

Department of Banking



At A Glance

JORGE L. PEREZ, Commissioner

Established - 1837

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

Connecticut General Statutes and Related Laws

Central office - 260 Constitution Plaza

Hartford, CT 06103-1800

Average number of full-time employees - 117

Recurring operating expenses - \$20,137,806.60

Organizational structure:

Financial Institutions Division

Consumer Credit Division

Securities and Business Investments Division

Government Relations and Consumer Affairs Division

Administration

Business Office

Human Resources

Management and Information Systems (MIS)

Mission

The Department of Banking (DOB) is the primary state regulator for state chartered banks and credit unions, securities, and consumer credit. Its mission is to protect users of financial services from unlawful or improper practices by ensuring that regulated entities and individuals adhere to state banking, consumer credit and securities laws. We accomplish this

through regular, thorough, and cost-effective examinations of the entities we supervise. The Department also engages the public and other stakeholders through a variety of media platforms, educational outreach initiatives, and press communications.

Statutory Responsibility

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

The Department's customers include the general public, representatives of the public, regulated entities, researchers, and consultants. Connecticut residents benefit broadly from agency activities, which protect their funds in depository institutions, offer important investor and consumer protections, assist in dispute resolution and provide helpful educational resources and information.

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

The Department is comprised of four operational divisions and three support divisions to accomplish its mission. Specific regulatory functions are assigned to each operational division within the Department.

The **Financial Institutions Division** is responsible for the supervision of insured and uninsured state-chartered bank and trust companies, savings banks, savings and loan associations 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 and certain non-banking corporations that exercise fiduciary powers, including limited purpose trust companies. In 2016, the legislature created a new international trade and investment corporations license, to be supervised by the Department of Banking.

The **Consumer Credit Division** is responsible for examination, enforcement, and licensing of mortgage lenders, brokers, servicers and loan originators; small loan companies; sales finance companies; debt adjusters; debt negotiators; consumer collection agencies, including debt buyers; money transmitters; issuers of money orders and travelers checks; check

cashing services; and student loan servicers. In addition, Consumer Credit also administers Truth-in-Lending laws and retail installment sales financing laws. Effective October 1, 2017, the Division also will be responsible for the licensure of lead generators of residential mortgage loans.

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; and enforces the Connecticut Uniform Securities Act, the Connecticut Business Opportunity Investment Act and the Connecticut Tender Offer Act.

The **Government Relations and Consumer Affairs Division** assists consumers with issues involving financial services and products regulated by the Department, and oversees the administration and enforcement of the rental security deposit laws. The Division also directs the agency's legislative program, manages communications and media relations for the Department, coordinates financial and investor-education outreach efforts and provides assistance to homeowners in foreclosure or in danger of foreclosure through the Foreclosure Assistance Hotline.

There are three support divisions at the Department of Banking: the Business Office, which is responsible for the accounting, budgeting, fiscal, payroll, purchasing and financial reporting functions; Human Resources, which addresses day-to-day employee issues and prepares the agency's affirmative action plan; and the MIS unit that provides information technology and office automation support.

Public Service

The Department of Banking is strongly committed to maintaining a standard of excellence in meeting its regulatory responsibility, while being responsive to Governor Malloy's desire to promote a business friendly climate in Connecticut.

In order to provide the public with convenient 24-hour, 7-day access to information on agency programs, licensing activity and educational resources, the Department maintains its website, www.ct.gov/dob. During the 2016-2017 fiscal year, approximately 173,000 visitors viewed over 258,000 pages on the agency website.

The Department entered the social media arena in 2016, launching its Facebook page ([facebook.com/ctdob](https://www.facebook.com/ctdob)) in May and its Twitter account (twitter.com/ctbanking) in November. The Department joined many other state agencies in using social media as a means of communicating with its stakeholders that include consumers, investors, and industry professionals. Through social media, the Department shares news and updates, as well as financial education information, to the general public and industry alike.

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

The Department of Banking posts on its website searchable text of administrative actions taken by the agency against various entities, as well as indices to advisory opinions issued by the Commissioner concerning bank, credit union, consumer credit, landlord/tenant and business opportunity matters.

A weekly News Bulletin is posted to our website, which provides information on applications before the agency, recent administrative orders and legal actions, and intended changes in regulations. The Bulletin, distributed through the agency list-serv, received a “facelift” in 2016 with a new online delivery system, making it easier to view on mobile devices. The Department plans to also implement this change in the Securities Division, which produces a quarterly Bulletin that is distributed to our list-serv and posted to the website to advise the industry of new regulatory developments.

Financial Institution Division (FID)

As of June 30, 2017, FID had regulatory oversight over 35 state-chartered domestic banks, three international banks, one uninsured bank, 32 credit unions, one business & industrial development corporation, one international trade and investment corporation, and various licensees that are issued to administer trust and/or special need services. Its regulatory obligations include multiple specialty examinations such as information technology, cybersecurity, Community Reinvestment Act, Truth-In-Lending, and Bank Secrecy Act. These are in addition to the traditional safety and soundness examinations conducted by the division.

During this fiscal year, there was one application filed to charter an uninsured bank. On March 24, 2017, the Commissioner approved the conversion of Fieldpoint Private Bank & Trust from a federal savings association to a Connecticut bank and trust company. There was one credit union conversion from a federally-chartered credit union to a state-chartered credit union during this fiscal year: Personal Care America Federal Credit Union, converted on August 12, 2016 under the name America’s First Network Credit Union.

During this fiscal year, the Banking Commissioner participated in a number of industry related meetings with Chief Executive Officers (CEOs) of banks and credit unions. The Annual CEO Roundtables hosted jointly with the Connecticut Bankers Association (CBA) were held in October 2016. The Commissioner spoke at the Credit Union League’s annual State and Federal Issues Government Affairs Conference in June 2017. The Commissioner and other agency staff participated in a number of industry events sponsored by the Connecticut Bankers Association, Connecticut Community Bankers Association and the Credit Union League of Connecticut.

In preparation for the fourth annual Federal Reserve/Conference of State Bank Supervisors (CSBS) Annual Community Banking Research and Policy Conference, the Department of Banking initiated its “5 Questions for 5 Bankers” Project. For this initiative, the

Commissioner, along with agency staff, engaged in direct discussions with bank CEOs concerning the most pressing issues facing the community banking industry in Connecticut. The Department's response to CSBS's written report on community banking emerged from these meetings. In addition, Commissioner Perez and one of the participating community bankers have been invited to attend this year's conference, by invitation only, themed *Community Banking in the 21st Century* to be held on October 4-5, 2017 in St. Louis. The conference gathers community bankers, academics, policymakers, and bank supervisors from across the country to discuss academic research and important issues affecting community banking.

Consumer Credit Division (CC)

The number of entities required to be licensed and regulated by the Consumer Credit Division has continued to grow over the last several years. As of June 30, 2017, the Division licensed 3,013 companies and branch offices, and 8,261 individuals. These numbers are up from 2,730 companies and branch offices and 7,593 individuals as of June 30, 2016.

For calendar year 2016, the Division completed thirty-five examinations of non-mortgage licensees and eight examinations of mortgage licensees. During this last reporting period, Consumer Credit has begun to reallocate its resources to meet a more aggressive examination schedule. To date, the Division has already completed twenty-four examinations, with 74 in progress, which we expect to complete by the end of calendar year 2017.

The Division continued its enforcement efforts, including conducting investigations of companies engaged in unlicensed activity. The Division issued 56 actions, resulting in penalties approaching \$1 million. In addition, Division activities brought restitution to the public in excess of \$4.4 million, over half of which were rebates resulting from examinations of sales finance companies.

As of July 1, 2016, the Division began licensing and regulating student loan servicers. This resulted in a joint effort with the Consumer Financial Protection Bureau (CFPB) to conduct a training for agency staff in November 2016. The five-hour session highlighted loan origination, loan guarantee, investor process and servicing.

In response to the 2008 mortgage crisis, the Division began utilizing the Nationwide Mortgage Licensing System (NMLS) for mortgage licensees. As the system has grown, and is now known as the Nationwide *Multi-State* Licensing System, the Division began use of NMLS for non-mortgage licensees in July 2015. The Consumer Credit Division is part of the CSBS initiative to upgrade the software to NMLS 2.0. This upgrade is designed to greatly increase efficiencies for the Division when licensing mortgage and non-mortgage individuals and entities.

Securities and Business Investments Division (SBID)

During the fiscal year, Lynn McKenna-Krumins was appointed Director of the Securities and Business Investments Division, following the retirement of Eric Wilder, whose tenure with the Division spanned over thirty years. Ms. McKenna-Krumins brought to the agency over 20 years of private sector experience in the financial services industry as well as experience in building successful teams, talent development and change management.

As of June 30, 2017, 166,491 broker-dealer agents and 13,711 investment adviser agents were registered with the division, an increase of over 1,900 broker-dealer agents and 650 investment adviser agents from the previous year. As of fiscal year-end, 2,177 broker-dealer firms and 523 investment advisory firms were registered in Connecticut. An additional 2,180 Securities and Exchange Commission-registered investment advisers had made a notice filing with the agency. Following passage of the Dodd-Frank Wall Street Reform Act and Consumer Protection Act of 2012, which split the regulation of investment advisers between the SEC and the states, the division has strived to examine in-state investment advisers falling within its jurisdiction at least once every three years. SBID also examines the books and records of broker-dealer and investment advisory main offices and branch offices. As of June 30, 2017, 2,589 broker-dealer branch offices were registered.

The Division also investigates violations of the state's securities and business opportunity laws, pursuing administrative, civil and criminal remedies where appropriate. Many times, this involves interacting with the Securities and Exchange Commission, the U.S. Attorney's Office, the Connecticut Attorney General's Office and other enforcement bodies to ensure that violators are brought to justice. Often the work of the Division features prominently in these cases. As a result, during the past year the Division has assisted in the criminal prosecution of several individuals and entities (CPAs and attorneys among them) through its investigative work.

Intervention by the SBID during the fiscal year resulted in restitution and rescission offers to the investing public totaling \$216,685. The Division also imposed \$120,344,900 in fines for violations of the state's securities and business opportunity laws.

A major portion of the fines imposed came from a significant settlement reached with RBS Securities, Inc. Through the efforts of the Division and the Office of the Attorney General, RBS Securities, Inc. paid \$120 million to resolve allegations involving its underwriting of residential mortgage-backed securities (RMBS) in the lead-up to the 2008 financial crisis. The settlement alleged that RBS' due diligence process had been inadequate and had resulted in omissions and misstatements being made to investing public about the securities in question. Under the terms of the settlement, the Department of Banking received \$250,000 to be applied to financial education and training and a financial literacy program. The balance of the settlement amount (\$119,750,000) was deposited into the State's General Fund.

The SBID continued its enforcement efforts in responding to securities complaints from the Connecticut investing public. Investigations focused on schemes involving the misappropriation or conversion of investor funds; fraudulent sales of securities to Connecticut residents at unrealistic rates of return; dishonest or unethical practices by investment advisers; sales of securities by unlicensed firms and individuals; elder fraud; and brokerage firm supervisory lapses.

During the fiscal year, the SBID continued to revise draft amendments to the Regulations promulgated under the Connecticut Uniform Securities Act, and continued to receive informal feedback from the Commissioner's Securities Advisory Council (which consists of members of the bar, academia and the securities industry, more fully described below) before the formal Uniform Administrative Procedure Act amendment process began.

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

Government Relations and Consumer Affairs (GRCA)

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

Consumer Affairs

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

During the fiscal year 2016-2017, GRCA's consumer affairs unit – excluding the Foreclosure Hotline and rental security deposit complaints – responded to 3,337 telephone inquiries and 1,352 written complaints from the public. As a result of their efforts, the Department obtained approximately \$506,310 in adjustments and reimbursements on behalf of consumers during the period.

The Foreclosure Assistance Hotline, established in 2007, has continued to be a valuable resource for Connecticut residents. Callers to the 800-number receive pertinent advice and guidance regarding their mortgage problems. During the 2016-2017 fiscal year, the Hotline assisted 2,562 individual consumers.

The agency received 1,386 telephone calls and 303 e-mails for landlord/tenant issues in the fiscal year. The agency's security deposit investigator resolved 163 landlord/tenant disputes and recovered approximately \$16,555 for Connecticut residents who had complained to the Department that landlords had unjustly withheld their refundable rental security deposits.

The Department launched a new Online Customer Assistance Form in April 2017 to better serve Connecticut residents, providing the ability to quickly and easily file a complaint and upload supporting documents. This has improved our customer service by allowing staff to begin processing a complaint upon receipt of those documents, thereby reducing wait time. The online form has greater functionality and provides the consumer with an immediate acknowledgment via e-mail.

Legislative Update

Each year the Department conducts an active legislative program coordinated by the GRCA Division. The DOB pursued an ambitious agenda during the 2017 legislative session. Through careful negotiation, the DOB was successful in passing nearly all of its initiatives. The

legislative package was designed to enhance consumer protections and create the ability for the agency to achieve efficiencies to better carry out its mission. Below are highlights of the agency bills passed:

- ***Public Act 17-38, An Act Concerning Lead Generators of Residential Mortgage Loans***
 - establishes licensure requirements and sets fees for initial licenses and renewals;
 - establishes related record keeping and notification requirements for licensees;
 - requires lead generators to include a disclosure statement in their residential mortgage loan advertisements and lead solicitations; and
 - gives the Banking Commissioner investigatory and enforcement authority over licensees, including allowing him to take certain disciplinary actions against licensees who fail to comply with the bill's requirements.

- ***Public Act 17-233, An Act Concerning Secured and Unsecured Lending***
 - applies certain mortgage servicers' and student loan servicers' prohibited acts to other licensees;
 - requires nondepository licensees to establish, enforce, and maintain policies and procedures that are reasonably designed to achieve compliance with applicable laws and regulations;
 - allows the Banking Commissioner to require the use of electronic bonds to participate in the Nationwide Multi-state Licensing System;
 - reduces the pre-licensing education requirements for mortgage loan originators, loan processors, and underwriters and establishes when the education requirements must be retaken;
 - allows the Commissioner to provide certain notices to licensees by personal delivery (i.e., email) and establishes when such a notice is deemed received; and
 - sets limits for money transmitters regarding virtual currency transactions and timeframes for remitting money.

- ***Public Act 17-236, An Act Concerning The Department Of Banking's Enforcement Authority, The Issuance Of Certain Reports, Requiring The Return Of Certain Portions Of Security Deposits And Making Minor Revisions To The Banking Statutes.***
 - increases, from 20 to 25 years, the maximum maturity period Connecticut credit unions can establish for second mortgages and mobile home loans and updates the approval process for changes to their bylaws (Sections 2 & 3);
 - adds to the documentation a bank must file with the Commissioner as part of its annual audit (Section 4);
 - expands the definition of "sales finance company" to include persons who transfer interest in retail installment or installment loan contracts but continue servicing such contracts or loans (Section 12);

- requires money transmission licensees to establish an anti-money-laundering program with specific features, such as an independent audit function to test the program's effectiveness (Section 13);
- requires consumer collection agencies to have a minimum tangible net worth of \$50,000 before licensure and prohibits them from retaining unlicensed consumer collection agencies (Sections 14 & 15);
- authorizes the Banking Commissioner to impose a fine of up to \$100,000 per violation on any person who engages in dishonest or unethical practices (Section 16);
- requires landlords, at the tenant's request, to return any security deposit that exceeds one month's rent if the tenant turned age 62 after paying the deposit (Section 17).

Educational Outreach

The primary focus of the Department's educational outreach program is to help Connecticut's consumers and investors make informed financial decisions and to protect their money from fraud and scams. Through the GRCA Division, the agency publishes consumer alerts and information on known frauds and scams. Agency staff provides vital information to consumers through talks, presentations, seminars and expos. During the 2016-2017 fiscal year, Department employees spoke on topics that include credit and debt management, identity theft prevention, financial fraud, investor education and foreclosure prevention.

The Department of Banking continues its efforts in helping Connecticut homeowners prevent and navigate the foreclosure process. GRCA Division personnel continue to actively participate in monthly foreclosure prevention clinics during the year, giving presentations and providing one-on-one counseling to homeowners having mortgage problems.

In the fall of 2016, the Department took part in a series of senior fairs that were held throughout the state. Agency staff was highly visible at each event, and actively assisted seniors and others by speaking one-on-one to attendees and distributing educational information on a variety of issues.

Governor Malloy proclaimed February 27- March 3, 2017 as Connecticut Saves Week, encouraging Connecticut residents to take positive wealth-building action to improve their personal finances. Department of Banking staff took part in numerous outreach events in both February and March to support this initiative, including workshops at Department of Labor Job Centers in Hamden, Bridgeport, Waterbury, and Hartford for job seekers, and workshops for high school students in New London. The agency held its fifth annual Connecticut Saves expo at the State Capitol in Hartford to promote smart money management, and participated at a financial education expo for students at the Hartford Job Corps Academy.

The Department also supported the Military Saves initiative, to encourage service members and their families to save money, reduce debt and build wealth. An Examiner from our Securities Division presented a program on saving and investing to nearly 1,200 young service men and women at the Navy Submarine Base in Groton.

Improvements/Achievements 2016-2017

The Department of Banking continued its LEAN initiatives in earnest during the 2016-2017 fiscal year, led by the Division Directors of the Business Office and Human Resources. The agency held three LEAN events and one Strategic Planning event during this time period.

Consumer Credit LEAN

The Consumer Credit Division held a LEAN event in July 2016. The team focused on looking for areas of efficiency and effectiveness in the Division's licensing process for mortgage renewals for both companies and individuals. A main goal of the team was to increase the speed of issuing renewals of certain licensees who meet all qualifications by 30% within two years. The team's short-term goals include auto-renewal beginning with the 2018 renewal; digitizing and centralizing information; and creating a dedicating e-mail account for status updates. The long-term goals rely on implementing the Nationwide Multistate Licensing System and Registry (NMLS) 2.0 and a modification of statutes to change certain requirements.

Agency-wide LEAN

Members of the Consumer Credit, Financial Institutions and Securities Divisions participated in an agency-wide licensing LEAN Event in February 2017. The team reviewed existing new applicant licensing processes, identified ways to streamline and gain efficiencies in the collection and analysis of licensing information, and found opportunities for cross training and sharing of resources across divisions. The team will meet on a regular basis over the next year to effect and oversee items on its newly created Implementation Plan.

GRCA LEAN

In February 2017, the Government Relations and Consumer Affairs (GRCA) Division, held its second LEAN event to examine and integrate, where possible, the Foreclosure Hotline into the process-model general complaint system from one dedicated Consumer Information Representative and one part-time back-up Examiner to having basic mortgage default and foreclosure information calls answered by all GRCA staff.

Strategic Planning LEAN

At the start of the New Year, Commissioner Pérez convened the agency's executive management team for a two-day workshop to develop a strategic plan for the agency using LEAN tools. During this workshop, management outlined its chief priorities to move the Department forward while outlining specific targets and metrics to achieve these broad objectives. Each Division head conducted a Strengths, Weakness, Opportunities and Threats (SWOT) analysis, which informed the crafting of the plan. Highlights of the long-term goals included:

- Obtain/maintain accreditation for all applicable divisions by 2019
- Increase economic opportunities through charter and licensing innovations
- Establish an internal DOB University to invest in staff training

- Elevate agency profile through new branding, communications and educational initiatives
- Meet the minimum CSBS, NASCUS and FINRA industry best practices for examinations
- Establish high performance organization to meet agency needs and become an employer of choice
- Drive efficiency through e-government and technology

In June 2017, Commissioner Pérez held an agency-wide meeting to introduce the plan to the entire staff, and continues to discuss these initiatives at Division meetings.

LEAN Showcase

The Department took part in the 4th annual LEAN CT Showcase, hosted by the Office of Policy and Management. This expo, which took place in the North Lobby of the State Capitol building in Hartford, is an opportunity for state agencies to share their LEAN initiatives for improving customer service. Department of Banking staff engaged with the public and fellow state agency personnel in promoting the agency's achievements, specifically related to our complaint process. As a result of LEAN, consumer affairs personnel transitioned from using a paper system of logging consumer calls to an online system, developed by MIS staff. GRCA staff wrote a manual of Standard Operating Procedures for the division to serve as a reference source and to help cross-train employees and future staff. An online complaint form has enhanced and improved our customer service greatly, by making it possible for staff to process complaints more efficiently with less wait time. The agency's table display shared these accomplishments with attendees in a visually pleasing manner.

LAW PreDiscovery & Concordance Desktop

Continuing in our efforts to make the agency operate efficiently, the Department implemented electronic systems designed to facilitate more easily the processing of documents - LAW PreDiscovery and Concordance Desktop.

LAW PreDiscovery is an e-discovery engine in which the user can scan, import, and produce all of the potential evidentiary documents needed during legal discovery. It converts files into a format that can be loaded into the Concordance Desktop program for review; helps to eliminate duplicate, irrelevant and non-responsive files and process only the essential data prior to document review; and creates databases for discovery documents.

Concordance Desktop is a program in which users can manage and review the high volume of documents generated during a litigation matter, including scanned papers, e-mails, and PDFs. Some of the key processes that can be performed in this program are searching, reviewing and organizing documents; producing and sharing documents internally and externally; highlighting, redacting, annotating and stamping documents (confidential, privileged, etc.); and creating customized reports for fact review and trial preparation, including, but not limited to, document lists, Q&A sets and production history reports.

Banking Boot Camp

Commissioner Pérez serves as an important partner of the Connecticut Insurance and Financial Services Cluster (CT IFS), a statewide initiative of the MetroHartford Alliance. The goal of CT IFS is to create competitive advantages, recruit and educate a trained workforce and increase public awareness of the insurance and financial services industry. The Department of Banking, in partnership with CT IFS, hosted a five-day Banking Boot Camp in May 2017. Commissioner Pérez was inspired by the successful Actuarial Boot Camp that CT IFS runs on an annual basis, and recommended CT IFS develop a similar type program for students interested in a career in banking. Following more than a year of planning, and under the direction of CT IFS, more than twenty students participated at Banking Boot Camp May 15-19, 2017. These students were given a high-level view of the banking industry by visiting four banks in Hartford and meeting directly with senior banking leaders and regulators. This interaction exposed students to the variety of rewarding careers in banking and regulation, including wealth management, marketing and sales, underwriting, IT, customer engagement, examinations, compliance, and much more.

SeniorSafe Training

The Department continued to pursue efforts to combat financial exploitation of seniors. Through our outreach program, we continue to utilize partnerships with state, federal and community organizations to empower seniors with the knowledge to protect their finances. In recent years, we have taken a different approach by training financial professionals who work with seniors to spot signs of fraud and exploitation. In 2016, the Department, through its membership with the North American Securities Administrators Association (NASAA), helped retool *SeniorSafe*, a program first created in Maine to train bank and credit union employees to identify and report senior financial exploitation.

The Department presented its first *SeniorSafe* training in October 2016 to the Connecticut Valley Chapter of the Connecticut Financial Planners Association at their monthly breakfast meeting, held in Rocky Hill. In June 2017, a half-day training session for investment advisers took place in Farmington, hosted by LPL Financial and in collaboration with the Connecticut Insurance Department. Attendees were provided Continuing Insurance Education credits upon request. Advisers from the firm learned common red flags of potential financial abuse. Case studies reinforced the warning signs and emphasized the importance of reporting suspected abuse.

The *Financial Institutions Division* remains committed to continuing its communication with industry representatives. At the conclusion of every examination, FID staff meet with the bank's or credit union's board of directors. They are also given the opportunity to provide feedback directly to the Banking Commissioner by completing a two-page post-examination survey. Institutions are given the opportunity via the survey to comment on staff performance, examination efficiency and examination time demands in an effort to improve future examinations. In addition, the Commissioner solicited feedback from the bankers who participated in the CSBS project, "5 Questions for 5 Bankers," concerning examination and supervisory process improvements.

The FID staff remains active members of both the CSBS and the National Association of State Credit Union Supervisors (NASCUS). Division Director Mary Ellen O'Neill serves on the Board of NASCUS and was elected Chairman in October 2016. Financial Institutions Division staff also serve on a variety of committees, actively participate in webinars and conference calls, and assist in the development of regulatory and best practice standards. FID received its re-accreditation from CSBS in November 2012 and was re-accredited by NASCUS in October 2015.

The *Consumer Credit Division* staff continued to represent Connecticut in working groups associated with the Conference of State Bank Supervisors (CSBS) to help improve the examination process not only in the mortgage area, but in the money services businesses and the consumer collection agency businesses as well. These working groups, involving members from other states, provide a forum for discussion and feedback toward national reform within the consumer finance area. Examination of out of state consumer collection agencies continued to be a priority with division staff conducting several coordinated examinations with the Consumer Financial Protection Bureau (CFPB) and other states.

The *Securities and Business Investments Division* has the ability to draw on the expertise of a Securities Advisory Council, a volunteer group comprised of industry representatives, academics and members of the bar, all of whom serve without compensation. The Securities Advisory Council is on hand to provide the Commissioner and staff insight on proposed regulatory initiatives. Under the Division's new leadership, the Advisory Council was reconvened during the fiscal year, to meet and share their opinions about the Council with Commissioner Pérez. In June 2017, the Commissioner appointed a new Chairperson to the Council. Donna Brooks is a partner at Shipman & Goodwin LLP and has been a long-serving member of the Advisory Council.

Connecticut continued its active participation in the North American Securities Administrators Association, Inc. (NASAA). Organized in 1919 and dedicated to investor protection, NASAA is a voluntary association whose membership consists of state, provincial and territorial securities administrators in the 50 states, the District of Columbia, Canada, Mexico, Puerto Rico and the U.S. Virgin Islands. During the fiscal year, SBID staff served on NASAA committees and project groups dedicated to improved online registration of securities industry personnel; broker-dealer operations; investment adviser training; and variable annuities.

Commissioner Pérez serves on the following committees and boards:

- Ex officio Member of the Connecticut Housing Finance Authority Board of Directors
- Ex officio Member, Connecticut Retirement Security Authority Board
- Active Member of CSBS District One
- Member of the CSBS Regulatory Committee
- Member of the Community Economic Development Fund Foundation Board of Directors

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

- Chair of National Association of State Credit Union Supervisors (NASCUS)

- Chair of the NMLS Mortgage Call Report Workgroup
- Treasurer of American Association of Residential Mortgage Regulators (AARMR)
- Chair of the AARMR Training Committee
- Chair of the CSBS State Regulatory Registry Lawyers Committee
- Member of the Continuing Education Committee for the National Association of Consumer Credit Administrators (NACCA)
- Secretary of the North American Collection Agency Regulatory Association (NACARA) Board
- Member of the Federal Financial Institutions Examination Council (FFIEC) Task Force on Consumer Compliance representing the state liaison committee
- State Liaison Committee Member of FFIEC Sub-Committee on Information Technology
- Member of the CSBS State Supervisory Process Committee
- Member of the CSBS Technology Committee
- Member of the CSBS International Banking Committee
- Member of the CSBS Financial and Banking Information Infrastructure Committee
- Member of the NASCUS Legislative & Regulatory Committee
- Member of the NASCUS Accreditation Team
- Member of the NASCUS Education Committee
- Member of NASCUS-NCUA Interest Rate Risk Working Group
- Co-Chair of the NASAA Broker-dealer Section Operations Project Group
- Member of the NASAA Broker-dealer Section Variable Annuities Project Group
- Member of the NASAA CRD/IARD Forms and Process Committee
- Member of the NASAA Investment Adviser Section Investment Adviser Training Project Group
- Member of the NASAA Investor Education Section Elder Outreach Project Group
- Secretary of the Connecticut Jump\$tart Coalition for Personal Financial Literacy
- Member of the Coordinating Council of the Elder Justice Coalition of Connecticut
- Past President of the IPMA-HR CT Chapter (International Public Management Association for Human Resources)

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

The *Business Office* fulfilled its fiduciary responsibility by expeditiously handling total receipts of \$156,877,454.70 through its accounting, budgeting, payroll, purchasing and financial reporting functions. Of this total, the Business Office directed \$30,535,613.72 to the Banking Fund, \$126,091,840.93 to the General Fund, and \$250,000 to Federal and Special Act Fund. The office has also led the agency in its renovation efforts as we are planning to make use of surplus furniture from the Department of Economic and Community Development. The Director of the Business Office serves as one of the Department's LEAN Coordinators, and helps guide agency staff through the LEAN process.

Human Resources assists staff in various ways to support them in their role as civil servants and makes it a priority to administer policies, procedures and programs consistently and in a manner which is responsive to the needs of the agency. The Division develops and administers

the Department's Affirmative Action Plan. In August 2016, Human Resources began developing the Plan for the July 1, 2014-June 30, 2016 reporting period. The Department's affirmative action plan, submitted to the Commission on Human Rights and Opportunities in October 2016 and approved in January 2017, reflects the agency's commitment to achieving workforce balance and fairness in all terms and conditions of employment. The Human Resources Division Director is also a LEAN Coordinator for the Department, and assists agency staff as they participate in LEAN events.

The *Management and Information Systems (MIS) Division* provides information technology (IT) support to the agency. The division is responsible for troubleshooting day-to-day IT issues. MIS also assists divisions with larger-scale technological initiatives. For example, IT working in collaboration with GRCA, developed a new electronic call log system to better track and report consumer affairs activities. MIS is spearheading a significant agency-wide effort to modernize the Department's operations. The initial planning phase for implementing e-licensing has begun. The goal of this initiative is to increase agency efficiencies through better work flows, more accurate reporting and tracking, and eliminating legacy systems. Upon implementation, the agency will be poised to better carry out its mission.

To ensure that the Department has the latest version of Windows, to prevent out-of-date hardware and software, and to keep maintenance costs down, MIS replaces all desktop computers on a four-year cycle. This includes PCs and laptops. A significant improvement took place the first quarter of 2017, at which time all computers upgraded from Microsoft Office 2007 to Office 2016.

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