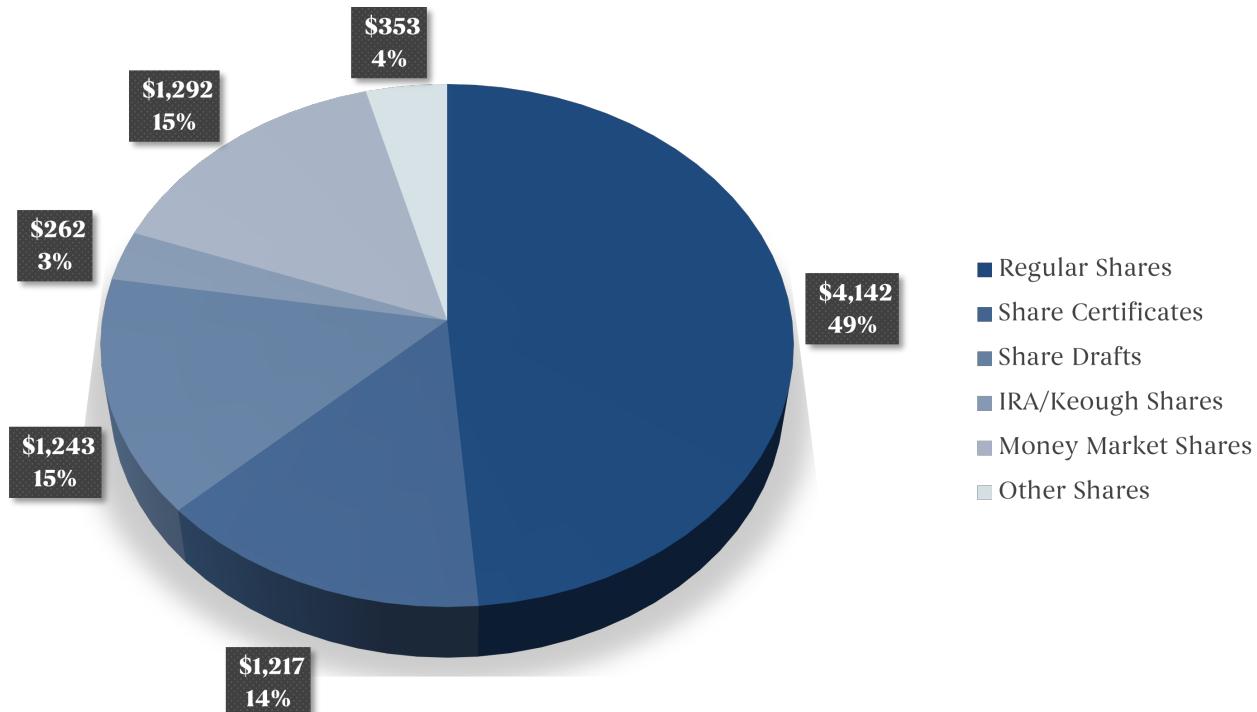
**Fiduciary & Related Trust Assets of Connecticut-Chartered Banks**  
**December 31, 2023**  
**(Millions & %)**



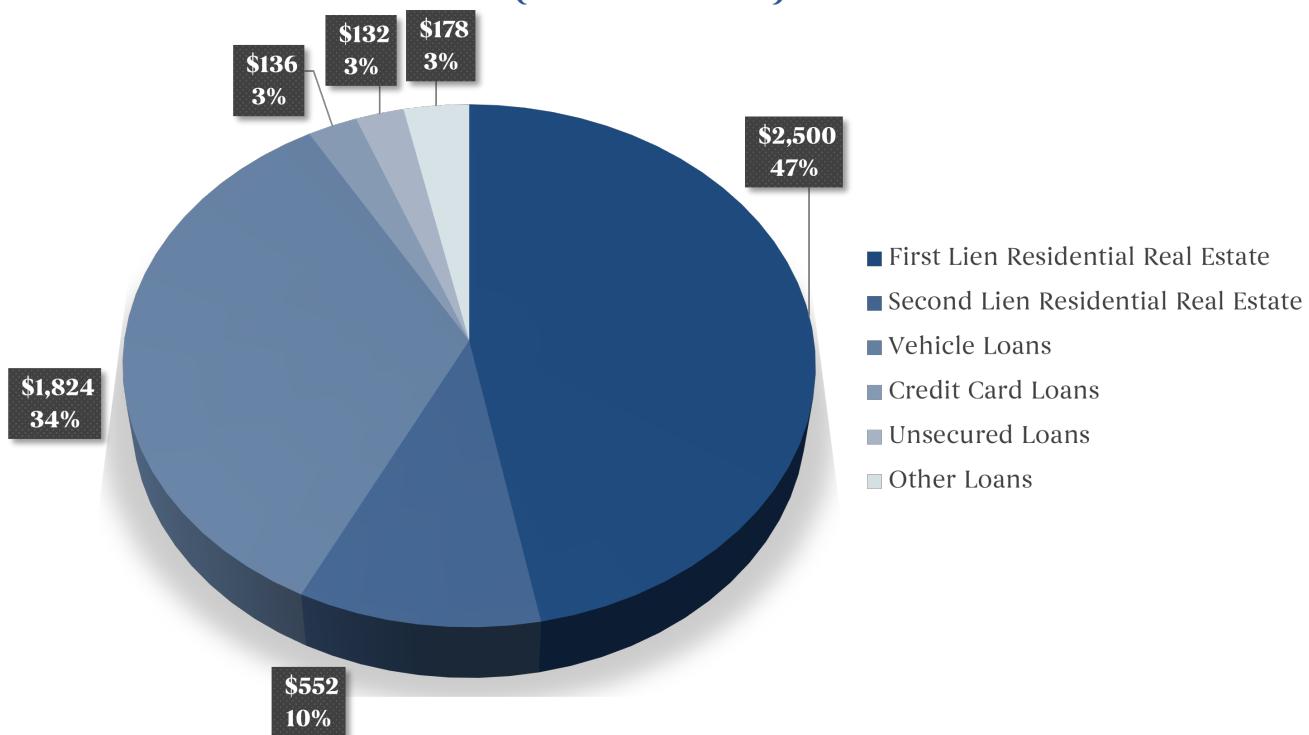
**Connecticut Deposit Market Share by Charter Type**  
**June 30, 2023**  
**(Millions & %)**



**Total Loans of Connecticut-Chartered Credit Unions**  
**December 31, 2023**  
**(Millions & %)**



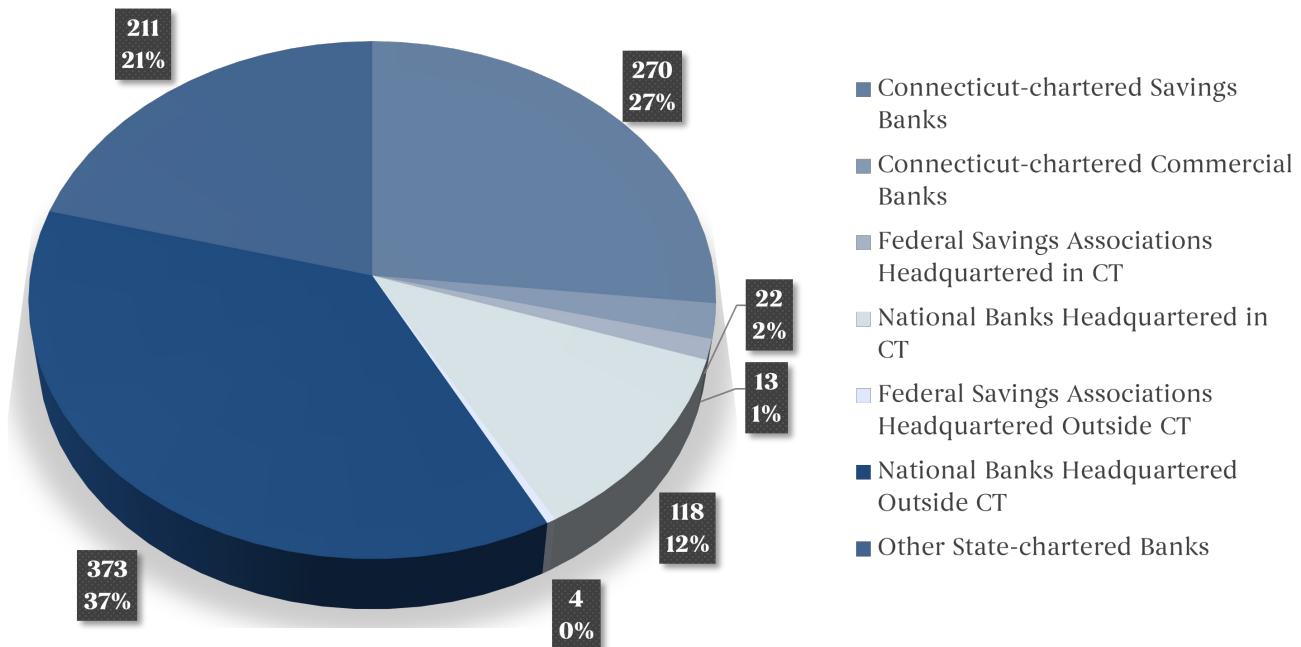
**Total Shares/Deposits of Connecticut-Chartered Credit Unions**  
**December 31, 2023**  
**(Millions & %)**



## Bank Branches in Connecticut by Charter Type

June 30, 2023

(Number &amp; %)





# CONSUMER CREDIT DIVISION

## SECTION 3: CONSUMER CREDIT DIVISION

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

The Division is responsible for the licensing and examination of the following nondepositary 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 including the SAFE ACT, 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.

### 3.1 Activities

During 2023, 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 1,139 main office licensed locations and 386 branch office licensed locations in the money services, consumer finance, and debt areas, bringing the total licenses in the financial service industries to 1,525. The Division processed an additional 53 Exempt Registrations, and 13 Federal Student Loan Servicer Registrants in 2023.

The total licenses issued for mortgage lenders, correspondent lenders, and mortgage brokers in 2023 were 716 main office locations, with an additional 1,102 licensed branch locations. The total number of mortgage servicer main office locations was 89 with an additional 25 licensed branch locations. The Division issued three lead generator licenses in 2023. The number of applications approved for mortgage loan originators totaled 10,143 and an additional 236 applications were approved for loan processors and underwriters.

As a direct result of Consumer Credit activities, the Department was able to secure over \$180,000 in reimbursements, restitution and rescission offers to Connecticut consumers. This number included over \$137,000 returned to approximately 974 Connecticut consumers in 2023 which stemmed solely from examinations of licensed entities.

A total of 85 administrative actions were issued across all license types, resulting in the imposition of \$1,270,136.36 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 (CSBS), the Consumer Financial Protection Bureau, the North American Collection

Agency Regulatory Association, and the American Association of Residential Mortgage Regulators.

## **3.2 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 State Examination System (SES) which it piloted and implemented. This is a system built by state regulators for state regulators and the companies they supervise. The system is streamlining efforts among state regulators by removing redundant examination questions which is providing a more efficient examination, proving beneficial for licensees. Consumer Credit Division examiners have been actively learning and using the system to conduct its examinations in all its regulated industries. Staff continue to participate in regular SES trainings and meetings 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.

# Consumer Credit Division

## Data Analytics

**Enforcement Activities**  
**Consumer Credit Division**

	<b>2022</b>	<b>2023</b>
Investigations Opened	54	85
Investigations Closed	31	85
Investigations in Progress	39	25
Subpoenas Issued	3	2
Consent Orders	19	39
Settlement Agreements	0	1
Notices of Intent to Refuse to Renew (Licensing)	0	5
Refusing to Renew Orders (Licensing)	0	2
Notices of Intent to Revoke (Licensing)	1	9
Denial Orders (Licensing)	0	2
Summary Suspension Orders (Licensing)	0	1
Automatic Suspension Orders (Licensing)	1	4
Revocation Orders (Licensing)	1	9
Notices of Intent to Impose Civil Penalty	6	11
Orders Imposing Civil Penalty	23	44
Notices of Intent to Issue Cease and Desist Orders	6	12
Temporary Cease and Desist Orders	2	8
Cease and Desist Orders	5	6
Findings of Fact Conclusions of Law and Order	2	3
Activity Restrictions/Bars	0	0
Repayment of Fees Ordered	\$86,563.90	\$224,247.26
Civil Penalties Imposed	\$658,250.00	\$1,270,136.36
Restitution/Rescission offers	\$145,654.87	\$180,316.96
Law enforcement actions taken through cooperation with DOB	0	0
Referrals to Connecticut Attorney General	0	2
Other Agency Referrals	2	0

**Examinations / Investigations**  
**Consumer Credit Division**

License Type	Examinations/ Investigations	
	2022	2023
Mortgage Brokers, Mortgage Lenders, Mortgage Correspondent Lenders, Mortgage Servicers, Loan Processors/Underwriters and Mortgage Loan Originators	36	51
Money Transmitters	19	38
Check Cashers	2	0
Consumer Collection Agencies, including Debt Buyers	17	18
Debt Adjusters	0	0
Debt Negotiators	7	2
Small Loan Companies	8	7
Sales Finance Companies	16	11
Student Loan Servicers	4	6
Lead Generator	0	1

**Consumer Credit Licensees  
As of Year End**

License Type	2022	2023
Licensed Mortgage Companies	722	716
- Licensed Mortgage Branches	1199	1102
Mortgage Loan Originators	14,263	10,143
Loan Processor/Underwriters	323	236
Mortgage Servicers	91	89
- Servicer Branches	26	25
Lead Generators	2	3
Money Transmitters	201	201
Check Cashers	49	50
- Check Casher Branches	60	55
Consumer Collection Agencies	597	569
- Collection Agency Branches	225	202
Debt Adjusters	28	24
- Debt Adjuster Branches	12	31
Debt Negotiators	6	6
- Debt Negotiator Branches	3	3
Small Loan Companies	70	85
- Small Loan Company Branches	13	14
Sales Finance Companies	143	160
- Sales Finance Company Branches	65	59
Student Loan Servicers	42	44
- Student Loan Servicer Branches	22	22
Federal Student Loan Servicer Registrants	12	13
Bona Fide Nonprofit Organizations	6	6
Exempt Registrants	48	53

**Consumer Credit Licensees - New Licenses**  
**As of Year End 12/31/2023**

<b>License Type</b>	<b>New Licenses Issued 2023</b>	<b>Number Not Renewed 2023</b>	<b>Net Change in Number of Licensees effective January 1, 2024</b>
Mortgage Broker	16	28	(12)
Mortgage Broker Branch	0	9	(9)
Mortgage Correspondent Lender	(4)	3	(7)
Mortgage Correspondent Lender Branch	2	1	1
Mortgage Lender	9	13	(4)
Mortgage Lender Branch	(52)	66	(118)
Mortgage Loan Originator	1528	2791	(1263)
Loan Processor/Underwriter	53	65	(12)
Mortgage Servicer	2	0	2
Mortgage Servicer Branch	(1)	0	(1)
Check Casher	5	5	0
Check Casher General Facility Branch	10	4	6
Check Casher Limited Facility Branch	0	0	0
Consumer Collection Agency	(3)	26	(29)
Consumer Collection Agency Branch	(19)	6	(25)
Debt Adjuster for Profit	0	0	0
Debt Adjuster for Profit Branch	0	0	0
Debt Adjuster Non Profit	(4)	0	(4)
Debt Adjuster Non Profit Branch	19	1	18
Debt Negotiation	0	1	(1)
Money Transmitter	4	7	(3)
Sales Finance Company	21	5	16
Sales Finance Branch	(5)	1	(6)
Small Loan Company	16	2	14
Small Loan Branch	1	0	1
Student Loan Servicer	4	1	3
Student Loan Servicer Branch	1	1	0
Federal Student Loan Servicer Registrant	2	0	2



The background of the image is a faded, grayscale photograph of the New York Stock Exchange (NYSE) trading floor. The iconic "NYSE" sign is visible on the left, and the floor is filled with trading booths and people. The image is framed by a dark blue border with two thin white diagonal stripes.

# SECURITIES AND BUSINESS INVESTMENTS DIVISION

## SECTION 4: SECURITIES AND BUSINESS INVESTMENTS DIVISION

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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.

During the first quarter of 2023, the agency rescinded its April 9, 2020, COVID-related release granting registered investment advisers a deferral from the filing of annual financial statements. 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.

## **4.1 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.

During 2023, the Division participated in two significant multistate investigations and settlements. The first involved Nexo Capital Inc., an unregulated financial services company located in the Cayman Islands. The investigation focused on the firm's sale of interest-bearing digital asset accounts called Earn Interest Product which allowed investors to earn interest on digital assets. The Earn Interest Product accounts were not registered as securities under the Connecticut Uniform Securities Act. The firm has since ceased selling Earn Interest Product Investments. As of July 31, 2022, there were 1,069 EIP accounts in Connecticut (1.14 percent of the national total of 93,318) with a savings wallet value of almost \$14.8 million (1.84 percent of the national total of \$800,260,000). The Consent Order resolving the matter directed the firm to pay \$424,528.30 to Connecticut which represented Connecticut's share of the multistate settlement.

The next multistate settlement involved Robinhood Financial LLC, a Connecticut-registered broker-dealer located in Lake Mary, Florida. The multistate investigation focused on platform outages experienced by the firm, deficiencies in the firm's supervision of options and margin trading eligibility and approval and deficiencies relating to the firm's operational structure for controls and customer service. Such supervisory deficiencies constituted a violation of Connecticut's securities laws. The resulting Consent Order directed the firm to pay a \$200,000 fine to the department, representing Connecticut's proportionate share of the multistate settlement.

For the calendar year 2023, Securities and Business Investments Division intervention resulted in restitution and rescission offers to the investing public totaling \$971,804. In addition, the Division imposed \$1,182,868 in fines for violations of the state's securities laws. Of this amount, \$882,868 was attributable to Division settlements and \$300,000 was due to formal agency orders imposing fines.

During 2023, 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 forty-one securities and business opportunity investigations were opened in 2023, twenty-nine investigations were closed, and ninety-seven investigations were in progress as of December 31, 2023.

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 ten Consent Orders and four Stipulation and Agreements in calendar year 2023. Five 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 2023, 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 and Business Investments Division Data Analytics

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

	2019	2020	2021	2022	2023	5 Year % Change
Broker-dealer firms	2,039	1,978	1,992	2,003	1,957	(4.02)
Broker-dealer agents	168,913	172,879	181,638	195,230	202,576	19.92
Broker-dealer branch offices	2,488	2,387	2,301	2,298	2,295	(7.75)
Investment Adviser firms	484	467	451	423	412	(14.87)
SEC Registered Investment Advisory Firms Filing Notice <sup>1</sup>	2,219	2,240	2,302	2,441	2,473	11.44
Investment Adviser Agents	14,867	15,181	15,292	15,257	15,175	2.07

**Registrations and Notice Filings  
Securities and Business Opportunities**

	2019	2020	2021	2022	2023	5 Year % Change
Offerings Reviewed	129	102	113	152	90	(30.23)
Investment Company Notice Filings <sup>2</sup>	8,973	8,550	8,367	8,430	8,354	(6.89)
Exemptions and Exemptive Notices <sup>3</sup>	4,446	4,866	8,678	7,812	5,399	21.43

<sup>1</sup> Investment advisers subject to exclusive Securities and Exchange Commission registration pursuant to the National Securities Markets Improvement Act of 1996, Public Law 104-290.

<sup>2</sup> 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.

<sup>3</sup> 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**

	2019	2020	2021	2022	2023
Broker-dealers	132	77	76	66	61
Investment Advisers	155	143	109	77	48

**Enforcement Activities**  
**Securities and Business Opportunities**

	2019	2020	2021	2022	2023
Investigations Opened	62	44	44	54	41
Investigations Closed	59	55	55	28	29
Investigations in Progress	93	87	76	98	96
Subpoenas Issued	45	16	18	35	35
Administrative Actions	7	15	8	10	6
Consent Orders	10	13	7	14	10
Stipulation and Agreements	13	7	9	3	4
Notices of Intent to Deny (Licensing)	2	1	0	1	0
Notices of Intent to Revoke (Licensing)	0	3	2	0	0
Denial Orders (Licensing)	0	2	0	1	1
Suspension Orders (Licensing)	0	0	0	1	0
Revocation Orders (Licensing)	0	1	1	1	0
Notices of Intent to Fine	6	6	3	6	4
Orders Imposing Fine	2	11	2	5	4
Cease and Desist Orders	6	6	3	6	4
Activity Restrictions/Bars	3	3	3	6	5
Monetary Sanctions Imposed	\$315,140	\$3,713,236	\$951,355	\$2,354,901	\$1,182,868
Offered/Returned to Investors Following Informal Division Intervention	\$2,554,868	\$1,654,526	\$4,348,778	\$1,117,666	\$971,804
Criminal Referrals	3	1	0	1	0
Referrals to Connecticut Attorney General	3	3	1	1	3
Other Agency Referrals	1	3	2	2	0



# GOVERNMENT RELATIONS AND CONSUMER AFFAIRS

# SECTION 5: GOVERNMENT RELATIONS AND CONSUMER AFFAIRS

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Subject to the general supervision of the Banking Commisioner, 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.

## 5.1 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 2023, examiners in the Division handled approximately 3,373 telephone inquiries and 1,120 written complaints from the public, with an additional 765 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 \$122,440.68 in adjustments or reimbursements on behalf of consumers during the period. The security deposit investigator received approximately 859 telephone calls and 247 complaints related to rental security deposits in 2023. Following an investigation into each complaint, the Department recovered \$39,213.73 for tenants during this same time period.

## **5.2 Media Relations**

The Government Relations and Consumer Affairs Division (GRCA) serves as the public face of the Department. As such, the Division coordinates all media requests and inquiries. In 2023, 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 GRCA, the Department utilizes social media as a means of communicating with its stakeholders that include consumers, investors, and industry professionals. The Department shares news and updates, as well as financial education information, to the public and industry alike through its webpage and social media accounts.

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

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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 2023, agency staff participated in approximately 88 outreach programs, nearly triple compared to 2022. Consumers and industry professionals received relevant information and training regarding financial fraud and exploitation, identity theft, investor education, and financial management. High school and college students learned about cybersecurity, credit, and money management. The Department was represented at expos and fairs throughout the state, affording staff the opportunity to speak one-on-one to attendees and distribute educational information on a variety of issues.

The Department encourages students to focus on their finances and to manage and protect their money, particularly online. In March 2023, the agency's Securities Division Director presented a webinar for the University of New Haven through its

financial aid office, entitled *Investing in the Modern World*. The program discussed investing terms, types of financial professionals, and cautioned students about social media marketing and scams.

The Department of Banking's educational outreach coordinator provided five break-out sessions to approximately 200 students in March at a Money Madness conference hosted by Chelsea Groton Bank which took place at Connecticut College. 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 through social media.

Commissioner Pérez was a guest speaker at a bank management class at Central Connecticut State University (CCSU) in March 2023. He gave an overview of the Department of Banking as a regulatory agency and highlighted its priorities for 2023-2024. A Banking Manager in the Department's Financial Institutions Division and a Principal Examiner from the Securities Division joined the commissioner and discussed high profile examinations and enforcement actions with students. In November 2023, Commissioner Pérez and a Financial Examiner from the Consumer Credit Division presented to the fall semester class at CCSU. They discussed different types of agency cases, and the type of work examiners handle on a daily basis.

Through targeted outreach to the state association of resident service coordinators, the outreach coordinator provided 42 Financial Fraud Bingo programs for residents in housing communities and senior centers across Connecticut in 2023. The Financial Fraud Bingo program is a fun, interactive way to educate seniors about banking scams and fraud prevention, as well as keep the agency informed of the latest scams affecting our communities and continues to be the Department's most requested outreach program.

Helping seniors avoid financial scams and exploitation continues to be a focus of the agency's outreach efforts. The educational outreach coordinator provided several talks and presentations throughout 2023 for seniors and those that care for seniors, including a fraud program in March 2023 at the Middletown Senior Center and a program on avoiding scams targeting seniors for the Ladies Benevolent Society at the First Congregational Church of Old Lyme. Libraries have consistently provided the Department with opportunities to share our expertise and resources with the public. In 2023, the outreach coordinator provided programs at public libraries in Berlin, Canterbury, Cheshire, and Newtown, as well as a unique virtual

program on banking scams and mild cognitive impairment for the Bloomfield Public Library.

In August 2023, the agency's educational outreach coordinator collaborated with an educator with UConn Extension to conduct a presentation for inmates at the Cheshire Correctional Institution who were part of a program for those nearing the end of their incarceration. She discussed the types of entities the Department of Banking regulates and explained how the agency helps consumers.

In September 2023, the educational outreach coordinator represented the Department of Banking at the Connecticut Town Clerks Association Fall Conference in Westbrook. She distributed over 4,600 copies of *Marriage & Money: Starting Your Financial Life Together*, a saving and investing guide for newlyweds. Town Clerks in turn provide this booklet to couples that apply for their marriage license.

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 consumers and investors. On June 15, 2023, she shared resources at a senior housing community in Bristol for World Elder Abuse Awareness Day. In September 2023, she provided information at a senior community in Hartford for their annual "Resident Appreciation Day". That month the outreach coordinator also met with seniors and distributed materials at a Senior Health and Wellness Fair in Shelton.

In October 2023, the outreach coordinator had additional opportunities to share resources with consumers in Connecticut. She staffed a resource table at the TEARS Conference (Timely Elder Abuse Resource Services) in West Haven, hosted by the South Central Area Agency on Aging, where she met dozens of social workers and promoted the Financial Fraud Bingo program. She met with students at the University of Saint Joseph in West Hartford at a Financial Wellness Fair which took place in the Student Center, and she distributed educational materials at the UCONN Work/Life Expo, held at the Student Union on the Storrs campus.

## ***Partnerships***

Through the Department's 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 2023.

Coordinating programs with the area agencies on aging has shown to be an excellent partnership in reaching seniors in the community. In May 2023, the outreach coordinator provided a joint webinar with a Senior Medicare Patrol (SMP) coordinator from the Agency on Aging of South Central Connecticut to provide a financial fraud webinar that focused on banking scams and Medicare fraud. In June 2023, she presented a fraud prevention program at the Norwalk Senior Center, along with a SMP representative from the Southwestern Connecticut Agency on Aging.

In recent years, the agency's outreach coordinator has joined forces with a detective from the Fairfield Police Department to co-present senior fraud programs in that community. These programs focus on real-life examples of financial fraud and help explain how residents can recognize and avoid becoming a victim of scammers. In June 2023 they presented at Cambridge Health and Rehabilitation Center in Fairfield, and in November 2023 gave a joint presentation at Parish Court in Fairfield.

In July 2023, an attorney from our Consumer Credit Division partnered with a Connecticut State Police Detective to present at the Chainalysis Trace DC conference in Washington, DC, for a session on *Creating, Adopting and Implementing Regulation: A View from State Law Enforcement*. He spoke on the impact of state legislation concerning digital assets on Connecticut consumers and illustrated case studies in Connecticut, including the factual allegations, Department actions, and results.

In September 2023, the agency's educational outreach coordinator partnered with the manager of the Department of Social Services (DSS) Protective Services for the Elderly unit at a monthly meeting of the Connecticut Association of Resident Service Coordinators for Housing, where she promoted the agency and specifically the outreach program.

The educational outreach coordinator was a guest speaker at AARP-Connecticut's Fraud Watch Network Volunteer Summit in Berlin in October 2023. She shared information about current banking scams and financial frauds and responded to questions from AARP volunteers.

In October 2023, the outreach coordinator joined forces again with the manager of the DSS Protective Services for the Elderly unit as featured speakers at an event in East Hartford aimed at helping seniors and caregivers avoid and prevent financial exploitation. The event was hosted by American Eagle Financial Credit Union.

In December 2023, she partnered with the chief of education and outreach from the Department of Consumer Protection at a senior fraud forum at the Waterford Senior Center, hosted by State Representative Kathleen McCarty.

The Department of Banking is a member of the Connecticut Saves Campaign, a statewide initiative to encourage consumers to save regularly to improve their personal finances. The agency recognized Connecticut Saves Week 2023 by hosting an expo at the State Capitol in Hartford, and by participating at a financial education expo for students at the Hartford Job Corps Academy. Savings tips and videos were shared throughout the week on social media, and daily e-mails were sent during Saves week to Department staff, as reminders to save automatically, save for the unexpected, save for major milestones, pay down debt, and save at any age.

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, and the Connecticut Saves Coalition. The Department is also a member of the BankOn, a Connecticut Association of Human Services coalition 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.

### ***Financial Exploitation Training – Collaboration with Connecticut Bankers***

The Department of Banking collaborated with the Connecticut Bankers Association for the 2023 *Elder Financial Fraud Training Summit* on November 8, 2023. The event focused on a new law passed during the 2023 legislative session that will allow financial agents, including broker-dealers, investment advisers, and financial institutions to place a hold on a transaction or disbursement if they suspect financial abuse. The Department's Outreach Coordinator presented the agency's Senior\$afe™ program alongside representatives from the State Unit on Aging and DSS Protective Services for the Elderly to train the banking professionals to identify and report signs of fraud and exploitation of their customers.

### ***Community Event in New Haven for College Bound Students***

On November 15, 2023, the Department of Banking helped organize an event at the Dixwell Community House in New Haven that focused on helping high school students learn ways to help pay for college. Entitled, *Affording College: Demystifying*

*Financial Aid, Scholarships and Loans*, the program provided an overview of the financial aid process, a demonstration of a helpful online resource, and information on receiving free assistance in applying for college grants and scholarships. Commissioner Pérez gave welcoming remarks to students and their parents, and two Department of Banking Directors joined forces to provide a demonstration of an online tool to help student loan borrowers plan for paying for college.

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

In 2020, Commissioner Pérez attended a forum with celebrating Hispanic Heritage month with an array of 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 Pérez organized the banking 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 Pérez 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.

### ***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.

### ***Dixwell Community Q House***

Commissioner Perez continues to serve on the Board of the Dixwell Community Q House. He serves as chair of its finance committee and advises on fiscal matters and programming where appropriate.

## **5.4 Legislation**

Each year the Department conducts an active legislative program coordinated by the GRCA Division. During the 2023 legislative session the Department submitted several proposals for consideration that were enacted into law:

*Public Act 23-161, An Act Concerning Financial Exploitation of Senior Citizens*, was a priority bill for the agency. The act allows for financial institutions, broker-dealers and investment advisers to place a hold on a transaction or disbursement, if they suspect financial abuse. The act provides financial institutions, broker-dealers and investment advisers immunity from legal action as long as they have written policies and procedures in place and provide training for their employees to spot signs of elder financial abuse. The Department took the lead in crafting the bill and built a coalition of members to support its passage, including AARP, the Connecticut Bankers Association and the Elder Law attorneys in the state.

*Public Act 23-82, An Act Concerning Digital Assets*, allows for the Department to adopt regulations around digital assets including crypto currencies and stablecoins. The bill requires virtual currency kiosks and their owner/operator to be licensed as money transmitters and requires certain disclosures when using these kiosks.

*Public Act 23-126, An Act Concerning Various Revisions to the Banking Statutes*, was an omnibus banking bill that included most of the agency's proposals:

- Small Loan Changes - The act raises the limit of small loans from \$15,000 to \$50,000; clarifies that tips and donations are part of the finance charge when determining the APR on small loans; and includes Income Share Agreements in small loan definition.
- Sales Finance Companies - The act increases the maximum value of retail installment or installment loan contracts for motor vehicles and equipment. Currently, the maximum value is \$50,000 for motor vehicles and \$16,000

for equipment. The bill increases these amounts to \$75,000 and \$25,000 respectively, and by raising these limits, the law will apply to more consumers.

- Gap Waivers - The act sets requirements for the terms and cancellation of certain guaranteed asset protection (GAP) and excess wear and use waivers. It makes them cancelable within 60-day window, and requires a pro rata refund if canceled afterwards, provided no benefits have been used.

*Public Act 23-126* also makes the following changes:

- Prohibits certain licensed mortgage professionals from (a) using an unlicensed lead generator unless the lead generator is exempt from licensure or (b) helping a lead generator conduct business without a valid license to do so;
- Eliminates the requirement that mortgage servicer supervisors generally live within 100 miles of a branch office;
- Eliminates the need for certain reports submitted by banks and credit unions to be notarized if submitted electronically;
- Exempts uninsured banks from being licensed as money transmitters;
- Modifies the treasurer's Community Banking Program by increasing the maximum amount of funds available for the program from \$100 million to \$300 million, and raising the asset limit for eligible participating institutions from \$1 billion to \$2 billion; applies a "capital and surplus" calculation to certain investment decision making of Connecticut banks (e.g., liabilities of borrowers, debt and equity securities, debt and equity mutual funds, social purpose investments, and mortgage lending); and
- Requires the Department of Banking to help account holders with matters concerning a financial institution's merger with another institution, including helping to resolve complaints.

# Government Relations and Consumer Affairs Data Analytics

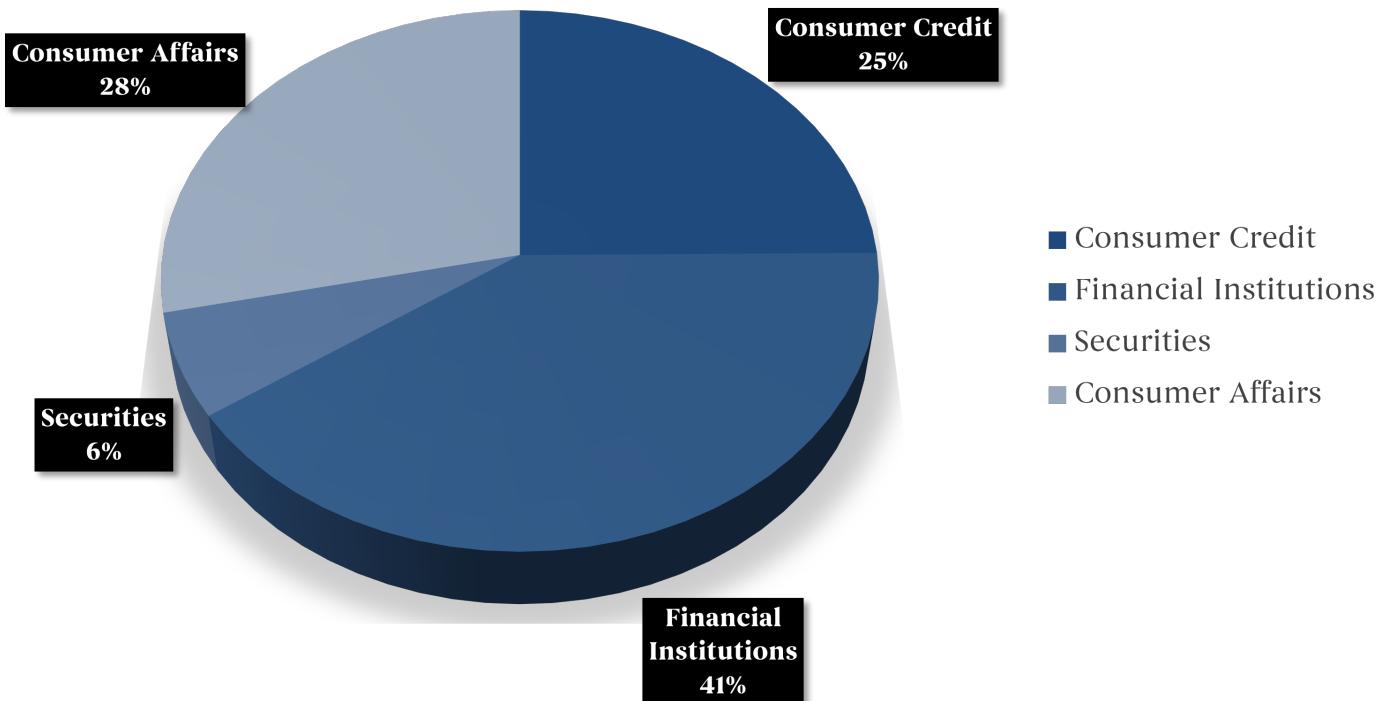
## Government Relations and Consumer Affairs Division

Consumer Affairs	2019	2020	2021	2022	2023
Telephone Inquiries	3,035	2,155	1,925	2,013	3,373
Written Complaints	929	1,152	1,119	1,107	1,120
Adjustments/Reimbursements on behalf of consumers	\$197,702.10	\$338,701.00	\$98,837.48	\$66,480.99	\$122,440.68

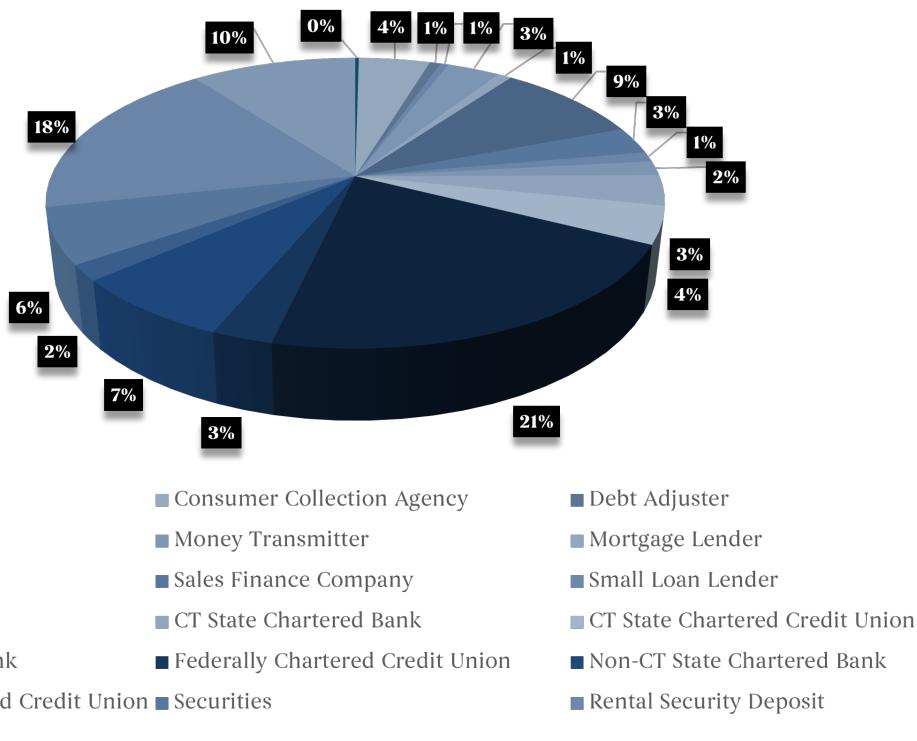
Rental Security Deposit	2019	2020	2021	2022	2023
Telephone Inquiries	1,088	821	574	826	859
Written Complaints	185	164	176	208	247
Reimbursements on behalf of tenants	\$141,737.36	\$19,257.40	\$59,132.52	\$13,654.76	\$39,213.73

Foreclosure Hotline	2019	2020	2021	2022	2023
Telephone Calls	853	481	333	638	765

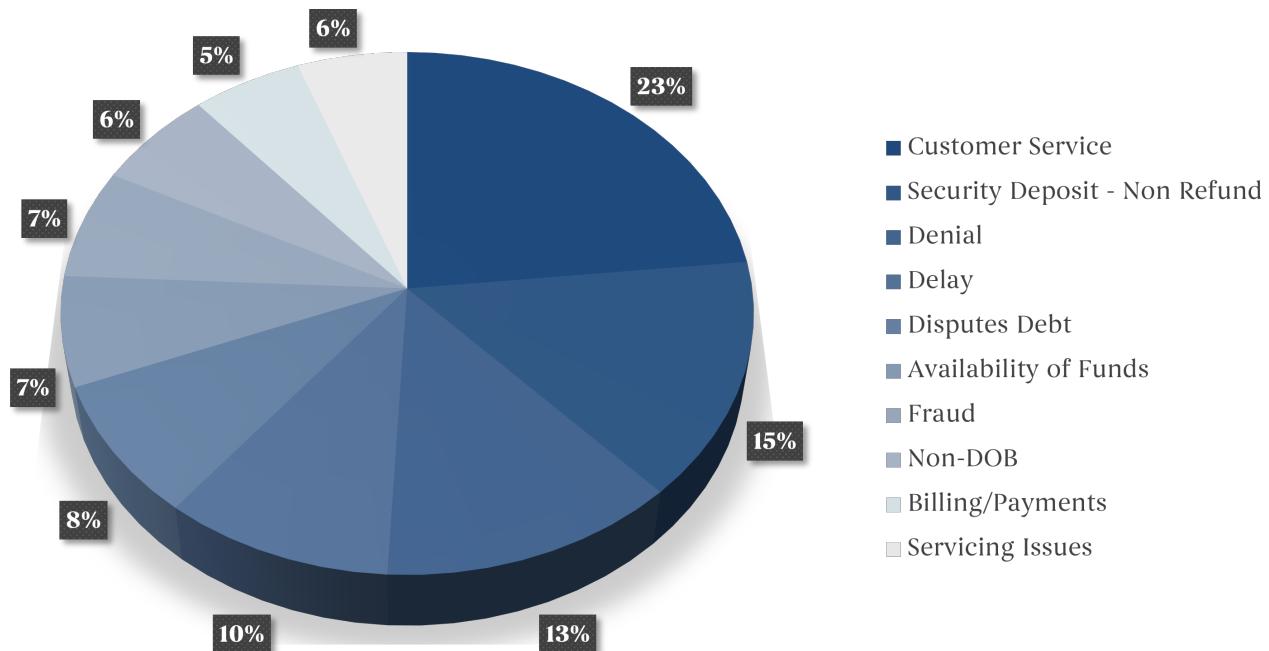
## 2023 Complaints by Division



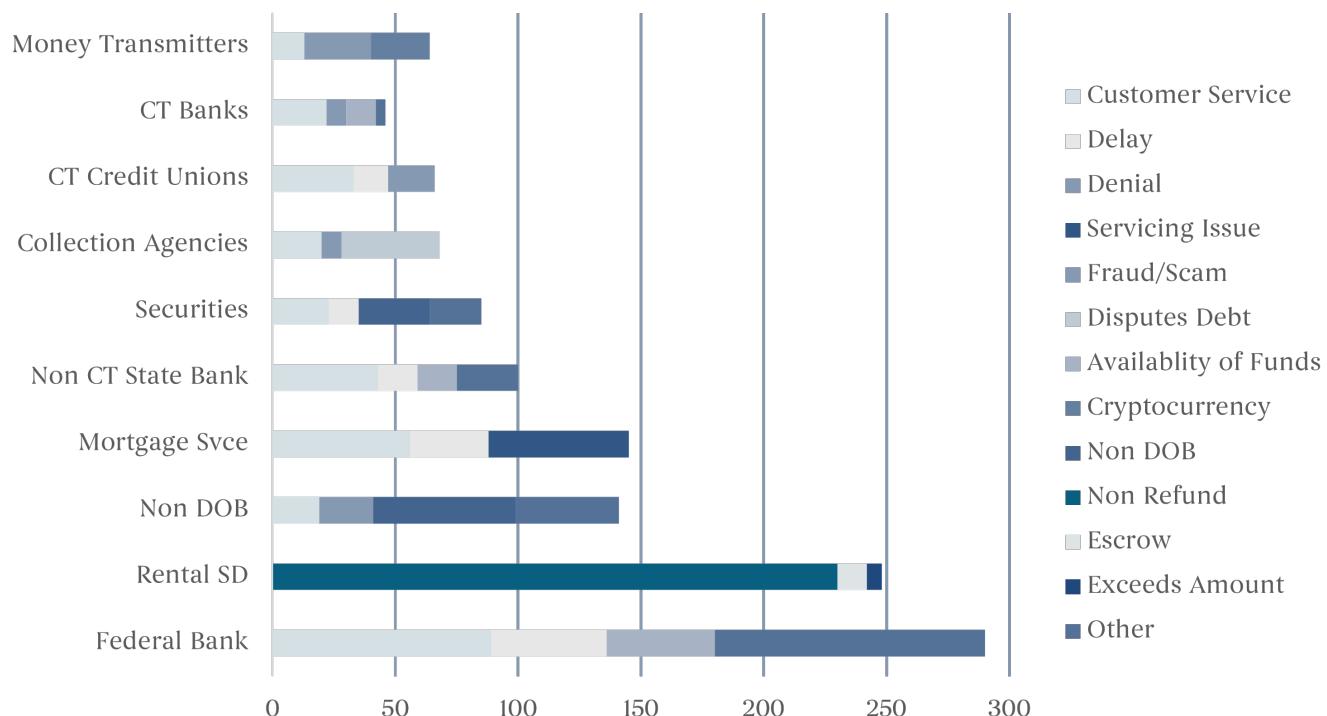
## 2023 Complaints by Type



## 2023 Top Ten Alleged Issues



## 2023 Top Case Nature and Alleged Issues





# CLOSING SUMMARY

## SECTION 6: CLOSING SUMMARY

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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. The Department maintains its status as a leader among state regulators in areas of consumer protection and its ability to adapt to a changing financial landscape. The adoption of its uninsured bank charter to an innovation bank charter points itself as a 21st century regulator among emerging Fintech companies that provide consumers and businesses with financial products and services that demand experienced oversight and flexible regulatory frameworks.