

# 2019

114<sup>TH</sup> ANNUAL REPORT

Brad Little  
Governor

Mary E. Hughes  
Acting Director



**IDAHO**  
DEPARTMENT OF FINANCE

Protecting the Integrity of Idaho Financial Markets Since 1905



**IDAHO**  
DEPARTMENT OF FINANCE

July 1, 2019

The Honorable Brad Little  
Governor, State of Idaho  
Statehouse  
Boise, Idaho 83720

Dear Governor Little:

I am pleased to submit the 114<sup>th</sup> Annual Report of the Department of Finance for fiscal year 2019, July 1, 2018 through June 30, 2019.

The Department's mission is to diligently promote access to healthy and comprehensive financial services for Idaho citizens. This is accomplished through prudent and efficient oversight of financial institutions, investment opportunities, and credit transactions. Department financial services sector licensing and registrations increased 1.9 percent over the last fiscal year. As a result, the Department was able to transfer \$5.8 million to the state's General Fund.

The Department undertakes enforcement actions related to the financial services industry where necessary. This past fiscal year, Department enforcement actions resulted in over \$935,000 in restitution/rescission/refunds ordered for the benefit of Idaho residents.

The Department also continued its efforts to promote economic development, appropriately reduce regulatory burdens, and improve financial literacy. Beyond providing regulatory oversight of Idaho state-chartered banks and credit unions, we support the important roles they perform in their communities and statewide. They drive local economies and, in turn, the state's economy by extending credit and assistance to individuals and small businesses, including farms, and donating money and volunteer hours to community causes. Examples of these efforts are contained in the report.

I express my sincere appreciation for the dedication and hard work of our superb employees. The accomplishments reflected in the report would not be possible without them.

Thank you for your continued support of the Department.

Sincerely,

Mary E. Hughes  
Acting Director



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### About The Cover:

11331 Chinden Boulevard is Building 8 of Idaho state government’s new Chinden Campus. Many agencies will relocate to the Chinden Campus over the next several years. It is planned that 11331 Chinden will be the new home of the Idaho Department of Finance. Photo Credit: April Rice



## FOREWORD

The Department of Finance is a regulatory agency charged with the supervision and oversight of state-chartered financial institutions, regulated lenders, securities issuers, broker-dealers and stockbrokers, residential mortgage brokers, lenders, and loan originators, investment advisers and sales personnel, collection agencies, endowed care cemeteries, and others. The Department administers and enforces the following twenty-three regulatory statutes:

<i>Idaho Bank Act</i>	<i>Idaho Credit Code</i>
<i>Idaho Bank Holding Company Act</i>	<i>Idaho Mortgage Company Act</i>
<i>Idaho Interstate Banking Act</i>	<i>Idaho Collection Agency Act</i>
<i>Idaho Interstate Branching Act</i>	<i>Idaho Uniform Securities Act</i>
<i>Idaho International Banking Act</i>	<i>Idaho Residential Mortgage Practices Act</i>
<i>Idaho Trust Institutions Act</i>	<i>Business Combination Act</i>
<i>Idaho Savings Bank Act</i>	<i>Control Share Acquisition Act</i>
<i>Business and Industrial Development Corporation Act (BIDCO)</i>	<i>Idaho Commodity Code</i>
<i>Idaho Credit Union Act</i>	<i>Endowment Care Cemetery Act</i>
<i>Idaho Money Transmitters Act</i>	<i>Continuing Care Disclosure Act</i>
<i>Idaho Financial Fraud Prevention Act</i>	<i>Idaho Escrow Act</i>
	<i>Idaho Loan Broker Act</i>

## MISSION STATEMENT

The mission of the Idaho Department of Finance is to diligently promote access to healthy and comprehensive financial services for Idaho citizens. This is accomplished through prudent and efficient oversight of financial institutions, investment opportunities, and credit transactions. Through administration of laws enacted by the Idaho Legislature, legitimate financial transactions are encouraged, while fraud, unsafe practices, and unlawful conduct are detected and appropriate enforcement action is taken.

The Department is funded entirely by fees levied by law on the industries subject to its supervision. A list of prior Commissioners/Directors of the Department of Finance is shown in Exhibit I, and a summary of income and expenses and personnel status is shown in Exhibit II. Exhibit VI provides a list of the Department's staff.

## DEPARTMENT HIGHLIGHTS AND CURRENT ISSUES

The Department, originally known as the Idaho office of “State Bank Commissioner,” was created March 6, 1905. At that time, the Department administered only one law, the *Idaho Bank Act*, and regulated only the banking industry. This year the Department processed more than 195,000 business filings, licenses and registrations for companies with billions of dollars in combined assets. The Department delivers services through three operating bureaus: Financial Institutions, Securities and Consumer Finance. Each bureau delivers services in both a regulatory capacity and as a consumer protection and education advocate.

### REGULATORY INITIATIVES

Significant changes in the regulatory and competitive structures of the financial services industry continue to occur. These changes require adaptation by both industry and regulators. The Department endeavors to improve the quality of its regulation and reduce regulatory burdens, while also expanding educational opportunities for both industry and consumers.

#### *Rulemaking*

- **Consumer Finance Bureau** – Through successful negotiated rulemaking, the Consumer Finance Bureau updated references to federal laws and regulations incorporated into Idaho’s Rules Pursuant to the Idaho Credit Code, Idaho Residential Mortgage Practices Act, and Idaho Collection Agency Act.

<u>Rule No.</u>	<u>Name</u>
Rule 5 IDAPA 12.01.09	Rule Incorporating by Reference the Federal Consumer Credit Protection Act and Implementing Regulations Effective April 11, 2019
Rule 5 IDAPA 12.01.10	Rule Incorporating by Reference the Federal Real Estate Settlement Procedures Act, Federal Truth in Lending Act and Implementing Regulations Effective April 11, 2019
Rule 5 IDAPA 12.01.11	Rule Incorporating by Reference the Federal Fair Debt Collection Practices Act Effective April 11, 2019

- **Securities Bureau** – Through successful rulemaking, the Securities Bureau revised and updated references to federal law and incorporated new federal examination requirements in the Rules Pursuant to the Idaho Uniform Securities Act with no objection or revision by the 2019 Idaho Legislature.

<u>Rule No.</u>	<u>Name</u>
Rule 103	Examination Requirements
IDAPA 12.01.08	Effective April 11, 2019

- ***Red Tape Reduction Act*** - Due to an unforeseen outcome of the 2019 Idaho Legislative Session, the Department’s rules were not reauthorized. Therefore, those rules in effect during fiscal year 2019 were set to expire as of July 1, 2019. Through an Omnibus Rulemaking process, the Department issued temporary rules, effective as of June 30, 2019, for each of its existing rule chapters that were set to expire. In doing so, the Department also took the opportunity to review its existing rules in the context of the Licensing Freedom Act, Executive Order No. 2019-01, and the Red Tape Reduction Act, Executive Order No. 2019-02. As a result, the Department’s temporary rulemaking eliminated a chapter, and numerous rule sections and subsections that it determined were no longer necessary or that could be eliminated to reduce burdens on persons governed by the rules.

***Legislation***

- ***Financial Institutions Bureau***  
**Senate Bill 1048** – This legislation contained amendments primarily to the corporate governance provisions of the Idaho Credit Union Act that relate to permissible locations of annual membership meetings and the methods by which member account verification may be conducted. It also amended bond requirements for Idaho state-chartered credit unions. It became effective July 1, 2019.
- ***Securities Bureau***  
**Senate Bill 1006** – This legislation updated references to federal law concerning certain federal exemptions from registration. It became effective July 1, 2019.

***Regulatory Burdens and Related Costs*** – The Department continues its commitment to provide reasonable regulatory oversight without imposing excessive costs on industry.

- Idaho’s overall regulatory fees are among the lowest of any state in the country.
- Annual assessments charged to banks and credit unions have been discounted from the statutory maximum amounts. This discount has resulted in significant savings for state-chartered financial institutions.
- In addition to reducing fees, the Department has implemented ways to reduce other regulatory burdens without reducing the effectiveness of its regulatory oversight. For example, the Department continues to use its examination resources more effectively by reducing the number of staff hours spent in institutions that are healthy and that routinely gain high marks for financial and operational integrity. The Department is also expanding the scope of off-site examination activities that are performed, minimizing the amount of time examiners spend on-site at institutions, and in turn, reducing regulatory burden.



- The Department provides online collection agency agent-registration and quarterly reporting capability through the Access Idaho portal. Although use of the online process is optional, more than 90 percent of Idaho’s licensed collection agencies have transitioned from paper filings with check payments to online filings, record retention, and multiple payment options.
- Consumer finance companies, money transmitters, payday lenders and collection agencies continue to utilize the option of obtaining and renewing licenses through the Nationwide Multistate Licensing System (NMLS). Significant enhancements to the NMLS will be available in a future rollout of NMLS 2.0, which will make the online licensing system even more functional and user friendly across multiple industries. As of the end of fiscal year 2019, approximately 67 percent of all companies and branch locations licensed under the Idaho Credit Code had opted to utilize the NMLS for license maintenance. For the same period, 97 percent of companies licensed under the Idaho Money Transmitters Act and 66 percent of companies licensed under the Idaho Collection Agency Act had opted to utilize the NMLS over the less efficient and more time-consuming “paper licensing process.” Use of the NMLS improves licensing efficiencies for state regulators and companies and it is increasingly being utilized throughout the U.S. by state-licensed entities.

## EDUCATIONAL INITIATIVES

***Industry and Regulatory Cooperation and Education*** – The Department makes significant efforts to coordinate its activities with industry and other regulatory agencies. Such coordination and cooperation is increasingly important in an interstate, international, and electronic commercial world. To this end, the Department meets regularly with industry trade associations and other state and federal regulators. The Department also continues its efforts to assist industry in understanding and complying with regulatory requirements. Program highlights this year include:

- ***ACA International Annual Convention*** – Consumer Finance Bureau Chief Anthony Polidori joined members of the collection agency industry and the Consumer Finance Protection Bureau on a panel discussing debt collection supervision.
- ***Idaho Financial Services Association Annual Conference*** – Department representatives spoke at the conference on industry trends, regulatory changes being considered, and other developments of interest to finance companies.
- ***Federal Financial Institutions Examination Council (FFIEC)*** – Acting Director Mary Hughes completed her second term as a member of the State Liaison Committee of the FFIEC.
- ***Conference of State Bank Supervisors (CSBS) Bank Directors Seminar*** – The Department continued its participation in this annual seminar as part of the Regulators Roundtable.
- ***Money Transmitters Regulators Association Annual Conference*** – The Department staffed a “meet the regulator” table during this conference to allow money transmitters an opportunity to interact with state regulators. The conference featured technology trends in money transmission including digital markets, cybersecurity, and virtual currency.
- ***FDIC Directors’ College*** – Members of the Department spoke on the Regulators’ Panel at this informational event for bank directors, sponsored by the FDIC and the Idaho Bankers Association.
- ***Northwest Credit Union Association MAXX Annual Convention*** – Director Gavin Gee participated as part of a regulatory panel at the convention. The focus of the panel was the national and regional economic and regulatory landscape and its potential impact on credit unions in the Pacific Northwest.
- ***Boise Chapter of Certified Fraud Examiners and the Idaho State Certified Public Accountants Association*** – Securities Bureau Chief Jim Burns and Investigations Supervisor Jennifer Biretz presented at this joint conference on the origination and regulation of virtual currency and block chain technology, and the history of virtual currency in criminal activity.
- ***Northwest Credit Union Association Legal Symposium*** – Supervising Credit Union Examiner Rick Sherrick participated on a regulatory panel at the symposium, focusing on

economic, examination, legislative and regulatory issues affecting credit unions in the Pacific Northwest.

- ***Idaho Community Bankers Association (ICBA) Leadership Conference*** – Financial Institutions Bureau Chief Brad Bergquist addressed the membership of the ICBA at their conference.
- ***Northwest Credit Union Association (NWCUA) “Credit Union Day at the Capitol”*** – Bureau Chief Bergquist also addressed members of the NWCUA Government Affairs Committee during their meeting held in conjunction with “*Credit Union Day at the Capitol.*”
- ***FDIC Deposit Insurance Applications Roundtable*** – Acting Director Hughes participated in this roundtable discussion with leaders from newly formed banks, members of consulting groups who have assisted bank organizers, trade associations, and fintech lenders, regarding barriers to bank formation.
- ***Idaho Housing Alliance (IHA)*** – Bureau Chief Polidori spoke at a meeting of the IHA to inform members of updates to the Idaho Residential Mortgage Practices Act.
- ***Idaho Small Business Development Center Professional Development Conference*** – Senior Securities Analyst/Education Coordinator Patricia Highley presented information at the conference regarding exemptions and registrations under the Idaho Uniform Securities Act used by small businesses to raise capital.
- ***Idaho Bankers Association (IBA)/Idaho Community Bankers Association (ICBA) Annual Meeting*** – Acting Director Hughes addressed members of the IBA and ICBA regarding State/Department initiatives, legislation, and the performance of Idaho-based banks.
- ***Nationwide Multi-State Licensing System (NMLS)*** Consumer Finance Bureau Supervising Examiner K.C. Schaler is co-chair of the NMLS Steering Committee tasked with a total rebuild of the NMLS for nationwide use.
- ***Continuing Education Offerings for Mortgage Loan Originators*** – In coordination with the industry associations, Consumer Finance Bureau staff prepared and presented one credit hour of continuing education on the topic of Idaho Law to over 200 mortgage loan originators within the State.

Department staff contributed to regulatory committees during the year, including the NASCUS Legislative and Regulatory Committee, CSBS and NASCUS Performance Standards Committees, CSBS Technology Committee, CSBS Multi-State Mortgage Committee, and CSBS State Coordinating Committee. In addition, staff participated in meetings with representatives of the financial services industry and regulators, including the FDIC, Federal Reserve Bank of San Francisco, NCUA, CSBS, NASCUS, American Association of Residential Mortgage Regulators (AARMR), National Association of Consumer Credit Administrators (NACCA), North American Collection Agency Regulatory Association (NACARA), North American Securities Administrators (NASAA), and Money Transmitter Regulators Association (MTRA).

***Consumer Educational Efforts*** – The Department has a long tradition of providing educational resources to Idahoans. The Department provides educational presentations and materials on a variety of topics including investment fraud, mortgage lending, and consumer credit issues. Among the Department’s efforts this year:

- ***Smart Women, Smart Money Financial Conferences*** – The Department provided monetary sponsorship and staff support for these important annual conferences hosted by the State Financial Officers Foundation. Conferences were held in Boise in February 2019 and in Moscow in September 2019. The primary purpose of these events is to educate women in financial matters. At these annual events, the Department provides speakers and staffs a booth from which conference attendees may obtain free financial educational materials.
- ***Financial Literacy Month*** – Joining other state securities regulators and a broad-based coalition of consumer groups and industry members, the Department participated in the annual Financial Literacy Month during April. Kicked off with Governor Brad Little’s Proclamation that “April is Financial Literacy Month,” the Department distributed educational materials and made presentations designed to increase financial knowledge and help Idahoans recognize and avoid securities fraud.
- ***Scam Jams*** – The Department, a member of the Idaho Scam Jam Alliance (ISJA), joined other ISJA members to host a 2019 Scam Jam Conference in Meridian. The ISJA is a coalition of non-profit entities and government agencies dedicated to fighting fraud through sponsorship of free Scam Jams throughout Idaho. Attendees of the 2019 Scam Jam were provided information on investment fraud, financial scams, Medicare fraud, local law enforcement cases, and tips on how to avoid becoming a victim of identity theft. The Department participated in chairing and leading the ISJA while also providing speakers, and staffing a booth for the event where free financial educational materials were provided to attendees.
- ***Idaho Military Financial Alliance*** – The Department has been a participating member of the Idaho Military Financial Alliance (IMFA) since 2013. The IMFA is comprised of non-profit entities, credit unions, and government and military agencies. It strives to build awareness and mobilize the financial community on behalf of service members and their families. In 2019, the Department participated in sponsoring Military Saves Week and participating in Drill Weekend by providing speakers for military members at Gowen Field.
- ***America Saves Week*** – The Department joined agencies throughout the United States to celebrate America Saves Week. America Saves Week is an annual nationwide event and an opportunity for organizations to promote savings and a chance for individuals to assess their own savings status. The America Saves program seeks to encourage and support households to save money, reduce debt, and build wealth.
- ***Community Information and Resource Fair (CIRF)*** – CIRF is an effort by local law enforcement, government agencies, and local businesses to provide information and

resources to recently paroled inmates and others in the community. The Department staffed a booth at this event and provided free informational material to attendees.

- ***Bank On Treasure Valley*** – “Bank On” is a program with the United Way that aims to improve the financial health of our community by reducing the number of unbanked and under-banked individuals. The program strives to give a second chance to the unbanked community by providing financial education to its participants and by promoting the use of traditional banking services. Department staff volunteered time as “Bank On” instructors.
- ***Conference on Housing and Economic Development*** – Every even numbered year, the Idaho Housing and Finance Association hosts a conference concerning issues impacting Idaho’s housing markets. The Department provides sponsorship and staffs a booth at these events.

***Community Banking Initiative*** - In support of Idaho community banks, the Department participated in the 7<sup>th</sup> Annual Community Banking in the 21<sup>st</sup> Century Research and Policy Conference, sponsored by the Federal Reserve System, the Conference of State Bank Supervisors (CSBS), and the Federal Deposit Insurance Corporation (FDIC). The conference was held October 1-2, 2019, at the Federal Reserve Bank of St. Louis. The conference brought together community bankers, academic experts, and federal and state policymakers to discuss the latest research on community banking. In preparation, the Department met with Idaho community bank CEOs to discuss issues unique to their industry, which were contained within “Five Questions for Five Bankers.” In addition, a National Survey of Community Banks was administered by state banking commissioners in 37 states, including Idaho. A total of 571 community bankers participated in the survey. A report, *Community Banking in the 21<sup>st</sup> Century*, was issued following the conference, along with the results of the survey taken by community bankers. The report provides a comprehensive view of opportunities and challenges facing community banks with emphasis on small business lending, responses to changes in regulation or supervision, technology and banking, and the future of funding sources. This is an ongoing initiative that the Department will continue to join with industry, and state and federal policymakers. Visit the Community Banking in the 21<sup>st</sup> Century Research and Policy Conference website at <https://www.communitybanking.org> for more information.

## INDUSTRY RESULTS IN IDAHO

***Banking in Idaho*** – Idaho state-chartered banks continued to exhibit strong performance and financial condition over the calendar year 2018. As of December 31, 2018, the average aggregate return on assets increased 57 basis points year-over-year to 1.41 percent for Idaho-chartered banks, compared to a 38 basis-point increase to 1.35 percent for all FDIC-insured institutions nationwide. The net interest margin for Idaho-chartered banks improved from 4.11 percent to 4.52 percent, which is well above the national average of 3.40 percent. The ratio of net charge-offs to loans and leases increased slightly to 0.03 percent for Idaho-chartered banks; significantly lower than the national average of 0.48 percent. The ratio of non-current loans (loans 90 days or more past due plus loans in nonaccrual status) to loans declined 7 basis points to 0.60 percent and compares favorably to the national average of 0.99 percent. The core capital ratio for Idaho-chartered banks increased 46 basis points to 11.55 percent and remains above the national average of 9.70 percent.

***Credit Unions in Idaho*** - Idaho state-chartered credit unions exhibited strong financial performance in calendar year 2018, outperforming the aggregate performance of all national credit unions in several key areas. The aggregate Return on Average Assets ratio for Idaho state-chartered credit unions was 1.42 percent in 2018, which was 50 basis points higher than the national aggregate of all credit unions at 0.92 percent. Asset quality factors also compared favorably for Idaho state-chartered credit unions when compared to the national aggregate. Specifically, the Delinquent Loans to Total Loans ratio of 0.43 percent was 28 basis points lower than that of the aggregate for all credit unions nationwide, while the Net Charge-Offs to Average Loans ratio of 0.41 percent was 16 basis points lower than that of the national aggregate. Idaho state-chartered credit unions generally demonstrated adequate capital levels with an aggregate Net Worth to Total Assets ratio of 9.00 percent.

Idaho's federally insured credit unions (state- and federally-chartered) show favorable rankings in a number of key indicators of financial health and viability on the National Credit Union Administration Quarterly U.S. Map Review for the second quarter of 2019, which provides data on state aggregates as of June 30, 2019. Highlights of Idaho credit unions' success are detailed below:

- Idaho had the highest median growth in shares and deposits in the nation at 6.8 percent. Nationally, the median shares and deposit growth rate was 1.1 percent.
- Idaho had the second highest median asset growth in the nation, at 6.2 percent, just behind Alaska at 6.3 percent. Nationally, the median asset growth rate was 1.7 percent.
- Idaho has the second highest median loan-to-share ratio in the nation, at 88 percent. Nationally, the median loan-to-share ratio was 70 percent.
- Idaho credit unions experienced the fourth highest median membership growth rate in the nation, with a growth rate of 1.9 percent. Nationally, the median membership growth rate was flat.

- Idaho had the fifth highest median annualized Return on Average Assets (ROAA) at 0.85 percent. Nationally, the median annualized ROAA was 0.63 percent.
- Idaho had the ninth highest median loan growth in the nation, with a loan growth rate of 6.4 percent. Nationally, the median loan growth rate was 4.6 percent.

**Consumer Finance** –This year, the Department had regulatory oversight responsibility for 689 licensed regulated lender and title lender office locations, 136 licensed payday lender office locations, and 1,141 licensed mortgage broker/lender office locations. The number of licensed mortgage loan originators in Idaho fell slightly from 4,803 in 2018, to 4,738 at 2019 fiscal year-end, an approximate 1.4 percent year-over-year decrease. In addition, the Consumer Finance Bureau had regulatory oversight responsibility for 1,135 licensed collection agencies and their associated branches, 110 debt buyers, 14 credit repair organizations, 38 credit counselor agencies, and 13 debt settlement companies. The number of collection agency solicitors/collectors registered in Idaho increased from 52,445 in 2018, to 52,598 at 2019 fiscal year-end, an approximate .3 percent year-over-year increase. Also in 2019, the Consumer Finance Bureau’s consumer affairs office received 218 written complaints against various consumer financial service providers. As a result of mediating several such complaints, the Consumer Finance Bureau returned approximately \$44,135 to Idaho consumers.

**Securities** – For the tenth year in a row, submissions to the Securities Bureau increased and exceeded more than 134,000 in fiscal year 2019. The Bureau’s oversight extends to more than 119,000 individuals who currently hold Idaho registrations as broker-dealer agents, investment adviser representatives or issuer agents. Through civil and administrative sanctions, the Bureau obtained orders for over \$925,000 in restitution and rescission for Idaho investors, while imposing fines of \$558,900.

## **FINANCIAL INSTITUTIONS BUREAU**

*Idaho Bank Act*  
*Idaho Bank Holding Company Act*  
*Idaho Credit Union Act*  
*Idaho Financial Fraud Prevention Act*  
*Idaho International Banking Act*  
*Idaho Interstate Banking Act*  
*Idaho Interstate Branching Act*  
*Idaho Savings Bank Act*  
*Idaho Trust Institutions Act*  
*Business and Industrial Development Corporation Act*

The Financial Institutions Bureau is responsible for promoting the safety and soundness of state-chartered commercial banks, savings banks, credit unions, bank holding companies, trust companies, and business and industrial development corporations operating in Idaho. The Bureau assesses the condition of these institutions so that the public can have confidence in the financial system, and so that the interests of depositors, creditors, and shareholders are protected. The Bureau is responsible for enforcement of the *Idaho Bank Act*, *Idaho Bank Holding Company Act*, *Idaho Credit Union Act*, *Idaho Financial Fraud Prevention Act*, *Idaho International Banking Act*, *Idaho Interstate Banking Act*, *Idaho Interstate Branching Act*, *Idaho Savings Bank Act*, *Idaho Trust Institutions Act*, and the *Business and Industrial Development Corporation Act*. The Bureau provides high quality supervision of state-chartered institutions directed at identifying material or emerging problems in individual institutions or the financial services industry and ensuring that such problems are appropriately corrected. The Bureau monitors and evaluates the financial health of state-chartered institutions, along with the various risks facing these institutions, through the on-site regulatory examination process and off-site monitoring program. The Bureau also investigates complaints against state-chartered financial institutions filed with the Department.

The Bureau works closely with federal and other state regulators to provide regulated industries seamless supervision, minimal disruption and costs, and effective use of resources. The Department continues its joint compliance examination program entered into with the Federal Deposit Insurance Corporation (FDIC) 16 years ago. Idaho is one of few states that have a formal agreement with the FDIC on conducting joint compliance examinations. The joint compliance examinations, in addition to joint risk management examinations, result in more efficient and less burdensome bank examinations.

The Department is strongly committed to providing effective regulation without excessive costs. Our fees remain among the lowest in the nation; we do not charge examination fees and process



most applications for nominal or no fees. Idaho financial institutions incur significantly less regulatory costs than their federal counterparts.

***National Accreditation*** - The Conference of State Bank Supervisors (CSBS) and the National Association of State Credit Union Supervisors (NASCUS) have established accreditation standards for both bank and credit union supervision and regulation. The accreditation process requires a comprehensive review of all factors needed to have a fully functional regulatory organization. The Department's Banking and Credit Union sections have been continuously accredited by CSBS and NASCUS since 1990. Every year, the accreditation committees require updated information to maintain accredited status; a full-scale re-accreditation occurs on-site every five years and most recently occurred in 2015.

***Education and Examiner Training*** - Continuing education and training are important to maintaining accreditation and maintaining the confidence of those we regulate. The Department continues to support educational opportunities for its examiners. During fiscal year 2019, examiners attended training sessions provided or sponsored by the FDIC, Federal Reserve System, National Credit Union Administration, CSBS, NASCUS, and Pacific Coast Banking School in partnership with the University of Washington. The nine examiners assigned to the Bank Section attended 18 weeks of training during the fiscal year, and the six examiners assigned to the Credit Union Section attended 11 weeks of training. In addition, the examiners complete on-line training and participate in webinars on emerging issues.

## **BANK SECTION**

The Bank Section is responsible for supervising Idaho's state-chartered commercial banks, savings banks, and bank holding companies for the benefit of depositors and shareholders, to maintain public confidence in the banking system, to promote fair competition, and to encourage the continuation, maintenance, and preservation of the dual banking system. The Bank Section also licenses and supervises trust departments within financial institutions, non-depository trust companies, and business and industrial development corporations (BIDCOs). The Bank Section directly supervised 10 commercial banks (3 with trust powers), 8 bank holding companies, and one BIDCO as of June 30, 2019.

The Bank Section also has regulatory oversight responsibilities, as the host state supervisor, for 10 state-chartered banks operating in Idaho and chartered by other states. As of June 30, 2019, these institutions held \$134.9 million of Idaho deposits and operated 106 offices throughout the state: Banner Bank (14 branches), Columbia State Bank (14 branches), and Washington Trust Bank (13 branches) are chartered by the State of Washington; Bank of the West (5 branches) and Sunwest Bank (2 branches) are chartered by the State of California; Umpqua Bank (11 branches) is

chartered by the State of Oregon; First Interstate Bank (23 branches) and Glacier Bank (23 branches) are chartered by the State of Montana; People's Intermountain Bank (1 branch) is chartered by the State of Utah; and Bell Bank (1 representative trust office) is chartered by the State of North Dakota. As a host state supervisor, the Bank Section also has indirect supervision over 10 bank or financial holding companies.

In fiscal year 2019, the Bank Section completed seven risk management examinations, one of which included a concurrent trust examination, and three consumer compliance examinations. In conjunction with the risk management examinations, information technology and Bank Secrecy Act/Anti-Money Laundering examinations were performed.

### ***Merger Activities***

Idaho Independent Bank, Coeur d'Alene, Idaho, and Community 1<sup>st</sup> Bank, Post Falls, Idaho, merged into First Interstate Bank, Billings, Montana, effective April 8, 2019.

### ***Branch Activities***

Branching and relocation activity in Idaho continued throughout fiscal year 2019. D. L. Evans Bank opened three new branches in Blackfoot and Kimberly, Idaho, and South Ogden, Utah, and closed a branch in Boise; Bank of Idaho opened a branch in Boise; Citizens Community Bank (a division of Glacier Bank) opened a branch in Chubbuck; and Idaho First Bank closed a branch in Boise. D. L. Evans Bank relocated its Fruitland and Rigby branches. Host state banks closed several branches in Idaho in fiscal year 2019. Lewiston State Bank (a division of Peoples Intermountain Bank) closed a branch in Preston, and First Interstate Bank closed nine branches in Boise, Caldwell, Coeur d'Alene, Hayden Lake, Meridian, Mountain Home, and Nampa.

## **IDAHO BANKING INDUSTRY REVIEW**

### ***Performance and Condition of Idaho Financial Institutions***

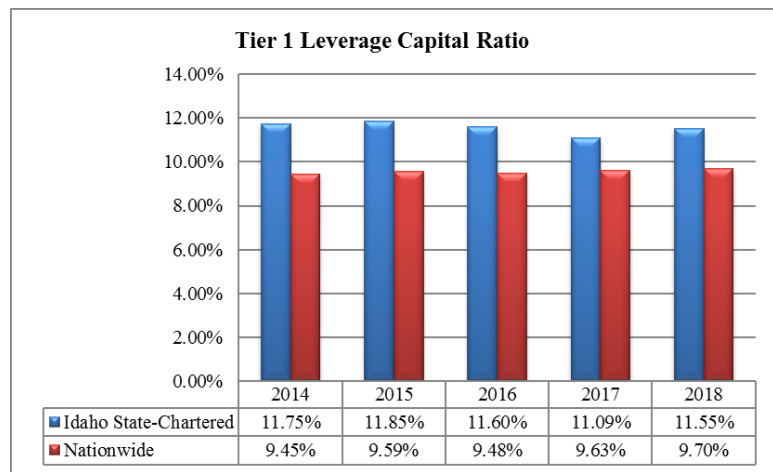
As of June 30, 2019, there were 11 financial institutions (10 state-chartered banks and 1 federal savings bank) based in Idaho with combined assets of \$5.9 billion, net loans and leases of \$4.2 billion, and deposits of \$5.0 billion. Idaho-based institutions outperformed FDIC-insured institutions nationwide with higher average core capital (leverage ratio) of 12.25 percent versus 9.81 percent, higher net interest margin of 4.77 percent versus 3.40 percent, lower ratio of net charge-offs to loans of 0.07 percent versus 0.50 percent, and lower ratio of noncurrent loans to total loans of 0.49 percent versus 0.93 percent. The return on assets for Idaho-based institutions increased 23 basis points to 1.52 percent as of June 30, 2019, compared to an increase of 3 basis points to 1.36 percent for all institutions nationwide. In addition, all Idaho institutions remained "well-capitalized" under federal capital standards.

### ***Deposits in Idaho***

As of June 30, 2019, 29 commercial banks and savings institutions with 467 offices competed for deposits in Idaho. Total deposits in Idaho increased 3.8 percent during the fiscal year from \$25.9 billion to \$26.9 billion. Institutions headquartered outside of the state retained 83.0 percent of the market share of Idaho deposits, or \$22.3 billion. The remaining 17.0 percent, or \$4.6 billion, of deposits are shared between the 11 Idaho-based institutions, a decrease from 19.3 percent as of June 30, 2018.

### ***Capital Levels at Idaho State-Chartered Banks***

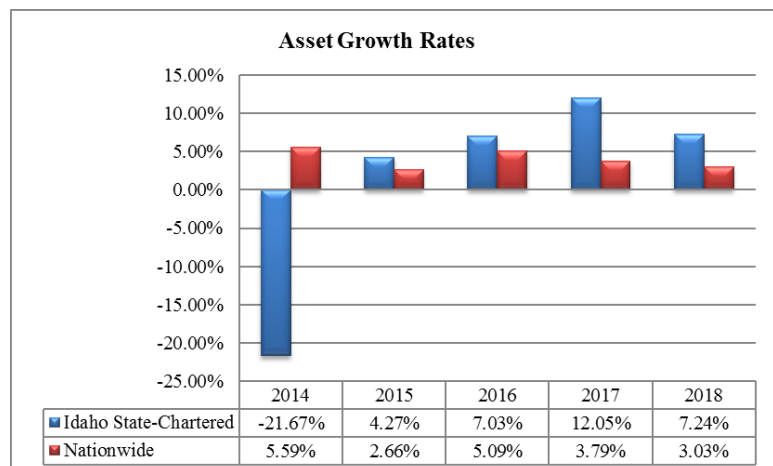
Idaho state-chartered banks reported an increase in the average Tier 1 Leverage Capital ratio from 11.09 percent as of December 31, 2017, to 11.55 percent as of December 31, 2018, and continued to exceed the national average of 9.70 percent. The increasing capital ratios are primarily due to capital accretion outpacing asset growth. Total equity capital of state-chartered banks increased 9.98



percent, from \$620.6 million to \$682.6 million in 2018. The average Tier 1 Risk-Based Capital ratio increased from 14.62 percent to 15.01 percent, and the average Total Risk-Based Capital ratio increased from 15.71 percent to 16.20 percent. Both of these ratios compared favorably to the national average of 13.23 percent and 14.59 percent, respectively.

### ***Asset and Deposit Growth in Idaho State-Chartered Banks***

Asset and deposit growth continued for Idaho-chartered banks in 2018. As of year-end 2018, total assets in Idaho-chartered banks increased 7.2 percent from \$5.6 billion to \$6.0 billion. Nationwide, total assets in all FDIC-insured institutions grew 3.03 percent, increasing from \$17.4 trillion to \$17.9 trillion. Asset growth at both Idaho-chartered banks and nationwide was primarily supported by net loan growth. At

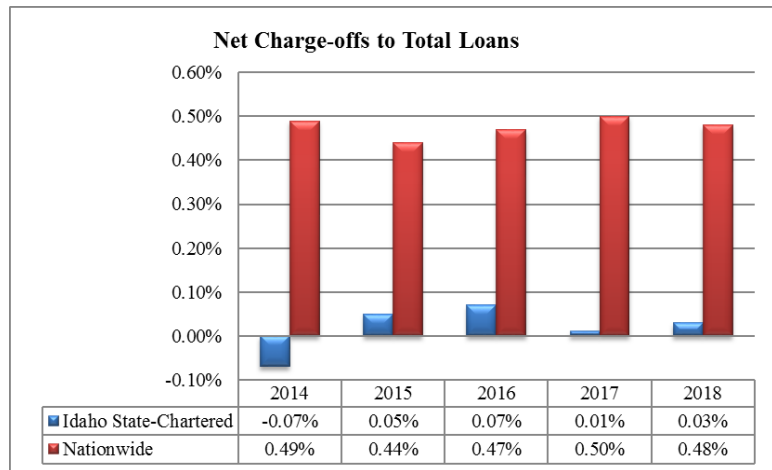


Idaho-chartered institutions, net loans increased 9.4 percent from \$3.5 billion to \$3.9 billion, while

net loans at FDIC-insured institutions nationwide increased 4.5 percent from \$9.6 trillion to \$10.0 trillion. For Idaho-chartered banks, real estate lending was the primary contributor to loan growth with an 11.2 percent increase from \$2.3 billion to \$2.5 billion. The majority of real estate loan growth occurred in the commercial real estate, farmland, and 1-to-4 family residential loan segments. Similarly, all FDIC-insured institutions nationwide experienced the majority of loan growth in real estate. Real estate loans increased 2.4 percent from \$4.8 trillion to \$4.9 trillion, and were primarily composed of loans in the commercial real estate, multi-family residential, and 1-to-4 family residential loan segments.

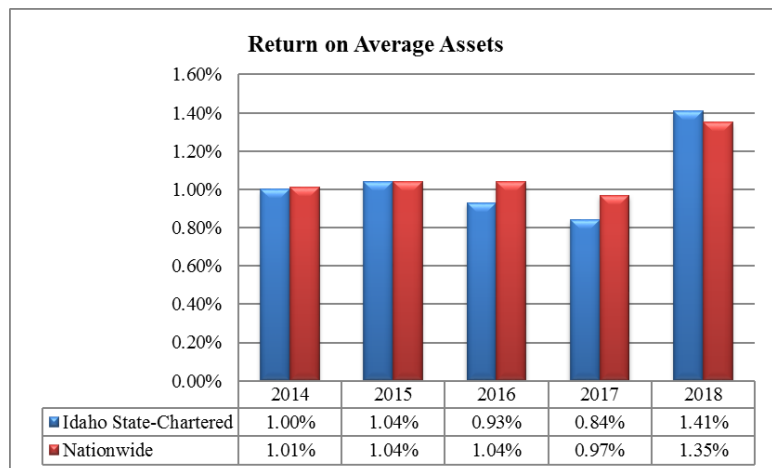
***Asset Quality and Earnings in Idaho State-Chartered Banks***

Overall, asset quality at Idaho-chartered banks remained relatively stable in 2018. The ratio of net charge-offs to total loans for Idaho-chartered banks increased 2 basis points to 0.03 percent in 2018. Nationwide, FDIC-insured institutions experienced a slight decrease in net charge-offs during 2018 as the ratio of net charge-offs to total loans decreased from 0.50 percent to 0.48 percent. The ratio of



noncurrent loans to total loans for Idaho-chartered banks improved 7 basis points in 2018, decreasing to 0.60 percent, which remained below the national average of 0.99 percent. Idaho state-chartered banks reported a ratio of reserves for possible loan losses to total loans of 1.55 percent, which was greater than the national average of 1.23 percent.

Earnings for both Idaho-chartered banks and FDIC-insured institutions nationwide increased in 2018. Net income for Idaho-chartered banks increased 80.1 percent, from \$44.6 million to \$80.4 million. The increase was due to higher net interest income and reduced applicable income taxes. The Return on Average Assets ratio (ROAA) for Idaho-chartered banks increased from 0.84 percent to 1.41



percent. All FDIC-insured institutions in the nation reported a 44.2 percent increase in net income from \$164.4 billion to \$237.1 billion, and the ROAA increased 38 basis points to 1.35 percent.

Improved yields on earning assets resulted in an increase in the net interest margin (NIM) for Idaho-chartered banks, rising from 4.11 percent to 4.52 percent during 2018. Nationwide, the NIM increased 15 basis points to 3.40 percent during the same period.

***Commitment of Idaho Banks to Idaho Communities***

The Department surveyed Idaho community banks during fiscal 2019 and found that, as of December 31, 2018, Idaho community banks employed 1,406 Idaho residents; the employees had volunteered 52,183 hours; the banks made \$1.3 million in donations; the banks extended \$4.4 billion of credit in Idaho, including \$747 million in small business loans and \$266 million in small farm loans; and, originated 3,186 home loans.

**Idaho State-Chartered Commercial Banks  
Aggregate Condition and Performance**

<b>IDAHO BANKS</b>	<b>6/30/2019</b>	<b>6/30/2018</b>	<b>\$/# Change</b>	<b>% Change</b>	<b>12/31/2018</b>	<b>12/31/2017</b>	<b>\$/# Change</b>	<b>% Change</b>	
<i>(dollar figures in millions)</i>									
Number of institutions reporting	10	12	-2	-16.67%	12	12	0	0.00%	
Total employees (full-time equivalent)	1,176	1,343	-167	-12.43%	1,354	1,355	-1	-0.07%	
<b>AGGREGATE CONDITION AND INCOME DATA</b>									
<b>(\$000)</b>									
Net operating income (year-to-date)	40,096	36,811	3285	8.92%	80,338	44,671	35,667	79.84%	
Total assets	5,237,034	5,668,184	-431,150	-7.61%	5,961,563	5,559,342	402,221	7.24%	
Earning assets	4,941,567	5,312,332	-370,765	-6.98%	5,581,234	5,204,829	376,405	7.23%	
Net loans & leases	3,632,340	3,746,201	-113,861	-3.04%	3,870,908	3,539,731	331,177	9.36%	
Other real estate owned	6,289	9,492	-3,203	-33.74%	10,361	11,195	-834	-7.45%	
Total deposits	4,431,727	4,809,927	-378,200	-7.86%	5,043,553	4,728,573	314,980	6.66%	
Equity capital	639,942	643,750	-3,808	-0.59%	682,584	620,637	61,947	9.98%	
				<b>BP Change</b>					<b>BP Change</b>
Yield on earning assets	5.25%	4.64%	61		4.85%	4.34%	51		
Cost of funding earning assets	0.49%	0.28%	21		0.32%	0.23%	9		
Net interest margin	4.75%	4.36%	39		4.52%	4.11%	41		
Noninterest income to assets	0.73%	0.75%	-2		0.76%	0.78%	-2		
Noninterest expense to assets	3.03%	3.01%	2		3.02%	3.08%	-6		
Net charge-offs to loans & leases	0.08%	0.05%	3		0.03%	0.01%	2		
Credit-loss prov. to net charge-offs	312.26%	336.87%	-2461		851.02%	898.76%	-4774		
Net operating income to assets	1.56%	1.32%	24		1.41%	0.85%	56		
Retained earnings to average equity	10.05%	10.20%	-15		10.27%	4.57%	570		
Pre tax return on assets	2.01%	1.71%	30		1.80%	1.47%	33		
Return on assets	1.57%	1.32%	25		1.41%	0.84%	57		
Return on equity	13.06%	11.67%	139		12.41%	7.33%	508		
Loss allowance to loans	1.52%	1.43%	9		1.55%	1.45%	10		
Loss allowance to noncurrent loans	276.32%	210.73%	6559		259.68%	215.95%	4373		
Noncurrent assets plus OREO to assets	0.51%	0.62%	-11		0.57%	0.63%	-6		
Noncurrent loans to loans	0.55%	0.68%	-13		0.60%	0.67%	-7		
Net loans and leases to deposits	81.96%	77.88%	408		76.75%	74.86%	189		
Net loans and leases to core deposits	88.08%	83.06%	502		81.73%	80.72%	101		
Equity capital to assets	12.22%	11.36%	86		11.45%	11.16%	29		
Core capital (leverage) ratio	12.31%	11.54%	77		11.55%	11.09%	46		
Tier 1 risk-based capital ratio	14.95%	14.55%	40		15.01%	14.62%	39		
Total risk-based capital ratio	16.16%	15.66%	50		16.20%	15.71%	49		

## TRUST DEPARTMENTS AND TRUST COMPANIES

The Bank Section is responsible for enforcing the *Idaho Trust Institutions Act* and currently supervises the trust departments of three state-chartered banks. These trust departments primarily administer personal trusts, agency accounts, safekeeping, and non-complex employee benefit accounts. The employee benefit accounts are mostly self-directed IRAs and 401(k) accounts.

Total trust assets under supervision increased by 20.62 percent during the year to \$653.5 million as of December 31, 2018, and consisted of \$437.9 million in managed assets and \$215.6 million in non-managed assets.

In addition to trust services offered by banks, two non-depository trust companies have received Department approval to operate in Idaho. Columbia Trust Company, a subsidiary of Columbia Banking Systems, Inc., operates a trust office in Coeur d'Alene. Northwest Trustee & Management Services, LLC operates a trust office in Boise. Both of these out-of-state trust companies are chartered by the state of Washington and are supervised in accordance with the terms of the Nationwide Cooperative Agreement for Supervision and Examination of Multi-State Trust Institutions, with the home state regulator as the single point of contact.

<b>Trust Departments and Trust Companies</b>				
<b>Activity</b>	<b>12/31/2018</b>	<b>12/31/2017</b>	<b>\$/# Change</b>	<b>% Change</b>
	<b>(\$ in 000's)</b>	<b>(\$ in 000's)</b>		
Fiduciary powers granted	5	5	0	0.00
Fiduciary powers exercised	3	3	0	0.00
Fiduciary or related activity	3	3	0	0.00
Number of fiduciary and related asset accounts	1,361	1,334	27	2.02
Number of managed accounts	1,090	1,066	24	2.25
Number of non-managed accounts	271	268	3	1.12
Total fiduciary and related assets (\$)	653,496	541,768	111,728	20.62
Managed assets (\$)	437,944	455,370	-17,426	-3.83
Non-managed assets (\$)	215,552	86,398	129,154	149.49

## BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS

On July 1, 1989, the Business and Industrial Development Corporation Act became effective, authorizing an alternative form of financial institution. The Act authorizes the formation of business and industrial development corporations (BIDCOs) to provide financing and management assistance to new or expanding companies for the purpose of promoting economic development.

Working closely with the Small Business Administration, other federal financial assistance programs, local economic development organizations, and traditional commercial lenders, BIDCOs are licensed to increase the level and quality of financial services available to the small business community in Idaho. One company is currently operating as an Idaho-licensed BIDCO; AVANA BIDCO was issued a license by the Department on May 1, 2019.

<b>Business and Industrial Development Corporations</b>		
<b>Activity for Calendar Year 2018</b>	<b>Number</b>	<b>Dollar Amount</b>
Number and dollar amount of financing assistance provided to business firms:	0	\$0
Number and dollar amount of financing assistance provided to minority-owned and woman-owned business firms:	0	\$0
Estimated number of jobs created or retained through financing assistance:	0	NA
<b>Activity Since Inception</b>	<b>Number</b>	<b>Dollar Amount</b>
Number and dollar amount of financing assistance provided to business firms:	302	\$26,209,484
Number and dollar amount of financing assistance provided to minority-owned and woman-owned business firms:	30	\$2,057,916
Estimated number of jobs created:	1,025	NA
Estimated number of jobs retained:	374	NA



## CREDIT UNION SECTION

The Credit Union Section is responsible for supervising all Idaho state-chartered credit unions and ensuring compliance with the Idaho Credit Union Act. As of June 30, 2019, there were 23 credit unions under the Credit Union Section's direct supervision. The Section has additional responsibilities as the host-state supervisor for nine credit unions chartered by other states and operating in Idaho with approved fields of membership.

Washington-chartered credit unions:

- Boeing Employees Credit Union has no Idaho branches;
- Gesa Credit Union has no Idaho branches;
- Global Credit Union has branches in Coeur d'Alene and Post Falls;
- Horizon Credit Union has branches in Coeur d'Alene, Ponderay, Post Falls, and Sandpoint;
- Numerica Credit Union has branches in Coeur d'Alene, Hayden, and Post Falls;
- Responders Emergency Services Credit Union has no Idaho branches;
- Spokane City Credit Union has no Idaho branches;
- Spokane Teachers Credit Union has branches in Coeur d'Alene, Dalton Gardens, Ponderay, and Post Falls.

California-chartered credit union:

- Silverado Credit Union operates one branch in Nampa.

The Credit Union section is an active participant of the National Association of State Credit Union Supervisors (NASCUS). NASCUS actively coordinates with all state credit union regulatory agencies and the National Credit Union Administration (NCUA) on a variety of credit union regulatory issues. In November 2015, the Credit Union Section was successfully reaccredited by NASCUS for another five-year term.

In fiscal year 2019, the Credit Union Section completed 18 examinations and 5 visitations, participated in two examinations of Washington state-chartered credit unions, performed a conversion review of a federal credit union seeking to convert to a State of Idaho charter, and participated in the examination of American Share Insurance Corporation (ASI). Eleven of the examinations and all of the visitations were conducted jointly with examiners from either the NCUA or ASI, depending on whether the institution is federally or non-federally insured.

### **Branch Openings, Closings and Relocations**

During fiscal year 2019, Idaho state-chartered credit unions established five new branches and relocated two branches. Idaho Central Credit Union opened new branches in Boise (July 30, 2018), Idaho Falls (August 14, 2018) and South Rexburg (September 4, 2018), and relocated its Boise Fairview branch on September 7, 2018. Westmark Credit Union opened one new branch in Boise

on January 14, 2019, and Potlatch No.1 Financial Credit Union opened one new branch in Rathdrum on May 13, 2019. East Idaho Credit Union relocated its Challis branch on August 27, 2018. There were no closures of any state-chartered credit union branches in fiscal year 2019.

### **Mergers and Charter Conversions**

There were no mergers of Idaho state-chartered credit unions during fiscal year 2019. Potlatch No. 1 Federal Credit Union, a federal credit union with approximately \$1.13 billion in assets, converted to an Idaho state-chartered credit union on February 21, 2019, and changed its name to Potlatch No. 1 Financial Credit Union.

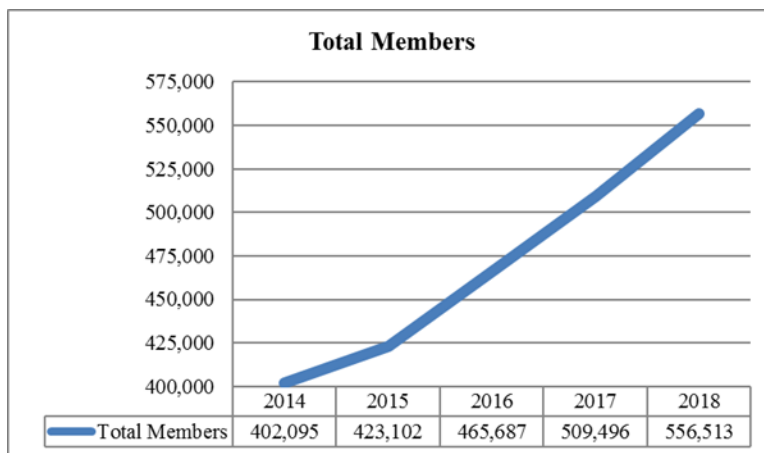
### **Performance and Condition of Idaho Credit Unions**

Idaho state-chartered credit unions exhibited strong financial performance in calendar year 2018. This strong performance occurred despite the increased competitive landscape in the banking and financial technology areas. As compared to the prior year, Idaho state-chartered credit unions are demonstrating many favorable trends, such as robust membership growth, positive and increasing earnings, increasing yields and interest margins, as well as strong loan and deposit growth. The information used to compile the dollar amounts and ratios in the below charts and narrative comments was derived from the consolidated and aggregated Call Reports filed by Idaho state-chartered credit unions for the period ending December 31, 2018.

Earnings, as measured by the Return on Average Assets ratio for the aggregate of all Idaho state-chartered credit unions, increased by 21 basis points to 1.42 percent in 2018. The Delinquent Loans to Total Loans ratio, a key evaluation factor for asset quality, increased by one basis point to 0.43 percent. While delinquency was stable in 2018, Idaho state-chartered credit unions have seen an increase in the Net Charge-Offs to Average Loans ratio, which rose from 0.30 percent to 0.41 percent. Idaho state-chartered credit unions augmented net worth by 17.18 percent and grew assets by 17.08. The combined growth of net worth and assets resulted in a stable Net Worth ratio of 9.00 percent.

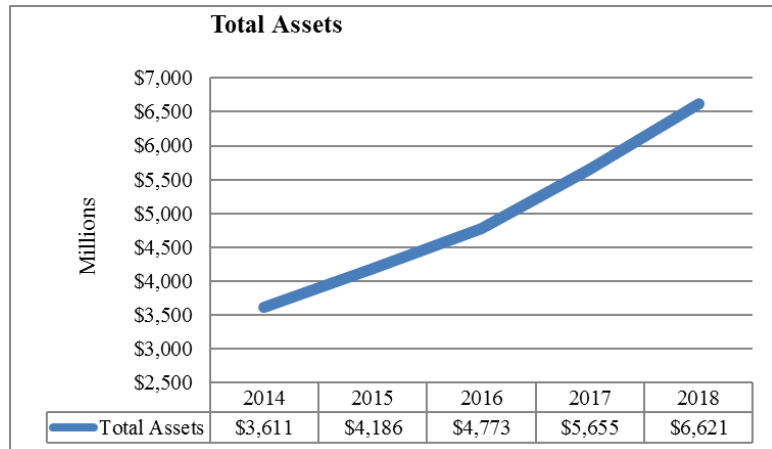
### **Members**

Membership at Idaho state-chartered credit unions totaled 556,513 members as of year-end 2018. Total membership increased by 47,017 in the 2018 calendar year, representing a 9.23 percent annual growth rate. Nationally, credit unions increased their membership at an annual rate of 4.36 percent.



### **Assets**

Idaho state-chartered credit unions continue to see assets growth. As of the end of the 2018 calendar year, total assets were \$6.62 billion, an increase of \$965.99 million from 2017. This represents an annual growth rate of 17.08 percent, a decline from the 18.46 percent annual growth rate achieved in 2017, and continues the multi-year trend of double-digit annual asset growth. Nationally, credit unions in aggregate experienced an annual asset growth rate of 5.42 percent for the 2018 calendar year.



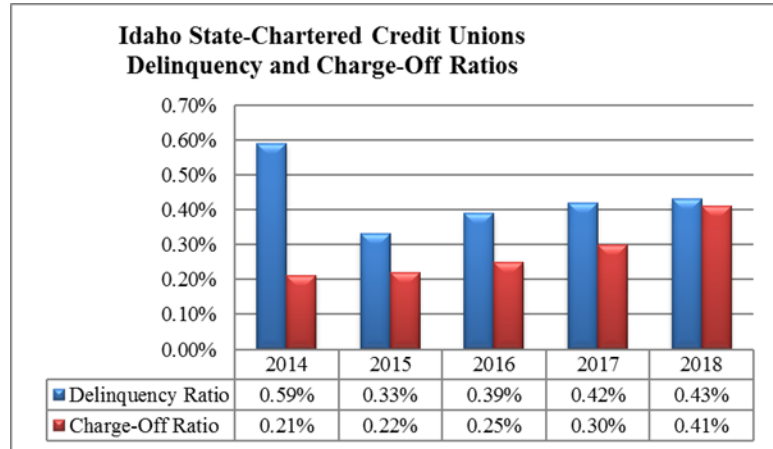
### **Loans**

Idaho state-chartered credit unions granted \$3.76 billion in loans during 2018, a decline of 0.07 percent from loans granted in 2017. Outstanding loan balances for Idaho state-chartered credit unions total \$5.54 billion, an increase of \$636.16 million or 12.99 percent in 2018. This level of growth is higher than the national credit union loan growth rate of 9.05 percent. During 2018, the Federal Reserve raised interest rates four times increasing the Federal Funds rate from 1.5 percent to 2.5 percent. The increasing interest rate environment provided a higher yield on average loans for Idaho state-chartered credit unions, which increased from 3.92 percent in 2017, to 4.39 percent as of December 31, 2018. This was the third consecutive year-over-year increase in average loan yields for Idaho state-chartered credit unions. The yield on average loans for credit unions nationwide increased 15 basis points to 4.70 percent as of year-end 2018.

The composition of the \$5.54 billion Idaho state-chartered credit union loan portfolio is as follows: 44.74 percent in real estate-secured loans, 22.60 percent in used vehicle loans, 15.62 percent in new vehicle loans, 11.68 percent in all other secured loans, and 5.36 percent in unsecured and credit card loans. Idaho state-chartered credit unions reported strong growth in real estate loans of 23.37 percent, as well as for all other secured loans at 15.28 percent. Loan growth was also achieved for unsecured and credit card loans at 7.60 percent, and used vehicles loans at 5.77 percent. New vehicle loans decreased by 0.88 percent for year-end 2018. Indirect lending continues to play an important part for Idaho state-chartered credit unions. Total outstanding indirect loans increased \$109.70 million or 6.13 percent in 2018. Indirect loans represent 34.31 percent of all Idaho state-chartered credit unions loans as of December 31, 2018, down from 36.53 percent as of year-end 2017.

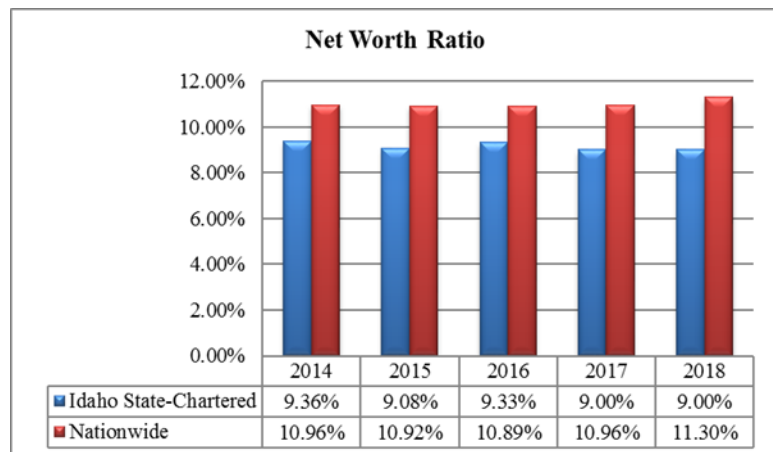
### ***Delinquency and Charge-Offs***

As a percentage of total loans, reportable loan delinquency increased to 0.43 percent as of December 31, 2018, representing a one basis point increase from the same period one year ago. The Net Charge-Offs to Average Loans ratio also increased to 0.41 percent as of December 31, 2018, compared to 0.30 percent as of year-end 2017. Nationwide, the Delinquent Loans ratio decreased ten basis points to 0.71 percent, and the Net Charge-Offs to Average Loans decreased by two basis points, to 0.57 percent.



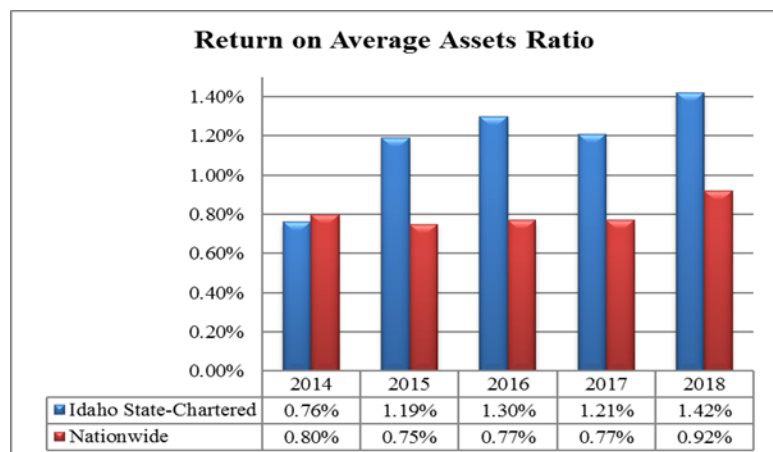
### ***Net Worth***

The Net Worth to Total Assets ratio (Net Worth ratio) is 9.00 percent as of December 31, 2018, which is unchanged from year-end 2017. Total net worth increased by \$87.46 million, or 17.18 percent, to \$596.43 million. Idaho state-chartered credit unions continue to trail the national credit union Net Worth ratio average of 11.30 percent.



### ***Operating Results***

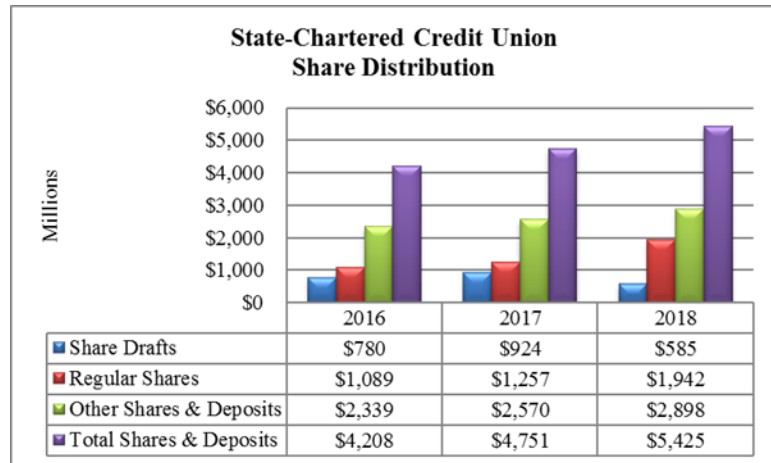
Idaho state-chartered credit unions earned an aggregate of \$87.46 million in net income in 2018, an increase of \$24.22 million, or 38.31 percent, from 2017 earnings of \$63.24 million. The Return on Average Assets ratio (ROAA) of 1.42 percent compares very favorably to the ROAA of 0.92 percent reported by all credit unions nationwide for this period. Higher yields on both loans and investments have helped to provide



for strong net income. The yield on average loans increased to 4.39 percent, up from 3.92 percent as of year-end 2017. The yield on average investments also increased to 1.48 percent, from 1.29 percent as of year-end 2017. The aggregate Net Interest Margin to Average Assets ratio increased from 2.86 percent as of year-end 2017, to 3.09 percent as of year-end 2018. Idaho state-chartered credit unions demonstrated expenditure control by achieving an Operating Expenses to Average Assets ratio of 3.13 percent as of year-end 2018, a decline of eight basis points from the same period one year ago.

### ***Shares and Deposits***

In 2018, total shares and deposits increased by 14.18 percent to \$5.43 billion. Total share drafts declined by 36.70 percent to \$584.93 million while total regular shares increased by 54.49 percent to \$1.94 billion. Regular shares represent 35.80 percent of total shares and deposits, and certificates of deposit represent 31.31 percent. Combined, these two sources provide 67.11 percent



of Idaho state-chartered credit unions' share and deposit funding. Money market shares grew by 8.28 percent to \$757.60 million, while IRA/KEOGH accounts grew by 9.08 percent to \$292.24 million. Non-member deposits as a non-core funding source have increased at Idaho state-chartered credit unions. In aggregate, non-member deposits totaled \$88.93 million as of year-end 2018, up 17.93 percent from the \$75.41 million as of year-end 2017.

### ***Liquidity***

Cash and cash equivalents totaled \$244.14 million as of year-end 2018, an increase of \$79.73 million, or 48.49 percent, from the \$164.42 million as of year-end 2017. Total investments maturing within the next year (inclusive of cash on deposit and cash equivalents) were \$382.85 million, which increased by \$178.64 million or 87.48 percent. The Cash and Short-Term Investments to Total Assets ratio (Liquidity ratio) of 6.55 percent represents a 221 basis point increase from year-end 2017. The total outstanding loan balances comprised 102.02 percent of total shares, down from 103.10 percent as of December 31, 2017. Loans as a percentage of assets also declined from 86.62 as of year-end 2017, to 83.59 percent. Unfunded loan commitments totaled \$1.06 billion, an increase of \$214.60 million from the \$846.29 million at year-end 2017. Total off-balance sheet borrowing capacity increased by \$244.38 million, or 18.27 percent, to \$1.58 billion. Outstanding draws against lines of credit totaled \$269.41 million, an increase of \$132.67 million, or 97.02 percent, from year-end 2017.

## **CONSUMER FINANCE BUREAU**

*Idaho Collection Agency Act*  
*Idaho Credit Code*  
*Idaho Residential Mortgage Practices Act*  
*Idaho Financial Fraud Prevention Act*  
*Idaho Loan Broker Statute*  
*Idaho Mortgage Company Act*

The Consumer Finance Bureau is the regulatory and licensing authority for regulated consumer lenders under the *Idaho Credit Code*. Regulated lenders include consumer finance companies, financial institutions, payday lenders, title lenders, and creditors who take assignments and undertake collection of payments from debtors arising from regulated consumer loans. Provisions of the *Idaho Credit Code* also apply to retail sellers of goods and services who extend credit to their customers.

The Bureau is committed to providing reasonable regulation of mortgage brokers, mortgage lenders, mortgage loan originators, and mortgage service providers operating in Idaho under the *Idaho Residential Mortgage Practices Act* and the *Idaho Mortgage Company Act*.

The Bureau is responsible for the licensing and enforcement provisions of the *Idaho Collection Agency Act*. Collection agencies that engage in collection activities in Idaho are required to obtain a license under the Act and comply with its provisions. Entities that engage in credit or debt counseling, debt settlement, or credit repair in Idaho are also required to obtain a license and comply with the provisions of the Act.

The Bureau administers and enforces Idaho's *Loan Broker* statute that prohibits loan brokers that operate in Idaho from receiving any fee, interest, or other charge prior to a loan or extension of credit, or written commitment to loan or extend credit, made by an authorized lender.

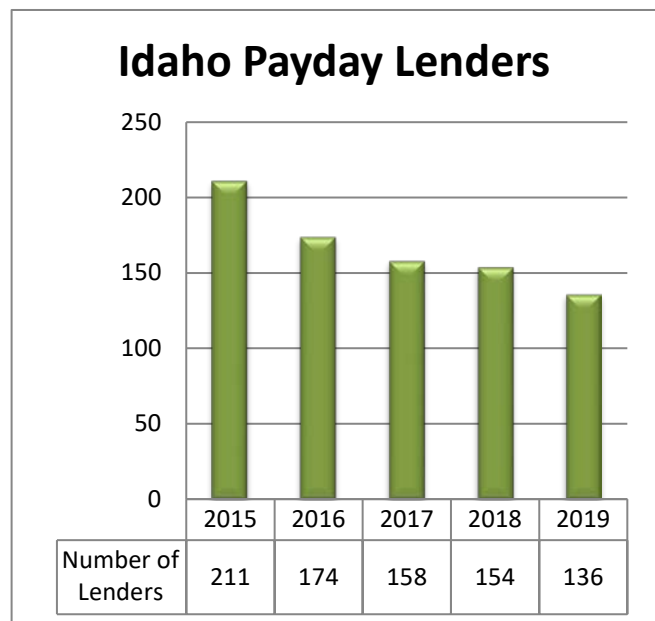
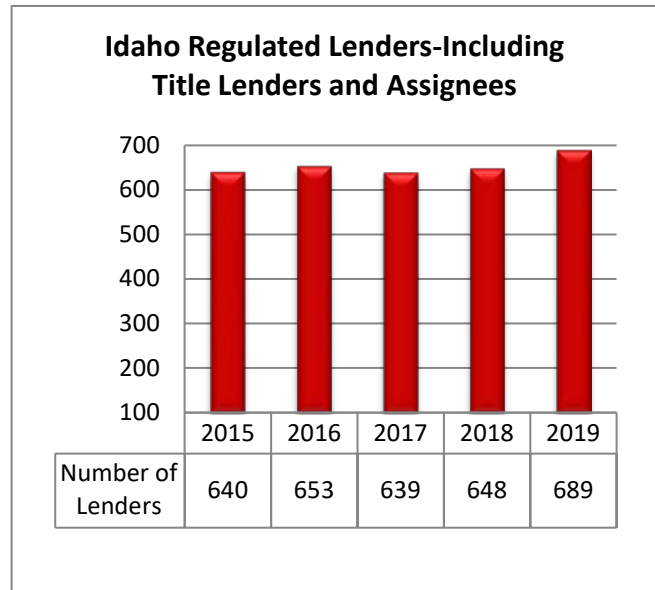
The Bureau evaluates compliance with the above laws through examinations of licensees and investigations of complaints filed with the Bureau. The goal of the Bureau is to ensure the availability of comprehensive consumer financial services and lawful debt collection practices. The Consumer Finance Bureau had a 24 member staff as of the end of the fiscal year.

## IDAHO CREDIT CODE

The *Idaho Credit Code* (ICC) regulates specific terms and conditions of consumer credit in Idaho. A consumer credit transaction is a credit sale or loan in which credit is extended by a person who is regularly engaged in the offering of credit or financing to borrowers who will use it for personal, family or household purposes, and in which a finance charge is imposed or the debt is payable in installments.

The ICC applies to subordinate lien mortgages and most other consumer credit transactions, such as automobile loans and extensions of credit through credit cards. The ICC also includes specific lending requirements and consumer protection provisions for the payday and title lending industries in Idaho, as well as separate licensing requirements for payday lenders. The ICC also includes generally applicable consumer protection provisions, such as a consumer’s right to be informed about the costs of a loan before it is made, the right to cancel a payday or title loan by the next business day after it is extended, the right, once per year, to an extended payment plan to pay off a payday loan, and the right to cancel certain home solicitation sales and real estate transactions.

**Licensing/Lending Activity** – Under the ICC, creditors engaged in the business of making regulated consumer loans, or taking assignment of and undertaking direct collection of payments from debtors arising from regulated consumer loans, must obtain a regulated lender license. Regulated lenders must file for license renewal and submit composite reports annually. Further, creditors who offer short-term loans secured by a borrower’s bank check or electronic equivalent must obtain a payday lender license.



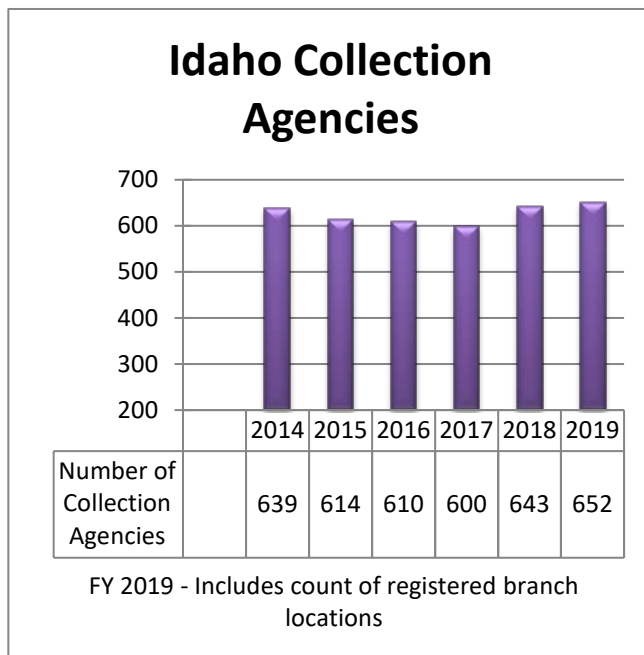
During fiscal year 2019, lending activity by state licensed regulated lenders ranged from sole-proprietors located in Idaho to national finance companies with several million dollars in outstanding Idaho loans. The composition of regulated lenders consists of finance companies, including second mortgage lenders, consumer loan assignees, and payday/title lenders. As of June 30, 2019, there were 689 regulated lender office locations licensed under the ICC, which included title lenders, consumer loan assignees, and consumer finance companies. Additionally, as of June 30, 2019, there were 136 payday lender office locations licensed under the ICC.

**Compliance/Enforcement** – In addition to answering consumer inquiries and complaints, Bureau staff members conduct risk-based on-site compliance examinations of licensed regulated lenders. Many licensees examined by the Bureau hold both a regulated lender license and a payday lender license. Therefore, Bureau examiners often have the ability to examine an entity’s payday lending activity and other regulated lending activity, including title loans, during a single examination. During fiscal year 2019, the Bureau’s field examiners conducted examinations of the activities of 99 corporate and branch offices of regulated lender and payday lender licensees. The Bureau also received and acted upon 39 complaints from Idaho consumers regarding entities operating as regulated lenders or title lenders.

### IDAHO COLLECTION AGENCY ACT

The Consumer Finance Bureau oversees collection agencies that collect from Idaho residents under the authority of the *Idaho Collection Agency Act* (ICAA). Consumers have an obligation to pay their debts. However, collection agencies must deal openly, fairly, honestly and without deception when collecting debts. This includes complying with the federal Fair Debt Collection Practices Act.

**Licensing** – Entities engaged in collection agency activity, credit and debt counseling, or credit repair in Idaho must obtain a license issued by the Department unless the entity is otherwise exempt from licensing. Licenses issued under the ICAA must be renewed annually.





As of June 30, 2019, Idaho had 652 collection agency licensees, and 483 registered branch offices, for a combined total of 1,135. These agencies had a combined total of 52,598 individual solicitors/collectors registered with the Department. Additionally, at fiscal year-end the Department had 38 credit or debt counselors, 14 credit repair organizations, 110 debt buyers, and 13 debt settlement companies, licensed under the ICAA.

***Compliance/Enforcement*** – In addition to answering consumer inquiries and complaints, Bureau examiners regularly conduct on-site compliance examinations of licensed collection agencies. During the past fiscal year, Bureau examiners conducted five examinations of companies licensed under the ICAA. The Department received 52 complaints against collection agencies and debt buyers and 10 complaints against credit/debt counselors. The Department entered into administrative orders with four separate entities to resolve allegations of violations of the ICAA. Additionally, the Department issued Cease and Desist Orders against four entities for violations of the ICAA. Details of these actions are included in Exhibit V.

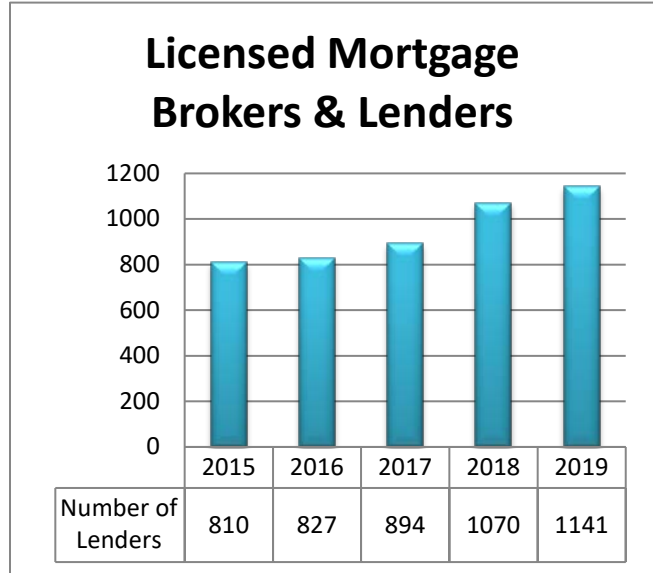
### **IDAHO RESIDENTIAL MORTGAGE PRACTICES ACT AND IDAHO MORTGAGE COMPANY ACT**

Under the *Idaho Residential Mortgage Practices Act* (IRMPA), all non-exempt office locations from which mortgage brokering or mortgage lending activities are conducted are required to be licensed with the Department. The provisions of the IRMPA also extend to individuals who originate residential mortgage loans for mortgage broker and lender licensees. The purposes of the IRMPA are to ensure that companies and individuals offering mortgage services in Idaho meet minimum standards and that consumers are protected against unfair practices.

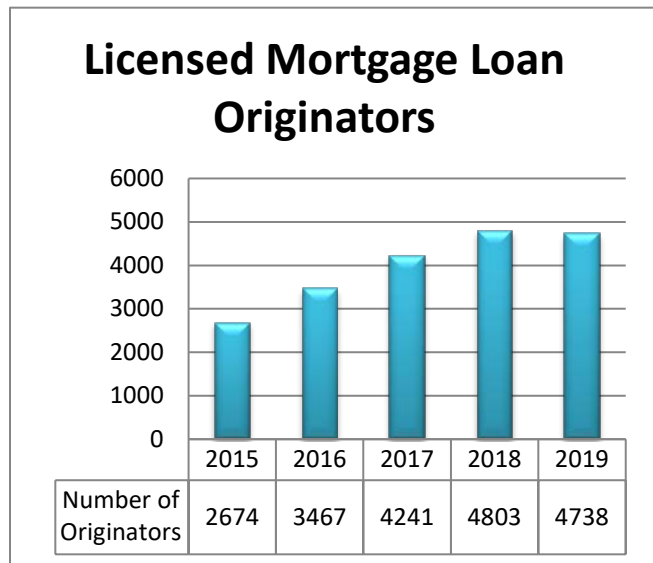
Mortgage brokers engage in the business of assisting borrowers in obtaining mortgage loans from lenders. Entities that assist borrowers in obtaining an adjustment or compromise of an existing residential mortgage loan are also mortgage brokers for purposes of the IRMPA. Mortgage lenders fund mortgage loans and may also perform mortgage brokering activities. Loan originators are individuals who assist in the preparation of applications for new residential mortgage loans and modifications of existing residential mortgage loans. The IRMPA applies to mortgage loan transactions secured by a dwelling, as defined in section 103(w) of the Truth in Lending Act (15 USC Section 1601 *et seq.*), located in Idaho, or on residential real estate.

In addition, the Department has authority under the *Idaho Mortgage Company Act* to ensure that mortgage companies are properly handling borrower reserves, and impound and escrow accounts, as well as properly applying borrower payments.

**Licensing** – The IRMPA requires that mortgage brokers/lenders obtain a license for each location from which they conduct mortgage brokering/lending activities in Idaho. Licensees are not required to have a physical office location in Idaho. In fact, the Department has license holders nationwide. As of June 30, 2019, the Department had 1,141 active mortgage broker/lender licenses. The Department also had 4,738 mortgage loan originator licenses as of that date.



**Compliance/Enforcement** – The Bureau conducts on-site examinations, and investigations when warranted, of mortgage brokers, lenders, and mortgage loan originators to verify that business is conducted in compliance with the IRMPA. During fiscal year 2019, the Department conducted examinations of 36 licensed mortgage broker/lender companies, which included a review of the activities of approximately 51 branch office locations and 210 mortgage loan originators. The Bureau also handles customer complaints and inquiries. During fiscal year 2019, the Department received and processed 41 complaints against mortgage loan servicers, three complaints against mortgage



brokers/lenders, and nine complaints against individual mortgage loan originators. In fiscal year 2019, the Department issued one Cease and Desist order against an entity violating the IRMPA, and issued 11 license application denials. Details of these actions are included in Exhibit V.

## IDAHO LOAN BROKER STATUTE

Idaho’s Loan Broker statute, Idaho Code § 26-2501 *et seq.*, prohibits anyone who acts as a loan broker in Idaho from receiving any fee, interest, or other charge prior to a loan or extension of credit being made to a borrower by an authorized lender, or prior to a written commitment of the same being made to a borrower by an authorized lender. The Department often receives inquiries from consumers contemplating paying upfront fees to loan brokers. In response to these inquiries,

and in financial literacy trainings throughout the state, Bureau staff members regularly warn Idaho consumers of the perils of falling prey to advance fee loan scams. Perpetrators of advance fee loan scams commonly operate from outside of the United States but may often advertise as though financing is available from local sources. Victims are commonly asked to wire money to foreign locations as a part of the scam and rarely recover their funds.

## **REGULATORY AND EDUCATIONAL INITIATIVES**

***Mortgage Advisory Board*** – Pursuant to the provisions of the IRMPA, the Director appoints Idaho mortgage industry members to a Mortgage Advisory Board annually. The Mortgage Advisory Board meets throughout the year with the Department Director and Bureau staff members, and provides valuable input on mortgage regulatory issues, market conditions, and industry initiatives. Throughout fiscal year 2019, the members of the Mortgage Advisory Board, who also represent mortgage industry associations in Idaho, provided the Department with vital information and feedback relative to the Department’s oversight of the mortgage industry in Idaho. The current members of the Mortgage Advisory Board are Chuck Anderson, Ty Porter, Leah Marchbanks, and Ryan Froehlich.

***Mortgage Recovery Fund*** – Idaho law establishes a mortgage recovery fund to provide reimbursement to persons damaged as a result of violations of the IRMPA. Mortgage licensees pay into the fund as a part of their initial license application and at the time of their annual license renewals. On an annual basis, the Department may apply up to \$50,000 of moneys accumulated in the mortgage recovery fund in excess of \$1,500,000 to: (i) fund the Department’s expenses in administering the mortgage recovery fund; (ii) develop and implement consumer education concerning the residential mortgage industry; (iii) contract for research projects for the state concerning the residential mortgage industry; (iv) fund the training expenses of Department staff members and its attorneys concerning the residential mortgage industry; and (v) publish and distribute educational materials to licensees and applicants for licensure under the IRMPA. At the end of fiscal year 2019, the mortgage recovery fund balance was \$2,652,913. As a consequence of attaining a fund balance in excess of \$1,500,000 by fiscal year end, the Department notified its mortgage licensees, pursuant to Idaho Code § 26-31-110(2), of a mortgage recovery fund “fee holiday” for the 2019 mortgage license renewal process.

## **SECURITIES BUREAU**

*Business Combination Act*  
*Continuing Care Disclosure Act*  
*Control Share Acquisition Act*  
*Endowment Care Cemetery Act*  
*Idaho Commodity Code*  
*Idaho Escrow Act*  
*Idaho Financial Fraud Prevention Act*  
*Idaho Money Transmitters Act*  
*Uniform Securities Act*

The Securities Bureau administers and enforces several consumer and business protection statutes. Through the authority of the *Uniform Securities Act* and the *Idaho Commodity Code*, the Bureau regulates the sale of investment securities and those individuals and entities that offer investment opportunities to the public. The Bureau's objectives in administering and enforcing these statutes include promoting the integrity and vitality of state and federal financial markets, protecting the investing public from fraudulent investment schemes, and assisting legitimate businesses in their efforts to raise capital in Idaho. Through the *Idaho Escrow Act*, the Bureau provides oversight to independent escrow companies, as well as those providing 1031 exchange accommodation services.

The Bureau has limited duties under Idaho's *Control Share Acquisition Act*, *Business Combination Act*, *Continuing Care Disclosure Act*, and the *Idaho Financial Fraud Prevention Act*. Also, the Bureau ensures that endowed care cemeteries properly handle the funds and trust placed with them through administration of the *Endowment Care Cemetery Act*. Finally, the Securities Bureau is responsible for the licensing and enforcement provisions of the *Idaho Money Transmitters Act*. A money transmitter includes any business engaged in receiving money for transmission by any and all means and any business that issues payment instruments to purchasers (e.g., money orders, stored value products).

When individuals or entities violate these statutes, appropriate remedies are sought using statutory and administrative enforcement authority. The Bureau also provides assistance in criminal prosecutions when necessary.

## UNIFORM SECURITIES ACT

The *Uniform Securities Act* (Act) seeks to preserve and promote legitimate securities markets by assisting companies in their attempts to raise capital and prevent investment fraud. While the Act is designed to protect investors from fraud, it does not protect investors from the possibility of investment loss resulting from securities price movements, market changes or business failures. The Act requires that persons who solicit investments provide complete disclosure of all the important aspects of the investment being promoted. With this information, investors are empowered to make reasoned investment decisions.

### **Idaho Registered Broker-Dealers and Investment Advisers**

***Securities Issuer Filings*** – Many public offerings of newly issued securities must be reviewed and registered with the Securities Bureau before they are offered to public investors. The review is designed to determine whether the offering materials provide full, fair and accurate disclosure of all material information and whether the offering materials contain fraudulent terms or the offering is structured unfairly.

***Registration of Firms and Agents*** – The Bureau registers and provides oversight for most broker-dealers, securities sales agents and investment adviser representatives doing business in or from Idaho. Additionally, the Bureau registers and is the sole regulator for investment adviser firms located in Idaho that have assets under management of up to \$100 million. Every application for registration is examined either electronically or manually prior to approval. The Bureau had oversight responsibility for 1,442 broker-dealer firms and state registered investment adviser firms during fiscal year 2019. This oversight also extends to more than 122,000 individuals who currently hold Idaho registrations as broker-dealer agents, investment adviser representatives, and issuer agents. While the aggregate number of broker-dealer firms has been somewhat static in recent years, the number of agents has continued to climb to yet another all-time high this fiscal year.

***Compliance*** – In an effort to assure that the securities industry is complying with the Uniform Securities Act, registration amendments are regularly reviewed to consider changes in the applicant's business, ownership and new disciplinary information. Bureau staff also investigates investor complaints, reviews advertising, and analyzes financial data on broker-dealer and investment adviser firms. Finally, periodic on-site examinations of broker-dealer and investment adviser offices are conducted to verify compliance with the Act and to educate industry professionals. When a violation is discovered, the Department determines whether sanctions are appropriate or whether other corrective action can address the issue. The Bureau may seek fines, deny, suspend or revoke licenses or initiate administrative or court action.

**Enforcement** – As an enforcement agency, one of the Bureau’s missions is to protect Idaho investors from fraudulent investment schemes. Bureau professionals investigate complaints of possible violations of the Act, negotiate administrative sanctions, assist in bringing civil lawsuits and assist in criminal prosecutions to enforce the law. The potential financial impact of securities cases under investigation or in the process of resolution during the fiscal year approximated \$14 million. During fiscal year 2019, the Securities Bureau initiated or completed 13 formal enforcement actions involving some 47 defendants or respondents. Details of the administrative and civil court actions filed or completed by the Bureau during fiscal year 2019 are provided in Exhibit V.

**Rescission, Refunds and Penalties** – As a result of the Bureau’s regulatory enforcement efforts, Idaho residents were offered more than \$925,000 in refunds on their securities investments. This includes voluntary rescission offers made in accordance with the Act. Unfortunately, only a small portion of this amount is collectible by the Department. For this reason, the Department encourages victims of investment fraud to pursue their own remedies and not rely on the Department to recover any lost funds. The Bureau assessed total fines and penalties of over \$550,000 in fiscal year 2019.

## **IDAHO MONEY TRANSMITTERS**

The Department of Finance is charged with the responsibility of administering and enforcing the *Idaho Money Transmitters Act*. A “money transmitter” is defined as any business engaged in receiving money for transmission, or transmitting money within the United States or to locations outside of the United States, by any and all means including, but not limited to, payment instruments, wire transfers, and facsimile or electronic transfers. At fiscal year end, the Department had 123 licensees under this statute and the Bureau initiated one enforcement action related to statutory reporting and recordkeeping obligations. The number of money transmitter licensees has continued to increase and has more than doubled since fiscal year 2011 as a result of new business models including Internet-only transmitters, stored value instruments, cryptocurrencies and blockchain payment technologies, as well as other “fintech” payment-related entities.

## **IDAHO ESCROW ACT**

The *Idaho Escrow Act* assigns the Department regulatory oversight responsibilities for independent Idaho escrow agencies. Idaho escrow agencies, as defined in the Idaho Escrow Act, are required to obtain a license prior to engaging in escrow activities in Idaho. This includes exchange accommodators who facilitate “1031” exchanges pursuant to 26 USC §1031. As of June 30, 2019, the Department had 39 licensees authorized to engage in escrow activities in the state of

Idaho, and pursued one enforcement action during this fiscal year related to an unauthorized change in control and ownership.

### **ENDOWMENT CARE CEMETERIES**

The purpose of the *Endowment Care Cemetery Act* is to ensure that sound business practices essential to the continued furnishing of endowed or perpetual care cemeteries are followed. A “perpetual” or “endowed care cemetery” is a cemetery where lots are sold under the representation that the cemetery and lots will receive perpetual maintenance and oversight. This “endowed care” is provided free of further cost to the purchaser after payment of the original purchase price for a lot or burial space. An endowed or perpetual care cemetery is required to establish an irrevocable trust fund in the sum of at least \$50,000 for the care of the cemetery. The income from the trust fund may only be used for the general care, maintenance, and embellishment of the cemetery. All “endowed care” or “perpetual care” cemeteries in Idaho are required to be registered with the Securities Bureau.

There are 12 endowed care cemeteries licensed in Idaho. Each of these cemeteries is required to submit a renewal fee and form every year, along with a financial statement for its trust account. The Securities Bureau conducts periodic audits of endowed care cemeteries to verify that the trust funds are being handled properly.

## **SUPPORTING SERVICES BUREAU**

This Bureau provides enterprise operational support to the Director, Deputy Director, and the other Bureau Chiefs in carrying out their program responsibilities. This support is provided through the development and maintenance of the accounting system and records for the Department; maintenance of personnel records; preparation and submission of the Department's budget; providing financial, management and statistical reports; coordination of the Department's business services; maintenance of the Department's vehicles; and maintenance of the Department's information technology systems.

The Supporting Services Bureau completed several large projects during fiscal year 2019 including improvement upgrades on a web-based licensing system for collection agents; IT, fiscal and budgetary support for national accreditations; replacement of key equipment; updating the Emergency Operations Plan; and overseeing increased design and continued operation of multiple comprehensive records management systems. Databases for Collection Agents, Mortgage Loan Originators, Mortgage Loan Originator Continuing Education, and CFB Case Management, all received major upgrades. The Bureau also worked with Access Idaho and the Nationwide Multistate Licensing System (NMLS) to improve automated licensing of collection agencies, as well as solicitors and collectors. Many systems received significant cybersecurity, synchronization capabilities, and other upgrades during fiscal year 2019.

Near the end of Fiscal Year 2019, the office of Information Technology Services (ITS) began to assume some of the IT support for the Department and seven other state agencies. The Department full time IT employee positions were moved into ITS in June 2019.









**DEPARTMENT OF FINANCE DIRECTORS/COMMISSIONERS  
SINCE DATE OF CREATION BY ACT OF LEGISLATURE IN 1905**

<u>Director/Commissioner</u>	<u>Term of Office</u>
Charles S. Loveland .....	March 6, 1905 to June 1, 1907
W. S. Chaney .....	June 1, 1907 to March 6, 1909
William G. Cruse .....	March 6, 1909 to June 2, 1911
V. W. Platt .....	June 2, 1911 to February 1, 1913
A. E. Reid .....	February 1, 1913 to February 6, 1915
G. R. Hitt .....	February 6, 1915 to January 25, 1919
Jay Gibson .....	January 25, 1919 to September 10, 1920
J. G. Fralick .....	September 10, 1920 to February 7, 1923
E. W. Porter .....	February 7, 1923 to February 1, 1931
Ben Diefendorf .....	February 1, 1931 to January 13, 1937
George W. Wedgwood .....	January 13, 1937 to January 1, 1939
G. L. Jenkins .....	January 1, 1939 to January 6, 1941
George W. Wedgwood .....	January 6, 1941 to January 4, 1943
G. L. Jenkins .....	January 4, 1943 to January 2, 1945
J. B. Newport .....	January 4, 1945 to December 28, 1946
William J. Sewell .....	December 28, 1946 to January 6, 1947
E. F. Haworth .....	January 6, 1947 to August 15, 1952
Austin Schauweiler .....	August 15, 1952 to May 14, 1954
R. U. Spaulding .....	June 17, 1954 to April 14, 1961
J. L. McCarthy .....	June 1, 1961 to July 9, 1965
Tom D. McEldowney (Acting) .....	August 10, 1965 to January 31, 1967
John D. Silva .....	February 1, 1967 to January 4, 1971
Tom D. McEldowney (Acting) .....	January 4, 1971 to August 29, 1971
Tom D. McEldowney .....	August 30, 1971 to March 31, 1987
Belton J. Patty .....	April 1, 1987 to January 1, 1995
Gavin M. Gee (Acting) .....	January 2, 1995 to March 13, 1996
Gavin M. Gee .....	March 13, 1996 to January 26, 2017
Mary E. Hughes (Acting).....	January 27, 2017 to November 4, 2017
Gavin M. Gee.....	November 5, 2017 to January 15, 2019
Mary E. Hughes (Acting).....	January 16, 2019 to Present







**SUMMARY OF INCOME AND EXPENSES**

July 1, 2018 through June 30, 2019

**INCOME BY SOURCE**

Dedicated Account-----	\$14,639,428
<b>TOTAL INCOME COLLECTED-----</b>	<b>\$14,639,428</b>

**APPROPRIATION**

Dedicated Account-----	\$8,548,100
<b>TOTAL APPROPRIATION-----</b>	<b>\$8,548,100</b>

**EXPENDITURES**

Personnel Costs-----	\$6,081,706
Operating Expenditures-----	\$2,344,276
Capital Outlay-----	\$65,400
<b>TOTAL EXPENDITURES-----</b>	<b>\$8,491,382</b>
<b>BALANCE OF APPROPRIATION-----</b>	<b>\$56,718</b>

**EXPENDITURES BY MAJOR CLASSES**

Salaries & Wages-----	\$4,434,849
Personnel Benefits-----	\$1,646,857
Communication Services-----	\$46,576
Employee Development & Other Services-----	\$146,344
Professional Services-----	\$526,075
Repairs & Maintenance Service-----	\$5,005
Administrative Services-----	\$1,591
DP Services-----	\$128,010
Employee Travel-----	\$250,451
Materials & Supplies-----	\$37,290
Insurance-----	\$5,554
Rentals & Operating Leases-----	\$1,165,917
Miscellaneous Operating Expenditures-----	\$31,463
Capital Outlay-----	\$65,400
<b>TOTAL EXPENDITURES BY MAJOR CLASSES-----</b>	<b>\$8,491,382</b>

**TRANSFERRED TO GENERAL FUND -----**\$5,788,805

PERSONNEL STATUS June 30	POSITIONS AUTHORIZED	POSITIONS APPROPRIATED	POSITIONS FILLED
Full-Time Employees	63	63	60



**FUND SOURCE B**

Security Investor Fund (Securities Fines Only)-----	<u><b>\$50,000.00</b></u>
	<u><u>\$50,000.00</u></u>

EXPENDITURES

Personnel Costs-----	\$0
Operating Expenditures-----	\$17,221
Capital Outlay-----	\$0
<b>TOTAL EXPENDITURES</b> -----	<u><u>\$17,221</u></u>
 Balance of Fund-----	 <u><u>\$32,779</u></u>

**FUND SOURCE C**

Mortgage Recovery Fund-----	<u>\$2,694,140</u>
<b>TOTAL COLLECTED</b> -----	<u><u>\$2,652,913</u></u>





**STATE OF IDAHO**  
**STATE-CHARTERED BANKS AND SAVINGS BANKS\***  
**COMPARATIVE STATEMENT**  
**Close of Business 12/31/18 and 12/31/17**  
**(000's Omitted)**

	<b>2018</b>	<b>2017</b>	<b>\$ Change</b>
<b>Cash and balances due from depository institutions</b>			
Noninterest-bearing balances and currency and coin	132,445	121,424	11,021
Interest-bearing balances	716,242	639,833	76,409
<b>Securities:</b>			
Held-to-maturity securities	117,610	133,517	(15,907)
Available-for-sale securities	820,619	808,720	11,899
<b>Federal funds sold and securities purchased under agreements to resell</b>			
Federal funds sold	51,581	78,658	(27,077)
Securities purchased under agreements to resell	0	0	0
<b>Loans and lease financing receivables</b>			
Loans and leases held for sale	12,695	19,611	(6,916)
Loans and leases, net of unearned income	3,919,059	3,572,124	346,935
LESS: Allowance for loan and lease losses	60,846	52,004	8,842
Loans and leases, net of unearned income and allowance	3,858,213	3,520,120	338,093
<b>Trading assets</b>	4,274	4,370	(96)
<b>Premises and fixed assets (including capitalized leases)</b>	109,889	105,909	3,980
<b>Other real estate owned</b>	10,361	11,195	(834)
<b>Investments in unconsolidated subsidiaries and associated companies</b>		676	(676)
<b>Intangible assets</b>	1,873	2,085	(212)
<b>Other assets</b>	124,499	113,224	11,275
<b>Total assets</b>	<b>5,961,563</b>	<b>5,559,342</b>	<b>402,221</b>
<b>Deposits:</b>			
In domestic offices:			
Noninterest-bearing	5,043,553	4,728,573	314,980
Interest-bearing	1,861,851	1,647,762	214,089
Federal funds purchased and securities sold under agreements to repurchase			
Federal funds purchased	0	0	0
Securities sold under agreements to repurchase	157,373	143,819	13,554
<b>Trading liabilities</b>	4,274	4,370	(96)
<b>Other borrowed money</b>	34,546	27,300	7,246
<b>Subordinated notes and debentures</b>	0	0	0
<b>Other liabilities</b>	39,233	34,643	4,590
<b>Total liabilities</b>	<b>5,278,979</b>	<b>4,938,705</b>	<b>340,274</b>
<b>Minority interest in consolidated subsidiaries</b>	0	0	0
<b>Perpetual preferred stock and related surplus</b>	0	0	0
<b>Common stock</b>	96,241	93,931	2,310
<b>Surplus (exclude all surplus related to preferred stock)</b>	255,844	254,829	1,015
<b>Retained earnings and Other Equity Capital Components</b>	330,499	271,877	58,622
<b>Total equity capital</b>	<b>682,584</b>	<b>620,637</b>	<b>61,947</b>
<b>Total liabilities, minority interest, and equity capital</b>	<b>5,961,563</b>	<b>5,559,342</b>	<b>402,221</b>

\* Includes only state-chartered banks headquartered in Idaho as of 12/31/2018 and 12/31/2017  
Source: Federal Deposit Insurance Corporation

**DECEMBER 31, 2018**  
**BANK OF IDAHO**  
**IDAHO FALLS, IDAHO**  
**Charter No. 240**  
**Charter Issued September 13, 1985**  
**Incorporated July 17, 1985**

**OFFICERS:**

President & CEO: Jeff Newgard  
Chief Financial Officer: Jeff Manser  
Chief Credit Officer: David Moe

**DIRECTORS:**

Steven E. Carr; Mario Hernandez;  
Kenlon P. Johnson; Jeffrey K. Newgard;  
Doug Oppenheimer; Park Price; Christopher D. Reinke;  
John Spicer; Denise Stephens; David J. Volk

<b>Cash and balances due from depository institutions:</b>	(000's omitted)
Noninterest-bearing balances and currency and coin.	7,118
Interest-bearing balances	17,875
<b>Securities:</b>	
Held-to-maturity securities	0
Available-for-sale securities	88,615
<b>Federal funds sold and securities purchased under agreements to resell:</b>	
Federal funds sold	0
Securities purchased under agreements to resell	0
<b>Loans and lease financing receivables:</b>	
Loans and leases held for sale	3,780
Loans and leases, net of unearned income	209,309
LESS: Allowance for loan and lease losses	4,083
Loans and leases, net of unearned income and allowance	205,226
<b>Trading assets</b>	0
<b>Premises and fixed assets (including capitalized leases)</b>	5,503
<b>Other real estate owned</b>	3,122
<b>Investments in unconsolidated subsidiaries and associated companies</b>	0
<b>Intangible assets:</b>	0
<b>Other assets</b>	3,034
<b>Total assets</b>	334,273
<b>Deposits:</b>	
In domestic offices:	297,077
Noninterest-bearing	112,969
Interest-bearing	184,108
<b>Federal funds purchased and securities sold under agreements to repurchase:</b>	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
<b>Trading liabilities</b>	0
<b>Other borrowed money</b>	0
<b>Subordinated notes and debentures</b>	0
<b>Other liabilities</b>	3,455
<b>Total liabilities</b>	300,532
<b>Minority interest in consolidated subsidiaries</b>	0
<b>Perpetual preferred stock and related surplus</b>	0
<b>Common stock</b>	1,402
<b>Surplus (exclude all surplus related to preferred stock)</b>	13,427
<b>Retained earnings</b>	19,800
Accumulated other comprehensive income	(888)
<b>Other equity capital components</b>	0
<b>Total equity capital</b>	33,741
<b>Total liabilities, minority interest, and equity capital</b>	334,273

**DECEMBER 31, 2018**  
**bankcda**  
**COEUR D'ALENE, IDAHO**  
**Charter No. 258**  
**Charter Issued May 3, 2001**  
**Incorporated October 16, 2000**

**OFFICERS:**

President & CEO: Wes Veach  
Chief Financial Officer: Ashley Lenz  
Chief Credit Officer: Brad Rasor  
Sr. Operations Officer: Kim Nordstrom

**DIRECTORS:**

Brad Corkill; William J. Haley;  
Sandy Patano; Robert Schmand;  
John C. Shovic; Craig S. Tedmon;  
Wes Veach

<b>Cash and balances due from depository institutions:</b>	(000's omitted)
Noninterest-bearing balances and currency and coin.	1,529
Interest-bearing balances	11,618
<b>Securities:</b>	
Held-to-maturity securities	0
Available-for-sale securities	32,989
<b>Federal funds sold and securities purchased under agreements to resell:</b>	
Federal funds sold	153
Securities purchased under agreements to resell	0
<b>Loans and lease financing receivables:</b>	
Loans and leases held for sale	0
Loans and leases, net of unearned income	72,719
LESS: Allowance for loan and lease losses	1,135
Loans and leases, net of unearned income and allowance	71,584
<b>Trading assets</b>	0
<b>Premises and fixed assets (including capitalized leases)</b>	4,536
<b>Other real estate owned</b>	0
<b>Investments in unconsolidated subsidiaries and associated companies</b>	0
<b>Intangible assets:</b>	108
<b>Other assets</b>	3,818
<b>Total assets</b>	126,335
<b>Deposits:</b>	
In domestic offices:	114,281
Noninterest-bearing	33,836
Interest-bearing	80,445
<b>Federal funds purchased and securities sold under agreements to repurchase:</b>	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
<b>Trading liabilities</b>	0
<b>Other borrowed money</b>	460
<b>Subordinated notes and debentures</b>	0
<b>Other liabilities</b>	457
<b>Total liabilities</b>	115,198
<b>Minority interest in consolidated subsidiaries</b>	0
<b>Perpetual preferred stock and related surplus</b>	0
<b>Common stock</b>	6,488
<b>Surplus (exclude all surplus related to preferred stock)</b>	1,809
<b>Retained earnings</b>	3,239
Accumulated other comprehensive income	(399)
<b>Other equity capital components</b>	0
<b>Total equity capital</b>	11,137
<b>Total liabilities, minority interest, and equity capital</b>	126,335

**DECEMBER 31, 2018**  
**COMMUNITY 1ST BANK**  
**POST FALLS, IDAHO**  
**Charter No. 261**  
**Charter Issued May 21, 2007**  
**Incorporated May 10, 2007**

**OFFICERS:**

Chief Executive Officer: David P. Bobbitt  
President & Chief Operations Officer: Jerry C. Lyon  
Chief Financial Officer: Nicole M. Montgomery  
Chief Credit Officer: Donald J. Maryon

**DIRECTORS:**

William R. Basom; David P. Bobbitt;  
W. Bill Booth; David B. Holloway;  
Cyndie J. Lempesis; Jerry C. Lyon;  
Gary T. Schneidmiller; Jack P. Tibesar

<b>Cash and balances due from depository institutions:</b>	(000's omitted)
Noninterest-bearing balances and currency and coin.	1,055
Interest-bearing balances	25,859
<b>Securities:</b>	
Held-to-maturity securities	5,512
Available-for-sale securities	9,329
<b>Federal funds sold and securities purchased under agreements to resell:</b>	
Federal funds sold	205
Securities purchased under agreements to resell	0
<b>Loans and lease financing receivables:</b>	
Loans and leases held for sale	0
Loans and leases, net of unearned income	81,255
LESS: Allowance for loan and lease losses	1,197
Loans and leases, net of unearned income and allowance	80,058
<b>Trading assets</b>	0
<b>Premises and fixed assets (including capitalized leases)</b>	2,275
<b>Other real estate owned</b>	0
<b>Investments in unconsolidated subsidiaries and associated companies</b>	0
<b>Intangible assets</b>	0
<b>Other assets</b>	698
<b>Total assets</b>	124,991
<b>Deposits:</b>	
In domestic offices:	110,293
Noninterest-bearing	31,876
Interest-bearing	78,417
<b>Federal funds purchased and securities sold under agreements to repurchase:</b>	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
<b>Trading liabilities</b>	0
<b>Other borrowed money</b>	0
<b>Subordinated notes and debentures</b>	0
<b>Other liabilities</b>	534
<b>Total liabilities</b>	110,827
<b>Minority interest in consolidated subsidiaries</b>	0
<b>Perpetual preferred stock and related surplus</b>	0
<b>Common stock</b>	6,087
<b>Surplus (exclude all surplus related to preferred stock)</b>	6,635
<b>Retained earnings</b>	1,556
Accumulated other comprehensive income	(114)
<b>Other equity capital components</b>	0
<b>Total equity capital</b>	14,164
<b>Total liabilities, minority interest, and equity capital</b>	124,991

**DECEMBER 31, 2018**  
**D. L. EVANS BANK**  
**BURLEY, IDAHO**  
**Charter No. 26**  
**Charter Issued August 29, 1904**  
**Incorporated August 29, 1904**

**OFFICERS:**

President & CEO: John V. Evans, Jr.  
Chief Administrative Officer: Brenda Sanford  
Chief Financial Officer: Curtis Smith  
Executive Vice President: John V. Evans, III

**DIRECTORS:**

David L. Evans, IV; Don S. Evans, III; Don S. Evans, Jr.;  
John V. Evans, Jr.; Larry L. Evans;  
Paula D. Evans; Susan D. Evans-Scarlett;  
Martha Gilgen; Glen R. Kunau

<b>Cash and balances due from depository institutions:</b>	(000's omitted)
Noninterest-bearing balances and currency and coin.	35,356
Interest-bearing balances	63,856
<b>Securities:</b>	
Held-to-maturity securities	0
Available-for-sale securities	315,896
<b>Federal funds sold and securities purchased under agreements to resell:</b>	
Federal funds sold	0
Securities purchased under agreements to resell	0
<b>Loans and lease financing receivables:</b>	
Loans and leases held for sale	3,282
Loans and leases, net of unearned income	1,076,270
LESS: Allowance for loan and lease losses	17,927
Loans and leases, net of unearned income and allowance	1,058,343
<b>Trading assets</b>	0
<b>Premises and fixed assets (including capitalized leases)</b>	52,383
<b>Other real estate owned</b>	4,105
<b>Investments in unconsolidated subsidiaries and associated companies</b>	0
<b>Intangible assets</b>	480
<b>Other assets</b>	39,995
<b>Total assets</b>	<u>1,573,696</u>
<b>Deposits:</b>	
In domestic offices:	1,302,414
Noninterest-bearing	495,759
Interest-bearing	806,655
<b>Federal funds purchased and securities sold under agreements to repurchase:</b>	
Federal funds purchased	0
Securities sold under agreements to repurchase	119,684
<b>Trading liabilities</b>	0
<b>Other borrowed money</b>	0
<b>Subordinated notes and debentures</b>	0
<b>Other liabilities</b>	8,841
<b>Total liabilities</b>	<u>1,430,939</u>
<b>Minority interest in consolidated subsidiaries</b>	0
<b>Perpetual preferred stock and related surplus</b>	0
<b>Common stock</b>	901
<b>Surplus (exclude all surplus related to preferred stock)</b>	75,525
<b>Retained earnings</b>	68,750
Accumulated other comprehensive income	(2,419)
<b>Other equity capital components</b>	0
<b>Total equity capital</b>	<u>142,757</u>
<b>Total liabilities, minority interest, and equity capital</b>	1,573,696



**DECEMBER 31, 2018**  
**FARMERS BANK**  
**BUHL, IDAHO**  
**Charter No. 265**  
**Charter Issued December 26, 2014**  
**Incorporated December 23, 2014**

**OFFICERS:**

President: Mike Hamilton  
Chief Operations Officer: Lee Cline  
Chief Information Officer: Pat Hamilton, Jr.  
Chief Financial Officer: Darcie Upton  
Senior Credit Officer: Coni Bolton

**DIRECTORS:**

John Gibson; Mike Hamilton;  
Pat Hamilton, Jr.; Vince Hamilton;  
Walter C. Nelson; Jay L. Nielsen

<b>Cash and balances due from depository institutions:</b>	(000's omitted)
Noninterest-bearing balances and currency and coin.	17,626
Interest-bearing balances	8,354
<b>Securities:</b>	
Held-to-maturity securities	37,037
Available-for-sale securities	144,870
<b>Federal funds sold and securities purchased under agreements to resell:</b>	
Federal funds sold	5,160
Securities purchased under agreements to resell	0
<b>Loans and lease financing receivables:</b>	
Loans and leases held for sale	1,552
Loans and leases, net of unearned income	245,707
LESS: Allowance for loan and lease losses	6,024
Loans and leases, net of unearned income and allowance	239,683
<b>Trading assets</b>	0
<b>Premises and fixed assets (including capitalized leases)</b>	1,119
<b>Other real estate owned</b>	0
<b>Investments in unconsolidated subsidiaries and associated companies</b>	0
<b>Intangible assets</b>	0
<b>Other assets</b>	7,626
<b>Total assets</b>	463,027
<b>Deposits:</b>	
In domestic offices:	396,060
Noninterest-bearing	110,706
Interest-bearing	285,354
<b>Federal funds purchased and securities sold under agreements to repurchase:</b>	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
<b>Trading liabilities</b>	0
<b>Other borrowed money</b>	0
<b>Subordinated notes and debentures</b>	0
<b>Other liabilities</b>	904
<b>Total liabilities</b>	396,964
<b>Minority interest in consolidated subsidiaries</b>	0
<b>Perpetual preferred stock and related surplus</b>	0
<b>Common stock</b>	2,000
<b>Surplus (exclude all surplus related to preferred stock)</b>	12,174
<b>Retained earnings</b>	53,571
Accumulated other comprehensive income	(1,682)
<b>Other equity capital components</b>	0
<b>Total equity capital</b>	66,063
<b>Total liabilities, minority interest, and equity capital</b>	463,027

**DECEMBER 31, 2018**  
**IDAHO FIRST BANK**  
**MCCALL, IDAHO**  
**Charter No. 259**  
**Charter Issued September 3, 2005**  
**Incorporated March 3, 2005**

**OFFICERS:**

President & CEO: P. Greg Lovell  
Chief Financial Officer: Stephen Speidel  
Chief Credit Officer: Kathleen Lewis  
Chief Credit Administrator: Shannon Stoeger

**DIRECTORS:**

James L. Fletcher; Daniel C. Krahn;  
Larry LaRocco; P. Greg Lovell;  
Mark J. Miller; Michael M. Mooney;  
William B. Rawlings; Andrew J. Scoggin

<b>Cash and balances due from depository institutions:</b>	(000's omitted)
Noninterest-bearing balances and currency and coin.	3,778
Interest-bearing balances	13,787
<b>Securities:</b>	
Held-to-maturity securities	0
Available-for-sale securities	12,505
<b>Federal funds sold and securities purchased under agreements to resell:</b>	
Federal funds sold	0
Securities purchased under agreements to resell	0
<b>Loans and lease financing receivables:</b>	
Loans and leases held for sale	1,745
Loans and leases, net of unearned income	165,085
LESS: Allowance for loan and lease losses	2,114
Loans and leases, net of unearned income and allowance	162,971
<b>Trading assets</b>	0
<b>Premises and fixed assets (including capitalized leases)</b>	4,437
<b>Other real estate owned</b>	0
<b>Investments in unconsolidated subsidiaries and associated companies</b>	0
<b>Intangible assets</b>	0
<b>Other assets</b>	4,626
<b>Total assets</b>	203,849
<b>Deposits:</b>	
In domestic offices:	180,246
Noninterest-bearing	41,530
Interest-bearing	138,716
<b>Federal funds purchased and securities sold under agreements to repurchase:</b>	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
<b>Trading liabilities</b>	0
<b>Other borrowed money</b>	5,000
<b>Subordinated notes and debentures</b>	0
<b>Other liabilities</b>	528
<b>Total liabilities</b>	185,774
<b>Minority interest in consolidated subsidiaries</b>	0
<b>Perpetual preferred stock and related surplus</b>	0
<b>Common stock</b>	23,986
<b>Surplus (exclude all surplus related to preferred stock)</b>	0
<b>Retained earnings</b>	(5,709)
Accumulated other comprehensive income	(202)
<b>Other equity capital components</b>	0
<b>Total equity capital</b>	18,075
<b>Total liabilities, minority interest, and equity capital</b>	203,849

**DECEMBER 31, 2018**  
**IDAHO INDEPENDENT BANK**  
**COEUR D'ALENE, IDAHO**  
**Charter No. 246**  
**Charter Issued September 7, 1993**  
**Incorporated November 3, 1992**

**OFFICERS:**

President & CEO: Kurt R. Gustavel  
Cashier: Paul H. Montreuil

**DIRECTORS:**

Richard D'Ambrosio; Roy L. Eiguren;  
Jack W. Gustavel; Kurt R. Gustavel;  
Jerald J. Jaeger; Alicia A. Ritter

<b>Cash and balances due from depository institutions</b>	(000's omitted)
Noninterest-bearing balances and currency and coin.	14,299
Interest-bearing balances	277,007
<b>Securities:</b>	
Held-to-maturity securities	0
Available-for-sale securities	60,187
<b>Federal funds sold and securities purchased under agreements to resell</b>	
Federal funds sold	254
Securities purchased under agreements to resell	0
<b>Loans and lease financing receivables</b>	
Loans and leases held for sale	1,478
Loans and leases, net of unearned income	356,771
LESS: Allowance for loan and lease losses	6,297
Loans and leases, net of unearned income and allowance	350,474
<b>Trading assets</b>	4,274
<b>Premises and fixed assets (including capitalized leases)</b>	14,469
<b>Other real estate owned</b>	803
<b>Investments in unconsolidated subsidiaries and associated companies</b>	0
<b>Intangible assets</b>	0
<b>Other assets</b>	23,936
<b>Total assets</b>	747,181
<b>Deposits:</b>	
In domestic offices:	615,829
Noninterest-bearing	242,591
Interest-bearing	373,238
<b>Federal funds purchased and securities sold under agreements to repurchase</b>	
Federal funds purchased	0
Securities sold under agreements to repurchase	37,594
<b>Trading liabilities</b>	4,274
<b>Other borrowed money</b>	4,000
<b>Subordinated notes and debentures</b>	0
<b>Other liabilities</b>	8,433
<b>Total liabilities</b>	670,130
<b>Minority interest in consolidated subsidiaries</b>	0
<b>Perpetual preferred stock and related surplus</b>	0
<b>Common stock</b>	46,322
<b>Surplus (exclude all surplus related to preferred stock)</b>	42,367
<b>Retained earnings</b>	6,320
Accumulated other comprehensive income	(320)
<b>Other equity capital components</b>	(17,638)
<b>Total equity capital</b>	77,051
<b>Total liabilities, minority interest, and equity capital</b>	747,181

**DECEMBER 31, 2018**  
**IDAHO TRUST BANK**  
**BOISE, IDAHO**  
**Charter No. 263**  
**Charter Issued December 4, 2008**  
**Incorporated December 4, 2008**

**OFFICERS:**

President & CEO: Thomas F. Prohaska  
President: Chief Financial Officer: Ronnie Zivanic  
Chief Credit Officer: James A. Kinshella  
Chief Banking Officer: Joel S. Hickman

**DIRECTORS:**

Matthew J. Baker; John B. Dimmer;  
Stanley K. Fornander; Richard H. Jones;  
Daniel W. Prohaska; Thomas F. Prohaska

<b>Cash and balances due from depository institutions:</b>	(000's omitted)
Noninterest-bearing balances and currency and coin.	2,698
Interest-bearing balances	29,860
<b>Securities:</b>	
Held-to-maturity securities	0
Available-for-sale securities	656
<b>Federal funds sold and securities purchased under agreements to resell:</b>	
Federal funds sold	319
Securities purchased under agreements to resell	0
<b>Loans and lease financing receivables:</b>	
Loans and leases held for sale	0
Loans and leases, net of unearned income	84,177
LESS: Allowance for loan and lease losses	905
Loans and leases, net of unearned income and allowance	83,272
<b>Trading assets</b>	0
<b>Premises and fixed assets (including capitalized leases)</b>	3,173
<b>Other real estate owned</b>	0
<b>Investments in unconsolidated subsidiaries and associated companies</b>	0
<b>Intangible assets:</b>	155
<b>Other assets</b>	6,860
<b>Total assets</b>	<u>126,993</u>
<b>Deposits:</b>	
In domestic offices:	107,787
Noninterest-bearing	26,293
Interest-bearing	81,494
<b>Federal funds purchased and securities sold under agreements to repurchase:</b>	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
<b>Trading liabilities</b>	0
<b>Other borrowed money</b>	0
<b>Subordinated notes and debentures</b>	0
<b>Other liabilities</b>	336
<b>Total liabilities</b>	<u>108,123</u>
<b>Minority interest in consolidated subsidiaries</b>	0
<b>Perpetual preferred stock and related surplus</b>	0
<b>Common stock</b>	2,000
<b>Surplus (exclude all surplus related to preferred stock)</b>	15,517
<b>Retained earnings</b>	1,358
Accumulated other comprehensive income	(5)
<b>Other equity capital components</b>	0
<b>Total equity capital</b>	<u>18,870</u>
<b>Total liabilities, minority interest, and equity capital</b>	126,993

**DECEMBER 31, 2018**  
**IRELAND BANK**  
**MALAD CITY, IDAHO**  
**Charter No. 7**  
**Charter Issued May 1, 1899**  
**Incorporated December 8, 1892**

**OFFICERS:**

President & CEO: Bruce Lowry  
Chief Operations Officer: Cheryl Sorensen  
Chief Financial Officer: Tony McClain  
Chief Credit Officer: Blake Marchant

**DIRECTORS:**

Timothy P. Deeg; David G. Jenkins;  
Bruce Lowry; Randall E. Marshall;  
Randon W. Wilson

<b>Cash and balances due from depository institutions:</b>	(000's omitted)
Noninterest-bearing balances and currency and coin.	2,190
Interest-bearing balances	5,043
<b>Securities:</b>	
Held-to-maturity securities	5,562
Available-for-sale securities	49,058
<b>Federal funds sold and securities purchased under agreements to resell:</b>	
Federal funds sold	0
Securities purchased under agreements to resell	0
<b>Loans and lease financing receivables:</b>	
Loans and leases held for sale	0
Loans and leases, net of unearned income	161,806
LESS: Allowance for loan and lease losses	1,675
Loans and leases, net of unearned income and allowance	160,131
<b>Trading assets</b>	0
<b>Premises and fixed assets (including capitalized leases)</b>	1,607
<b>Other real estate owned</b>	810
<b>Investments in unconsolidated subsidiaries and associated companies</b>	0
<b>Intangible assets</b>	222
<b>Other assets</b>	9,573
<b>Total assets</b>	<u>234,196</u>
<b>Deposits:</b>	
In domestic offices:	205,336
Noninterest-bearing	84,592
Interest-bearing	120,744
<b>Federal funds purchased and securities sold under agreements to repurchase:</b>	
Federal funds purchased	0
Securities sold under agreements to repurchase	95
<b>Trading liabilities</b>	0
<b>Other borrowed money</b>	3,420
<b>Subordinated notes and debentures</b>	0
<b>Other liabilities</b>	803
<b>Total liabilities</b>	<u>209,654</u>
<b>Minority interest in consolidated subsidiaries</b>	0
<b>Perpetual preferred stock and related surplus</b>	0
<b>Common stock</b>	705
<b>Surplus (exclude all surplus related to preferred stock)</b>	6,370
<b>Retained earnings</b>	18,377
Accumulated other comprehensive income	(910)
<b>Other equity capital components</b>	0
<b>Total equity capital</b>	<u>24,542</u>
<b>Total liabilities, minority interest, and equity capital</b>	234,196

**DECEMBER 31, 2018**  
**NORTHWEST BANK**  
**BOISE, IDAHO**  
**Charter No. 262**  
**Charter Issued March 25, 2008**  
**Incorporated September 6, 2007**

**OFFICERS:**

President & Chief Executive Officer: James R. Shulman  
Chief Financial Officer: Jennifer Nino  
Chief Credit Officer: Autumn Hickman

**DIRECTORS:**

Jeffery D. Gow; William K. Ilett;  
John D. Jackson; Gary G. Michael;  
John W. Mitchell; James R. Schulman;  
Robert A. Underhill; Steven D. Wasson

<b>Cash and balances due from depository institutions:</b>	(000's omitted)
Noninterest-bearing balances and currency and coin.	7,117
Interest-bearing balances	64,706
<b>Securities:</b>	
Held-to-maturity securities	0
Available-for-sale securities	39,297
<b>Federal funds sold and securities purchased under agreements to resell:</b>	
Federal funds sold	0
Securities purchased under agreements to resell	0
<b>Loans and lease financing receivables:</b>	
Loans and leases held for sale	0
Loans and leases, net of unearned income	560,005
LESS: Allowance for loan and lease losses	6,773
Loans and leases, net of unearned income and allowance	553,232
<b>Trading assets</b>	0
<b>Premises and fixed assets (including capitalized leases)</b>	1,451
<b>Other real estate owned</b>	0
<b>Investments in unconsolidated subsidiaries and associated companies</b>	1,262
<b>Intangible assets</b>	908
<b>Other assets</b>	8,911
<b>Total assets</b>	676,884
<b>Deposits:</b>	
In domestic offices:	
Noninterest-bearing	564,225
Interest-bearing	177,729
Interest-bearing	386,496
<b>Federal funds purchased and securities sold under agreements to repurchase:</b>	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
<b>Trading liabilities</b>	0
<b>Other borrowed money</b>	21,666
<b>Subordinated notes and debentures</b>	0
<b>Other liabilities</b>	5,467
<b>Total liabilities</b>	591,358
<b>Minority interest in consolidated subsidiaries</b>	0
<b>Perpetual preferred stock and related surplus</b>	0
<b>Common stock</b>	3,500
<b>Surplus (exclude all surplus related to preferred stock)</b>	51,893
<b>Retained earnings</b>	30,503
Accumulated other comprehensive income	(370)
<b>Other equity capital components</b>	0
<b>Total equity capital</b>	85,526
<b>Total liabilities, minority interest, and equity capital</b>	676,884

**DECEMBER 31, 2018**  
**THE BANK OF COMMERCE**  
**IDAHO FALLS, IDAHO**  
**Charter No. 225**  
**Charter Issued March 30, 1959**  
**Incorporated March 30, 1959**

**OFFICERS:**

President & CEO: Thomas J. Romrell  
Chief Financial Officer: Ronald M. Johnson  
Chief Credit Officer: A. Michael Morrison  
Chief Operating Officer: Carlan McDaniel

**DIRECTORS:**

Ross M. Bowen;  
Calvin J. Erb; Newman Giles;  
Todd Groberg; Bruce Lake;  
William Reed; Thomas J. Romrell

<b>Cash and balances due from depository institutions:</b>	(000's omitted)
Noninterest-bearing balances and currency and coin.	38,149
Interest-bearing balances	160,089
<b>Securities:</b>	
Held-to-maturity securities	68,397
Available-for-sale securities	64,830
<b>Federal funds sold and securities purchased under agreements to resell:</b>	
Federal funds sold	45,024
Securities purchased under agreements to resell	0
<b>Loans and lease financing receivables:</b>	
Loans and leases held for sale	858
Loans and leases, net of unearned income	850,991
LESS: Allowance for loan and lease losses	12,168
Loans and leases, net of unearned income and allowance	838,823
<b>Trading assets</b>	0
<b>Premises and fixed assets (including capitalized leases)</b>	17,651
<b>Other real estate owned</b>	1,192
<b>Investments in unconsolidated subsidiaries and associated companies</b>	0
<b>Intangible assets</b>	0
<b>Other assets</b>	15,063
<b>Total assets</b>	1,250,076
<b>Deposits:</b>	
In domestic offices:	1,058,395
Noninterest-bearing	482,620
Interest-bearing	575,775
<b>Federal funds purchased and securities sold under agreements to repurchase:</b>	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
<b>Trading liabilities</b>	0
<b>Other borrowed money</b>	0
<b>Subordinated notes and debentures</b>	0
<b>Other liabilities</b>	9,349
<b>Total liabilities</b>	1,067,744
<b>Minority interest in consolidated subsidiaries</b>	0
<b>Perpetual preferred stock and related surplus</b>	0
<b>Common stock</b>	2,000
<b>Surplus (exclude all surplus related to preferred stock)</b>	29,200
<b>Retained earnings</b>	151,067
Accumulated other comprehensive income	65
<b>Other equity capital components</b>	0
<b>Total equity capital</b>	182,332
<b>Total liabilities, minority interest, and equity capital</b>	1,250,076

**DECEMBER 31, 2018**  
**TWIN RIVER BANK**  
**LEWISTON, IDAHO**  
**Charter No. 266**  
**Charter Issued June 9, 2017**  
**Incorporated April 20, 2017**

**OFFICERS:**

President & CEO: Jody Servatius  
Chief Financial Officer: Marni Bann  
Senior Lender: William Deibel

**DIRECTORS:**

Marni Bann; Bryan Bentz;  
Bradley A. Cannon; William Deibel; James C. Luper;  
Michael T. Rooney M.D.; Jody Servatius; David Stegner;  
Tom Turnbow; John D. Vassar; Rick Wasem

<b>Cash and balances due from depository institutions:</b>	(000's omitted)
Noninterest-bearing balances and currency and coin.	1,530
Interest-bearing balances	38,188
<b>Securities:</b>	
Held-to-maturity securities	1,102
Available-for-sale securities	2,387
<b>Federal funds sold and securities purchased under agreements to resell:</b>	
Federal funds sold	466
Securities purchased under agreements to resell	0
<b>Loans and lease financing receivables:</b>	
Loans and leases held for sale	0
Loans and leases, net of unearned income	54,964
LESS: Allowance for loan and lease losses	548
Loans and leases, net of unearned income and allowance	54,416
<b>Trading assets</b>	0
<b>Premises and fixed assets (including capitalized leases)</b>	1,285
<b>Other real estate owned</b>	329
<b>Investments in unconsolidated subsidiaries and associated companies</b>	0
<b>Intangible assets:</b>	0
<b>Other assets</b>	359
<b>Total assets</b>	100,062
<b>Deposits:</b>	
In domestic offices:	91,610
Noninterest-bearing	21,350
Interest-bearing	70,260
<b>Federal funds purchased and securities sold under agreements to repurchase:</b>	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
<b>Trading liabilities</b>	0
<b>Other borrowed money</b>	0
<b>Subordinated notes and debentures</b>	0
<b>Other liabilities</b>	126
<b>Total liabilities</b>	91,736
<b>Minority interest in consolidated subsidiaries</b>	0
<b>Perpetual preferred stock and related surplus</b>	0
<b>Common stock</b>	850
<b>Surplus (exclude all surplus related to preferred stock)</b>	927
<b>Retained earnings</b>	6,562
Accumulated other comprehensive income	(13)
<b>Other equity capital components</b>	0
<b>Total equity capital</b>	8,326
<b>Total liabilities, minority interest, and equity capital</b>	100,062









**STATE OF IDAHO**  
**STATE-CHARTERED CREDIT UNIONS**  
**COMPARATIVE STATEMENT**  
**Close of Business 12/31/17 and 12/31/18**

	2018	2017	% Change
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	244,143,748	164,414,995	48.5
Unsecured Credit Card Loans	232,711,586	211,483,987	10.0
All Other Unsecured Loans	64,158,790	64,409,079	(0.4)
New Auto Loans	864,411,962	872,058,605	(0.9)
Used Auto Loans	1,250,669,910	1,182,476,361	5.8
First Mortgage Real Estate Loans/Lines of Credit	1,650,298,591	1,379,254,443	19.7
Other Real Estate Loans/Lines of Credit	825,517,275	627,636,374	31.5
Other Loans, Leases, and Non-Federally Guaranteed Student Loans	646,586,630	560,873,612	15.3
Total Loans	5,534,354,744	4,898,192,461	13.0
Allowance for Loan and Lease Losses	(30,041,979)	(23,434,346)	28.2
Loans Held for Sale	29,068,439	27,488,304	5.7
Loans Including Loans for Sale Less ALLL	5,533,381,204	4,902,246,419	12.9
Available for Sale (AFS) Securities	179,642,103	52,743,913	240.6
Held-to-Maturity Securities	8,030,950	8,865,064	(9.4)
Deposits in Commercial Banks, Savings & Loans, Savings Banks Loans To, Deposits in, and Investments in Natural Person Credit Unions	107,528,951	120,006,508	(10.4)
25,590,716	20,357,748	25.7	
Membership Capital and Paid-In Capital at Corporate Credit Unions	3,786,876	2,963,366	27.8
All Other Investments in Corporate Credit Unions	3,258,899	3,265,956	(0.2)
All Other Investments	61,867,752	46,995,990	31.6
Total Investments	389,706,247	255,198,545	52.7
Land and Building (Net of Depreciation)	258,448,616	186,701,748	38.4
Other Fixed Assets	22,022,243	19,727,315	11.6
NCUA Share Insurance Capitalization Deposit	45,354,335	39,925,697	13.6
Other Assets	127,700,832	86,554,439	47.5
<b>TOTAL ASSETS</b>	<b>6,620,757,225</b>	<b>5,654,769,158</b>	<b>17.1</b>
<b><u>LIABILITES, SHARES AND EQUITY</u></b>			
Promissory and Other Notes Payable	499,184,555	295,101,495	69.2
Accrued Dividends and Interest Payable	8,480,842	5,734,394	47.9
Accounts Payable and Other Liabilities	102,139,960	103,464,688	(1.3)
Total Liabilities	609,805,357	404,300,577	50.8
Share Drafts	584,934,839	924,091,175	(36.7)
Regular Shares	1,942,160,703	1,257,137,999	54.5
All Other Shares and Deposits	2,897,514,457	2,569,619,772	12.8
Total Shares and Deposits	5,424,609,999	4,750,848,946	14.2
Undivided Earnings	463,303,089	389,348,179	19.0
Regular Reserves	118,079,196	104,575,523	12.9
Other Reserves	229,117	229,117	(0.0)
Equity Acquired in Merger	15,417,483	15,417,482	(0.0)
Miscellaneous Equity	-	-	(0.0)
Unrealized Gain/Loss on AFS Securities	(1,224,793)	(950,208)	(28.9)
Other Comprehensive Income	(9,462,223)	(9,000,458)	(5.1)
Total Equity	586,341,869	499,619,635	17.4
<b>TOTAL LIABILITIES, SHARES, AND EQUITY</b>	<b>6,620,757,225</b>	<b>5,654,769,158</b>	<b>17.1</b>

**STATE OF IDAHO  
STATE-CHARTERED CREDIT UNIONS  
TOTAL ASSETS**

Name	City	State	12/31/2018	12/31/2017	% Change
<b>Idaho State-Chartered Credit Unions</b>					
Boise Fire Department Credit Union	Boise	ID	\$ 8,348,782	\$ 8,659,714	(3.6)
Clarity Credit Union	Nampa	ID	77,934,663	71,322,238	9.3
Connections Credit Union	Pocatello	ID	170,403,864	154,772,553	10.1
E.S.A. Credit Union	Boise	ID	6,269,659	6,633,610	(5.5)
East Idaho Credit Union	Idaho Falls	ID	292,276,414	273,696,372	6.8
Freedom Northwest Credit Union	Kamiah	ID	157,570,045	115,360,363	36.6
Health Care Idaho Credit Union	Boise	ID	13,107,256	12,646,998	3.6
Icon Credit Union	Boise	ID	292,838,362	278,137,320	5.3
Idaho Central Credit Union	Pocatello	ID	4,315,062,932	3,538,145,826	22.0
Idaho United Credit Union	Boise	ID	36,110,102	35,722,267	1.1
Latah Credit Union	Moscow	ID	103,226,426	97,454,969	5.9
Lewis Clark Credit Union	Lewiston	ID	109,926,327	98,469,131	11.6
Members Preferred Credit Union	Idaho Falls	ID	28,649,127	26,719,015	7.2
Mini-Cassia Employees Credit Union	Burley	ID	538,652	599,961	(10.2)
Mountain Gem Credit Union	Nampa	ID	17,709,223	20,373,727	(13.1)
Northwest Christian Credit Union	Nampa	ID	61,847,997	57,789,343	7.0
Pine Tree Community Credit Union	Grangeville	ID	52,724,214	48,740,332	8.2
Pocatello Simplot Credit Union	Pocatello	ID	29,748,245	29,256,245	1.7
Simplot Employees Credit Union	Caldwell	ID	20,447,179	20,014,266	2.2
St. Alphonsus Medical Credit Union	Boise	ID	5,539,321	5,479,616	1.1
St. Joe Valley Credit Union	St. Maries	ID	8,626,303	8,858,326	(2.6)
Westmark Credit Union	Idaho Falls	ID	811,852,132	737,824,864	10.0
White Pine Credit Union (merged)	Pierce	ID	<u>0.00</u>	<u>8,092,102</u>	<u>-100.0</u>
<b>Total Idaho State-Chartered Credit Union Assets</b>			<b>\$ 6,620,757,225</b>	<b>\$ 5,654,769,158</b>	<b>17.1</b>
<b>Other State-Chartered Credit Unions Operating in Idaho (Idaho Assets)</b>					
Boeing Employees Credit Union	Tukwila	WA	\$ 9,886,533	\$ 2,240,000	341.4
Gesa Credit Union	Richland	WA	21,162,559	7,345,031	188.1
Global Credit Union	Spokane	WA	17,055,475	19,288,683	(11.6)
Horizon Credit Union	Spokane	WA	50,367,748	54,067,348	(6.8)
Numerica Credit Union	Spokane	WA	330,940,890	292,872,096	13.0
Responders Emergency Services Credit Union	Spokane	WA	1,127,002	517,024	118.0
Silverado Credit Union	Angwin	CA	1,361,896	1,288,892	5.7
Spokane City Credit Union	Spokane	WA	759,185	0	n/a
Spokane Teachers Credit Union	Spokane	WA	<u>204,870,183</u>	<u>147,777,610</u>	<u>38.6</u>
<b>Total Other State-Chartered Credit Unions</b>			<b>\$ 637,531,471</b>	<b>\$ 525,396,684</b>	<b>21.3</b>
<b>Total Idaho Assets</b>			<b>\$ 7,258,288,696</b>	<b>\$ 6,180,165,842</b>	<b>17.4</b>





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## SECURITIES BUREAU SANCTIONS REPORT

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### *I. CIVIL ENFORCEMENT ACTIONS INITIATED OR COMPLETED UNDER THE IDAHO UNIFORM SECURITIES ACT*

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July 20, 2018

**SEAN ZARINEGAR and PERFORMANCE REALTY MANAGEMENT, LLC, Defendants, and PREMIUM PERFORMANCE GROUP, LLC, CBA CAPITAL, INC., CORIX BIOSCIENCE, INC., KORIZ, LLC, and KORI ZARINEGAR, Nominal Defendants. (Idaho and Arizona)** – A civil securities lawsuit was filed against Sean Zarinigar (“Zarinigar”) and Performance Realty Management, LLC (“PRM”), defendants, and Premium Performance Group, LLC, CBA Capital, Inc., Corix Bioscience, Inc., Koriz, LLC, and Kori Zarinigar, nominal defendants, in July 2018. The suit alleges that Zarinigar and PRM violated the antifraud provisions of the Idaho Uniform Securities Act. The Department alleged that Zarinigar and PRM defrauded an Idaho investor by 1) diverting the investor’s funds to Zarinigar’s personal use without specifically disclosing that use to the Idaho investor, 2) failing to disclose that Zarinigar had been sanctioned by the states of Kansas and Alabama for securities law violations, and 3) failing to disclose that the Idaho investor’s investment would be converted from an investment in a real estate company that made its income from owning and managing real estate to a company growing and selling hemp and marijuana.

On September 30, 2019, the Honorable Samuel A. Hoagland, District Court Judge for the Fourth Judicial District of Ada County, entered a judgment and permanent injunction against Zarinigar and PRM. The Court ordered Zarinigar and PRM to pay restitution in the amount of \$550,800. Zarinigar and PRM were also ordered to pay \$20,000 in penalties and were permanently enjoined from issuing, offering or selling securities in the state of Idaho.

On October 15, 2019, Zarinigar filed a Notice of Appeal. This matter is pending.



October 25, 2018

**SHILOH MANAGEMENT SERVICES, INC., NATHAN WARD PYLES, an individual and dba SHILOH MANAGEMENT SERVICES, INC., and ROGER BUTTON, Boise, ID** – A civil securities lawsuit was filed against Shiloh Management Services, Inc. (“Shiloh”), Nathan Ward Pyles (“Pyles”), an individual and dba Shiloh Management Services, Inc., and Roger Button (“Button”) in October, 2018. The suit alleges that the Defendants violated registration and anti-fraud provisions of the Idaho Uniform Securities Act through operation of an investment scheme. Button was named in the suit for his part in materially aiding Pyles in the scheme. The real estate-related investment enterprise operated in and around Ada County.

The Department alleges that Pyles defrauded investors by 1) misleading investors about the safety and security of their investment, 2) diverting investor funds to repay prior investors as well as for Pyle’s personal use without specifically disclosing that use to investors, 3) failing to provide complete financial disclosures about his businesses and the actual risk of the investments, and 4) selling unregistered securities. It is alleged that the operation developed into a Ponzi scheme over time with aspects of affinity fraud raising more than \$28 million from 55 investors. The Department seeks approximately \$4.88 million in investor restitution and \$300,000 in civil penalties, while also asking the court for restrictions on the Defendants’ future business dealings in Idaho.

This matter is set for trial on November 10, 2020 before the Honorable Nancy A. Baskin, District Court Judge for the Fourth Judicial District of Ada County.

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**II. ADMINISTRATIVE SANCTIONS & ORDERS ISSUED UNDER THE IDAHO  
UNIFORM SECURITIES ACT/IDAHO ESCROW ACT/IDAHO MONEY  
TRANSMITTERS ACT**

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July 23, 2018

**CONESTOGA SETTLEMENT TRUST; CONESTOGA SETTLEMENT SERVICES, LLC; CONESTOGA INTERNATIONAL, LLC, DE and Puerto Rico** – Agreement and Order – The Department found that Conestoga Settlement Trust, Conestoga Settlement Services, LLC, and Conestoga International, LLC (the Respondents) violated the Idaho Uniform Securities Act by 1) offering and selling securities through agents not registered as required, and 2) omitting material information to investors in violation of Idaho securities laws. According to the Order, the Department found that the Respondents issued life settlement contracts to Idaho investors since at least 2010.

In resolution, the Respondent agreed to 1) admit the findings of violations set forth in the Order, 2) provide supplemental disclosures to all Idaho investors, 3) pay a civil penalty of \$30,000, 4) voluntarily not conduct any business regarding the offer and sale of securities in Idaho for eighteen months, and 5) comply with the requirements of the Idaho Uniform Securities Act in the future.

September 19, 2018

**ERIC FRANCISCO BULLOCK, Syracuse, UT** – Agreement and Order – The Department found that Eric Francisco Bullock (the Respondent) violated the Idaho Uniform Securities Act by 1) offering and selling unregistered securities, 2) offering and selling securities while not registered as required, and 3) omitting material information to investors in violation of Idaho securities laws. In this matter, the Department found that the Respondent solicited and sold promissory notes, issued by Woodbridge Mortgage Investments Funds, in 2017.

In resolution, the Respondent agreed to 1) admit the findings of violations set forth in the Order, 2) pay restitution of \$18,000, 3) pay a civil penalty of \$3,000, and 4) comply with the requirements of the Idaho Uniform Securities Act in the future.

September 28, 2018

**JAMES DANIEL HELGESON, Billings, MT** – Agreement and Order – The Department found that James Daniel Helgeson (the Respondent)

violated the Idaho Uniform Securities Act by 1) offering and selling securities while not registered as required, and 2) omitting material information to investors in violation of Idaho securities laws. In this matter, the Department found that the Respondent solicited and sold promissory notes, issued by Woodbridge Mortgage Investments Funds, in 2014 and 2015.

Without admitting or denying the findings of violations, the Respondent 1) consented to the entry of the order, 2) agreed to pay restitution of \$10,523.33, 3) agreed to pay a civil penalty of \$3,000, and 4) agreed to comply with the requirements of the Idaho Uniform Securities Act in the future.

October 15, 2018

**TIMOTHY RAY WALKER, Inkom, ID** – Agreement and Order – The Department found that Timothy Ray Walker (the Respondent) violated the Idaho Uniform Securities Act by 1) offering and selling unregistered securities, 2) offering and selling securities while not registered as required, and 3) omitting material information to investors in violation of Idaho securities laws. In this matter, the Department found that the Respondent solicited and sold promissory notes, issued by Woodbridge Mortgage Investments Funds, in 2017.

In resolution, the Respondent agreed to 1) admit the findings of violations set forth in the Order, 2) pay restitution of \$2,100, 3) pay a civil penalty of \$900, and 4) comply with the requirements of the Idaho Uniform Securities Act in the future.

October 22, 2018

**DOUGLAS WILLIAM CROOK, Albany, OR** – Agreement and Order – The Department found that Douglas William Crook (the Respondent) violated the Idaho Uniform Securities Act by 1) offering and selling unregistered securities, 2) offering and selling securities while not registered as required, and 3) omitting material information to investors in violation of Idaho securities laws. In this matter, the Department found that the Respondent solicited and sold promissory notes, issued by Woodbridge Mortgage Investments Funds, in 2017.

In resolution, the Respondent agreed to 1) admit the findings of violations set forth in the Order, 2) pay restitution of \$1,750, 3) pay a civil penalty of \$1,500, and 4) comply with the requirements of the Idaho Uniform Securities Act in the future.

October 22, 2018

**TWH ANNUITIES & INSURANCE AGENCY, INC., Corona, CA** – Agreement and Order – The Department found that TWH Annuities & Insurance Agency, Inc. (the Respondent) violated the Idaho Uniform Securities Act by 1) offering and selling unregistered securities, 2) offering and selling securities while not registered as required, 3) offering and selling securities through agents not registered as required, and 4) omitting material information to investors in violation of Idaho securities laws. In this matter, the Department found that the Respondent solicited and sold promissory notes, issued by Woodbridge Mortgage Investments Funds, in 2017.

Without admitting or denying the findings of violations, the Respondent 1) consented to the entry of the order, 2) agreed to pay restitution of \$500, 3) agreed to pay a civil penalty of \$1,000, and 4) agreed to comply with the requirements of the Idaho Uniform Securities Act in the future.

November 1, 2018

**DANIEL RAY GEORGE, Pocatello, ID** – Agreement and Order – The Department found that Daniel Ray George (the Respondent) violated the Idaho Uniform Securities Act by 1) offering and selling unregistered securities, and 2) offering and selling securities while not registered as required. In this matter, the Department found that the Respondent solicited and sold promissory notes, issued by Woodbridge Mortgage Investments Funds, in 2017.

In resolution, the Respondent agreed to 1) admit the findings of violations set forth in the Order, 2) pay restitution of \$4,050, 3) pay a civil penalty of \$1,500, and 4) comply with the requirements of the Idaho Uniform Securities Act in the future.

November 6, 2018

**BRADLEY KAY HOFHINES, Star, ID** – Agreement and Order – The Department found that Bradley Kay Hofhines (the Respondent) violated the Idaho Uniform Securities Act by 1) offering and selling securities while not registered as required. In this matter, the Department found that the Respondent solicited and sold life settlement contracts offered through Conestoga International, LLC, in 2014.

In resolution, the Respondent agreed to 1) admit the findings of violations set forth in the Order, 2) pay restitution of \$10,500, 3) pay a civil penalty of \$500, 4) not register as an investment adviser representative or broker-dealer representative until the restitution and penalty have been paid in full, and 5) comply with the requirements of the Idaho Uniform Securities Act in the future.

December 10, 2018

**RAYMOND EUGENE BROOKS, Anaheim, CA** – Agreement and Order – The Department found that Raymond Eugene Brooks (the Respondent) violated the Idaho Uniform Securities Act by 1) offering and selling unregistered securities, 2) offering and selling securities while not registered as required, and 3) omitting material information to investors in violation of Idaho securities laws. In this matter, the Department found that the Respondent solicited and sold promissory notes, issued by Woodbridge Mortgage Investments Funds, in 2017.

In resolution, the Respondent agreed to 1) admit the findings of violations set forth in the Order, 2) pay restitution of \$1,000, 3) pay a civil penalty of \$3,000, and 4) comply with the requirements of the Idaho Uniform Securities Act in the future.

December 10, 2018

**DANIEL J. MATHESON, Lehi, UT** – Agreement and Order – The Department found that Daniel J. Matheson (the Respondent) violated the Idaho Uniform Securities Act by 1) offering and selling unregistered securities, 2) offering and selling securities while not registered as required, and 3) omitting material information to investors in violation of Idaho securities laws. In this matter, the Department found that the Respondent solicited and sold promissory notes, issued by Woodbridge Mortgage Investments Funds, in 2017.

In resolution, the Respondent agreed to 1) admit the findings of violations set forth in the Order, 2) pay restitution of \$3,000, 3) pay a civil penalty of \$1,500, and 4) comply with the Idaho Uniform Securities Act in the future.

December 31, 2018

**LPL FINANCIAL, LLC, Boise, ID** – A multi-state consent order settling allegations involving LPL Financial, LLC (“LPL”) and states around the country, was entered into with Idaho in December 2018. LPL offered and sold unregistered, non-exempt securities in Idaho in violation of the Idaho Uniform Securities Act. LPL was also found to have acted negligently in canceling certain third-party services critical for compliance with state securities registration requirements; failing to supervise agents, staff, and employees in the performance of duties with respect to systems operation, process, and checks and balances to ensure compliance with state securities registration statutes, rules, and regulations; and failing to invest sufficient and appropriate resources in

personnel, expertise, systems, and operations to adequately comply with state securities registration statutes, rules, and regulations.

Under terms of the settlement, LPL agreed to offer to repurchase from investors securities held in LPL accounts determined to have been unregistered, non-exempt equity or fixed-income securities sold since October 1, 2006. Each offer also shall include 3 percent simple interest per year. Other requirements were agreed upon for investors holding affected securities sold or transferred from an LPL account. In addition, LPL paid to Idaho a civil penalty in the amount of \$499,000.

March 18, 2019

**AVALON EQUITY GROUP, INC., Tarzana, CA** – Agreement and Order – The Department found that Avalon Equity Group, Inc. (the Respondent) violated the Idaho Uniform Securities Act by 1) offering and selling unregistered securities, 2) offering and selling securities while not registered as required, 3) offering and selling securities through agents not registered as required, and 4) omitting material information to investors in violation of Idaho securities laws. In this matter, the Department found that the Respondent solicited and sold promissory notes, issued by Woodbridge Mortgage Investments Funds, in 2017.

Without admitting or denying the findings of violations, the Respondent 1) consented to the entry of the order, 2) agreed to pay restitution of \$1,633.33, 3) agreed to pay a civil penalty of \$1,500, and 4) agreed to comply with the requirements of the Idaho Uniform Securities Act in the future.

May 5, 2019

**ULTIMATE HOLDINGS CORPORATION AND WILLIAM RIESER – Boise, Idaho** - Ultimate Holdings Corporation (“UHC”), and William Rieser (“Rieser”), UHC’s chief executive officer and controlling shareholder, (collectively “the Respondents”) sold 16,000 shares of UHC common stock to seven individuals in 2017. Respondents were required to register the stock offering with the Department or to qualify for an exemption from registration, but failed to do either.

In resolution of this matter, Respondents agreed to 1) the findings of violation set forth in the Order, 2) refund the money to all investors in exchange for the return of the stock, 3) pay a \$1,000 fine, and 4) comply with all provisions of the Idaho Uniform Securities Act in the future.

May 27, 2019

**PROMINENT ESCROW SERVICES, INC., and QUALITY ESCROW, INC., Brea and Mission Viejo, California** – Agreement and Order – The Department found that Prominent Escrow Services, Inc. and Quality Escrow, Inc. (collectively “the Respondents”) violated the Idaho Escrow Act through a failure to obtain prior written consent of the director for a change in control and/or ownership.

In resolution of this matter, the Respondents agreed to 1) the findings of violation set forth in the Order, 2) pay a fine of \$1,000 each, and 3) operate in compliance with the Act. The Department subsequently approved the Respondents change in control and ownership.

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## CONSUMER FINANCE BUREAU SANCTIONS REPORT

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### *I. ORDERS ISSUED UNDER THE IDAHO COLLECTION AGENCY ACT*

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- October 23, 2018     **NATIONWIDE COLLECTIONS** (Bellflower, California) – On October 23, 2018, the Director issued an Order to Cease and Desist against Nationwide Collections, a California entity operating as a third-party collection agency, that had collected in Idaho without the license required by the Idaho Collection Agency Act (the Act). In the order, the Director found that the company had engaged in collection activity in Idaho while it failed to hold a license under the Act. The order required Nationwide Collections to immediately cease and desist from engaging in debt collection activity in Idaho without a license under the Act.
- November 19,2018     **BERMAN & RABIN, P.A.** (Overland Park, Kansas) – On November 19, 2018, the Idaho Department of Finance and Berman & Rabin, P.A. entered into an Agreement addressing this Kansas professional association’s acts of operating a collection agency business in Idaho without the license required by the Act. Under the terms of the Agreement, the company admitted to engaging in violations of §§ 26-2223(1), (2), and (6) of the Act to include collecting against Idaho residents without a license; agreed to cease and desist from all collection activities in Idaho until the company maintains a license to do so in Idaho; and agreed to pay to the Department an administrative penalty of \$1,000 and attorney fees and investigative costs in the amount of \$500. The company further agreed to abide by all provisions of the Act and rules promulgated thereunder at all times in the future. The company applied for and was granted an Idaho collection agency license.
- February 11, 2019     **DNC HOLDINGS, INC. dba ACCOUNTSRECEIVABLE.COM** (Orlando, Florida) – On February 11, 2019, the Director issued an Order to Cease and Desist against DCN Holdings, Inc. dba ACCOUNTSRECEIVABLE.COM (DCN), a Florida corporation operating as a collection agency. The Director found that DCN conducted collection business in Idaho without the license required by the Act. The order required DCN to immediately cease and desist from engaging in debt collection activity in Idaho without a license under the Act.



- April 8, 2019      **RAUCH-MILLIKEN INTERNATIONAL, INC.** (Metairie, Louisiana) – On April 8, 2019, the Idaho Department of Finance and Rauch-Milliken International, Inc. entered into a consent order addressing this Louisiana company’s acts of operating a collection agency business in Idaho without the license required by the Act. Under the terms of the consent order, the company admitted to the allegations contained in the consent order; agreed to cease and desist from all collection activities in Idaho until the company obtained a license to do so in Idaho; and agreed to pay to the Department an administrative penalty of \$9,000. The company further agreed to abide by all provisions of the Act and rules promulgated thereunder at all times in the future. The company previously entered into a consent order with the Department in 2011 for conducting unlicensed collection activity in Idaho.
- May 3, 2019      **XACT LAW FIRM, LLC and BRYSON HUNTER** (South Jordan, Utah) – On May 3, 2019, the Director issued an Order to Cease and Desist against Bryson Hunter and his company XAct Law Firm, LLC, a Utah entity operating as a credit repair company. In the order, the Director found that the company had engaged in credit repair activity in Idaho while it failed to hold a license under the Act. The order required XAct Law Firm and Bryson Hunter to immediately cease and desist from engaging in credit repair activity in Idaho without a license under the Act.
- May 12, 2019      **EDWARD WOLFF & ASSOCIATES LLC** (Austin, Texas) – On May 12, 2019, the Director issued an Order to Cease and Desist against Edward Wolff & Associates LLC, a Texas entity operating as a third-party collection agency that had collected in Idaho without the license required by the Idaho Collection Agency Act (the Act). In the order, the Director found that the company had engaged in collection activity in Idaho while it failed to hold a license under the Act. The order required the company to immediately cease and desist from engaging in debt collection activity in Idaho without a license under the Act.
- June 20, 2019      **HEALTHCARE REVENUE RECOVERY GROUP, LLC** (Sunrise, Florida) – On June 20, 2019, the Idaho Department of Finance and Healthcare Revenue Recovery Group, LLC (HRRG) entered into a consent order addressing this Florida company’s failure to maintain the minimum amount of surety bond as required by the Act. The Department reviewed HRRG’s annual bond calculation form and determined that HRRG had failed to increase its bond amount based upon the Idaho payments it collected during 2018. The Department issued two notices to HRRG regarding the bond deficiency, but HRRG failed to increase its bond amount. The Department issued a Verified Complaint for Revocation of Idaho Collection

Agency License and Notice of the Opportunity to Request a Hearing against HRRG on June 12, 2019. The Department requested that the Director revoke HRRG's Idaho collection agency license since HRRG failed to maintain the required surety bond amount and was in violation of the Act. HRRG responded by curing its bond deficiency and entered into the Consent Order with the Department, resolving the matters asserted in the Verified Complaint. HRRG paid a penalty of \$1,500 representing the two months, approximately, that it had an insufficient bond amount.

June 28, 2019

**AR & ASSOCIATES, LLC dba ADVANCED CREDIT SOLUTIONS** (Nampa, Idaho) – On June 28, 2019, the Idaho Department of Finance and AR & Associates, LLC dba Advanced Credit Solutions entered into a consent order addressing this Idaho company's acts of conducting credit repair business in Idaho for a period of time after it failed to renew its license as required by the Act. Under the terms of the consent order, the company admitted the allegations contained in the consent order; agreed to cease and desist from all collection activities in Idaho until the company obtained a license to do so in Idaho; and agreed to pay to the Department an administrative penalty of \$500. The company also agreed to pay restitution in the amount of \$7,058.99 by refunding the fees it received from Idaho consumers during the time it conducted unlicensed credit repair activity. The company further agreed to abide by all provisions of the Act and rules promulgated thereunder at all times in the future. The company applied for and was granted an Idaho collection agency license.

June 29, 2019

**DYNAMIC COLLECTORS, INCORPORATED** (Chehalis, Washington) – On June 29, 2019, the Idaho Department of Finance and Dynamic Collectors, Incorporated (Dynamic) entered into a consent order addressing this Washington company's failure to maintain the minimum amount of surety bond as required by the Act. The Department reviewed Dynamic's annual bond calculation form and determined that Dynamic had failed to increase its bond amount based upon the Idaho payments it collected during 2018. The Department issued two notices to Dynamic regarding the bond deficiency, but Dynamic failed to increase its bond amount. The Department issued a Verified Complaint for Revocation of Idaho Collection Agency License and Notice of the Opportunity to Request a Hearing against Dynamic on June 10, 2019. The Department requested that the Director revoke Dynamic's Idaho collection agency license since Dynamic failed to maintain the required surety bond amount and was in violation of the Act. Dynamic responded by curing its bond deficiency and entered into the Consent Order with the Department, resolving the matters asserted in the

Verified Complaint. Dynamic a penalty of \$1,500 representing the approximately three months that it had an insufficient bond amount.

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**II. ORDERS ISSUED UNDER THE IDAHO RESIDENTIAL  
MORTGAGE PRACTICES ACT**

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- November 14, 2018 **ADAM RHO** (Irvine, California) – On November 14, 2018, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding Mr. Rho failed to disclose required financial information within a Mortgage Loan Originator License Application. Mr. Rho did not request a hearing on the matter.
- December 3, 2018 **DALLAS KERRICK ISOM** (Las Vegas, Nevada) – On December 3, 2018, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding Mr. Isom failed to disclose required financial information within a Mortgage Loan Originator License Application. Mr. Isom did not request a hearing on the matter.
- December 17, 2018 **JAY HOON CHOE** (Irvine, California) – On December 17, 2018, the Director issued a Final Order Denying Mortgage Loan Originator License Renewal Application after Mr. Choe failed to update his NMLS record to disclose a material event that occurred since his original license application. Mr. Choe also failed to disclose required financial information on a license renewal application. Mr. Choe did not request a hearing on the matter.
- December 28, 2018 **APRIL LYN ISOM** (Boise, Idaho) – On December 28, 2018, the Director issued a Final Order Denying Mortgage Loan Originator License Application after Mrs. Isom failed to disclose required financial information within a Mortgage Loan Originator License Application. Mrs. Isom did not request a hearing on the matter.
- December 31, 2018 **DANIEL JOHN YSAIS** (San Juan Capistrano, California) – On December 31, 2018, the Director issued a Final Order Denying Mortgage Loan Originator License Application after Mr. Ysais failed to disclose required financial and administrative action information within a Mortgage Loan Originator License Application. Mr. Ysais did not request a hearing on the matter.

- January 23, 2019      **ALEJANDRO FLORES, dba FULL SPECTRUM LOANS** (Montebello, California) – On January 23, 2019, the Director issued an Order to Cease and Desist against Alejandro Flores, dba Full Spectrum Loans (the Respondent), a California entity purporting to conduct residential mortgage related activities. In the order, the Director found that the Respondent conducted unlicensed mortgage lending activities in Idaho in violation of the Idaho Residential Mortgage Practices Act. The Director also found that the Respondent violated the Idaho Financial Fraud Prevention Act by falsely assuming the identity of a licensed mortgage loan originator in order to defraud an Idaho resident who was seeking help to refinance his home. The order required the Respondent to immediately cease and desist from engaging in mortgage lending activity in Idaho without a license under the Idaho Residential Mortgage Practices Act and to immediately cease and desist from falsely impersonating the licensed mortgage loan originator under the Idaho Financial Fraud Protection Act.
- March 1, 2019      **DAVID NGUYEN** (Garden Grove, California) – On March 1, 2019, the Director issued a Final Order Denying Mortgage Loan Originator License Application after Mr. Nguyen failed to disclose required financial information within a Mortgage Loan Originator License Application. Mr. Nguyen did not request a hearing on the matter.
- April 8, 2019      **JERMAINE LAMONT WHIGHAM** (El Dorado Hills, California) – April 8, 2019, the Director issued a Final Order Denying Mortgage Loan Originator License Application after Mr. Whigham failed to disclose required financial information within a Mortgage Loan Originator License Application. Mr. Whigham did not request a hearing on the matter.
- April 8, 2019      **NATALIE RENEE COOKE** (Brea, California) – On April 8, 2019, the Director issued a Final Order Denying Mortgage Loan Originator License Application after Ms. Cooke failed to disclose required financial information within a Mortgage Loan Originator License Application. Ms. Cooke did not request a hearing on the matter.
- April 12, 2019      **ALLAN RAY EICHHORN** (Meridian, Idaho) – On April 12, 2019, the Director issued a Final Order concluding the matter in the Idaho Department of Finance’s denial of Allan Ray Eichhorn’s mortgage loan originator application. A Notice of Denial of Mortgage Loan Originator License Application and Notice of the Opportunity to Request a Hearing was issued on August 14, 2018, after Mr. Eichhorn failed to disclose required information on the licensing application that he submitted to the Department and for failing to update his licensing record, both required under the Idaho

Residential Mortgage Practices Act. Mr. Eichhorn contested the denial and an administrative hearing was held on February 26, 2019. On March 14, 2019, a Hearing Officer's Findings of Fact, Conclusions of Law, and Preliminary Order was issued, upholding the Department's denial of the licensure application. The Preliminary Order became final on May 13, 2019.

May 25, 2019

**BRENT PETERSON** (Draper, Utah) – On May 25, 2019, a Preliminary Order upholding the Department's denial of Mr. Peterson's mortgage loan originator license application became final. A Notice of Denial of Mortgage Loan Originator License Application and Notice of the Opportunity to Request a Hearing was issued on February 20, 2019, after Mr. Peterson failed to disclose required information on the licensing application that he submitted to the Department as required under the Idaho Residential Mortgage Practices Act. Mr. Peterson contested the denial and an administrative hearing was held on April 24, 2019. The Hearing Officer's Findings of Fact, Conclusions of Law, and Preliminary Order was issued on May 10, 2019 and Mr. Peterson did not file a Motion for Reconsideration by the May 24, 2019 deadline.

May 27, 2019

**JASON TOD WILSON** (Chandler, Arizona) – On May 27, 2019, the Director issued a Final Order Denying Mortgage Loan Originator License Application after Mr. Wilson failed to disclose required financial information within a Mortgage Loan Originator License Application. Mr. Wilson did not request a hearing on the matter.

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**YEARS OF STATE SERVICE AS OF JUNE 30, 2019**  
*Recognizing over 696 years of Combined Service to the State of Idaho*

Employee	Years of Service	Title
<b>ADMINISTRATION</b>		
Mary E. Hughes	29.2	Acting Director of Finance
Vacant	N/A	Securities Bureau Chief
Bradley Bergquist	38.7	Financial Institutions Bureau Chief
Anthony Polidori	18.7	Consumer Finance Bureau Chief
David L. Jensen	14.7	Supporting Services Bureau Chief
Lisa A. Baker	8.3	Administrative Assistant 2
<b>SUPPORTING SERVICES BUREAU</b>		
Jill R. Peterson-Pate	22.3	Financial Specialist
Amber Aberasturi	3.7	Human Resources Specialist
Aaron Hundt	3.4	Office Specialist 2
<b>FINANCIAL INSTITUTIONS BUREAU</b>		
Mark W. Boschulte	18.2	Financial Institution Examiner, Commissioned Sr.
Richard J. Sherrick	15.9	Financial Institution Examiner, Commissioned Sr.
Andrew C. Forth	14.9	Financial Institution Examiner, Commissioned Sr.
Jeffrey C. Reinhardt	10.0	Financial Institution Examiner, Commissioned Sr.
James J. Tunca	8.8	Financial Institution Examiner, Commissioned Sr.
Salvador Cruz	5.8	Financial Institution Examiner, Commissioned Sr.
Robert Moore	6.2	Financial Institution Examiner, Commissioned Sr.
Gordon E. Titus	9.3	Financial Institution Examiner, Commissioned
Sydney M. Hanchey	3.7	Financial Institution Examiner, Commissioned
Gabriel Quintero Corredor	3.8	Financial Institution Examiner, Commissioned
Marquita L Gonzales	3.4	Financial Institution Examiner 3*
Brandt J. Nevin	1.9	Financial Institution Examiner 2*
David J. Durrant	1.8	Financial Institution Examiner 2*
Scot D. Carpenter	2.0	Financial Institution Examiner 2*
Nathanael Garcia	0.1	Financial Institution Examiner 1*
Homero Rodriguez	8.7	Financial Institution IT Examiner
Tracy L. English	6.4	Administrative Assistant 1
Elizabeth Adcock	6.7	Office Specialist 2
		*underfilling Financial Institution Examiner, Commissioned
<b>CONSUMER FINANCE BUREAU</b>		
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Erin Van Engelen	14.1	Financial Examiner/Investigator 4
Daniel Kline	14.4	Financial Examiner/Investigator 4
Tom H. Nate	10.5	Financial Examiner/Investigator 3
Brad C. Carpenter	7.8	Financial Examiner/Investigator 3
Jillian K. Laine	7.8	Financial Examiner/Investigator 3



Laurie J. Sabins	7.6	Financial Examiner/Investigator 3
Gabe Gerrish	7.8	Financial Examiner/Investigator 3
Carey F Phillips	2.2	Financial Examiner/Investigator 2*
Bennie J Bourn	8.0	Financial Examiner/Investigator 2*
Zhunshuai Li	6.4	Financial Examiner/Investigator 2*
Glenn P Lyons	3.3	Financial Examiner/Investigator 2*
Karabeth Tillman	5.6	Financial Examiner/Investigator 2*
Thomas Little	12.3	Financial Examiner/Investigator 1*
Marc Wardell	3.9	Financial Examiner/Investigator 1*
Carrie Budner	3.0	Financial Examiner/Investigator 1*
Jo Ann Lanham	27.6	Consumer Affairs Officer
Mel White	7.9	Administrative Assistant 1
Matthew Melton	4.7	Administrative Assistant 1
Christian M Taroreh	3.6	Administrative Assistant 1
Brenda L Clement	3.4	Administrative Assistant 1
Kimberley A. Banner	5.6	Office Specialist 2
Stephanie M. Sanders	4.9	Office Specialist 2

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**SECURITIES BUREAU**

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Patricia R. Highley	29.7	Financial Examiner/Investigator 4
Jennifer Biretz	0.9	Financial Examiner/Investigator 4
Timothy D. Martin	30.3	Financial Examiner/Investigator 3
Nancy C. Ax	21.3	Financial Examiner/Investigator 3
Walter L. Bitner	18.1	Financial Examiner/Investigator 3
Kurt V. Merritt	11.1	Financial Examiner/Investigator 3
Jeffrey R. Flora	5.8	Financial Examiner/Investigator 3
Kristen D. Butler	10.1	Financial Examiner/Investigator 3
Norman J. Real	6.4	Financial Examiner/Investigator 3
Mary J. Harper	22.5	Program Information Coordinator
Valerie Shell	1.3	Securities Technician

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**LEGAL STAFF (*On assignment from Attorney General*)**

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Brian Nicholas	32.0	Deputy Attorney General
Alan Conilogue	19.5	Deputy Attorney General
Stephanie Sze	6.5	Paralegal





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