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NEWS RELEASE

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Financial Service Business Filings Increased 6.5% in 2010

Department of Finance Releases Year In Review Highlights

Boise, Idaho . . . Gavin Gee, director of the Idaho Department of Finance, released numbers for 2010 today showing a general stabilization and even some growth in the number of financial services businesses overseen by the Department. Gee said the Department of Finance accepted more than 140,000 submissions for business filings, licenses and registrations, an increase of 6.5 percent over 2009. *"The general interest in offering Idahoans quality financial services remains strong. This speaks well of how Idaho is perceived as a place for doing business and of Idaho's economic and growth prospects when compared to other states and regions,"* Gee said.

The year-end statistics highlight several key points:

Idaho Banking/Credit Union Industries Weather Economic Downturn – Defying the national trend that saw 157 bank failures last year, Idaho once again had no state-chartered bank or credit union failures. While several of Idaho's institutions remain under pressure to raise capital and strengthen their balance sheets, others have increased market share of deposits and have higher than average levels of capital. Many Idaho institutions entered the recession with relatively strong capital levels which has allowed them to withstand the difficulties presented by customers who have lost income and been unable to meet their obligations. These financial institutions are poised to assist small businesses – the primary source of new job growth – as the economy recovers.

Business Filings With The Department Continue To Grow – The total number of business filings with the Department increased from 131,798 in 2009 to 140,445. New filings processed by the Department include submissions such as securities issuer filings, license applications, and new branch office applications under 22 financial service laws administered by the Department. Of particular note, the Securities Bureau reported a record number of securities professionals registering to do business in Idaho in 2010. Registrations of these individuals, who are agents of broker-dealer and investment advisory firms living in Idaho and elsewhere, were up nearly 11 percent over 2009.

Other industries are having a more difficult time. Given the continuing slump in the housing market, the drop in the number of Idaho-licensed mortgage brokers, lenders and originators is to

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be expected. This decrease, from 4,673 in 2009 to 2,896 in 2010, reflects the local and national difficulties facing the housing industry. The Department expects to see a resurgence in these numbers once the economy gains sustained momentum. For homebuyers, 2010 brought a new tool to assist them when shopping for a mortgage professional. NMLS Consumer Access (www.nmlsconsumeraccess.org) is a free on-line service for consumers to check that the mortgage company or mortgage professional with whom they wish to conduct business is licensed in their state.

Enforcement Results Demonstrate Continuing Risk of Financial Fraud – Financial fraud investigations conducted by the Department during 2010 involved potential investor losses estimated at more than \$64 million. As a result of the Department's enforcement efforts, Idaho residents were offered, or awarded in judgments by the courts, approximately \$14 million in refunds. This total includes amounts refunded to Idaho investors due to administrative, civil and criminal actions initiated or supported by the Department and also includes voluntary rescission offers made in compliance with the laws administered by the Department.

The Department's investigations and enforcement actions are varied and complex. This past year the Department took actions under the securities, mortgage, collection agency, payday loan, and financial fraud prevention laws. Several actions were filed against companies and persons offering purported mortgage modification services, and real estate based schemes continued to be the basis of many enforcement actions. Gee was quick to caution Idahoans to remain vigilant and skeptical when dealing with unknown individuals or firms. He stated, *"A first step when considering doing business with a financial service provider is to call the Department and ascertain whether the person or business is licensed. While this doesn't assure that your transaction will be problem-free, the lack of a required license is a serious red flag."*

Education Seen As Key To Avoiding Fraud - The Department continued to devote resources to educating Idahoans about financial fraud before money is lost. Likewise, the Department educates teens and adults about the wise use of credit and the importance of saving. The Department provides educational materials and presentations to high school classes, civic organizations and retirement centers throughout the state. It brings attention to the issue of financial education during the month of April which was once again designated by Governor Otter as "Financial Literacy Month" in Idaho. Additionally, the Department provides resources and personnel to sponsor educational events such as the Smart Women Smart Money: the Idaho Everywoman's Financial Conference. The Department is also a continuing participant in the Idaho Financial Literacy Coalition, a broad-based partnership of private sector, education and government members organized to enhance the financial literacy of all Idahoans.

Department of Finance Press Releases and other information can be found on the Internet via the worldwide web at <http://finance.idaho.gov> and may be obtained by contacting the Department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.