

# Department of Banking

## *At a Glance*

**Commissioner Jorge L. Pérez**

**Established - 1837**

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

**Connecticut General Statutes, and Related Laws**

**Central Office -**

**260 Constitution Plaza**

**Hartford, CT 06103-1800**

**Number of full-time employees – 115 budgeted, 109 filled**

**Recurring operating expenses, 2021-2022 - \$23,513,113 (actual)**

## **Organization Structure:**

**Financial Institutions Division**

**Consumer Credit Division**

**Securities and Business Investments Division**

**Government Relations and Consumer Affairs Division**

**Administration**

**Business Office**

**Management and Information Systems (MIS)**

**DAS/Smart Unit (Human Resources services)**

**DAS Equal Employment Opportunity Unit**

## **Mission**

The Department of Banking (DOB) is the primary state regulator for state-chartered banks and credit unions, securities, and consumer credit. Its mission is to protect users of financial services from unlawful or improper practices by ensuring regulated entities and individuals adhere to state banking, consumer credit and securities laws. We accomplish this through regular, thorough, and cost-effective examinations of the entities we supervise. The Department also engages the public and other stakeholders (including elected officials) through a variety of media platforms, educational outreach initiatives, and press communications.

## **Statutory Responsibility**

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

The Department's customers include the general public, representatives of the public, regulated entities, researchers, and consultants. Connecticut residents benefit broadly from agency activities, which protect their funds in depository institutions, offer important investor and

consumer protections, assist in dispute resolution and provide helpful educational resources and information.

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

The Department is comprised of four operational divisions, and two support divisions. In addition, the Department receives support from the Department of Administrative Services (DAS) through its SmART Unit for Human Resource services and Equal Employment Opportunity/Affirmative Action Unit. Specific regulatory functions are assigned to each operational division within the Department.

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

The **Consumer Credit Division** is responsible for examination, enforcement, and licensing of mortgage lenders, brokers, servicers, lead generators of residential mortgage loans and loan originators; small loan companies; sales finance companies; debt adjusters; debt negotiators; consumer collection agencies, including debt buyers; money transmitters; issuers of money orders and travelers checks; check cashing services; and student loan servicers. In addition, Consumer Credit also administers Truth-in-Lending laws and retail installment sales financing laws.

The **Securities and Business Investments Division** is responsible for registering securities and business opportunity offerings sold in or from Connecticut, registering (licensing) broker-dealers, agents, investment advisers and investment adviser agents who transact business in Connecticut and registering branch offices of broker-dealer and investment advisory firms. The Division also conducts examinations of broker-dealers, investment advisers and branch office registrants, and enforces the Connecticut Uniform Securities Act, the Connecticut Business Opportunity Investment Act and the Connecticut Tender Offer Act.

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

There are two support divisions at the Department of Banking: The Business Office and Management and Information Systems (MIS). The Business Office is responsible for the accounting, budgeting, fiscal, purchasing and financial reporting functions for the Department. Since the transfer of the payroll function to the DAS SmART unit in Spring 2019, the Business Office only provides payroll assistance when needed. The MIS unit provides information technology support and workflow enhancements across all divisions. In early June 2022, the Department's MIS staff transferred to the Department of Administrative Services and are now part of the Bureau of Information Technology Solutions (BITS) organization.

The Department of Administrative Services Small Agency Resource Team (DAS/SmART) provides Human Resource support for the agency. This unit consolidates human resources and payroll personnel from multiple agencies into one unit and provides services to several departments throughout state government.

In addition, the DAS Equal Employment Opportunity (EEO) Unit helps ensure that the agency complies with federal, state and local affirmative action and equal opportunity laws including serving as the Americans with Disabilities Act coordinator. The EEO Unit also ensures compliance with the agency's non-discrimination and anti-harassment policies as well as compiles the agency's affirmative action plan which is made available through the Department's intranet. The Department did not knowingly do business with any bidder, contractor, sub-contractor, supplier of materials, or licensee who discriminates against members of any class protected under Conn. Gen. Statutes Sec. 4a-60 or 4a-68.

### **Public Service**

The Department of Banking is strongly committed to maintaining a standard of excellence in meeting its regulatory responsibility while balancing the strongest consumer protections in a business-friendly environment.

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](http://www.ct.gov/dob) where consumers may send inquiries or file a complaint at any time. During the 2021-2022 fiscal year, approximately 289,000 visitors viewed over 1.32 million pages on the agency website.

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

The Department of Banking posts on its website administrative actions taken by the agency against various entities, as well as indices to advisory opinions issued by the Commissioner concerning banks, credit unions, consumer credit, rental security deposits and business opportunity matters.

A weekly News Bulletin provides information on applications before the agency, recent administrative orders and legal actions, and intended changes in regulations. The Securities Division produces a quarterly Securities Bulletin advising the industry of new regulatory developments. Both publications are emailed to thousands of people through Constant Contact, making it easier to view on mobile devices, and are posted to the agency website.

The Department prominently features on its website Fraud Alerts for consumers and industry. These alerts may come from other state federal agencies or as a result of work done by the Department. These are designed to raise awareness of current trends and new frauds and scams that are relevant to Connecticut consumers and industry professionals.

The Department utilizes social media as one of its tools in communicating with its stakeholders including consumers, investors, and industry professionals. Through its Facebook page ([facebook.com/ctdob](https://facebook.com/ctdob)) and Twitter account ([twitter.com/ctbanking](https://twitter.com/ctbanking)) the Department shares news and updates, as well as financial education information, to the general public and industry alike.

### *COVID-19 Response*

During the unprecedented COVID-19 pandemic, the Department of Banking, as with all state agencies, closed its offices to the public while agency staff began a full-time telework schedule in March 2020. The Department revamped its website to highlight COVID-19 resources in both English and Spanish, and continuously offered updates as new state and federal resources were issued.

Commissioner Pèrez issued guidance and provided necessary flexibility to licensees, including banks, credit unions, mortgage servicers, investment companies and investment advisers. The Commissioner encouraged mortgage servicers, banks and credit unions to work with their borrowers and customers during those challenging times. In the Consumer Credit area, the Department extended certain filing deadlines and issued no action policies that allowed certain licensees to work from home. On July 1, 2021, the Commissioner issued an order for certain consumer credit licensees establishing requirements for conducting business from a remote office location. The Securities and Business Investments Division issued guidance on paperless submission of certain filings in light of pandemic restrictions.

In this fiscal year, the agency began to bounce back from the COVID-19 pandemic. Specifically, some staff returned to a hybrid office work schedule. This affected the Consumer Affairs unit and the administrative staff most acutely. In addition, during the pandemic the Department of Banking paused on-site examinations and switched to a remote examination model. After careful consideration, the Commissioner determined that, starting in the final quarter of 2021, the agency would take a hybrid approach and conduct some on-site examinations and some remote exams of its regulated entities.

### *Cybersecurity Training*

The Department began a close collaboration with Capital Community College in 2018 to develop a cybersecurity training program, specifically designed for the Department of Banking. The resulting three-track program aims to develop skills for Department employees in data protection and encryption, understanding security risks, and policies that financial services industry firms need in order to protect themselves and their clients.

Capital Community College was an ideal choice to partner with the Department given its impressive cybersecurity curriculum and geographic proximity, allowing for reduced travel time. Track One offers basic concepts and was made available to all employees. Track Two offers Examiners and management more in-depth exploration of cybersecurity topics. Track Three will focus on the more technical aspects of cybersecurity resulting in highly trained Examiners who will be “subject matter experts” for the Department.

The first Track One classes began in October 2018. In early 2019, agency staff completed five two-day Track One classes. In April, a group completed the first Track Two class, which was more involved and consisted of one class per week for ten weeks. The next Track Two class was suspended in early 2020 due to the pandemic, and is expected to resume in 2022.

### *Financial Institution Division (FID)*

As of June 30, 2022, the Financial Institutions Division had regulatory oversight over twenty-four state-chartered domestic banks, two international banks, two trust banks, one uninsured bank, twenty-eight credit unions, one international trade and investment corporation, and three licensees that administer trust and/or special need services. In addition to the traditional safety and soundness examinations conducted by FID, its regulatory obligations include multiple specialty examinations such as information technology, cybersecurity, Community Reinvestment Act, Truth-In-Lending Act, and Bank Secrecy Act.

During this fiscal year, two de novo uninsured banks continue to be in organization: TNB USA Inc. and Banking Circle US. In addition, The New Canaan Bank filed an application on December 21, 2021 to form a state-chartered community bank.

During this fiscal year, the Banking Commissioner participated in a number of industry related meetings with Chief Executive Officers (CEOs) of banks and credit unions. These included the return of in-person CEO Roundtables and the National Association of State Credit Union Supervisors (NASCUS) Executive Forum. The Commissioner and other agency staff participated in a number of industry events sponsored by the Federal Deposit Insurance Corporation (FDIC), Connecticut Bankers Association (CBA), Connecticut Community Bankers Association, the Credit Union League of Connecticut, Bank Compliance Association of Connecticut (BCAC), the Conference of State Bank Supervisors (CSBS) and NASCUS. In the fourth quarter of 2021, FID staff successfully transitioned to the National Credit Union Administration’s new MERIT examination program.

In preparation for the annual Federal Reserve/Federal Deposit Insurance Corporation (FDIC)/Conference of State Bank Supervisors (CSBS) Annual Community Banking Research and Policy Conference, the Department of Banking encouraged Connecticut community bankers to provide feedback via the National Survey of Community Banks. The ninth annual Community Banking in the 21st Century Conference was held September 28-29, 2021. Due to the COVID-19 pandemic, that conference was held virtually. The conference gathers community bankers, academics, policymakers, and bank supervisors from across the country to discuss academic research and important issues affecting community banking. In preparation for the 2022 conference, the Banking Commissioner again requested Connecticut community

bankers participate in the 2022 National Survey of Community Banks and encouraged them to provide input via the CSBS community bank sentiment index.

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

#### *Consumer Credit Division (CC)*

The Consumer Credit Division issues twelve different license types across several sectors of the non-depository financial services market. As of June 30, 2022, the Division licensed 3,676 companies and branch offices and 13,659 individuals. The Division approved six bona fide nonprofit organizations.

For fiscal year 2021-2022, the Division conducted fifty-six examinations of licensees. During this last reporting period, the Department continued to recognize the significant burden and hardships placed on licensees due to the on-going COVID-19 pandemic and its variants. As a result, the Department continued to work in a cooperative spirit to complete its regulatory responsibility to oversee the activities affecting Connecticut consumers.

The Division continued its enforcement efforts, including conducting investigations of companies engaged in unlicensed activity. The Division issued sixty-one actions, resulting in penalties of approximately \$515,000. In addition, Division efforts brought restitution to the public in excess of \$765,300. Consumer Credit routinely cooperates with other law enforcement agencies, such as the U.S. Attorney's office and the Federal Bureau of Investigation.

The Consumer Credit Division is part of the CSBS initiative to modernize the software of the Nationwide Multistate Licensing System & Registry (NMLS). NMLS 2.0 is designed to greatly increase efficiencies for the Division when licensing mortgage and non-mortgage individuals and entities. State Examination System (SES) is an end-to-end examination management system that supports supervision, complaint, investigation, and enforcement activities for all non-depository financial entities, including but not limited to mortgage companies, money services businesses, consumer credit companies and debt collectors.

#### *Securities and Business Investments Division (SBID)*

During the prior fiscal year, the COVID-19 pandemic prompted the agency to close its office, and personnel began working remotely. As COVID-19 restrictions eased, the agency transitioned to a hybrid business model, with the Division using technology more heavily to increase efficiency. Certain books and records examinations continued to be conducted remotely. Filers were encouraged to make their filings and remittances electronically to facilitate processing. The use of Microsoft Teams continued to be an effective tool in maintaining Division communications. The agency also implemented a system for conducting hearings remotely. While the long-term economic impact of COVID-19 on securities issuers, broker-dealers and investment advisers remains to be seen, the Division was able to overcome the operational challenges caused by the pandemic through the efficient use of technological resources combined with required in-house operations.

As of June 30, 2022, 194,086 broker-dealer agents and 15,743 investment adviser agents were registered with the Securities Division, a fiscal year-end population increase of 12,251 and 28, respectively, from the previous fiscal year-end. In addition, as of fiscal year-end, 2,035 broker-dealer firms and 452 investment advisory firms were registered in Connecticut, representing a slight increase in brokerage firms and a slight decrease in investment advisory firms from June 30, 2021. An additional 2,495 Securities and Exchange Commission (SEC)-registered investment advisers had made a notice filing with the agency. The Division continued its efforts to examine in-state investment advisers falling within its jurisdiction at least once every three years, combining remote examinations with on-site reviews. SBID also examines the books and records of broker-dealer and investment advisory main offices and branch offices. 2,322 broker-dealer branch offices were registered as of June 30, 2022.

The Division also investigates violations of the state's securities and business opportunity laws, pursuing administrative, civil and criminal remedies where appropriate. Many times, this involves interacting with other state securities regulators, the SEC, the U.S. Attorney's Office, the Connecticut Attorney General's Office, and other enforcement bodies to ensure that violators are brought to justice.

Intervention by the SBID during the fiscal year resulted in restitution and rescission offers to the investing public totaling \$4,683,034. Of that amount, \$490,000 was attributable to restitution obtained by the agency in court. The Division also imposed \$2,113,196 in fines for violations of the state's securities and business opportunity laws. Of that amount, \$400,000 was attributable to court-ordered penalties, and \$943,396 was imposed as part of a multistate settlement.

The SBID continued its enforcement efforts in responding to securities complaints from the Connecticut investing public. Investigations focused on schemes involving the misappropriation or conversion of investor funds; fraudulent sales of securities to Connecticut residents at unrealistic rates of return; dishonest or unethical practices by investment advisers; sales of securities by unlicensed firms and individuals; elder fraud; and brokerage firm supervisory lapses. The Division worked closely with securities regulators in other states, the U.S. Department of Justice and other law enforcement agencies on many of these investigations.

During fiscal year 2021-2022, the SBID continued its ongoing evaluation of regulatory policies and rules to ensure that they remained responsive to an ever-changing economic environment and the needs of the investing public.

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

#### *Government Relations and Consumer Affairs (GRCA)*

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

#### *Consumer Affairs*

In an attempt to protect Connecticut citizens in their transactions with financial institutions and assisting them with consumer complaints and dispute resolution, consumers are encouraged to

contact the Department of Banking whenever they need assistance in dealing with financial entities. Agency employees promptly assist consumers with issues involving the financial services industry in Connecticut, those residents who might be facing foreclosure, and tenants involved with issues regarding their rental security deposits.

During the fiscal year 2021-2022, GRCA's consumer affairs unit – excluding the Foreclosure Hotline and rental security deposit complaints – responded to 1,403 telephone inquiries and 937 written complaints from the public. As a result of their efforts, the Department obtained approximately \$44,071 in adjustments and reimbursements on behalf of consumers during the period.

The Foreclosure Assistance Hotline, established in 2007, has continued to be a valuable resource for Connecticut residents. Callers to the toll-free number receive pertinent advice and guidance regarding their mortgage problems. During the 2021-2022 fiscal year, the Hotline assisted 398 individual consumers.

The agency received 664 telephone calls and 117 e-mails for rental security deposit issues in the fiscal year. The agency's security deposit investigator resolved 174 landlord/tenant disputes and recovered approximately \$70,113.68 for Connecticut residents who had complained to the Department that landlords had unjustly withheld their refundable rental security deposits.

Division staff uses the eLicense system to process, track and manage written complaints to the Department. This system has been a key factor in the Consumer Affairs Unit ability to work remotely.

#### *Legislative Update*

During the 2022 legislative session the Department submitted several proposals for consideration:

S.B. No. 178, *An Act Requiring the Banking Commissioner to Consider the Performance of Certain Banks Under The Community Reinvestment Act Before Approving the Establishment Of Certain Loan Production Offices and Establishing a Working Group to Examine the Community Reinvestment Act*, expanded the Commissioner's authority to consider the performance of certain banks under the Community Reinvestment Act before approving the establishment of certain loan production offices.

The remaining department proposals were raised in Public Act 22-94 (S.B. No. 268), *An Act Concerning Various Revisions to the Banking Statutes*.

Section 1 of this bill clarifies the definition of a sales finance company, ensuring that any sales finance company operating in the State is subject to licensure, regardless if they own, or have ever owned the loan.

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

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

### *Educational Outreach*

The primary focus of the Department's educational outreach program is to help Connecticut's consumers and investors make informed financial decisions and to protect their money from fraud and scams. Through the GRCA Division, the agency publishes consumer alerts and information on known frauds and scams. Agency staff provide vital information to consumers through speaking engagements, presentations, seminars and expos, and are often called upon to share their expertise in helping consumers and investors of all ages learn about and avoid financial fraud.

In early March 2020, COVID-19 altered the way the agency conducted educational outreach, and in-person programming was halted throughout 2020 and into 2021. During that time, the agency's outreach coordinator offered virtual presentations, a format that became an important way to communicate and connect with others. She presented virtual programs to a variety of audiences, including older adults, high school and college students, and industry professionals, on topics that ranged from financial fraud and exploitation to establishing credit and managing debt. In-person programming finally resumed in June 2021, and the outreach coordinator traveled to senior centers and senior housing communities in the summer and fall of 2021 to present eight Financial Fraud Bingo programs. These programs have shown to be a fun, interactive way to provide vital information to residents on frauds and scams.

Collaboration continued to be a large part of the agency's success in continuing its mission to provide information and education to the community during the 2021-2022 fiscal year. Thanks to a partnership with law enforcement, additional in-person events took place in the fall of 2021. The agency's outreach coordinator was invited to co-present at two senior fraud programs in Fairfield alongside a detective from the Fairfield Police Department. These presentations focused on real-life examples of financial fraud and helped explain how residents can recognize and avoid becoming a victim of scammers. In March 2022, she joined forces with the police detective again for a "Coffee with Cops" fraud program at the Bigelow Senior Center.

The Department of Banking and AARP continued to work together to help Connecticut's senior residents. In September 2021, the agency's outreach coordinator collaborated with AARP-CT's community outreach director to provide a virtual training for the Connecticut chapter of the American Case Management Association, entitled *Consumer Fraud & Exploitation: Navigating and Advocating on Behalf of Care Recipients*. The program was coordinated by Hartford Healthcare's Center for Healthy Aging. In the spring of 2022, the agency's outreach coordinator was invited to participate in an AARP segment on travel scams as part of their *Fighting Fraud with AARP-CT* series. She discussed certain scams to avoid and shared tips on keeping your personal and financial information safe when traveling. The segment aired on AARP-CT's Facebook page on June 24, 2022, and can be viewed on its YouTube channel.

The agency's membership with the North American Securities Administrators Association (NASAA) has enhanced collaboration with other state securities regulators, particularly through its committees and project groups. As a member of NASAA's Investor Education Section Senior Outreach Project Group, the outreach coordinator worked with a team to develop a toolkit designed to educate and empower those who provide care for seniors. She was invited to be a featured speaker at the 2022 Investor Education Training, held virtually on December 6, 2021, to provide an overview of that toolkit, *Take Care: Caregivers Against Senior Financial Exploitation*. She was joined by a representative of Senior Resources Agency on Aging, who shared her perspective on caregiving.

The agency's active commitment to the Coalition for Elder Justice in Connecticut has cultivated a strong relationship with other agencies and organizations that work with the aging community. This was evident in July 2021, as the Office of the Attorney General launched an Elder Justice Hotline to provide a resource for older residents in Connecticut. Department of Banking staff provided an important role in training personnel from the Attorney General's office prior to the launch on the types of referrals that might be directed to the Department's Consumer Affairs unit.

Agency staff participated in over thirty outreach programs during the 2021-2022 fiscal year, including in-person presentations, virtual programs and fairs/expos. One of the outreach highlights was a presentation for "Aging Positively," a program based in New Haven for people 50 and over living with HIV. The agency's outreach coordinator was invited to be a guest speaker at their weekly Zoom meeting in October 2021, and shared information about financial fraud and scams and how to avoid them and protect your money.

The outreach coordinator represented the Department by hosting a resource table at several events including a welcome back fair for students at Naugatuck Valley Community College in September 2021; the UCONN Health and Wellness Expo at the Student Union in Storrs in October 2021; a senior fair hosted by State Senator Kevin Kelly in Shelton in October 2021; and the Connecticut Town Clerk Association's Spring Conference in Mystic in April 2022.

She presented several virtual "lunch and learn" programs, a convenient way to provide information and resources to groups. In October 2021, she conducted a program on avoiding scams and fraud for UCONN employees. Access Health CT invited her to speak to staff at a lunch and learn in March 2022 on financial wellness. In June 2022, she was the guest speaker at a Department of Social Services (DSS) lunch and learn focusing on financial exploitation of seniors. In a fitting manner, this program was held on World Elder Abuse Awareness Day.

The Department encourages students to focus on their finances and money management. In the spring of 2022, the agency's outreach coordinator conducted two virtual programs for the University of New Haven, through its financial aid office. In February 2022, she presented a program to college students on cybersecurity and keeping safe while banking online and through apps. In March 2022, she conducted a program on financial empowerment for women, which focused on planning for the future by assessing your overall financial situation and investment goals.

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

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

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

The Division's educational outreach coordinator remains active on several state coalitions, including Connecticut Saves, the Coalition for Elder Justice in Connecticut and the Connecticut Jump\$tart Coalition for Personal Financial Literacy. The Department is a member of the Bank On Connecticut coalition, a state-wide initiative designed to help unbanked and underbanked communities across Connecticut. Bank On works with banks and credit unions to offer banking products and services to communities in need.

#### *Governor's Council on Women and Girls*

The Governor's Council on Women and Girls is a group tasked with providing a coordinated state response to issues that impact the lives of women, girls, their families, and the State of Connecticut. Commissioner Pérez is a member of the Council and is active on its Economic Opportunity & Workforce Equity Subcommittee. The agency's outreach coordinator serves on the financial literacy work group of this subcommittee and helps update the state's financial literacy portal. In April 2022, the portal was updated with financial literacy resources provided by government agencies, non-profit organizations, colleges/universities, and financial institutions.

## **Improvements/Achievements 2021-2022**

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

The Department held an agency-wide staff meeting on May 11, 2022 via Teams. Agency employees heard presentations from the Department's MIS team, as well as on the topics of ethics and diversity.

### *Financial Literacy Initiative*

At times as part of settlements, the Department of Banking receives monies to be used for investor education, staff training and educational material. In late 2020, Commissioner Pérez began looking to use these funds to provide financial education to women and young girls with an emphasis on increasing the participation of women and young girls from underserved communities. He developed a plan to partner with a 3<sup>rd</sup> party vendor(s) to provide educational program(s) that meet certain objectives, namely 1) to provide personal finance tools that will prepare residents for a financially successful future, with an emphasis on women and young girls and 2) to teach them how to make smart money management decisions that will enable them to be independent and financially secure. To accomplish this goal a committee was formed in early 2021 and met regularly throughout 2021 and into 2022 to solicit and review proposals from 3<sup>rd</sup> party vendors, select one or more vendors to provide the financial education training, and to provide recommendations to the Banking Commissioner on how the education fund should be distributed to meet the objectives.

### *SeniorSafe Training*

The Department has utilized the SeniorSafe™ program to train financial professionals who work with seniors to identify and report signs of fraud and exploitation. The program, originated by the Maine Council for Elder Abuse and developed for use by state regulators, explains the red flags of financial exploitation that seniors might exhibit and how to report suspicious behavior to the state's Protective Services for the Elderly (PSE) program. In June 2022, the agency's outreach coordinator co-presented a virtual SeniorSafe™ program for the Bank Compliance Association of Connecticut (BCAC). She joined a manager from the PSE program, an attorney with expertise in banking law, and an inspector with the U.S. Postal Inspector's Office. SeniorSafe™ continues to receive positive feedback and encourages financial institutions to develop an internal protocol for dealing with suspected financial exploitation or fraud among their older customers.

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

In 2020, Commissioner Perez attended a forum with industry, other state agencies and minority business owners. Highlighted during the discussion was a disconnect between minority business owners and local bankers and the need to forge better relationships between the two groups.

To meet this need Commissioner Perez organized the baking community and other stakeholders with a goal of connecting Hispanic merchants and bankers, in a collaboration called "Meet the Bankers". The idea was to create networking events across the state where local merchants were

invited to an event with bankers from their community. Due to the COVID-19 pandemic, the first event was held virtually on October 27, 2021. With over 60 merchants in attendance, the event was considered a success.

The next event was held on June 8, 2022 at the UCONN Hartford Campus. The event was attended by over 200 merchants and bankers. Governor Lamont spoke, along with Rene Jones, Chairman and CEO of M&T Bank. Additional events are planned for fall 2022 and beyond.

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. Examiners conducted a mix of virtual and in-person meetings during the year. The institutions are also given the opportunity to provide feedback directly to the Banking Commissioner by completing a two-page post-examination survey. Institutions are given the opportunity via the survey to comment on staff performance, examination efficiency and examination time demands in an effort to improve future examinations.

The FID staff remain active members of both the CSBS and NASCUS. Financial Institutions Division staff also serve on a variety of committees, actively participate in webinars and conference calls, and assist in the development of regulatory and best practice standards. The Division received re-accreditation from CSBS (bank area) and NASCUS (credit unions area) in November 2019, and for the first time the mortgage banking area also achieved CSBS accreditation.

In September 2021, FID held a CEO Roundtable with the Connecticut Bankers Association and Connecticut banking industry representatives. The Roundtable sessions are an opportunity for Connecticut community bankers to have direct dialogue with the Banking Commissioner and senior Department of Banking staff about industry, regulatory, or other key issues facing community banks. In April 2022, a CEO Roundtable was held for credit unions, and included representatives from the credit union industry and the Credit Union League of Connecticut. The session included a discussion of regulatory and industry issues impacting the credit union industry and provided an opportunity for credit union managers to highlight new initiatives and achievements.

The Commissioner also attended various branch openings and other events at area banks and credit unions throughout the state or held virtually in 2021 and 2022.

The *Consumer Credit Division* maintained steady involvement in several working groups with members from multiple states in the areas of mortgage, consumer finance, debt, and money services business. The working groups provide forums for discussion and feedback toward national reform within the entire consumer credit space. Division staff continued to conduct multi-state coordinated examinations of our licensed entities and the Division continued to collaborate with the Consumer Financial Protection Bureau (CFPB).

The Division continues to fill several key roles in the Nationwide Multistate Licensing System & Registry (NMLS) initiative to create "One System of Supervision," and continues its role on the steering committee to enhance the State Examination System (SES) for examinations of all

license types. Several Examiners continued to play active roles in both projects by providing necessary feedback to the developers and collaborating with other states on system processes. While NMLS 2.0 is still in the development phase, SES went live and is in full use in our state as planned. The Consumer Credit Division has navigated the COVID-19 pandemic and continues to utilize technology allowing core operations to continue uninterrupted.

During this fiscal year, our mortgage examiners assisted the Mortgage Multistate Committee (MMC) in implementing the first One Company, One Exam (OCOE) pilot mortgage examination of one of our large licensees. The goal of the OCOE initiative is to bring efficiencies for regulators and industry while enhancing consumer protection. The examination reviewed origination, servicing and cyber security and consisted of eighty-eight examiners from thirty-six states. Division involvement consisted of taking the leadership role in the coordinating and reviewing the entire servicing portion of the exam which enlisted a commitment of all of our mortgage examiners, including one who acted as the Examiner-In-Charge (EIC). The OCOE initiative required extensive training and planning to ultimately conduct and deliver the examination findings which spanned several months. The Consumer Credit Division worked diligently on this effort which produced solid useable results and feedback to the MMC while protecting the consumer. The Division continues to participate in OCOE examinations in the Money Services Business area on an ongoing basis.

As a result of several Department of Education federal student loan servicing contractors exiting the business, the Division has been instrumental in assisting the CFPB in its efforts to monitor and provide guidance to ensure smooth and accurate transfers of student loan accounts to other servicing contractors.

The *Securities and Business Investments Division* has the ability to draw on the expertise of a Securities Advisory Council, a volunteer group comprised of industry representatives, academics and members of the bar, all of whom serve without compensation. The Securities Advisory Council is on hand to provide insight to the Commissioner and staff on proposed regulatory initiatives.

Connecticut continued its active participation in the North American Securities Administrators Association, Inc. (NASAA). Organized in 1919 and dedicated to investor protection, NASAA is a voluntary association whose membership consists of 67 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada, and Mexico. During the fiscal year, SBID staff served on NASAA committees and project groups dedicated to cybersecurity, examination training and support, broker-dealer training, broker-dealer emerging, alternative and variable products, investment adviser resources and training, CRD/IARD processes and enforcement training.

During the fiscal year, the Securities Division achieved greater efficiency through continued use of the Electronic Filing Depository (“EFD”) for certain private placement filings and unit investment trust filings. Developed by NASAA, the online EFD platform made compliance easier for securities issuers who could now make their filings simultaneously in multiple states. The system also allowed members of the public to conduct free online searches of filings made through the system. The Securities Division is continuing to work with NASAA on expanding the EFD platform to cover other types of filings.

Commissioner Pérez engages with industry professionals by collaborating on initiatives and serving on the following committees and boards:

Chair, Conference of State Bank Supervisors (CSBS) District One  
Board Member, CSBS District One  
Member of the CSBS Regulatory Committee  
Committee Chairman of the NASCUS Audit Committee  
Ex officio Member of the Connecticut Housing Finance Authority Board of Directors  
Ex officio Member, Connecticut Retirement Security Authority Board  
Member of the Community Economic Development Fund Foundation Board of Directors  
Member of the Department of Emergency Services and Public Protection (DESPP) Cyber Security Committee  
Member of the Governor's Council on Women and Girls  
Member of the Hispanic Merchants Outreach/Meet the Bankers Committee  
Member of the New Haven Works Board of Directors  
Member of the Q House Finance and Fund Development Committee

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

Board Member and Past Chair of NASCUS  
Chair of the NMLS Mortgage Call Report Workgroup  
Chair of the AARMR Training Committee  
Co-Chair of the NASAA Broker-dealer Section Training Project Group  
Senior Sustainability Officer (SSO) in compliance with the Governor's Executive Order #1 regarding Sustainability in the State of Connecticut  
Member of the American Bar Association State Regulation of Securities Committee  
Member of the Banks Compliance Association of Connecticut (BCAC)  
Member of Bank On Connecticut  
Member of the Governor's Council on Women and Girls' Financial Literacy Work Group  
Member of the Connecticut Department of Labor Unemployment Insurance Fraud Taskforce, representing the Department of Banking  
Member of the Connecticut Jump\$tart Coalition for Personal Financial Literacy  
Member of the Coordinating Council of the Elder Justice Coalition of Connecticut  
Member of the CSBS Bank Secrecy Act Advisory Team  
Member of the CSBS International Banking Committee  
Member of the CSBS Key Individual Wizard Initiative for NMLS Modernization  
Member of the CSBS MSB Call Report Committee  
Member of the CSBS Non-Depository Trust Working Group  
Member of the CSBS SES Steering Committee  
Member of the CSBS Technology Committee  
Member of the State Coordinating Committee (SCC) for AARMR in collaboration with the CFPB  
Member of the Financial and Banking Information Infrastructure Committee (FBIIC), as the NASCUS representative  
Member of the NASCUS Legislative & Regulatory Committee  
Member of the NASCUS Performance Standards Committee  
Member of the NASCUS Education Committee

Member of the NASAA Broker-dealer Section Emerging, Alternative and Variable Products Project Group  
Member of the NASAA CRD/IARD Forms and Process Committee  
Member of the NASAA Cybersecurity Committee  
Member of the NASAA Enforcement Training Project Group  
Member of the NASAA Investment Adviser Section Resources and Publications Project Group  
Member of the NASAA Investment Adviser Section Training Project Group  
Member of the NASAA Investor Education Section Senior Outreach Project Group  
Member of the NASAA NEMO Training and Support Committee  
Member of the NASAA Professional Development Committee  
Member of the Management Advisory Council (MAC) serving as a Management Representative for the Department of Banking

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

The *Business Office* fulfilled its fiduciary responsibility by expeditiously handling total receipts of \$54,409,783 through its accounting, budgeting, purchasing and financial reporting functions. Of this total, the Business Office directed \$42,112,803 to the Banking Fund and \$12,208,780 to the General Fund. Payroll functions were transferred out of the Business Office to the DAS SmART unit in Spring 2019 allowing Business Office personnel to focus on other core functions, like the implementation of the Department's eLicense System, which was successfully implemented in Fiscal Year 2020. The Director of the Business Office serves as one of the Department's LEAN Coordinators and helps guide agency staff through the LEAN process. Currently, the Department is focusing on Document Management as its next LEAN project.

The *Management and Information Systems (MIS) Division* provides information technology (IT) and workflow enhancements across all divisions. Over the last year the Department of Banking MIS department has continued to support 100% telework and address agency onsite requests as needed. The MIS Division has also begun the transition to the new BITS organization, which provides centralized IT support under the Department of Administrative Services to all state agencies. During this transition the DOB MIS is still providing full support the Department of Banking and will continue to do so. The MIS team also implemented wireless network capability at the agency. This wireless network provides secure network connectivity to state employees using their network credentials on their state-owned device. There is also a Guest Wireless network now available to guests of the agency on a separate, internet-only network. The MIS team also did a refresh of thirty-five laptops to bring older equipment up to date. The MIS team deployed approximately seventy 27" monitors to DOB staff for use when employees come into the office. The MIS Team successfully closed 1,374 requests from DOB staff.