

Monthly Bulletin

California Department of Business Oversight



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Miranda LeKander Selected Assistant Chief Counsel for DBO Enforcement in Northern California

Miranda LeKander is the DBO Enforcement Division's new assistant chief counsel, supervising the Northern California region. She started in her new position on Nov. 1. She initially will serve in the post jointly with current assistant chief counsel Doug Gooding, who will train her until his retirement on Dec. 10.

Miranda joined the DBO in 2008 as a senior counsel. She has handled hundreds of enforcement matters covering every area of law under the Commissioner's jurisdiction. Miranda has represented the Commissioner on the legislative committee of the North American Securities Administrators Association (NASAA) and consulted with the Conference of State Bank Supervisors (CSBS) on issues concerning the supervision of national mortgage servicers.

She is a member of the Elder Financial Abuse Interagency Roundtable and was instrumental in the creation of a state-hosted website designed for seniors.

Miranda received her law degree from McGeorge School of Law at the University of Pacific. After passing the bar exam in 2008, her first job was as a research attorney and publications editor at the California District Attorneys Association.

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In 2002, Miranda moved to the firm of Laughlin, Falbo, Levy & Moresi, where she represented employers and insurance companies in workers' compensation cases. Her last private-sector job before joining the DBO was as staff counsel at Travelers Insurance Company.



PrimeLending to Pay \$1.6 Million-Plus to Settle Mortgage Interest Overcharge Case

DBO on Nov. 7 announced a settlement with PrimeLending which requires the mortgage lender to pay more than \$1.6 million to resolve allegations it overcharged hundreds of California borrowers for interest. PrimeLending is licensed and regulated by the DBO under the California Residential Mortgage Lending Act.

The settlement includes \$319,524 of refunds already provided by PrimeLending to customers based on the firm's own audit of more than 20,000 loan files – a review ordered by the DBO. PrimeLending will pay restitution to additional borrowers based on the results of a new, independent audit required by the settlement. The company also will pay \$1.3 million in penalties.

Under California law, lenders cannot start charging interest on mortgage loans before the business day that immediately precedes the day the loan proceeds are disbursed. PrimeLending violated that statutory restriction on so-called per diem interest. The [full press release](#) is available on the DBO website.



Broker-Dealer/Investment Adviser Renewals Due

November begins the 2017 registration renewal season for the Broker Dealer/Investment Adviser (BDIA) program. All registered firms may view and print their preliminary renewal statements through E-Bill on FINRA's WebCRD/IARD system. DBO will send out courtesy renewal reminders on Nov. 28.

Renewal fees are due for broker-dealers, investment advisers and exempt reporting advisers. Full payment of each Preliminary Renewal Statement must be posted to a firm's FINRA Renewal Account by Dec. 16. Firms are encouraged to submit their payments no later than Dec. 13 in order for payment to post to renewal accounts by the deadline. The renewal fees must be posted by Dec. 16 for the firm's registration to remain in effect during calendar year 2017.

For more information on the 2017 renewal program for investment advisers and exempt reporting advisers, including a renewal calendar, payment methods and FAQs, visit the CRD/IARD website at <https://www.iard.com/renewals>.

For more information on the 2017 renewal program for broker-dealers, visit the CRD web site at <http://www.finra.org/industry/renewal>.



Premium Finance Company Assessment

The Commissioner has assessed all California insurance premium finance companies in order to fund the DBO's administration of laws governing such firms. The Commissioner makes the assessments pursuant to California Financial Code sections [18350](#), [18351](#) and [18352](#).

An invoice for the assessment on each institution will be sent to each licensee. The assessment must be paid in full by Dec. 20.

The base assessment rate is set at 0.0067275 percent of each company's total assets as of Dec. 31, 2015. The minimum amount for any institution is \$250.

To pay by check, licensees should mail their payments to:

Department of Business Oversight
Attn: Accounting Section
1515 K Street, 2nd Floor
Sacramento, CA 95814-4052

Premium finance companies wishing to pay by EFT should route their payments in the form of an ACH (CCD or CTX payment format) to the routing and account numbers below. Please include the invoice number with each EFT payment.

UPIC Account Number: 10440639
Routing Number: 021052053

Questions about assessments should be directed to Zankhana Mehta in the DBO Accounting Section at (916) 445-2284 or Zankhana.Mehta@dbo.ca.gov.

Questions also may be directed to DBO Strategic Support Manager Patrick Carroll at (415) 263-8559 or Patrick.Carroll@dbo.ca.gov.



Fraudulent Bank Warning

The DBO on Nov. 9 issued a cease and desist order against Greenwood Commercial Bank to stop it from operating without a license. Located at 555 12th Street, Suite 500, Oakland, California 94607, Greenwood purports to be a bank.

It is not authorized to transact business as a bank, nor is it authorized to transact business under a name which contains the word "bank" and indicates the business is that of a bank pursuant to Chapter 19 of Division 1.1 of the California Financial Code.

Any person who has communicated with Greenwood should contact the DBO Legal Division at (415) 263-8541.



Frequently Asked Questions Guide on Cybersecurity Assessment Tool

The Federal Financial Institutions Examination Council (FFIEC) on Oct. 17 issued a [FAQ guide](#) (Frequently Asked Questions) related to the [Cybersecurity Assessment Tool](#) (Assessment). The FAQ guide answers 18 questions and clarifies points in the Assessment and supporting materials based on questions received by FFIEC members over the past year.

The FFIEC members developed the Assessment to help financial institution management determine their institution's risk profile, including inherent risks and cybersecurity preparedness. The Assessment provides a repeatable and measurable process that management can use to measure their cybersecurity preparedness over time. Use of the tool is voluntary.



FinCEN Advisory on Bank Secrecy Act Obligations and Compliance

The Financial Crimes Enforcement Network (FinCEN) of the U.S. Treasury Department on Oct. 25 issued [advisory bulletin FIN-2016-A005](#) reminding financial institutions of their Bank Secrecy Act (BSA) obligations to report certain cyber-events and cyber-enabled crime. FinCEN also issued [FAQs](#) to supplement the advisory. The advisory highlights the importance of:

- Reporting cyber-events and cyber-enabled crime through Suspicious Activity Reports (SARs).
- Including cyber-related information such as IP addresses with times stamps, virtual-wallet information, device identifiers and cyber-event information in SAR reporting.
- Collaborating with BSA, Anti-Money Laundering (AML), cybersecurity and other in-house units to facilitate “a more comprehensive threat assessment and develop appropriate risk management strategies to identify, report, and mitigate cyber-events and cyber-enabled crime.”
- Sharing cyber-related information between financial institutions for the “purpose of identifying and, where appropriate, reporting money laundering or terrorist activities.”



DBO Financial Services Roundtable Meetings Set

Licensed finance lenders and escrow companies are invited to attend industry roundtable discussions at the DBO offices in Sacramento. The meetings promote a dialogue on issues of mutual interest to DBO and its licensees.

The roundtable for California Finance Lenders Law licensees will be held Nov. 29, and the meeting for California Escrow Law licensees is set for Dec. 6.

To suggest agenda items, contact Chuck Lilly, Deputy Commissioner for Financial Services, at (213) 576-7554 or Charles.Lilly@dbo.ca.gov. If you plan to attend, RSVP to Martha Martin at Martha.Martin@dbo.ca.gov or (213) 576-7662.



Water Savings Top 18% but Conservation Still Needed

Urban Californians used 18.3 percent less water in September than they did in the same month of 2013, according to the latest report by the State Water Resources Control Board. That was better than the 17.2 percent conservation rate recorded in August, but down from 26.2 percent in September 2015, when state-mandated conservation targets were in place.

Since June 2015, 2.15 million acre-feet of water has been saved — enough



water to supply more than 10 million people, or more than one-quarter of the state, for a year. For more information on the drought and conservation programs,

go to www.drought.ca.gov/.

Commercial Bank Activity

Merger

California Republic Bank, Irvine, to merge with and into Mechanics Bank, Walnut Creek

Effectuated: 10/1/16

Security First Bank, Fresno, to merge with and into Suncrest Bank, Visalia

Filed: 10/3/16

Sierra Vista Bank, Folsom, to merge with and into Central Valley Community Bank, Fresno

Effectuated: 10/1/16

Purchase of Partial Business Unit

First Foundation Bank, Irvine, to acquire the Laguna Hills and Seal Beach branches of Pacific Western Bank, Beverly Hills

Filed: 10/7/16

Premium Finance Company Activity

New Premium Finance Company

Foundation Capital Finance Corporation
660 Newport Center Drive, Newport Beach
Filed: 10/26/16

Premier Financing, Inc.
600 West Broadway, San Diego
Approved: 10/6/16

Credit Union Activity

Merger

Bakery Employees Credit Union, to merge with and into Bourns Employees
Federal Credit Union, Riverside
Filed: 5/23/16

Health Associates Federal Credit Union, Orange, to merge with and into Credit
Union of Southern California, Anaheim
Approved: 10/1/16
Effectuated: 10/1/16

Foreign (Other Nation) Bank Activity

New Office

BNP Paribas
300 South Grand Avenue, Los Angeles (Representative Office)
Opened: 10/20/16

Governor and Company of the Bank of Ireland, The
County of Los Angeles (Representative Office)
Filed: 10/6/16

Foreign (Other State) Bank Activity

New Facility

First Financial Northwest Bank
1717 14th Avenue, San Francisco (Facility – Insured Bank)
Opened: 6/1/16

Depository Trust Company of Delaware, LLC
1695 Adolfo Lopez Drive, Seal Beach (Facility – Uninsured Trust Company)
Approved: 10/17/16

Peoples National Bank
City and County of San Diego (Facility – Insured Bank)
Opened: 8/19/16

Money Transmitter Activity

New Money Transmitter

Chime Inc.
Opened: 10/11/16

Tilia, Inc.
Approved: 7/19/16
Opened: 10/14/16

TranSferWise Inc.
Opened: 10/7/16

JAN LYNN OWEN

Commissioner of Business Oversight

