Department of Banking

Administrative Report to the Governor
July 1, 2023 to June 30, 2024

At A Glance:

Commissioner Jorge L. Perez

Established - 1837
Statutory Authority - Titles 36a, 36b and subsections (b), (d), (h) and (i) of Section 47a-21 Connecticut General Statutes, and Related Laws
Central Office -
260 Constitution Plaza
Hartford, CT 06103-1800
Number of full-time employees – 125 budgeted, 119 filled
Recurring operating expenses, 2023-2024 - $23,606,348 (actual)

Organization Structure:
Executive/Administration
Financial Institutions Division
Consumer Credit Division
Securities and Business Investments Division
Government Relations and Consumer Affairs Division
Business Office
DAS/Information Technology Services
DAS/Smart Unit (Human Resources services)
DAS Equal Employment Opportunity Unit

Agency Mission

The Department of Banking (DOB) is the primary state regulator for state-chartered banks and credit unions, securities, and consumer credit. Its mission is to protect users of financial services from unlawful or improper practices by ensuring regulated entities and individuals adhere to state banking, consumer credit and securities laws. We accomplish this through regular, thorough, and cost-effective examinations of the entities we supervise. The Department also engages the public and other stakeholders (including elected officials) through a variety of media platforms, educational outreach initiatives, and press communications.

Statutory Responsibility

The Department of Banking is responsible for the regulation and examination of financial institutions and various related entities who are, or are required to be, chartered, licensed or registered by the state. The Banking Commissioner is charged with administering the banking and credit union laws of the state as well as the laws regarding securities and business opportunities. The Banking Commissioner also administers the Truth-in-Lending Act and other consumer credit laws (mortgage, student loan servicers, consumer collection, money transmission, etc.) and a major portion of the law concerning rental security deposits.

The Department's customers include the general public, representatives of the public, regulated entities, researchers, and consultants. Connecticut residents benefit broadly from agency activities, which protect their funds in depository institutions, offer important investor and consumer protections, assist in dispute resolution, and provide helpful educational resources and information.

The Department engages with all levels of government, including the Governor's Office, members of the General Assembly, other elected and appointed officials, federal, state and municipal government offices, the Department of Justice as well as with various other law enforcement agencies. This is achieved largely through case referrals, proposed legislation, media events and educational outreach initiatives.

The Department is comprised of the executive office, four operational divisions, and one support division. Specific regulatory functions are assigned to each operational division within the Department. In addition, the Department receives support from the Department of Administrative Services (DAS) through its SmART Unit for Human Resource services; Equal Employment Opportunity/Affirmative Action Unit; and Bureau of Information Technology Solutions (BITS).

The **Executive/Administrative Office** provides overall supervision as well as strategic guidance for the agency. Comprised of the Commissioner and the Chief of Staff/General Counsel, the office also houses the Student Loan Ombudsperson and the agency's hearing officer. With input from the other divisions, the Executive Office sets the vision and goals for the agency as well as public policy.

The **Financial Institutions Division** is responsible for the supervision of insured state-chartered bank and trust companies, savings banks, savings and loan associations and credit unions, in addition to innovation banks (previously known as uninsured banks) and trust banks. The Division also licenses foreign banking organizations that establish and maintain representative offices, agency offices and branch offices in Connecticut, and supervises bank holding companies. It has responsibility for analyzing applications for new bank or credit union charters, acquisitions, mergers, conversions, branches, changes in corporate structure, and credit union field of membership expansions. In addition, the Division licenses business and industrial development corporations (BIDCOs), international trade and investment corporations and certain non-banking corporations that exercise fiduciary powers.

The **Consumer Credit Division** is responsible for examination, enforcement, and licensing of mortgage lenders, brokers, servicers, lead generators of residential mortgage loans and loan originators; small loan companies; sales finance companies; debt adjusters; debt negotiators; consumer collection agencies, including debt buyers; money transmitters; check cashing services; and student loan servicers. In addition, Consumer Credit also administers Truth-in-Lending laws and retail installment sales financing laws.

The **Securities and Business Investments Division** is responsible for registering securities and business opportunity offerings sold in or from Connecticut, registering (licensing) broker-dealers, agents, investment advisers and investment adviser agents who transact business in Connecticut and registering branch offices of broker-dealer and investment advisory firms. The Division also conducts examinations of broker-dealers, investment advisers and branch office registrants, and enforces the Connecticut Uniform Securities Act and the Connecticut Business Opportunity Investment Act.

The **Government Relations and Consumer Affairs Division** assists consumers with issues involving financial services and products regulated by the Department and oversees the administration and enforcement of the rental security deposit laws. The Division also directs the agency's legislative program, manages communications and media relations for the Department, coordinates financial and investor-education outreach efforts and provides assistance to homeowners in foreclosure or in danger of foreclosure through the Foreclosure Assistance Hotline.

The **Business Office** at the Department of Banking is a support division for the agency. The Business Office is responsible for the accounting, budgeting, fiscal, purchasing and financial reporting functions for the Department.

The DAS Small Agency Resource Team (DAS/SmART Unit) provides Human Resource support for the agency. This unit consolidates human resources and payroll personnel from multiple agencies into one unit and provides services to several departments throughout state government.

The DAS Equal Employment Opportunity (EEO) Unit helps ensure that the agency complies with federal, state and local affirmative action and equal opportunity laws including serving as the Americans with Disabilities Act coordinator. The EEO Unit also ensures compliance with the agency’s non-discrimination and anti-harassment policies as well as compiles the agency’s affirmative action plan which is made available through the Department’s intranet. The Department did not knowingly do business with any bidder, contractor, sub-contractor, supplier of materials, or licensee who discriminates against members of any class protected under Conn. Gen. Statutes Sec. 4a-60 or 4a-68. As a Department of the State of Connecticut, the agency adheres to the State’s requirement of being an equal opportunity employer.

Information technology support is provided to the Department of Banking through the DAS Bureau of Information Technology Solutions.

Public Service

The Department of Banking is strongly committed to maintaining a standard of excellence in meeting its regulatory responsibilities while balancing strong consumer protections in a business-friendly environment.

To provide the public with convenient 24-hour, 7-day access to information on agency programs, licensing activity, and educational resources, the Department maintains its website, www.ct.gov/dob, where consumers may send inquiries, file a complaint or conduct research using available data, at any time. During the 2023-2024 fiscal year, approximately 308,000 visitors viewed over two million pages on the agency website. The Rental Security Deposit page is the most visited landing page throughout the entire site.

The Department updates and maintains information regarding licensees and registrants, as well as financial and industry information related to the financial institutions operating in Connecticut. Relevant financial information is updated quarterly for banks and credit unions, in addition to providing the public with easy access to such public filings as the quarterly Call Report.

The Department of Banking posts on its website administrative actions taken by the agency against various entities, subject to the jurisdiction of the Department, for a period of ten years. Visitors may also find indices to advisory opinions issued by the Commissioner concerning banks, credit unions, consumer credit, rental security deposits and securities and business opportunity matters.

A weekly News Bulletin provides information on applications before the agency, recent administrative orders and legal actions, and intended changes in regulations. The Securities Division produces a quarterly Securities Bulletin advising the industry of new regulatory developments. Both publications are emailed to thousands of people through Constant Contact, making it easier to view on mobile devices, and are posted to the agency website.

The Department prominently features on its website consumer alerts for consumers and industry. These alerts may come from other state or federal agencies or as a result of work done by the Department. These are designed to raise awareness of current trends and new frauds and scams that are relevant to Connecticut consumers and industry professionals.

The Department utilizes social media as one of its tools in communicating with its stakeholders including consumers, investors, and industry professionals. Through its Facebook page (facebook.com/ctdob) the Department shares news and updates, as well as financial education information, to the general public and industry alike.

Cybersecurity

Cybersecurity is a growing concern for the Department. Its approach to mitigate this risk among our regulated entities has been to employ tools to help identify these risks and bolster training efforts among staff. One tool the department has used is Security Scorecard, which assists examiners in evaluating the cyber risks of companies we examine. Throughout the year we continued to identify and provide various training opportunities in IT and cybersecurity for Department employees.

As such, the Department maintains a close collaboration with Capital Community College through its cybersecurity training program, specifically designed for the Department of Banking. This three-track program aims to develop skills for Department employees in data protection and encryption, understanding security risks, and policies that financial services industry firms need in order to protect themselves and their clients.

Capital Community College is an ideal partner with the Department given its impressive cybersecurity curriculum and geographic proximity. Track One offers basic concepts and is made available to all employees. Track Two provides examiners and management more in-depth exploration of cybersecurity topics, while Track Three focuses on the more technical aspects of cybersecurity resulting in highly trained Examiners who are “subject matter experts” for the Department. Given the hybrid work approach and additional technological advances, the program continues to be redesigned and revamped to incorporate these changes.

Financial Institution Division (FID)

As of June 30, 2024, the Financial Institutions Division had regulatory oversight over twenty-three state-chartered domestic banks, three international banks, two trust banks, two innovation banks, twenty-six credit unions, one international trade and investment corporation, one business and industrial development corporation, and three licensees that administer trust and/or special need services. In addition to the traditional safety and soundness examinations conducted by FID, its regulatory obligations include multiple specialty examinations such as information technology, cybersecurity, Community Reinvestment Act, Truth-In-Lending Act, and Bank Secrecy Act.

During this fiscal year, the Department issued two de novo innovation bank charters, formerly known as uninsured banks: Banking Circle US and Numisma Bank. Two additional de novo innovation banks are still in organization: TNB USA Inc., which currently has a temporary certificate of authority, and Moneycorp Bank US, Inc.

During this fiscal year, the Banking Commissioner participated in a number of industry-related meetings with Chief Executive Officers (CEOs) of banks and credit unions. The Commissioner and other agency staff participated in a number of industry events sponsored by the Federal Deposit Insurance Corporation (FDIC), Connecticut Bankers Association (CBA), Connecticut Community Bankers Association, the Credit Union League of Connecticut, Bank Compliance Association of Connecticut (BCAC), the Conference of State Bank Supervisors (CSBS) and the National Association of State Credit Union Supervisors (NASCUS).

The Department of Banking successfully maintains its accreditation of the banking and credit union areas. The national accreditation programs are administered by CSBS and NASCUS respectively and are up for renewal in the fall of 2024.

Consumer Credit Division (CC)

The Consumer Credit Division issues seventeen different license or registration types across several sectors of the non-depository financial services market. As of June 30, 2024, the Division licensed 3,457 companies and branch offices and 8,537 individuals. The Division approved six bona fide nonprofit organizations.

For fiscal year 2023-2024, the Division conducted forty-eight examinations of licensees.

The Division continued its enforcement efforts, including conducting investigations of companies engaged in unlicensed activity. The Division issued forty-four actions, resulting in penalties of approximately $567,000. In addition, Division efforts brought restitution to the public in excess of $432,000. The Consumer Credit Division routinely cooperates with other law enforcement agencies, such as the U.S. Attorney's office and the Federal Bureau of Investigation.

The Consumer Credit Division is part of the CSBS initiative to modernize the software of the Nationwide Multistate Licensing System & Registry (NMLS). NMLS 2.0 is designed to greatly increase efficiencies for both industry and regulators when licensing mortgage and non-mortgage individuals and entities. The State Examination System (SES) is an end-to-end examination management system that supports supervision, complaint, investigation, and enforcement activities for all non-depository financial entities, including but not limited to mortgage companies, money services businesses, consumer credit companies and debt collectors.

The Consumer Credit Division represents the Department as a member of the American Association of Residential Mortgage Regulators (AARMR), which provides opportunities for the division to engage and work with other states to identify industry trends and best practices. The agency maintains its mortgage banking accreditation through CSBS, and it is up for renewal in the fall of 2024.

Securities and Business Investments Division (SBID)

The Securities Division conducted remote and on-site books and records examinations of registered broker-dealers, registered investment advisers and their offices (both main offices and branch offices). One of the Securities Division's goals was to examine in-state investment advisers falling within the agency's jurisdiction once every three years. More filers were able to make filings and remittances electronically and therefore speed up processing time. Microsoft Teams continued to be an effective tool in maintaining Division communications. The agency also implemented a system for conducting hearings remotely.

The SBID's securities industry registrant and notice filing base remained relatively stable throughout the fiscal year. As of fiscal year-end, 1,968 broker-dealer firms and 427 investment advisory firms were registered in Connecticut, representing a slight decrease (2.2 percent) in brokerage firms and a slight decrease (.69 percent) in investment advisory firms from June 30, 2023. The number of Securities and Exchange Commission (SEC)-registered investment advisers making a notice filing with the agency increased three percent, from 2,484 to 2,559. As of June 30, 2024, 207,829 broker-dealer agents employed by brokerage firms and 15,510 investment adviser agents associated with investment advisers were registered with the Securities Division, a fiscal year-end population increase of 1,426 (.69 percent) for broker-dealer agents and a population increase of 250 (1.63 percent) for investment adviser agents when compared to the preceding fiscal year-end. The number of in-state registered broker-dealer branch offices decreased slightly from 2,357 in 2023 to 2,331 as of June 30, 2024.

The Division also investigates violations of the state's securities and business opportunity laws, pursuing administrative, civil and criminal remedies where appropriate. Many times, this involves interacting with other state securities regulators, the SEC, the U.S. Attorney's Office, the Connecticut Attorney General's Office, and other enforcement bodies to ensure that violators are brought to justice.

Intervention by the SBID during the fiscal year resulted in restitution and rescission offers to the investing public totaling $355,433. The Division also imposed $1,345,252 in fines for violations of the state's securities and business opportunity laws. Of that amount, $315,252 was imposed as part of a multistate settlement.

The Securities Division continued its enforcement efforts in responding to securities complaints from the Connecticut investing public. Investigations focused on schemes involving digital asset and cryptocurrency products; the misappropriation or conversion of investor funds; fraudulent sales of securities to Connecticut residents at unrealistic rates of return; dishonest or unethical practices by investment advisers; sales of securities by unlicensed firms and individuals; elder fraud; and brokerage firm supervisory lapses. The Division worked closely with securities regulators in other states as well as federal law enforcement authorities in pursuing many of these investigations.

During fiscal year 2023-2024, the SBID continued its ongoing evaluation of regulatory policies and rules to ensure that they remained responsive to an ever-changing economic environment and the needs of the investing public.

The SBID was also actively involved in the agency's educational outreach program (described more fully below) providing presentations regarding investor fraud, abusive sales practices and cryptocurrency.

Government Relations and Consumer Affairs (GRCA)

The Government Relations and Consumer Affairs Division manages the external affairs for the Department of Banking through its consumer affairs team, its legislative efforts, and its communications and educational outreach programs.

Consumer Affairs

As part of the Department's efforts to protect Connecticut consumers, the consumer affairs unit assists with consumer complaints and dispute resolution in their transactions with entities regulated by the Department. Consumers are encouraged to contact the Department of Banking whenever they need assistance in dealing with financial entities. Agency employees promptly assist consumers with issues involving the financial services industry in Connecticut, those residents who might be facing foreclosure, and tenants involved with issues regarding their rental security deposits.

During the fiscal year 2023-2024, GRCA's consumer affairs unit – excluding the Foreclosure Hotline and rental security deposit complaints – responded to 2,193 telephone inquiries and 964 written complaints from the public. As a result of their efforts, the Division obtained approximately $147,020 in adjustments and reimbursements on behalf of consumers during the period. Consumer Affairs also refers consumers to federal and state regulatory agencies for complaints outside the jurisdiction of the department, including the Consumer Financial Protection Bureau (CFPB), the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) and other state agencies as appropriate.

The Foreclosure Assistance Hotline, established in 2007, has continued to be a valuable resource for Connecticut residents. Callers to the toll-free number receive pertinent advice and guidance regarding their mortgage problems. During the 2023-2024 fiscal year, the Hotline assisted 647 individual consumers.

The agency received 844 telephone calls and 45 e-mails for rental security deposit issues in the fiscal year. The agency's security deposit investigator resolved 269 landlord/tenant disputes and recovered approximately $67,077 for Connecticut residents who had complained to the Department that landlords had unjustly withheld their refundable rental security deposits.

Division staff uses the eLicense system to process, track and manage written complaints to the Department. This system has completely digitized the unit's workflow and has allowed the possibility of remote work.

Legislative Update

During the 2024 legislative session the Department submitted several proposals for consideration by the legislature. These proposals included the following:

The Financial Institutions Division proposed a clarifying change to the Treasurer's Community Bank and Credit Union Initiative as well as changing the name of its uninsured charter to innovation bank charter. It also clarified that deposits may be eligible for FDIC insurance.

The Consumer Credit Division submitted a series of proposals including requiring disclosures around Shared Appreciation Agreements; requiring bonds to be canceled electronically updating statutes to reflect electronic bond procedures for consumer credit licensees; clarifying servicing provisions for sales finance companies, small loan companies, mortgage servicers and student loan servicers; clarifying "balance due under the contract" and establishing limitations on actual and reasonable expenses in repossessions; providing enforcement authority and registration timelines for consumer credit registrants; requiring APR (annual percentage rate) disclosures by commercial financing providers; and clarifying obligations concerning private student education cosigner releases.

Consumer Credit also submitted changes to the regulation of virtual currency kiosks, particularly requiring them to be licensed money transmitters, adding disclosure and receipt requirements and enhancing consumer protections. This proposal passed both chambers and was signed by Governor Lamont as *Public Act 24-146*.

The Securities and Business Opportunities Division submitted three proposals, which included adding a notice filing fee to Tier 2 security offerings in the state, creating a registration exemption for broker dealers involved in mergers and acquisitions, and allowing the Commissioner to bar individuals and entities from the industry for misconduct.

The Department also offered testimony and engaged the legislature conserving earned wage advances. The Banking Committee introduced legislation that would have provided an exemption for employer integrated models. This proposal passed the committee but was not taken up by the full legislature.

Many of the agency proposals were incorporated into a large omnibus bill which was voted out of the House of Representatives but failed to be called in the Senate.

The legislature did take up the innovation bank charter proposal during the special session held at the end of June. The proposal passed both chambers, and was signed into law as *Public Act 24-1, June Special Session*.

Educational Outreach

The primary focus of the Department's educational outreach program is to help Connecticut's consumers and investors make informed financial decisions and to protect their money from fraud and scams. Through the GRCA Division, the agency publishes consumer alerts and information on known frauds and scams. Agency staff provide vital information to consumers through speaking engagements, presentations, seminars, and expos, and are often called upon to share their expertise in helping consumers and investors of all ages learn about and avoid financial fraud.

During the 2023-2024 fiscal year, agency staff participated in nearly 80 outreach programs, consisting primarily of in-person presentations and programs, fairs and expos. The agency's educational outreach coordinator continued to offer both virtual and in-person engagements to a variety of audiences, including older adults, high school and college students, and industry professionals, on topics ranging from financial fraud and exploitation to credit and debt management and cybersecurity.

The Department looks for ways to encourage students to focus on their finances and money management. In November 2023, Commissioner Perez and a Financial Examiner from the Consumer Credit Division were guest speakers at a Bank Management class at Central Connecticut State University. They discussed different types of agency cases, and the type of work examiners handle on a daily basis. Also in November, the Commissioner and other department staff joined in a program at the Dixwell Q House in New Haven aimed at helping students find ways to finance college. In January 2024, the agency's outreach coordinator provided a joint presentation to the junior and senior classes at Nonnewaug High School in Woodbury, focusing on financial fraud and protecting their financial information online. She presented at the *Money Madness Conference* at Connecticut College in New London in March 2024, hosted by Chelsea Groton Bank and provided five break-out sessions on protecting yourself and your finances online to groups of area high school students.

Through our outreach program, we utilize partnerships with state, federal and community organizations to empower residents with the knowledge to protect their finances. Department staff are often called upon to share their expertise in helping consumers and investors learn about and avoid financial fraud, and these collaborations were evident throughout this fiscal year.

In July 2023, an attorney from the Consumer Credit Division partnered with the Connecticut State Police to present at the Chainalysis Trace DC conference in Washington, DC, for a session on *Creating, Adopting and Implementing Regulation: A View from State Law Enforcement*. He spoke on the impact of state legislation concerning digital assets on Connecticut consumers and illustrated case studies in Connecticut, including the factual allegations, Department actions, and results.

In February 2024, an attorney from the Securities Division joined a panel of regulatory experts for a discussion on cryptocurrency scams and financial crimes at an event in Uncasville, CT hosted by the Association of Certified Anti-Money Laundering Specialists. In May 2024, she was one of four presenters for a Connecticut Bar Association CLE course entitled, *Blockchain and Cryptocurrency Basics for Lawyers*, held at Quinnipiac University School of Law. She spoke regarding the current regulatory landscape and discussed the most recent court cases dealing with cryptocurrencies and what the rulings mean from a regulatory perspective.

The agency's educational outreach coordinator collaborated with UConn Extension in August 2023 to conduct a presentation for inmates at the Cheshire Correctional Institution who were part of a program for those nearing the end of their incarceration. She discussed the types of entities the Department of Banking regulates and explained how the agency helps consumers.

In September 2023, the agency's educational outreach coordinator partnered with the manager of the Department of Social Services (DSS) Protective Services for the Elderly unit at a monthly meeting of the Connecticut Association of Resident Service Coordinators for Housing, where she promoted the agency and specifically discussed the outreach program. She was a guest speaker at AARP-Connecticut's Fraud Watch Network Volunteer Summit in Berlin in October 2023. She shared information about current banking scams and financial frauds and responded to questions from AARP volunteers.

In October 2023, the outreach coordinator collaborated again with the manager of the DSS Protective Services for the Elderly unit. They were the featured speakers at an event in East Hartford hosted by American Eagle Financial Credit Union aimed at helping seniors and caregivers avoid and prevent financial exploitation. In December 2023, she partnered with the chief of education and outreach from the Department of Consumer Protection at a senior fraud forum at the Waterford Senior Center, hosted by State Representative Kathleen McCarty.

In November 2023, the agency's outreach coordinator joined forces with a detective from the Fairfield Police Department to co-present a senior fraud programs at a housing community in Fairfield to help explain how residents can recognize and avoid becoming a victim of scammers.

The director of the Government Relations and Consumer Affairs Division participated at the National Council of Insurance Legislators Spring Meeting in Nashville, TN on April 13, 2024. He joined a panel of experts and discussed Connecticut's small loan law in relation to earned wage advances.

The assistant director of the Financial Institutions Division took part in a panel at the 2024 Connecticut Chapter of the International Association of Financial Crimes Investigators (IAFCI) in Uncasville in May 2024. His session focused on new legislation that allows financial institutions to delay transactions if financial fraud or exploitation is suspected.

Libraries have consistently provided the Department of Banking with opportunities to share our expertise and resources with the general public. The outreach coordinator provided both in-person and virtual programs for libraries across the state during the 2023-2024 fiscal year on a variety of topics, including avoiding travel scams and protecting your personal information online. She conducted programs in towns such as Berlin, Bethel, Canterbury, Cheshire, Cromwell, Glastonbury, Meriden, and Suffield. She also conducted a unique virtual program on banking scams and mild cognitive impairment for the Bloomfield Public Library.

The Department's Financial Fraud Bingo program continues to be one of the most requested outreach programs offered for seniors. During the 2023-2024 fiscal year, the agency's outreach coordinator presented 32 Financial Fraud Bingo programs for residents in housing communities and senior centers across the state, including East Windsor, Hartford, Mansfield, New Haven, New Milford, Torrington, Vernon, and Waterbury. This program has shown to be a fun, interactive way to educate seniors about banking scams and fraud prevention.

The educational outreach coordinator often represents the Department of Banking at conferences and expos, which provide an opportunity to speak directly with the public and share resources and promotional materials with Connecticut consumers and investors. In September 2023, she provided information at a senior community in Hartford for their annual *Resident Appreciation Day*. That month she met with seniors and distributed materials at a *Senior Health and Wellness Fair* in Shelton.

In September 2023, the educational outreach coordinator represented the Department at the Connecticut Town Clerks Association (CTCA) annual Fall Conference in Westbrook. She hosted an agency table and distributed over 4,600 copies of *Marriage & Money: Starting Your Financial Life Together* to Town Clerks, who in turn provide the booklet to couples obtaining their marriage license. In April 2024, she participated at the CTCA Spring Conference in Bristol, where she distributed an additional 4,500 copies of the financial guide.

The outreach coordinator had multiple opportunities to share resources with consumers during October 2023. She staffed a resource table at the TEARS Conference (Timely Elder Abuse Resource Services) in West Haven, hosted by the South Central Area Agency on Aging, where she met dozens of social workers and promoted the Financial Fraud Bingo program. She met with students at the University of Saint Joseph in West Hartford at a Financial Wellness Fair which took place in the Student Center, and that month she also distributed educational materials at the UCONN Work/Life Expo, held at the Student Union on the Storrs campus.

The Division's educational outreach coordinator remains active on several state coalitions, including Connecticut Saves, the Coalition for Elder Justice in Connecticut and the Connecticut Jump$tart Coalition for Personal Financial Literacy. The Department is a member of the Bank On Connecticut coalition, a state-wide initiative designed to help unbanked and underbanked communities across Connecticut. Bank On works with banks and credit unions to offer banking products and services to communities in need.

Coalition for Elder Justice in Connecticut

The Coalition for Elder Justice in Connecticut (CEJC) is a multidisciplinary group of private and public stakeholders working together to prevent elder abuse and protect the rights, independence, security, and well-being of vulnerable seniors in Connecticut. The Department of Banking supported CEJC efforts in several ways during the 2023-2024 fiscal year. The outreach coordinator helped host a resource table at the 2024 IAFCI Connecticut Chapter conference, which took place May 8-9, 2024, at Mohegan Sun. She also shared resources at a CEJC networking event in June 2024 to recognize World Elder Abuse Awareness Day, which was an opportunity to meet peers, learn about services, and gain information about elder justice in our state.

Connecticut Saves Coalition

Connecticut Saves Coalition is the state campaign of America Saves, a national campaign that encourages individuals and families to save money, reduce debt, build wealth, and create better financial habits. To recognize America Saves Week 2024, the Department of Banking hosted a Financial Education Expo at the Legislative Office Building in Hartford on April 2, 2024. Participating agencies included the State Treasurer's Office, UConn Extension, Chelsea Groton Bank, the State Library, the Better Business Bureau, the Connecticut Association of Human Services, and the Connecticut Higher Education Supplemental Loan Authority (CHESLA).
The agency's outreach coordinator participated in a financial action fair at UConn-Hartford and at a financial literacy expo at the Hartford Job Corps Academy, both of which took place in April 2024. Connecticut Saves partner agencies staffed tables at both events to share their educational resources with students as a way to promote America Saves Week.

Governor's Council on Women and Girls

The Governor’s Council on Women and Girls is a group tasked with providing a coordinated state response to issues that impact the lives of women, girls, their families, and the State of Connecticut. Commissioner Perez is a member of the Council and is active on its Economic Opportunity & Workforce Equity Subcommittee. The agency’s outreach coordinator serves on the financial literacy work group of this subcommittee and helps update the state’s financial literacy portal.

Improvements/Achievements 2023-2024

The Department held two agency-wide staff meetings during the fiscal year, on November 28, 2023, and on May 22, 2024. These in-person events provide the opportunity for Commissioner Perez to address employees as a group in order to provide department updates and other agency items, discuss projects, and take questions from staff. Division representatives shared industry and legislative updates, guest speakers presented professional development programs, and the agency's Morale Committee led the staff in team-building challenges.

Strategic Plan

The Commissioner, along with the chief of staff and division directors, have developed a detailed strategic plan providing overall vision for the agency. Highlights included staff development and succession planning, policy and operational objectives as well as creating economic growth for the state. In early 2024, agency leadership revisited the agency's 5-year strategic plan to mark progress toward its goals and updated it as necessary.

Student Loan Ombudsperson

In June 2024, Commissioner Perez appointed the first Student Loan Ombudsperson. This position has independent oversight over student loan matters and advocacy for the rights of borrowers. In this role, the Ombudsperson will review and attempt to resolve student loan borrower complaints, compile and analyze student loan borrower complaint data, assist borrowers in understanding their rights and responsibilities, and otherwise fulfill the duties set forth in General Statutes Section 36a-25.

Department Cryptocurrency Committee

The Department of Banking Cryptocurrency Committee, made up of members across all Divisions, met regularly to work on educational and legislative efforts through its two subcommittees.

Members of the Policy and Legislation Subcommittee focused their efforts on researching other states' statutes, regulations, and legislation and following developments at the federal level regarding digital assets. The Subcommittee was assisted by two law student interns from the Quinnipiac University School of Law, who helped with research and drafting potential legislation.

The Education Subcommittee introduced a book club during the fiscal year, and its members held a discussion on *Tracers in the Dark*, a non-fiction book by Andy Greenberg which describes how investigators and cyber techs were able to work together to trace cryptocurrency and expose criminal schemes operating through the digital black market. The Subcommittee continues to develop new content for the agency website related to Cryptocurrency and Fin Tech resources.

Financial Literacy Initiative

At times as part of settlements, the Department of Banking receives monies to be used for investor education, staff training and educational material. Commissioner Perez established a working group to develop a plan to partner with third-party vendors to provide educational programs that meet certain objectives, namely 1) to provide personal finance tools that will prepare residents for a financially successful future, with an emphasis on women and young girls and 2) to teach how to make smart money management decisions that will enable them to be independent and financially secure. After issuing a Request for Proposal (RFP) utilizing the state's eProcurement system, the committee recommended several entities for the Commissioner's consideration to receive funding for financial literacy education. In March 2024, Commissioner Perez joined Governor Lamont and Lt. Governor Bysiewicz to announce the release of three state grants totaling more than $400,000 that will be used to support programs focused on improving the financial wellness of Connecticut residents with a priority focus on women and girls.

Financial Exploitation Training – Collaboration with Connecticut Bankers

The Department of Banking collaborated with the Connecticut Bankers Association for the *2023 Elder Financial Fraud Training Summit* on November 8, 2023. The event focused on a new law passed during the 2023 legislative session that will allow financial agents, including broker-dealers, investment advisers, and financial institutions to place a hold on a transaction or disbursement if they suspect financial abuse. The Department's educational outreach coordinator presented the agency's Senior$afe™ program with representatives from the State Unit on Aging and the Department of Social Services' Protective Services for the Elderly to train banking professionals to identify and report signs of fraud and exploitation of their customers.

Community Event in New Haven for College Bound Students

On November 15, 2023, the Department of Banking helped organize an event at the Dixwell Community House in New Haven that focused on helping high school students learn ways to help pay for college. Entitled, *Affording College: Demystifying Financial Aid, Scholarships and Loans,* the program provided an overview of the financial aid process, a demonstration of a helpful online resource, and information on receiving free assistance in applying for college grants and scholarships. Commissioner Perez gave welcoming remarks to students and their parents, and two Department of Banking Directors joined forces to provide a demonstration of an online tool to help student loan borrowers plan for paying for college.

Small Business Outreach – Meet the Bankers

In 2020, Commissioner Perez attended a forum celebrating Hispanic Heritage Month, with industry and several minority business owners. Highlighted during the discussion was a disconnect between minority business owners and local bankers and the need to forge better relationships between the two groups. To meet this need, Commissioner Perez organized the baking community and other stakeholders with a goal of connecting merchants and bankers, in a collaboration called "Meet the Bankers". The idea was to create networking events across the state where local merchants were invited to an event with bankers from their community.

Due to the COVID-19 pandemic, the first event was held virtually on October 27, 2021. With over 60 merchants in attendance, the event was considered a success. This was followed up by a June 8, 2022 event at the UCONN Hartford Campus. The event was attended by over 200 merchants and bankers. Governor Lamont spoke, along with the Chairman and CEO of M&T Bank. On October 12, 2022, the Department, along with its partners and sponsor, hosted a third *Meet the Bankers* event at Gateway Community College in New Haven. This event, sponsored by the Community Foundation of Greater New Haven, expanded the focus to all minority-owned and women-owned businesses, and over 200 small businesses were represented. Commissioner Perez was the emcee for this event, and Governor Lamont provided the keynote address. Other speakers included the New Haven Mayor and the CEO of the Community Foundation of Greater New Haven.

On May 8, 2024, a fourth *Meet the Bankers* event took place at Housatonic Community College in Bridgeport. This event was extremely well attended, with 200 bankers and small businesses registered. Special guests included the Mayor of Bridgeport and the CEO of Newtown Savings Bank, one of the event's sponsoring institutions.

New Haven Works

As a founding member and Chairman of the Board, Commissioner Perez represents Governor Lamont on the New Haven Works Board of Directors.

New Haven Works is a workforce development organization that seeks to build a middle class in an urban center and improve economic stability in all communities by providing employers with a trained and qualified workforce and connecting New Haven residents to good jobs.

Dixwell Q-House Advisory Board

Representing the Governor on this board, Commissioner Perez, along with other board members, provides strategic leadership and guidance to the core anchor institution in the Dixwell/Newhallville sections of New Haven. As chair of the Board's finance committee, he provides experienced and prudent financial oversight, ensuring its ability to continue to provide services to the community.

Divisions

The *Financial Institutions Division* (FID) remains committed to continuing its communication with industry representatives. At the conclusion of every examination FID staff meet with the bank's or credit union's board of directors. Examiners conducted a mix of virtual and in-person meetings during the year. The institutions are also given the opportunity to provide feedback directly to the Banking Commissioner by completing a two-page post-examination survey. Institutions are given the opportunity via the survey to comment on staff performance, examination efficiency and examination time demands in an effort to improve future examinations.

The FID staff remain active members of both the CSBS and NASCUS. Financial Institutions Division staff also serve on a variety of committees, actively participate in webinars and conference calls, and assist in the development of regulatory and best practice standards. The Division received re-accreditation from CSBS (bank area) and NASCUS (credit unions area) in November 2019, and for the first time the mortgage banking area also achieved CSBS accreditation.

During the 2023-24 fiscal year, the Commissioner attended various industry events throughout the state or held virtually. The Department attended the 2023 CSBS District I Fall Meeting, held September 19-20, 2023, in Washington, DC and the 2024 CSBS District I Spring Meeting, held April 30-May 1, 2024, in Baltimore, MD.

Th*e Consumer Credit Division* (Consumer Credit) maintained steady involvement in several working groups with members from multiple states in the areas of mortgage, consumer finance, debt, and money services business. The working groups provide forums for discussion and feedback toward national reform within the entire consumer credit space. Division staff continued to conduct multi-state coordinated examinations of our licensed entities and the Division continued to collaborate with the Consumer Financial Protection Bureau (CFPB).

Consumer Credit continues to fill several key roles in the Nationwide Multistate Licensing System & Registry (NMLS) initiative to create "One System of Supervision," and continues its role on the steering committee to enhance the State Examination System (SES) for examinations of all license types. Several Examiners continued to play active roles in both projects by providing necessary feedback to the developers and collaborating with other states on system processes. While NMLS 2.0 is still in the development phase, SES is now in production and is being utilized in our state as planned.

Consumer Credit continues to participate in One Company, One Exam (OCOE) examinations in the Mortgage and Money Services Business area on an ongoing basis.

The Consumer Credit Division continued to assist the CFPB in its efforts to monitor and provide guidance to ensure smooth and accurate transfers of student loan accounts to other servicing contractors.

The *Securities and Business Investments Division* (SBID) has the ability to draw on the expertise of a Securities Advisory Council, a volunteer group comprised of industry representatives, academics and members of the bar, all of whom serve without compensation. The Securities Advisory Council is on hand to provide insight to the Commissioner and staff on proposed regulatory initiatives.

The Department continued its active participation in the North American Securities Administrators Association, Inc. (NASAA). Organized in 1919 and dedicated to investor protection, NASAA is a voluntary association whose membership consists of 67 state, provincial, and territorial securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada, and Mexico. During the fiscal year, SBID staff served on NASAA committees and project groups dedicated to cybersecurity, examination training and support, broker-dealer training, investment adviser resources and training, and enforcement training.

During the fiscal year, the Securities Division achieved greater efficiency through continued use of the Electronic Filing Depository ("EFD") for certain private placement filings and unit investment trust filings. Developed by NASAA, the online EFD platform made compliance easier for securities issuers who could now make their filings simultaneously in multiple states. The system also allowed members of the public to conduct free online searches of filings made through the system. The Securities Division is continuing to work with NASAA on expanding the EFD platform to cover other types of filings.

The *Business Office* fulfilled its fiduciary responsibility by expeditiously handling total receipts of $59,273,067 through its accounting, budgeting, purchasing and financial reporting functions. Of this total, the Business Office directed $46,882,088 to the Banking Fund and $12,305,479 to the General Fund. The Director of the Business Office serves as one of the Department's LEAN Coordinators and helps guide agency staff through the LEAN process. Currently, the Department is focused on decreasing paper record volumes as it continues to increase use of electronic records. The Department has identified SharePoint as the new document management system to be implemented. Document management continues to be the current LEAN initiative for the Department.

Committees

Commissioner Perez engages with industry professionals by collaborating on initiatives and serving on the following committees and boards:

Chair, Conference of State Bank Supervisors (CSBS) District One
Board Member, CSBS District One representative, ex-officio
Board of Directors, Cornell Scott-Hill Health Center Foundation
Member of the CSBS Non-Depository Supervisory Committee (NDSC)
Outgoing Committee Chairman of the NASCUS Audit Committee
Ex officio Member of the Connecticut Housing Finance Authority Board of Directors
Ex officio Member, Connecticut Retirement Security Authority Board
Member of the Community Economic Development Fund Foundation Board of Directors
Member of the State of Connecticut Department of Emergency Services and Public Protection (DESPP) Cybersecurity Committee
Member of the Governor's Council on Women and Girls
Member of the Hispanic Merchants Outreach/Meet the Bankers Committee
Chair of the New Haven Works Board of Directors
Member of the Q House Finance and Fund Development Committee

Agency staff served in the following leadership roles during the fiscal year, including:

- Chair of the NASAA NEMO Training and Support Committee
- Co-Chair of the NASAA Broker-Dealer Training Project Group
- Senior Sustainability Officer (SSO) in compliance with the Governor's Executive Order No. 1 regarding Sustainability in the State of Connecticut
- Member of the American Bar Association State Regulation of Securities Committee
- Member of Bank On Connecticut
- Member of the Governor's Council on Women and Girls' Financial Literacy Work Group
- Member of the Connecticut Jump$tart Coalition for Personal Financial Literacy
- Member of the Connecticut Management Advisory Council (MAC) serving as a Management Representative for the Department of Banking
- Member of the Coordinating Council of the Elder Justice Coalition of Connecticut
- Member(s) of the CSBS District I Committee
- Member of the CSBS Key Individual Wizard Initiative for NMLS Modernization

- Member of the CSBS SES Agency Advisory Group
- Member of the CSBS Technology Committee
- Member of the CSBS IT Advisory Committee
- Member of the State Coordinating Committee (SCC) for AARMR in collaboration with the CFPB
- Member of the NASCUS Interstate Branching/Operations Task Force
- Member of the NASCUS New Examiner Training Working Group
- Member of the NASAA Cybersecurity Committee
- Member of the NASAA Enforcement Training Project Group
- Member of the NASAA Investment Adviser Resources and Publications Project Group
- Member of the NASAA Investment Adviser Training Project Group
- Member of the NASAA Investor Education Senior Outreach Project Group
- Member of the NASAA Professional Development Committee