

Department of Banking

At A Glance:

Commissioner Jorge L. Perez

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 – 116 budgeted, 104 filled

Recurring operating expenses, 2022-2023 - \$23,815,817 (actual)

Organization Structure:

Financial Institutions Division

Consumer Credit Division

Securities and Business Investments Division

Government Relations and Consumer Affairs Division

Administration

Business Office

DAS/Information Technology Services

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 one support division. Specific regulatory functions are assigned to each operational division within the Department. In addition, the Department receives support from the Department of Administrative Services (DAS) through its SmART Unit for Human Resource services; Equal Employment Opportunity/Affirmative Action Unit; and Bureau of Information Technology Solutions (BITS).

The COVID-19 restrictions of prior years hastened the agency's transition to a hybrid business model. Increasing the use of technology has allowed each division the flexibility to implement partially remote exams, which allows us to scope an exam and reduce on-sight presence at a particular company or institution.

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; 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 and the Connecticut Business Opportunity Investment 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.

The Business Office at the Department of Banking is a support division for the agency. The Business Office is responsible for the accounting, budgeting, fiscal, purchasing and financial reporting functions for the Department.

Management and Information Systems (MIS) is now provided on a statewide basis by the Bureau of Information Technology Solutions (BITS). As part of the Department of Administrative Services (DAS), BITS provides information technology support and workflow enhancements for the entire State.

The DAS 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. As a Department for the State of Connecticut, the agency adheres to the State's requirement of being an equal opportunity employer.

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, where consumers may send inquiries, file a complaint or conduct research using available data, at any time. During the 2022-2023 fiscal year, approximately 366,000 visitors viewed over 1.74 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 consumer alerts for consumers and industry. These alerts may come from other state or 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) and Twitter account (twitter.com/ctbanking) the Department shares news and updates, as well as financial education information, to the general public and industry alike.

Cybersecurity Training

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

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

Financial Institution Division (FID)

As of June 30, 2023, the Financial Institutions Division had regulatory oversight over twenty-four state-chartered domestic banks, two international banks, two trust banks, twenty-seven 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, three de novo uninsured banks are in organization: TNB USA Inc., Banking Circle US, and Currency Reserve Bank. On December 14, 2022, The New Canaan Bank withdrew its application 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. 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 the National Association of State Credit Union Supervisors (NASCUS).

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 seventeen different license or registration types across several sectors of the non-depository financial services market. As of June 30, 2023, the Division licensed 3,552 companies and branch offices and 9,819 individuals. The Division approved six bona fide nonprofit organizations.

For fiscal year 2022-2023, the Division conducted fifty-four examinations of licensees.

The Division continued its enforcement efforts, including conducting investigations of companies engaged in unlicensed activity. The Division issued forty-three actions, resulting in penalties of approximately \$1,297,000. In addition, Division efforts brought restitution to the public in excess of \$1,431,000. The Consumer Credit Division 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)

The Securities Division has continued to rely on technology more heavily to increase efficiency and offer greater convenience to the securities industry. Books and records examinations of registered broker-dealers, registered investment advisers and their offices (both main offices and branch offices) were conducted remotely as well as on-site. One of the Securities Division's goals was to examine in-state investment advisers falling within the agency's jurisdiction once every three years. More filers were able to make filings and remittances electronically and therefore speed up processing time. Microsoft Teams continued to be an effective tool in maintaining Division communications. The agency also implemented a system for conducting hearings remotely.

The SBID's securities industry registrant and notice filing base remained relatively stable throughout the fiscal year. As of fiscal year-end, 2,013 broker-dealer firms and 430 investment advisory firms were registered in Connecticut, representing a slight decrease (one percent) in brokerage firms and a slight decrease (4.8 percent) in investment advisory firms from June 30, 2022. The number of Securities and Exchange Commission (SEC)-registered investment advisers making a notice filing with the agency also dipped slightly, from 2,495 to 2,484. As of June 30, 2023, 206,403 broker-dealer agents employed by brokerage firms and 15,260 investment adviser agents associated with investment advisers were registered with the Securities Division, a fiscal year-end population increase of 12,317 (6.3 percent) for broker-dealer agents and a population decrease of 483 (3 percent) for investment adviser agents when compared to the preceding fiscal year-end. The number of in-state registered broker-dealer branch offices jumped from 2,322 in 2022 to 2,357 as of June 30, 2023.

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 \$1,287,479. The Division also imposed \$1,516,123 in fines for violations of the state's securities and business opportunity laws. Of that amount, \$424,528 was imposed as part of a multistate settlement.

The Securities Division continued its enforcement efforts in responding to securities complaints from the Connecticut investing public. Investigations focused on schemes involving digital asset and cryptocurrency products, 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 as well as federal law enforcement authorities in pursuing many of these investigations.

During fiscal year 2022-2023, 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. In addition, on November 15, 2022, an attorney from the Division, assisted by the Banking Commissioner's Advisory Council on Securities, helped conduct an online webinar oriented toward the securities industry and focused on types of digital financial products, how they were marketed and how they were regulated. (More information on this webinar is found on page 12.)

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 assist 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 2022-2023, GRCA's consumer affairs unit – excluding the Foreclosure Hotline and rental security deposit complaints – responded to 2,400 telephone inquiries and 1,183 written complaints from the public. As a result of their efforts, the Department obtained approximately \$270,870 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 2022-2023 fiscal year, the Hotline assisted 744 individual consumers.

The agency received 788 telephone calls and 125 e-mails for rental security deposit issues in the fiscal year. The agency's security deposit investigator resolved 229 landlord/tenant disputes and recovered approximately \$3,623 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's ability to work remotely.

Legislative Update

During the 2023 legislative session, the Department submitted several proposals for consideration that were enacted into law:

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

Public Act 23-82, An Act Concerning Digital Assets, allows for the Department to adopt regulations around digital assets including cryptocurrencies and stablecoins. The bill requires

virtual currency kiosks and their owner/operator to be licensed as money transmitters and requires certain disclosures when using these kiosks.

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

- **Small Loan Changes** – The act raises the limit of small loans from \$15,000 to \$50,000; clarifies that tips and donations are part of the finance charge when determining the APR on small loans; and includes Income Share Agreements in small loan definition.
- **Sales Finance Companies** - The act increases the maximum value of retail installment or installment loan contracts for motor vehicles and equipment. Currently, the maximum value is \$50,000 for motor vehicles and \$16,000 for equipment. The bill increases these amounts to \$75,000 and \$25,000 respectively, and by raising these limits, the law will apply to more consumers.
- **Gap Waivers** - The act sets requirements for the terms and cancellation of certain guaranteed asset protection (GAP) and excess wear and use waivers. It makes them cancelable within a 60-day window and requires a pro rata refund if canceled afterwards, provided no benefits have been used.

Public Act 23-126 also makes the following changes:

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

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.

During the 2022-2023 fiscal year, agency staff participated in over 50 outreach programs, including in-person presentations, virtual programs, and fairs/expos. Thanks to modern technology, communicating through virtual platforms is a convenient way to connect in real time. The agency's educational outreach coordinator continued to offer both virtual and in-person engagements to a variety of audiences, including older adults, high school and college students, and industry professionals, on topics that ranged from financial fraud and exploitation to credit and debt management and cybersecurity.

The Department looks for ways to encourage students to focus on their finances and money management. In September 2022, the outreach coordinator virtually joined a high school class in Rock Springs, Wyoming as a guest speaker. She provided information on cyber fraud and ways to protect one's personal information online and answered a variety of questions from the students. In November 2022, she conducted a cybersecurity program with a focus on identity theft for students at the University of New Haven (UNH) as part of a financial wellness series. In March 2023, the agency's Securities Division Director presented a webinar for UNH students, entitled *Investing in the Modern World*. The program discussed investing terms, types of financial professionals, and cautioned students about social media marketing and scams.

The agency's outreach coordinator presented at the 2023 Money Madness Conference at Connecticut College in New London in March 2023, hosted by Chelsea Groton Bank. She provided five break-out sessions on identity theft and cybersecurity to groups of high school students. She discussed ways to be safer using mobile payment apps and peer-to-peer payment services, and provided examples of banking scams students might encounter, particularly online and text scams.

In March 2023, Commissioner Perez was a guest speaker at a Bank Management class at Central Connecticut State University. He gave an overview of the role of the Department of Banking as a regulatory agency and highlighted the Department's priorities for 2023-2024. A Banking Manager in the Financial Institutions Division and a Principal Examiner in the Securities Division joined the commissioner and discussed high profile examinations and enforcement actions with students.

Through our outreach program, we utilize partnerships with state, federal and community organizations to empower residents with the knowledge to protect their finances. Department staff are often called upon to share their expertise in helping consumers and investors learn about and avoid financial fraud, and collaborating with others enhances those outreach efforts.

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

In recent years, the agency's outreach coordinator has joined forces with a detective from the Fairfield Police Department to co-present senior fraud programs in that community. These programs focus on real-life examples of financial fraud and help explain how residents can recognize and avoid becoming a victim of scammers. During the 2022-2023 fiscal year, they provided programs at the Bigelow Senior Center in December 2022 and at Cambridge Health and Rehabilitation Center in Fairfield in June 2023.

Libraries have consistently provided the Department of Banking with opportunities to share our expertise and resources with the general public. The outreach coordinator provided virtual programs on identity theft in October 2022 for the Bloomfield Public Library and in November 2022 for the Avon Free Public Library. In March 2023, she conducted a virtual presentation on understanding credit reports for the Bloomfield Library, and in June 2023 presented a program at the Cyrenius H. Booth Library in Newtown that focused on financial fraud prevention.

Through targeted outreach to the state association of resident service coordinators, the outreach coordinator presented thirty financial fraud Bingo programs for residents in housing communities and senior centers during the 2022-2023 fiscal year. The financial fraud Bingo program has shown to be a fun, interactive way to educate seniors about banking scams and fraud prevention. She conducted programs throughout the state, from small towns including Oxford, Somers, and Niantic, to cities such as Bridgeport, Norwich, and New Britain.

Helping seniors and those who care for them avoid financial exploitation has long been a focus of the Department's outreach toward seniors. In November 2022, the outreach coordinator was a guest speaker at Ridgefield Station, an assisted living facility in Ridgefield, where she shared information with residents and family members on red flags of elder financial exploitation and fraud. In March 2023, she presented a program on financial exploitation and fraud affecting seniors to a group of nearly 50 people at the Middletown Senior Center, which led to a lively discussion on banking scams. In April 2023, the outreach coordinator was invited to speak at the monthly luncheon of the Ladies Benevolent Society at the First Congregational Church of Old Lyme. She presented a program on financial fraud and scams targeting seniors and stressed the importance of avoiding financial exploitation.

The educational outreach coordinator often represents the Department of Banking at conferences and expos, which provide an opportunity to speak directly with the public and share resources and promotional materials with Connecticut consumers and investors. In July 2022, she participated at the Southeast Healthy Living Expo hosted by Senior Resources Agency on Aging at Dodd Stadium in Norwich. In October 2022, she represented the Department at the UCONN Work/Life Expo, held at the Student Union on the Storrs campus. In March 2022, she staffed a resource table and spoke with nearly 100 students at a financial literacy expo at the Hartford Job Corps Academy. On June 15, 2023, she shared resources at AJ DeLorenzo Towers, a senior housing community in Bristol, for World Elder Abuse Awareness Day.

The Department of Banking hosted a *Financial Wellness Expo* in recognition of Financial Literacy Month at the Legislative Office Building in Hartford on April 18, 2023. Participating agencies included the State Treasurer's Office, UConn Extension, Connecticut Saves, Chelsea Groton Bank, the State Library, the Better Business Bureau, and the Connecticut Association of Human Services.

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.

Coalition for Elder Justice in Connecticut

The Coalition for Elder Justice in Connecticut (CEJC) is a multidisciplinary group of private and public stakeholders working together to prevent elder abuse and protect the rights, independence, security, and well-being of vulnerable seniors in Connecticut. The Department of Banking supported CEJC efforts in several ways during the 2022-2023 fiscal year. The outreach coordinator served on a working group that spearheaded the redesign of an updated CEJC website (elderjusticect.org). The Department was also integral in helping CEJC host a resource table at the 2023 Connecticut Chapter of the International Association of Financial Crimes Investigators (IAFCI), which took place May 3-4, 2023, at Mohegan Sun.

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 Perez 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.

Improvements/Achievements 2022-2023

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 two agency-wide staff meetings during the fiscal year, on October 25, 2022, and on June 27, 2023. These in-person events were opportunities for Commissioner Perez to address employees as a group to provide an overview of the department's updated strategic plan and other agency items, discuss projects, and take questions from staff. Division representatives shared industry and legislative updates, guest speakers presented professional development programs, and the agency's Morale Committee led the staff in team-building challenges.

Strategic Plan

In May of 2023, agency leadership gathered at the Department to update its 5-year strategic plan. The Commissioner, along with the chief of staff and division directors, developed a detailed plan of an overall vision for the agency. Highlights included staff development and succession planning, policy and operational objectives as well as creating economic growth for the state.

Department Cryptocurrency Committee

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

Members of the Policy and Legislation Subcommittee focused their efforts on researching other states' statutes, regulations, and legislation and following developments at the federal level regarding digital assets. The Education Subcommittee worked together to develop new content for the agency website dedicated to cryptocurrency and fintech resources. Definitions of key terminology, information on the risks involved for those considering making payments with crypto or investing in digital currency, and helpful links provide resources for consumers and investors.

On November 15, 2023, the Education Subcommittee worked with members of the Securities Advisory Council to the Banking Commissioner to provide a webinar for industry professionals. *Unmasking Cryptocurrency* was a free webinar aimed at unveiling the mysteries behind this digital currency. An attorney with the Securities Division joined attorneys from the securities industry to present the program. Attendees were primarily investment advisers and securities lawyers, and while the program included basic information about cryptocurrency and its key features, the question of whether this virtual currency is a security was of great interest. Examples of cases involving cryptocurrency were discussed, as well as legislative efforts by various states.

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 Perez 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 third party vendors to provide educational programs that meet certain objectives, namely 1) to provide personal finance tools that will prepare residents for a financially successful future, with an emphasis on women and young girls and 2) to teach 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 third-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. On December 1, 2022, a Request for Proposal (RFP) was issued, seeking proposals to provide innovative financial wellness and empowerment programs to reach traditionally underserved populations with a priority on women and girls. The RFP was hosted on the CTsource Bid Board, the State's web-based eProcurement system. Grants are expected to be awarded by the end of 2023.

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. This was followed up by a June 8, 2022 event at the UCONN Hartford Campus. The event was attended by over 200 merchants and bankers. Governor Lamont spoke, along with the Chairman and CEO of M&T Bank.

On October 12, 2022, the Department, along with its partners and sponsor, hosted a third *Meet the Bankers* event at Gateway Community College in New Haven. This event, sponsored by the Community Foundation of Greater New Haven, expanded the focus to all minority-owned and women-owned businesses, and over 200 small businesses were represented. Commissioner Perez was the emcee for this event, and Governor Lamont provided the keynote address. Other speakers included the New Haven Mayor and the CEO of the Community Foundation of Greater New Haven.

New Haven Works

As a founding member and Chairman of the Board, Commissioner Perez represents Governor Lamont on the New Haven Works Board of Directors.

New Haven Works is a workforce development organization that seeks to build a middle class in an urban center and improve economic stability in all communities by providing employers with a trained and qualified workforce and connecting New Haven residents to good jobs.

Divisions

The *Financial Institutions Division* (FID) 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.

During the 2022-23 fiscal year, the Commissioner attended various industry events throughout the state or held virtually. The Department hosted the 2022 CSBS District I Fall Meeting, held October 6-7, 2022, at the New York State Department of Financial Services in New York, NY.

The Consumer Credit Division (Consumer Credit) 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).

Consumer Credit 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 is now in production and is being utilized in our state as planned.

Consumer Credit continues to participate in One Company, One Exam (OCO) examinations in the Mortgage and Money Services Business area on an ongoing basis.

The Consumer Credit Division continued to assist 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 (SBID) 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.

The Department 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 (Central Registration Depository/Investment Adviser Registration Depository) 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.

The *Business Office* fulfilled its fiduciary responsibility by expeditiously handling total receipts of \$58,915,372 through its accounting, budgeting, purchasing and financial reporting functions. Of this total, the Business Office directed \$47,924,293 to the Banking Fund and \$10,912,779 to the General Fund. 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 focused on decreasing paper record volumes as it continues to increase use of electronic records. Implementation of a new Document Management system is the current LEAN initiative for the Department.

Committees

Commissioner Perez 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 representative, ex-officio
- Board of Directors, Cornell Scott-Hill Health Center Foundation
- Member of the CSBS Non-Depository Supervisory Committee (NDSC)
- 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 State of Connecticut Department of Emergency Services and Public Protection (DESPP) Cybersecurity Committee
- Member of the Governor’s Council on Women and Girls
- Member of the Hispanic Merchants Outreach/Meet the Bankers Committee
- Chair 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:

- Co-Chair of the NASAA Broker-dealer Section Training Project Group
- Co-Chair of the NASAA Investment Adviser Cybersecurity and Technology Project Group

- Vice-Chair of the NASAA NEMO Training and Support Committee
- Senior Sustainability Officer (SSO) in compliance with the Governor's Executive Order No. 1 regarding Sustainability in the State of Connecticut
- Member of the American Bar Association State Regulation of Securities Committee
- Member of Bank On Connecticut
- Member of the Governor's Council on Women and Girls' Financial Literacy Work Group
- Member of the Connecticut Jump\$tart Coalition for Personal Financial Literacy
- Member of the Connecticut Management Advisory Council (MAC) serving as a Management Representative for the Department of Banking
- 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 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 CSBS IT Advisory Committee
- Member of the State Coordinating Committee (SCC) for AARMR in collaboration with the CFPB
- Member of the NASCUS Legislative & Regulatory 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 Professional Development Committee