

Monthly Bulletin

California Department of Business Oversight



Volume 6, Number 1

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Governor Brown Issues Executive Order to Assist Wildfire Recovery; Commissioner Owen Urges Patience, Flexibility for Victims

Governor Edmund G. Brown Jr. has issued an [executive order](#) to cut red tape and help streamline recovery efforts in communities impacted by devastating wildfires in Lake, Siskiyou, Shasta, Mendocino and Napa counties. Commissioner of Business Oversight Jan Lynn Owen also recognizes the serious impact of the wildfires on financial institutions' customers and operations and will provide regulatory assistance to licensees of the Department of Business Oversight.

Commissioner Owen urges financial institutions and other licensees to recognize the severity of the situation and grant whatever latitude they can to help affected customers and the larger, fire-ravaged communities recover from these disasters. The Commissioner urges financial institutions to work constructively with borrowers impacted by the wildfires.

The Commissioner will consider the circumstances of financial institutions in areas impacted by the wildfires. Financial institutions that use prudent efforts to adjust or alter terms of existing loans in affected areas will not be subject to examiner criticism. The Commissioner recognizes that efforts to work with borrowers in communities impacted by natural disasters can be consistent with safe-and-sound banking practices as well as the public interest.

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Previously, Governor Brown [declared a state of emergency](#) in Shasta, Lake, Mendocino, Napa, Riverside, Mariposa and Orange counties due to multiple fires and [secured federal aid](#) to support communities impacted by the Carr Fire.

Commissioner Owen, pursuant to authority under the [Bank Extraordinary Situation Closing Act](#), determined that an extraordinary situation exists in Lake, Mariposa, Mendocino, Napa, Orange, Riverside and Shasta counties and issued [proclamations](#) authorizing state-chartered banks to close any or all of their offices in affected areas until the Commissioner determines the extraordinary condition has ended.

FDIC Guidance to Financial Institutions Affected by Recent Wildfires

The Federal Deposit Insurance Corporation (FDIC) has issued guidance intended to provide regulatory relief to financial institutions and assist recovery in areas of California affected by wildfires and high winds.

The FDIC [Financial Institution Letter \(FIL-41-2018\)](#) applies to all FDIC-supervised financial institutions.

The letter states in part:

- A federal disaster for selected areas in California was declared on July 23, to make federal assistance available to eligible individuals. Additional designations may be made after damage assessments are completed. A current list of designated areas is available at www.fema.gov.
- The FDIC is encouraging banks to work constructively with borrowers experiencing difficulties beyond their control because of damage caused by the wildfires and high winds.
- Extending repayment terms, restructuring existing loans, or easing terms for new loans, if done consistent with sound banking practices, can contribute to the health of the local community and serve the long-term interests of the lending institution.

- Banks may receive favorable Community Reinvestment Act (CRA) consideration for community development loans, investments, and services in support of disaster recovery.
- The FDIC also will consider regulatory relief from certain filing and publishing requirements.



Post Examination Satisfaction Surveys

In the May 2018 Bulletin, the DBO introduced Post Examination Satisfaction Surveys (PESS) to Division of Corporations licensees, including nonbank and payday lenders, broker dealers and investment advisors, mortgage lenders and servicers, and escrow companies.

Thank you to all licensees who received and responded to the survey, emailed from Survey@dbo.ca.gov during June for examinations that closed in May.

The DBO will continue to email the post exam surveys to all licensees that went through an examination the prior month. Survey responses provide useful information, allowing the DBO to improve and refine examination processes.

To ensure responses are recorded, be sure to click on the "Submit" button on the last page of the survey. If you have questions, please email survey@dbo.ca.gov.



Matthew Fujikawa Promoted to Portfolio Manager in the Banking Division

Matthew Fujikawa has been promoted to the position of Financial Institutions Manager – Portfolio Manager in the Banking Division.

Matthew was promoted to Senior Financial Institutions Examiner in 2015. He is also an Information Technology Subject Matter Expert and has earned prestigious certifications including Certified Information Systems Auditor, Certified Information Systems Security Professional, and Associate Certified Information Systems Examiner.

Matthew earned a bachelor's degree in Accounting from Loyola Marymount University. Prior to joining the Department, Matthew spent five years with Mechanics Bank, a medium-sized regional institution in the Bay Area.

Matthew recently participated in the Department's Large Bank Supervision program and has served as Examiner-In-Charge for the largest state-chartered bank in the State of California. He assumed his new position on August 1.



Notice of Second Modifications to Proposed Regulations Under the Student Loan Servicing Act

In response to public comments, Commissioner of Business Oversight Jan Lynn Owen has issued a second set of modified proposed Student Loan Servicing Act (SLSA) regulations. The SLSA became operational on July 1.

The SLSA authorizes the Commissioner to license, regulate and oversee student loan servicers. Prior to enactment of the law, student loan servicers were not regulated by the DBO.

The DBO published a Notice of Rulemaking in the California Register on September 8, 2017, proposing to adopt SLSA regulations. After review of any additional public comments received to the second modified rules, the Commissioner will move to finalize the SLSA rules.

Specifically, the Commissioner proposes to adopt Sections 2032-2056 in Subchapter 15, Chapter 3, of Title 10 of the California Code of Regulations. The Commissioner received comments on the originally proposed rules during an earlier 45-day public comment period. The Commissioner received comments to the first modified rules during a subsequent 15-day public comment period.

The [Notice of Second Modifications](#) to Proposed Regulations Under the Student Loan Servicing Act, and the [Proposed Changes Under the Student Loan Servicing Act](#) (text of the second modified rules) are available at the DBO [SLSA page](#).



U.S. Treasury Releases Report on Financial Innovation

The U.S. Department of the Treasury on July 31 released a [report](#) on recommended improvements to the regulatory landscape to better support “nonbank financial institutions, embrace financial technology, and foster innovation.”

The report is the fourth and final in a series prepared in response to [Executive Order 13772](#), issued by President Trump in February 2017. The order called on Treasury to “identify laws and regulations that are inconsistent with the Core Principles for financial regulation it set forth.”

Treasury's report identified more than 80 recommendations including:

- endorsing so-called regulatory sandboxes
- scrapping the Consumer Financial Protection Bureau's small-dollar lending rule
- increasing consumers' control over their data
- establishing a national data breach notification standard, and
- endorsing a national Fintech charter

Previous reports released under Executive Order 13772 include [Banks and Credit Unions](#), [Capital Markets](#), and [Asset Management and Insurance](#).

The DBO – and most state regulators – have argued against a national fintech charter on the premise that states are better equipped to oversee the rapidly emerging and evolving industry. The DBO has worked with the Conference of State Bank Supervisors to develop alternatives to the federal fintech charter proposal, including the [Nationwide Multistate Licensing System](#).

Commercial Bank Activity

Merger

Blue Gate Bank, Costa Mesa, to merge with and into Poppy Bank, Santa Rosa
Effectuated: 7/13/18

Community Bank, Pasadena, to merge with and into Citizens Business Bank,
Ontario
Approved: 7/26/18

First National Bank of Northern California, South San Francisco, to merge with
and into Tri Counties Bank, Chico
Effectuated: 7/6/18

Grandpoint Bank, Los Angeles, to merge with and into Pacific Premier Bank,
Irvine
Effectuated: 7/1/18

New Resource Bank, San Francisco, to merge with and into Amalgamated Bank,
New York
Effectuated: 5/19/18

Pacific Commerce Bank, Los Angeles, to merge with and into First Choice Bank,
Cerritos
Effectuated: 7/31/18

Southwestern National Bank, Houston, Texas, to merge with and into Hanmi
Bank, Los Angeles
Filed: 6/25/18

Acquisition of Control

Eastern International Bancorp, to acquire control of Eastern International Bank
Filed: 7/23/18

Farmers & Merchants Bancorp, to acquire control of Bank of Rio Vista
Approved: 7/6/18

SMBC Financial Services, Inc., to acquire control of Manufacturers Bank
Filed: 7/3/18
Approved: 7/10/18

Sale/Purchase of Partial Business Unit

BAC Community Bank to acquire the banking business of the Tracy branch office of Central Valley Community Bank

Effectuated: 7/13/18

Community Valley Bank to acquire the banking business of the Borrego Springs branch office of Umpqua Bank

Effectuated: 7/20/18

Farmers & Merchants Bank of Central California to sell the whole business unit of Bank of Rio Vista to Farmers & Merchants Bank of Central California (related to the acquisition of control application)

Approved: 7/6/18

Plumas Bank to acquire the banking business of the Carson City, Nevada branch office of Mutual of Omaha Bank, a federal savings association

Approved: 7/11/18

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

AIB Financial Services, Inc.
660 Newport Center Drive, Newport Beach

Approved: 7/18/18

ForeverCar Consumer Credit of California, Inc.
915 L Street, Sacramento

Filed: 7/23/18

Ripple Premium Finance Co.
660 Newport Center Drive, Newport Beach

Opened: 7/1/18

SPARTA PFCA, Inc.
1476 North Green Mount Road, O'Fallon, St. Claire County, Illinois

Filed: 7/26/18

Credit Union Activity

Merger

Ocean Crest Federal Credit Union, Signal Hill, to merge with and into Arrowhead Central Credit Union, Rancho Cucamonga
Effected: 7/1/18

Foreign (Other State) Bank Application

New Office

Byline Bank
4695 MacArthur Court, Newport Beach (Facility – Insured Bank)
Opened: 10/14/16

Darien Rowayton Bank
15373 Innovation Drive, San Diego (Facility – Insured Bank)
Opened: 2/26/18

First IC Bank (formerly known as First Intercontinental Bank)
6301 Beach Boulevard, Buena Park (Facility – Insured Bank)
Opened: 6/1/17

Money Transmitter Activity

New Money Transmitter

Apple Payments Inc.
Opened: 7/3/18

Currency Cloud Inc.
Filed: 6/18/18

Acquisition of Control

BDC Payments Holdings, Inc., to acquire control of Bill.com, Inc.
Filed: 7/30/18

PayPal, Inc. to acquire control of HSI USA, Inc.
Filed: 7/16/18

Change of Name

Commonwealth Foreign Exchange, Inc. to change its name to Moneycorp US, Inc.

Effected: 4/12/18

Voluntary Surrender

- Unidos Financial Services, Inc. Voluntarily Surrenders Money Transmitter License (07/16/2018)

Unidos Financial Services, Inc. (Unidos) has surrendered its California money transmitter license and ceased its California operations effective May 31, 2018. Unidos' surrender request is under review and will require the issuance of a Surrender Order by the Department of Business Oversight. Consumers with questions regarding their transactions with Unidos should direct their requests to:

Kevin M. Lutkins, Esq., CAMS, Chief Compliance Officer/General Counsel
Unidos Financial Services, Inc.

Tempo Financial US Corp.

MEMO Financial Services, Inc., and Subsidiaries

1510 W Canal Court, Suite 1000

Littleton, CO 80120

PH: 717-760-5903

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www.memoco.com

Unidos consumers in California also may file a complaint at
http://www.dbo.ca.gov/Consumers/consumer_services.asp.

Voluntary Surrender (cont.)

- Metro Remittance (U.S.A.), Inc. Voluntarily Surrenders Money Transmitter License (08/01/2018)

Metro Remittance (U.S.A.), Inc. (MRUSA) has surrendered its California money transmitter license and ceased its California operations effective July 31, 2018. MRUSA's surrender request is under review and will require the issuance of a Surrender Order by the Department of Business Oversight. Consumers with questions regarding their transactions with MRUSA should direct their requests to:

Achilles L. Bernal
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11700 South Street, Suite 203
Artesia, CA 90701
PH: 562-376-4010
FAX: 562-376-4011
albernal@metroremitusa.com

MRUSA consumers in California also may file a complaint at http://www.dbo.ca.gov/Consumers/consumer_services.asp.

JAN LYNN OWEN

Commissioner of Business Oversight



The August 2018 *Monthly Bulletin* covers the month ended July 31, 2018. 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>.