

Department of Financial Institutions (DFI)

2012 Accomplishments

Mission: *To protect and serve California's citizens through the effective regulation and supervision of financial institutions licensed by DFI.*

DFI supervises:

- 171 commercial banks with assets totaling \$282 billion;
- 153 credit unions with assets of \$77 billion;
- 31 foreign banks with assets of \$28 billion;
- 7 industrial banks with assets of \$9 billion;
- 71 money transmitters with assets of \$184 billion,
 - \$14.5 billion in money orders and travelers checks sold,
 - \$12.8 billion transmitted to foreign countries, and
 - \$12.2 billion transmitted to other U.S. states/territories;
- 110 premium finance companies with assets of \$885 million,
- 8 trust companies and 18 trust departments with assets under management of \$103 billion,
- 1 Business and Industrial Development Corporation, and
- DFI also administers the Local Agency Security Program with over 4,300 reporting agencies.

Strategic Planning

[DFI's Strategic Plan](#) for 2012-2016 focuses on increasing efficiencies, utilizing technology for continuous improvements, and providing leadership to accomplish strategic goals with accountability and transparency.

Licensing

One national bank and one federal savings bank converted to a DFI state charter.

- CommerceWest Bank
- First Foundation Bank

DFI's Money Transmitter Program issued new money transmitter licenses to 17 companies. An additional 16 applications were approved and 11 applications were filed.

- Beamit, Inc.
- CheckFreePay Corporation
- Choice Money Transfer, Inc.
- Commonwealth Foreign Exchange, Inc.
- Custom House (USA) Ltd. Dba Western Union Business Solutions
- Facebook Payments Inc.
- IntelliSpend Prepaid Solutions, LLC
- ITC Financial Licenses, Inc.
- JPay Inc.

- Keefe Commissary Network, LLC
- Kwik Dollar LLC dba DINEX
- Meracord LLC dba Meracord
- Netspend Corporation
- Official Payments Corporation
- Softgate Systems of California, Inc.
- USFOREX Inc.
- Venmo, Inc.

Sixteen money transmitter applications were approved:

- Ace Payment Services, Inc.
- ADP Payroll Services, Inc.
- Beamit, Inc.
- Choice Money Transfer, Inc.
- Facebook Payments Inc.
- IntelliSpend Prepaid Solutions
- ITC Financial Inc (ITCFL)
- Kwik Dollar LLC dba DINEX
- Meracord LLC dba Meracord
- Metavante Payment Services, LLC
- Netspend Corporation, Austin
- Obopay, Inc.
- Square, Inc.
- TouchPay Holdings, LP
- USFOREX Inc.
- Venmo, Inc.

Eleven applications were filed:

- Beamit, Inc.
- FIRMA Foreign Exchange Corporation (U.S.) Ltd.
- GoPago, Inc.
- Intuit Payments Inc.
- Kwik Dollar LLC dba DINEX
- Moneydart Global Services, Inc.
- Netspend Corporation
- PayNearMe Plus, Inc.
- PreCash, Inc.
- Square, Inc.
- TouchPay Holdings, LP

Examination

Examinations

The DFI Bank Examination Program completed 81 safety and soundness bank examinations.

The DFI Credit Union Examination Program completed 79 safety and soundness credit union examinations.

The Money Transmitter Program conducted 26 full scope money transmitter examinations and over 200 on-site agent examinations. Fifteen were joint examinations performed with other states, which is a record number and twice the number conducted in 2011

Hard Copy Bank and Credit Union Examination Reports Eliminated

In a move to reduce the use of paper, postage, file storage space, and the time needed to deliver completed examination reports, effective [January 1, 2013] DFI is eliminating hard copy bank and credit union examination reports. All bank and credit union examination reports will be delivered in PDF format by secure email to the licensee and federal regulator. No paper copies will be saved in the DFI file system, mailed to the licensee or the federal regulators. It is expected that this move will reduce the Department's paper and postage costs and the need for file storage space. Licensees and federal regulators will receive examination reports sooner, as the time needed to produce and deliver a paper report by postal mail will be eliminated.

Enforcement

Enforcement Actions

DFI's revised its enforcement actions to be more focused to help examiners better manage and direct licensees with capital and operational deficiencies. This more focused approach resulted in only one financial institution being closed by the Commissioner in 2012, compared to four in 2011, 10 in 2010 and more than 30 over the past five years. Working with licensees to return them to DFI's safety and soundness standards increases the confidence of customers, creditors and investors, while preserving the availability and reliability of financial services for all Californians.

The DFI Bank Examination Program issued 24 bank enforcement actions, including six Cease and Desist (C&D) orders, three Board Resolutions (BR), and 15 Memorandums of Understanding (MOU). Thirty-four bank enforcement actions were lifted, including 12 Cease and Desist (C&D) orders, four Board Resolutions (BR), and 18 Memorandums of Understanding (MOU).

The DFI Credit Union Examination Program issued seven enforcement actions and lifted 17 enforcement actions. DFI placed Telesis Community Credit Union into conservatorship in March and liquidated the credit union in June.

The Money Transmitter Examination Program issued nine enforcement actions, including five MOUs, three Board Resolutions, and one C&D.

MTRA Emerging Issues Committee

DFI founded and chaired the [Money Transmitter Regulators Association](#) (MTRA) Emerging Issues Committee to foster a uniform approach to applying money transmission laws nationwide and to coordinate enforcement with other states. One of the Committee's first accomplishments was to sponsor and conduct a national Webinar attended by 37 states on the subject of legal and policy issues presented by emerging payment systems and technologies.

Consumer Services and Education and Outreach

Complaints and Inquiries

DFI processed 534 complaints. Ninety-one percent of the complaints were processed in less than 26 days. There were 137 complaints regarding banks; 282 regarding credit unions and 115 regarding money transmitters. DFI handled 2,907 inquiries, including 1,775 regarding non-DFI licensees, which were referred to the appropriate regulator. Consumers who filed complaints received an aggregate of \$30,412.43 in reversed fees, charges and payments.

Community Economic Development Initiatives

DFI participated in activities, programs and initiatives that bring together financial institutions, government agencies and non-governmental organizations to promote community economic development. Some of the initiatives were [Bank On California](#), [California Financial Literacy Month](#), the Treasury's [GoDirect](#) campaign, IRS [Earned Income Tax Credit](#), American Bankers Association's [Teach Children to Save Day](#), FTC's [National Consumer Protection Week](#), and [America Saves Week](#). As part of DFI's community economic development efforts, DFI participated in 31 community events and visited four classrooms.

Bank On California

[Bank On California](#), under DFI's leadership, expanded with Bank On Stanislaus in 2012. The program is now available in Amador, El Dorado, Placer, and Yolo counties through an expansion of Bank On Sacramento. There are now eight Bank On California coalitions: Fresno, Los Angeles, Oakland, Orange County, Sacramento, San Francisco, San Jose and Stanislaus. Other regions are reaching out to DFI for guidance as they research a Bank On for their community. Over forty financial institutions are participating in the Bank On California program. Half of the participating financial institutions are state-chartered banks and credit unions licensed and supervised by DFI.

Foreclosure Outreach

DFI's education and outreach program participated in homeownership events throughout the state. We also disseminated consumer brochures related to foreclosure prevention and homeownership published by the federal bank regulators, who regulate the large banks and mortgage servicers. We used the Web and social media to share important information about free and safe government programs and services and events. We added [DFI Homepage](#) links to CalHFA's Keep Your Home California, the Treasury and HUD's Making Home Affordable, and the National Mortgage Settlement. DFI's financial education [blog](#) frequently featured news, alerts and other important information regarding homeownership and foreclosure programs as well as foreclosure-related fraud prevention.

Elder Financial Abuse Outreach

DFI served on the Elder Financial Abuse Interagency Roundtable hosted by the California Insurance Commissioner's Office. The Roundtable members launched a senior Web portal in October 2012. The [Senior Gateway](#) empowers seniors, their families, and caregivers with news, information, services and resources. DFI also

participated in events and actively promoted the awareness and prevention of elder financial abuse.

Financial Education Portal

In April 2012, as part of California Financial Literacy Month efforts, DFI released a new [portal](#) that features financial education news, events, curriculum, and resources for specific audiences, including [college students](#), [homeowners](#), [military families](#), [community/non-profit organizations](#), [seniors](#), [small business](#), the [unbanked/underbanked](#), [women](#), and [youth](#).

Social Media

DFI's education and outreach program used [social media](#) to reach a larger and broader audience. DFI has over 2,000 Twitter followers and tweeted over 2,000 messages in 2012. DFI's financial education [blog](#) has reached almost two million people since it was launched in August 2010.

Technology

California Government Enterprise Network

DFI migrated its network and email services to the California Government Enterprise Network (CGEN) as part of AB 2408 to enhance efficiency and bolster performance of computer services.

DFI Network

DFI improved its information technology network performance and efficiency by migrating all network services into a virtual network environment and substantially reduced the Department's physical network footprint by reducing a total of 32 servers down to nine, across four remote sites. In addition, the reduction of IT equipment will also help support future energy cost savings.

GovDelivery

DFI migrated its list host service to [GovDelivery](#), which is better integrated with the Department's Website and has more features in addition to being more cost-effective than the previous list host service. This has improved DFI's ability to get its message out to licensees and stakeholders.

Microsoft Dynamics CRM Public Records Tracker

DFI updated the cloud-based Microsoft Dynamics Customer Relationship Management (CRM) Public Records Tracker for easier and faster electronic inquiry and complaint filing and streamlined electronic processing of complaint information with licensees improving consumer response time by 66%.

Paperless Legal Protocol

DFI's Legal Division is implementing a paperless protocol for legal documents circulated internally along with an electronic archiving system, providing a more timely circulation of legal documents and an accessible and efficient preservation of all internal legal

memoranda, as well as draft approvals, orders, permits and opinions, while substantially reducing the demand for resources including paper, printing, and mailing.

Redesigned Website

DFI launched a [redesigned Website](#) on December 1, 2012. The new site uses the newest State of California award-winning template. A usability test was conducted before releasing the new site to ensure that Web visitors are able to quickly and easily locate the information they need, including consumer complaints information, financial education resources, licensee statistics, and laws and legislation.

WorldApp

DFI began using WorldApp ExtremeForm, a data collection tool that better equips DFI to gather data from its stakeholders for surveys, including the [Executive Officer and Director Compensation Survey](#) and [Commissioner's Residential Mortgage Survey](#).

Training

Leadership Development Program

DFI had 26 supervisors and managers complete the Leadership Development Program in 2012. The graduates represented DFI's bank, credit union, money transmitter and administration programs.