



Monthly Bulletin

Volume 11, Number 12

June 2008

Message from the Commissioner

To: California State-Chartered Financial Institutions

Subject: Benchmarking Bank and Credit Union Performance

Hello Everyone,

As you know, the safety and soundness of our licensees is of vital interest to the Department of Financial Institutions. We track the condition of our licensees through our examination and supervision process as well as through offsite monitoring of call report and other data. In turn, we share our analysis with you when we can.

In that connection, I am pleased to announce that we are adding additional benchmarking data from bank and credit union call reports to our website at the following link:
<http://www.dfi.ca.gov/publications/stats/default.asp>. The Department will update the data each quarter.

These data were initially prepared as part of my own due diligence efforts to get to know the condition of our licensees. The new feature is an analysis of key industry ratios (e.g., equity to asset ratios, return on assets, delinquencies to total loans) by quintile as well as by size. That is, for each of these ratios, institutions were ranked from highest to lowest within their size range and divided into five groups or quintiles. What is reported for each quintile is an arithmetic average of the ratios for the group. These data offer a useful measure of the dispersion of outcomes for our bank and credit union licensees unlike the simple averages we previously reported.

We have presented these results as well as other data that provide some useful insights into industry condition in some recent presentations to industry groups. You can find them at www.dfi.ca.gov/speeches/speeches.asp. We have already heard from several of our licensees that they plan to share the results with their boards of directors and management teams.

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Watch for announcements of additional analytical reporting in the months to come. In this connection, I am very pleased to announce that we have initiated a new program to collect data from our money transmitter licensees via call reports for the first time beginning with the second quarter of 2008. California is leading the nation with this initiative, which I expect will be quite valuable to all concerned.

I welcome your honest feedback.

Sincerely,
William S. Haraf, Commissioner
Department of Financial Institutions
111 Pine St., Suite 1100, San Francisco, CA
(415) 263-8507

California Bankers Association's 2008 Directors' College

The Department of Financial Institutions (DFI) and the Federal Reserve Bank of San Francisco will be participating in the California Bankers Association's 2008 Directors' College. Commissioner William S. Haraf will be making a presentation on the challenges facing the industry and California banking today.

The program will be led by Howard Gould, Vice-Chairman, Carpenter and Co. The program is designed for all bank directors, including those new to banking, experienced as well as de novo directors, as well as senior bank officers. The first session will be held July 16th at the Concord Hilton, followed by a second session at the Newport Beach Marriott Hotel & Spa on August 14th.

The Directors College is a short but intense review of bank risk and how these risks can be effectively managed. However, it is not only an opportunity to remain current on the essential underpinnings of banking and the regulatory issues surrounding them, but also an occasion to compare notes and experiences with other community bank directors and officers.

For more information/registration, please visit the California Bankers Association's website at http://www.calbankers.com/content/event_detail.asp?EventID=1155 or contact John Lingvall at (916) 438-4428, jlingvall@calbankers.com.

Personnel Changes in the Credit Union Program

Lesley P. Thompson Promoted to Financial Institutions Manager

Lesley "Les" Thompson was promoted to Financial Institutions Manager effective June 1, 2008. Mr. Thompson received his Bachelor of Science degree in Business Administration, with an emphasis in Accounting, from Cal State University, Los Angeles. He started with the Department of Financial Institutions (DFI) at its formation on July 1, 1997. He had previously worked for the California Department of Corporations as a Corporations Examiner beginning in 1985. As an examiner for the State of California, Mr. Thompson has examined a wide variety of financial institutions, including

industrial loan banks, mortgage companies, escrow companies, and credit unions. In April 1999, he left the State and worked in the private sector where he earned and, continues to maintain, his license as a Certified Public Accountant. After three years in public accounting, he returned to the State in May 2002, and has served as Financial Institutions Supervisor with the Credit Union Division of DFI since December 2002. In March 2007, Mr. Thompson was awarded the Department's Superior Accomplishment Award in recognition of his outstanding performance and dedicated service to the Department.

Mr. Thompson is headquartered in DFI's Los Angeles office.

Lana Tom Promoted to Financial Institutions Manager

Lana Tom was promoted to Financial Institutions Manager effective June 1, 2008. Ms. Tom started her career with the Department of Corporations (DOC) as an examiner on December 1977 where she examined credit unions, industrial loan companies and finance companies. It was also during her time with the DOC that she earned her license as a Certified Public Accountant. In July 1997, she transferred to the Department of Financial Institutions. Ms. Tom was promoted to the Senior Financial Institutions Examiner position on October 1999, and then to the Financial Institutions Manager position on May 2000. In January 2008, Ms. Tom was appointed as Acting Financial Institutions Manager, and then in June 2008, was appointed permanent Financial Institutions Manager. Ms. Tom is a National Association of State Credit Unions Supervisors (NASCUS) Certified Supervisor.

Ms. Tom will be headquartered in DFI's San Francisco office.

2008-09 Assessment

Commercial Banks, Foreign Banks and Trust Companies

Assessment invoices were mailed to commercial banks, foreign banks and trust companies on June 30, 2008.

For the purposes of this assessment, the base rate was set at \$1.41, unchanged from last year's rate. Invoices were mailed to each licensee on June 30, 2008 and became delinquent if not paid by July 21, 2008. The statutory maximum rate is \$2.20 per thousand dollars of total assets.

Industrial Banks

The assessment rate for industrial banks this year was set at \$0.85 per thousand dollars of total assets, an increase from last year's rate of \$0.80231. The statutory maximum rate is \$2.20 per thousand dollars of total assets. Invoices were mailed to each licensee on June 30, 2008 and become delinquent if not paid by July 21, 2008. Insurance premium finance companies will be assessed on November 30, 2008.

Credit Unions

The 2008-09 assessment rate was set at \$0.59 per thousand dollars of total assets, an increase from last year's rate of \$0.447282343. Invoices were mailed to each licensee on June 30, 2008 and become

delinquent if not paid by July 21, 2008. The statutory maximum rate is \$2.20 per thousand dollars of total assets.

Issuers of Travelers Checks and Payment Instruments

The 2008-09 assessment rate was set at \$0.64 per thousand dollars of total assets, unchanged from the 2007-08 rate. Invoices were mailed to each licensee on June 30, 2008 and become delinquent if not paid by July 21, 2008.

Transmitters of Money Abroad

The 2008-09 assessment rate was set at \$0.08 per every thousand dollars in transmission money received by a licensee in calendar year 2007. Invoices were mailed to each licensee on June 30, 2008 and become delinquent if not paid by July 21, 2008. This is the first time that an assessment of money transmitters has been made.

Executive Officer and Director Compensation Survey

Forms for the 31st Annual *Executive Officer and Director Compensation Survey* as of June 30, 2008 were e-mailed on Wednesday, July 2nd. Hard copy forms are in the process of being mailed to the CEOs of all state-chartered banks, industrial banks and national banks headquartered in California as of that date. Recipients are asked to respond by Friday, August 15, 2008 so the results can be compiled into a summary report that will be e-mailed to participating banks in the fall. If you do not receive your forms, please contact Patrick Carroll at (415) 263-8559 or by e-mail at pccarroll@dfi.ca.gov.

The survey results for the 30th Annual Executive Officer and Director Compensation Survey as of June 30, 2007 as well as the forms for the 2008 survey that were recently mailed are now available at www.dfi.ca.gov/publications/execsum/default.asp.

Financial Code 1807(f) Order – Call Report

Commissioner William S. Haraf issued an Order pursuant to California Financial Code Section 1807(f) requiring all money transmitters to file quarterly electronic call reports via e-mail. The forms have been sent out to each money transmitter licensee and are available for download at: <http://www.dfi.ca.gov/forms/tma/callreport.asp>.

DFI Issues Cease and Desist Warning to Preamble National Bank & Trust

A warning to cease and desist from doing business in California without a license from the Commissioner of Financial Institutions was issued to Preamble National Bank & Trust, 500 North Brand Boulevard, Suite 2200, Glendale, California 91203.

Preamble National Bank & Trust is not authorized to transact business in the way or manner of a bank or trust company, is not authorized to transact business under a name which contains “bank” or “trust” and indicates the business is that of a bank or trust company, and is not authorized to accept deposits, issue certificates of deposit, or advertise that it accepts deposits or issues certificates of deposit pursuant to Chapter 18 of Division 1 of the California Financial Code. All persons who have communicated with Preamble National Bank & Trust are asked to contact the Department of Financial Institutions, Legal Division, San Francisco, at (415) 263-8513.

Liquidation of Sterlent Credit Union

On, June 30, 2008, the California Department of Financial Institutions (DFI) and the National Credit Union Administration (NCUA) ordered the liquidation of Sterlent Credit Union (Sterlent), a state-chartered, federally insured credit union based in Pleasanton, CA.

The DFI agreed that the NCUA would serve as liquidating agent of Sterlent. Immediately following the issuance of the order, the NCUA entered into an agreement with Patelco Credit Union of San Francisco (Patelco) to sell certain assets and liabilities of Sterlent to Patelco.

At the time of liquidation, the credit union had approximately \$94.6 million in assets. Sterlent Credit Union was established in 1936 as EBTEL Federal Credit Union and became a state-chartered credit union in 2002.

The NCUA’s National Credit Union Share Insurance Fund insures all credit union members’ deposits up to \$100,000 per account.

DFI Contact: [Alana Golden](#), Public Information Officer, (916) 323-7012 or (916) 322-5966.

For additional information, please contact John McKechnie at the NCUA, pacamail@ncua.gov or 703-518-6330.

2008 Financial Institutions Law Available Now

The Banking Law, Industrial Bank Law, Payment Instrument Law, Business and Industrial Development Corporation Law, Savings Association Law, Credit Union Law, Industrial Loan Law and Related Laws as of January 1, 2006 is available in PDF format from the Department of Financial Institutions’ (DFI) Web site at <http://www.dfi.ca.gov/lawsregs/calcode.asp>.

For more information, please contact Patrick Carroll at (415) 263-8559 or by email at pcarroll@dfi.ca.gov

Commercial Bank Activity

Merger

Spectrum Bank, Montebello, to merge with and into Professional Business Bank, Pasadena
Approved: 6/10/08

Acquisition of Control

Patricia L. Childress and Carol Bates, to acquire control of Sierra Bancorp/Bank of the Sierra
Withdrawn: 5/13/08

Security Business Bancorp, to acquire control of Security Business Bank of San Diego
Effected: 5/30/08

Industrial Bank Activity**New Industrial Bank**

CapitalSource Bank
300 North Lake Avenue, Pasadena, Los Angeles County
Correspondent: James M. Rockett
Bingham McCutchen LLP
Three Embarcadero Center
San Francisco, CA 94111
(415) 393-2000
Approved: 6/12/08

Purchase Partial Business Unit

CapitalSource Bank (In Organization), Pasadena, to acquire 22 branch offices of Fremont Investment & Loan, Brea
Approved: 6/12/08

Premium Finance Company Activity**New Premium Finance Company**

Farmingdale Premium Finance, Inc.
500 N. State College Boulevard, City and County of Orange
Filed: 5/16/08
Approved: 6/10/08

Foreign (Other Nation) Bank Activity**New Office**

Caixa de Aforros de Vigo, Ourense e Pontevedra (“Caixanova”)
In the vicinity of Los Angeles, Los Angeles County
(Limited Branch Office)
Withdrawn: 6/13/08

Discontinuance

Calyon
515 South Flower Street, City and County of Los Angeles
(Wholesale Branch Office)
Approved: 6/26/08

DEPFA Bank plc
One Market Street, Steuart Tower, City and County of San Francisco
(Representative Office)
Approved: 6/16/08
Discontinued: 12/5/07

Credit Union Activity

Bylaw Amendment

One credit union received approval for one bylaw amendment during May 2008.

Merger

Cannon Financial Federal Credit Union, Santa Ana, to merge with and into Financial Partners Credit Union, Downey
Approved: 5/9/08
Effected: 6/25/08

Church Co-op Credit Union, Sacramento, to merge with and into The Golden 1 Credit Union, Sacramento
Effected: 6/30/08

First Future Credit Union, San Diego, to merge with and into California Coast Credit Union, San Diego
Effected: 6/25/08

M-N Employees Credit Union, San Jose, to merge with and into Star One Credit Union, Sunnyvale
Filed: 6/10/08

Change of Name

Mid-Cities Schools Credit Union to change its name to Mid-Cities Financial Credit Union
Filed: 3/4/08
Approved: 3/5/08
Effected: 4/29/08

Transmitter of Money Abroad Activity

New Transmitter

HIFX, Inc.

Filed: 5/6/08

Acquisition of Control

Microfinance International Corporation to acquire control of El Camino Transferencias

Filed: 5/30/08

Payment Instrument Activity

New Payment Instrument

Fidelity Express

Opened: 6/5/08

WILLIAM S. HARAF
Commissioner of Financial Institutions

Bulletin for Month ended
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to Financial Code section 258



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