

# Monthly Bulletin

California Department of Business Oversight



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**Volume 5, Number 6**

**January 2018**

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## **Caitlin Sanford Appointed Deputy Commissioner for Credit Unions**

Governor Edmund G. Brown Jr. has appointed Caitlin Sanford as the DBO's new Deputy Commissioner of the Division of Credit Unions. The appointment was announced December 29 and Caitlin will assume the position on February 1.

Caitlin had been a user experience researcher for Mobile Financial Services at Facebook since 2016. From 2011 to 2016, she held several positions at Bankable Frontier Associates, including director of consumer insights, acting director and associate. Caitlin was a research intern at the World Bank in Brazil in 2010 and a program assistant at the United Nations Poverty-Environment Initiative in Panama and in Kenya from 2007 to 2009. She earned a Master of Public Affairs degree from the Princeton University School of Public and International Affairs.



## **Mona Elsheikh Promoted Deputy Commissioner for Financial Services**

Mona Elsheikh started January 2 as the DBO's new Deputy Commissioner for the Financial Services where she will be responsible for the overall administration and supervision of the program's licensees and staff.

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Mona joined the DBO in 2005 as a Corporations Examiner in the Los Angeles Office and was promoted to Corporations Examiner IV (Supervisor) in 2013. In 2015, she was promoted to Supervising Corporations Examiner/Special Administrator. Mona is a graduate of California State University, Long Beach, with a degree in Business Administration.



## **Balbiro Kazla Promoted Deputy Commissioner for Broker Dealer and Investment Adviser Program**

Balbiro Kazla has been selected as the DBO's new Deputy Commissioner of the Broker Dealer and Investment Adviser program, where she will be responsible for the overall administration and supervision of the program's licensees and staff. She started in the position on January 8.

Bal joined the DBO in 2001 as an Office Technician in the Sacramento office. She was promoted to Consumer Services Representative in 2002, Auditor I in 2005, Corporations Examiner in 2007, and Corporations Examiner IV (Specialist) in 2013. In 2014, Bal was promoted to Corporation Examiner IV (Supervisor) over the Licensing unit and, a year later, assumed the same role over the Examinations unit. Bal has served since 2016 as the Supervising Corporation Examiner of the Sacramento office.

Bal was the Acting Deputy Commissioner for the BDIA program from April to June 2017. She is a Business Administration graduate of California State University, Sacramento and a Certified Public Accountant.



## **DBO Joins Multi-State Settlement with PHH Mortgage; PHH Will Pay Restitution and Penalties**

On January 3, the DBO joined in a \$40.3 million multi-state settlement with PHH Mortgage Corporation to resolve allegations that the company violated state and federal laws on foreclosures, loan modifications and servicing.

The settlement requires the New Jersey-based lender to pay \$31.5 million in consumer relief, to be distributed by an administrator to 52,000 borrowers from California and 46 other participating states. At least 3,800 California borrowers will be eligible for refunds under the settlement.

The administrator will contact eligible borrowers, who must then submit claims to the administrator. Borrowers who may be eligible include those who PHH referred to foreclosure or foreclosed on between January 1, 2009, and December 31, 2012.

“With this settlement, PHH will compensate thousands of borrowers in California and across the nation who were hurt by its servicing and foreclosure practices,” Commissioner Jan Lynn Owen said.

The settlement also requires PHH to adhere to new standards on servicing, foreclosures and loan modifications, conduct testing to ensure compliance with the standards, and provide compliance reports to the participating states. The company will also pay an \$8.8 million administrative penalty to the participating states, including \$159,967 to California.

Examinations conducted by the multi-state group found that PHH failed to exercise proper control over foreclosure documents, allowing unauthorized executions, inconsistent signatures, and improper certification and notarization, all of which affected the integrity of foreclosure documents. In addition, the examinations found deficiencies in other internal controls, loan servicing and modifications.

The [press release](#) and [consent order](#) are both posted to the DBO website.



## New PACE Licensing and Regulatory Program

On October 4, 2017, Governor Brown signed [AB 1284 \(Chapter 475, Statutes of 2017\)](#), which created a new regulatory program for Property Assessed Clean Energy (PACE) program administrators. Starting January 1, 2019, PACE program administrators must be licensed by the DBO.

On December 1, the DBO held a workshop to gather information on regulations for the effective oversight of PACE program administrators ([Govt. Code, § 11346, subdivision \(b\)](#)). A [transcript](#) of the workshop is available at the DBO's [PACE page](#).

The DBO is in the process of drafting regulations to implement the new law and sought comments from interested parties up through January 5.

Before filing a formal Notice of Rulemaking Action with the Office of Administrative Law, the DBO will make an initial draft of the regulations publicly available and again invite comments from interested parties.



## New Examiner Guidance For Institutions Affected By Major Disasters

On December 15, federal financial institution regulatory agencies, in consultation with the Conference of State Bank Supervisors (CSBS), jointly issued [Interagency Supervisory Examiner Guidance for Institutions Affected by a Major Disaster](#).

The new guidance outlines the supervisory practices to be followed in assessing the financial condition of insured depository institutions, branches and agencies of foreign banking organizations affected by a disaster that results in a presidential-declared disaster.

A major disaster generally has a devastating effect that can continue to impact business activities of institutions serving the affected area for an extended period. The guidance urges examiners to be flexible in their supervisory response after considering the unique and potential long-term nature of the issues confronting affected institutions.

This guidance applies to financial institutions directly affected by an event that results in a presidential disaster declaration, and to institutions that may be located *outside* the disaster area, but have loans or investments to customers located *within* the disaster area.



## Homeland Security Alert for Computers & Mobile Devices

The U.S. Department of Homeland Security has issued a bulletin on a security vulnerability that affects nearly all business and personal computers, and may also affect mobile devices and smartphones.

This information should be discussed immediately with your organization's information technology staff and your technology service providers to ensure appropriate measures are taken to address the issue.

Homeland Security's Computer Emergency Readiness Team (US-CERT) has posted the Alert "[Meltdown and Spectre Side-Channel Vulnerability Guidance](#)" detailing the vulnerability and available security patches.



## CFL Annual Report Forms Set For Release in January

Licensees under the California Financing Law (formerly the California Finance Lenders Law) will be able to start working on 2017 annual reports this month when the online report forms and instructions are scheduled to become available on the [DBO website portal](#).

All CFL licensees must complete and submit their annual report online through the self-service portal. Licensees are required to have a registered DBO portal account. If you do not have a registered portal account, please follow the instructions on the DBO website or contact Shirley Tang at [Shirley.Tang@dbo.ca.gov](mailto:Shirley.Tang@dbo.ca.gov) or (213) 576-7682.

The CFL annual reports must be filed with the DBO no later than March 15. The DBO strongly recommends licensees start work on their reports as soon as possible to allow enough time to resolve any difficulties and still meet the filing deadline. Contact [CFL.Inquiries@dbo.ca.gov](mailto:CFL.Inquiries@dbo.ca.gov) or call (213) 576-7690 with any questions.



## California Finance Lenders Law Now California Financing Law

Effective October 4, 2017, the name of the California Finance Lenders Law was officially changed to the California Financing Law. The new name was created in legislation authorizing the DBO to oversee Property Assessed Clean Energy (PACE) programs.



## Fraudulent Bank Reported

On December 29, the DBO received notice from the President and CEO of Blue Gate Bank, a DBO licensee, that the bank had detected a suspicious website address purporting to be "Bluegate Industrial Bank." The associated website was registered in Nigeria on December 24, 2017.

Blue Gate Industrial Bank N.A. is not licensed by the OCC nor is it authorized by the DBO. Please report any correspondence with the unlicensed bank to the Office of the Comptroller of the Currency (OCC) or the DBO. The OCC has also issued an [alert](#) about the unauthorized bank.



## FFIEC Finalizes Revisions to Streamline Call Reports

Three federal banking agencies, as members of the Federal Financial Institutions Examination Council (FFIEC), have finalized a proposal to reduce the burden associated with the preparation and filing of the "Call Report." The CSBS State Liaison Committee worked with the Federal Reserve Board, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency on the changes.

For small institutions, the changes will remove, raise the reporting threshold, or reduce the reporting frequency of approximately 7 percent of the data items on the Call Report. Other streamlining changes are included for larger institutions. These changes will take effect June 30.

All institutions, regardless of size, submit a quarterly Call Report that includes data used by regulators to monitor the condition, performance, and risk profile of individual institutions as well as the industry overall. The Call Report [Federal Register Notice](#) is available for more detail.

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## **Commercial Bank Activity**

### **Merger**

Bank of Napa, N.A., Napa, to merge with and into Bank of Marin, Novato  
Effectuated: 11/21/17

Community 1<sup>st</sup> Bank, Auburn, to merge with and into First Foundation Bank, Irvine  
Effectuated: 11/10/17

Plaza Bank, Irvine, to merge with and into Pacific Premier Bank, Irvine  
Effectuated: 11/1/17

### **Sale of Partial Business Unit**

East West Bank to sell the banking business of its Desert Community Bank division to Flagstar Bank, FSB  
Filed: 11/15/17

### **Change of Name**

First Community Bank to change its name to Poppy Bank  
Effectuated: 11/20/17

## **Credit Union Activity**

### **Merger**

Harbor Area Postal Employees Federal Credit Union, Lomita, to merge with and into Arrowhead Central Credit Union, San Bernardino  
Effectuated: 12/15/17

Pacific Community Credit Union, Fullerton, to merge with and into Credit Union of Southern California, Anaheim  
Effectuated: 12/1/17

**Merger (cont.)**

RAFE Federal Credit Union, Riverside, to merge with and into Financial Partners Credit Union, Downey

Approved: 9/1/17

Effectuated: 12/1/17

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

Equinox Premium Acceptance, Inc.  
660 Newport Center Drive, Newport Beach  
Filed: 12/4/17

KSJT Premium Finance, Inc.  
660 Newport Center Drive, Newport Beach  
Approved: 12/7/17

Reliance Premium Finance, Inc.  
2550 North Hollywood Way, Burbank  
Opened: 12/11/17

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

Canadian Imperial Bank of Commerce  
3000 Sand Hill Road, West Menlo Park (Representative Office)  
Filed: 12/6/17  
Approved: 12/13/17

**Foreign (Other State) Bank Application****New Office**

Inland Bank and Trust  
11801 Pierce Street, Riverside (Facility – Insured Bank)  
Opened: 9/1/17  
Discontinued: 10/31/17

Magnolia Bank  
131B Stony Circle, Santa Rosa (Facility – Insured Bank)  
Opened: 9/29/17



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## **Money Transmitter Activity**

### **New Money Transmitter**

AvidXchange, Inc.

Filed: 12/22/17

Apple Payments Inc.

Filed: 12/8/17

HSI USA INC.

Opened: 12/1/17

### **Acquisition of Control**

BRS Investment Holding (UK) Limited, to acquire control of Pangea USA, LLC

Filed: 12/21/17

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**JAN LYNN OWEN**

Commissioner of Business Oversight



The January 2018 *Monthly Bulletin* covers the month ended December 31, 2017. It is issued pursuant to Financial Code section 376. The *Monthly Bulletin* is available without charge via e-mail. To subscribe, go to: <http://www.dbo.ca.gov/Resources/subscription.asp>.