

2020

115TH ANNUAL REPORT



Brad Little
Governor

Patricia Perkins
Director



IDAHO
DEPARTMENT OF FINANCE

Protecting the Integrity of Idaho Financial Markets Since 1905



IDAHO
DEPARTMENT OF FINANCE

July 1, 2020

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

Dear Governor Little:

I am pleased to submit the 115th Annual Report of the Department of Finance for fiscal year 2020, July 1, 2019 through June 30, 2020.

The Department's mission is to diligently promote access to healthy and comprehensive financial services for Idaho citizens through prudent and efficient oversight of financial institutions, investment opportunities, and credit transactions. Department financial services sector licensing and registrations increased 2.5 percent over the last fiscal year. As a result, the Department was able to transfer over \$4 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 \$10 million in restitution/rescission/refunds ordered for the benefit of Idaho residents.

COVID-19 brought many challenges to the Department and the financial services businesses we regulate. We completely rethought our methods of communication, examination and offered our constituents the guidance they needed. The Department was able to hire a new leadership team and adopted a set of Values to guide the decisions and behavior of our team members: Trust, Accountability, Fairness, Adaptability, Empowerment, and Collaborative.

The Department continued its efforts to promote economic development, appropriately reduce regulatory burdens, and improve financial literacy.

The team members of the Department performed in an exemplary manner, especially considering the amount of change. We could not uphold our mission without their efforts.

Thank you for your continued support of the Department.

Sincerely,

Patricia R. Perkins
Director

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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 is funded entirely by fees levied by law on the industries subject to its supervision. The Department administers and enforces the following twenty-two regulatory statutes:

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

MISSION STATEMENT

Safeguarding the financial health of Idahoans through the appropriate oversight of diverse financial institutions, the education and protection of consumers, and by fostering sensible innovation in the financial services market.

VISION STATEMENT

Excelling in supervision, fostering innovation, protecting Idaho’s financial health.

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 202,000 business filings, licenses and registrations for companies with billions of dollars in combined assets.

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.
- ***Red Tape Reduction Act*** -- Since 2019 the Department has reviewed 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.

Legislation

- ***Financial Institutions Bureau***
House Bill 416 – This legislation amended the Idaho Bank Act to allow Idaho state-chartered banks to act as a custodian or fiduciary for tax-advantaged savings plans and align with updated United States Internal Revenue Service code. It became effective July 1, 2020.

House Bill 473a – The Department brought forth legislation to the Idaho Credit Union Act that contained amendments to reorganize and modernize areas of the Idaho Credit Union Act. This legislation included granting the Director the authority to issue enforcement actions directly to the credit unions, provide for confidentiality of examination reports, and authorize credit unions to act as custodian or fiduciary for tax-advantaged savings plans.

Senate Bill 1301 – The Northwest Credit Union Association brought forth legislation from industry to modernize the Idaho Credit Union Act. The legislative language included clarity and authority for credit unions to acquire and hold real property, modernization of the powers to provide loans to members and updating of the ability of credit unions to invest funds.

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 frequently been discounted from the statutory maximum amounts following the Department’s FY budgetary review. 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.
- The Department provides online collection agency agent-registration and quarterly reporting capability through the Access Idaho portal.
- 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).

VIRTUAL and IN PERSON 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:

- ***Receivables Management Association International (RMAi) Annual Convention*** –
- ***Idaho Financial Services Association Annual Conference*** –
- ***Federal Financial Institutions Examination Council (FFIEC)*** –
- ***Conference of State Bank Supervisors (CSBS) Bank Directors Seminar*** –
- ***Money Transmitters Regulators Association Annual Conference*** –.
- ***FDIC Community Bankers Workshop***
- ***Northwest Credit Union Association MAXX Annual Convention***
- ***NASCUS Executive Conference***
- ***Boise Chapter of Certified Fraud Examiners and the Idaho State Certified Public Accountants Association***
- ***Northwest Credit Union Association Legal Symposium***
- ***NASCUS State Summit***

- *Idaho Community Bankers Association (ICBA) Leadership Conference*
- *Idaho Housing Alliance (IHA)*
- *Idaho Bankers Association (IBA)/Idaho Community Bankers Association (ICBA) Annual Meeting*
- *Nationwide Multi-State Licensing System (NMLS)*
- *Continuing Education Offerings for Mortgage Loan Originators*

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. In past years, the Department has participated in:

- *Smart Women, Smart Money Financial Conferences*
- *Financial Literacy Month*
- *Scam Jams*
- *Idaho Military Financial Alliance*
- *America Saves Week*
- *Community Information and Resource Fair (CIRF)*
- *Bank On Treasure Valley*
- *Conference on Housing and Economic Development*

This year saw many of the Department’s educational outreach opportunities canceled due to the pandemic. However, the Department participated in the Smart Women, Smart Money Financial Conference, and Financial Literacy Month through several press releases educating the public on a variety of financial topics.

INDUSTRY RESULTS IN IDAHO

Banking in Idaho – Idaho state-chartered banks continued to exhibit strong performance and financial condition over the calendar year 2019. As of December 31, 2019, the average aggregate return on assets increased 2 basis points year-over-year to 1.43 percent for Idaho-chartered banks, compared to an 8 basis point decrease to 1.27 percent for all FDIC-insured institutions nationwide. The net interest margin for Idaho-chartered banks improved from 4.52 percent to 4.65 percent, which is well above the national average of 3.36 percent. The ratio of net charge-offs to loans and leases increased slightly to 0.04 percent for Idaho-chartered banks; significantly lower than the national average of 0.52 percent. The ratio of non-current loans (loans 90 days or more past due plus loans in nonaccrual status) to loans increased 6 basis points to 0.66 percent and compares favorably to the national average of 0.91 percent. The core capital ratio for Idaho-chartered banks increased 46 basis points to 12.01 percent and remains above the national average of 9.66 percent.

Credit Unions in Idaho – Idaho’s twenty-three state-chartered credit unions exhibited strong financial performance for the 2019 calendar year, outperforming the aggregate performance of all national credit unions in several key areas. One such area is the aggregate Return on Average Assets ratio, which for Idaho state-chartered credit unions was 1.36 percent in 2019, 43 basis points higher than the national aggregate of all credit unions at 0.93 percent. Asset quality factors also compared favorably to the national aggregate.

Consumer Finance –This year, the Department had regulatory oversight responsibility for 818 licensees under the Idaho Credit Code, 1,505 mortgage broker lender licensees under the Idaho Residential Mortgage Practices Act, and 1,360 licensees under the Idaho Collection Agency Act. The number of licensed mortgage loan originators in Idaho increased from 4,738 to 5,396 at 2020 fiscal year-end, an approximate 14 percent year-over-year increase. In addition, the number of collection agency solicitors/collectors registered in Idaho increased from 52,598 to 57,144 at 2020 fiscal year-end, an approximate 8 percent year-over-year increase. Also, in 2020, the Consumer Finance Bureau’s consumer affairs office received 255 written complaints against various consumer financial service providers. As a result of mediating several such complaints, the Consumer Finance Bureau returned approximately \$15,000 to Idaho consumers.

Securities – For the tenth year in a row, submissions to the Securities Bureau increased and exceeded more than 138,000 in fiscal year 2020. The Bureau’s oversight extends to more than 126,000 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 \$10,368,639 in restitution and rescission to customers in Idaho and other states, while imposing fines of \$144,500.

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 the public can have confidence in the financial system and the interests of depositors, creditors, and shareholders are protected.

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.

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.

BANK SECTION

The Bank Section is responsible for supervising all Idaho state-chartered banks and ensuring compliance with the Idaho Bank Act. As of June 30, 2020, there were ten Idaho state-chartered banks under the Bank Section's direct supervision. The Section also has responsibilities as the host-state supervisor for ten banks chartered by other states and operating in Idaho.

Branch Activities

Branching and relocation activity in Idaho continued throughout fiscal year 2020. Bank of Idaho opened two new branches in Boise and Nampa, Idaho. D.L. Evans Bank also opened two new branches, one located in Kimberly, Idaho and the other in Logan, Utah. Bright Bank (a division of Bank of Jackson Hole), bankcda, and Idaho First Bank opened new branches in Boise, Post Falls, and Ketchum, Idaho, respectively. First Interstate Bank and Mountain West Bank (a division of Glacier Bank) both relocated Boise branches. Washington Trust Bank relocated Moscow and Lewiston, Idaho branches and closed a branch in Boise, Idaho. Banner Bank and Sunwest Bank closed branches in Sandpoint and Eagle, Idaho, respectively.

Performance and Condition of Idaho Financial Institutions

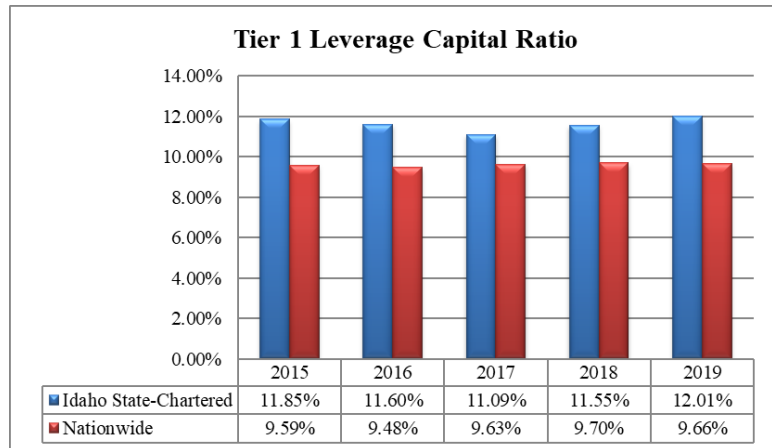
As of June 30, 2020, there were 11 financial institutions (10 state-chartered banks and 1 federal savings bank) based in Idaho with combined assets of \$8.3 billion, net loans and leases of \$5.9 billion, and deposits of \$6.5 billion. Idaho-based institutions outperformed FDIC-insured institutions nationwide with higher average core capital (leverage ratio) of 10.68 percent versus 8.77 percent.

Deposits in Idaho

As of June 30, 2020, 30 commercial banks and savings institutions with 460 offices competed for deposits in Idaho. Total deposits in Idaho increased 23.1 percent during the fiscal year from \$26.9 billion to \$33.1 billion.

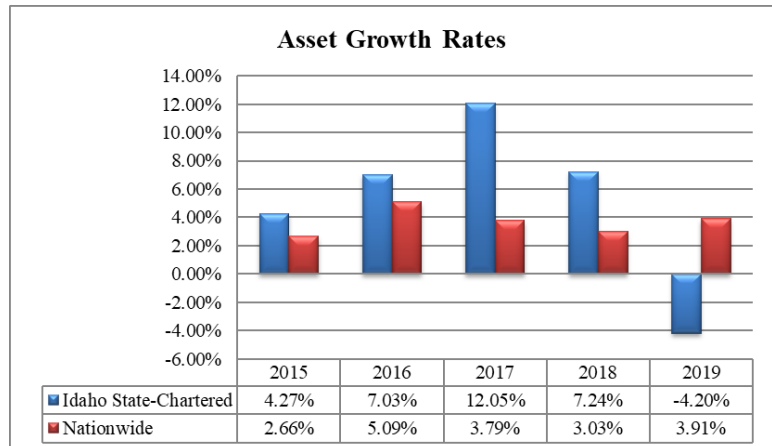
Capital Levels at Idaho State-Chartered Banks

Idaho state-chartered banks reported an increase in the average Tier 1 Leverage Capital ratio from 11.55 percent as of December 31, 2018, to 12.01 percent as of December 31, 2019, and continued to exceed the national average of 9.66 percent.



Assets and Deposits Decline in Idaho State-Chartered Banks

Assets and deposits declined for Idaho-chartered banks in 2019 due to merger activities. The number of Idaho-chartered banks declined to ten, as Idaho Independent Bank, Coeur d’Alene, Idaho, and Community 1st Bank, Post Falls, Idaho, merged into First Interstate Bank, Billings, Montana, effective April 8, 2019. As of year-end 2019, total assets in Idaho-chartered banks decreased 4.2 percent from \$6.0 billion to \$5.7 billion. Deposits decreased 4.6 percent from \$5.0 billion to \$4.8 billion.



Idaho State-Chartered Commercial Banks Aggregate Condition and Performance

| IDAHO BANKS | 6/30/2020 | 6/30/2019 | \$/# Change | % Change | 12/31/2019 | 12/31/2018 | \$/# Change | % Change |
|---|--------------|-----------|----------------|-------------|--------------|------------|----------------|-------------|
| <i>(dollar figures in millions)</i> | | | | | | | | |
| Number of institutions reporting | 10 | 10 | 0 | 0.00% | 10 | 12 | -2 | -16.67% |
| Total employees (full-time equivalent) | 1,222 | 1,176 | 46 | 3.91% | 1,222 | 1,354 | -132 | -9.75% |
| AGGREGATE CONDITION AND INCOME DATA (\$'000) | | | | | | | | |
| Net operating income (year-to-date) | 35,604 | 40,096 | -4,492 | -11.20% | 75,925 | 80,338 | -4,413 | -5.49% |
| Total assets | 7,424,639 | 5,237,034 | 2,187,605 | 41.77% | 5,708,568 | 5,961,563 | -252,995 | -4.24% |
| Earning assets | 7,092,051 | 4,941,567 | 2,150,484 | 43.52% | 5,380,104 | 5,581,234 | -201,130 | -3.60% |
| Net loans & leases | 5,208,009 | 3,632,340 | 1,575,669 | 43.38% | 3,734,645 | 3,870,908 | -136,263 | -3.52% |
| Other real estate owned | 3,038 | 6,289 | -3,251 | -51.69% | 5,261 | 10,361 | -5,100 | -49.22% |
| Total deposits | 5,734,428 | 4,431,727 | 1,302,701 | 29.39% | 4,811,265 | 5,043,553 | -232,288 | -4.61% |
| Equity capital | 730,585 | 639,942 | 90,643 | 14.16% | 682,745 | 682,584 | 161 | 0.02% |
| | BP Change | | | | BP Change | | | |
| Yield on earning assets | 4.45% | 5.25% | -80 | | 5.15% | 4.85% | 30 | |
| Cost of funding earning assets | 0.41% | 0.49% | -8 | | 0.50% | 0.32% | 18 | |
| Net interest margin | 4.04% | 4.75% | -71 | | 4.65% | 4.52% | 13 | |
| Noninterest income to assets | 0.60% | 0.73% | -13 | | 0.69% | 0.76% | -7 | |
| Noninterest expense to assets | 2.65% | 3.03% | -38 | | 3.03% | 3.02% | 1 | |
| Net charge-offs to loans & leases | 0.09% | 0.08% | 1 | | 0.04% | 0.03% | 1 | |
| Credit-loss prov. to net charge-offs | 464.68% | 312.26% | 15,242 | | 624.48% | 851.02% | -22,654 | |
| Net operating income to assets | 1.13% | 1.56% | -43 | | 1.43% | 1.41% | 2 | |
| Retained earnings to average equity | 8.93% | 10.05% | -112 | | 7.95% | 10.27% | -232 | |
| Pre tax return on assets | 1.51% | 2.01% | -50 | | 1.84% | 1.80% | 4 | |
| Return on assets | 1.15% | 1.57% | -42 | | 1.43% | 1.41% | 2 | |
| Return on equity | 10.22% | 13.06% | -284 | | 11.89% | 12.41% | -52 | |
| Loss allowance to loans | 1.31% | 1.52% | -21 | | 1.63% | 1.55% | 8 | |
| Loss allowance to noncurrent loans | 205.03% | 276.32% | -7,129 | | 246.25% | 259.68% | -1,343 | |
| Noncurrent assets plus OREO to assets | 0.49% | 0.51% | -2 | | 0.53% | 0.57% | -4 | |
| Noncurrent loans to loans | 0.64% | 0.55% | 9 | | 0.66% | 0.60% | 6 | |
| Net loans and leases to deposits | 90.82% | 81.96% | 886 | | 77.62% | 76.75% | 87 | |
| Net loans and leases to core deposits | 96.79% | 88.08% | 871 | | 83.88% | 81.73% | 215 | |
| Equity capital to assets | 9.84% | 12.22% | -238 | | 11.96% | 11.45% | 51 | |
| Core capital (leverage) ratio | 10.66% | 12.31% | -165 | | 12.01% | 11.55% | 46 | |
| Tier 1 risk-based capital ratio | 16.44% | 14.95% | 149 | | 15.41% | 15.01% | 40 | |
| Total risk-based capital ratio | 17.68% | 16.66% | 102 | | 16.64% | 16.20% | 44 | |

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, 2020, there were 23 Idaho state-chartered credit unions under the Credit Union Section's direct supervision. The Section also has responsibilities as the host-state supervisor for ten credit unions chartered by other states and operating in Idaho with approved fields of membership.

Mergers and Charter Conversions

There were no mergers of Idaho state-chartered credit unions or charter conversions during fiscal year 2020.

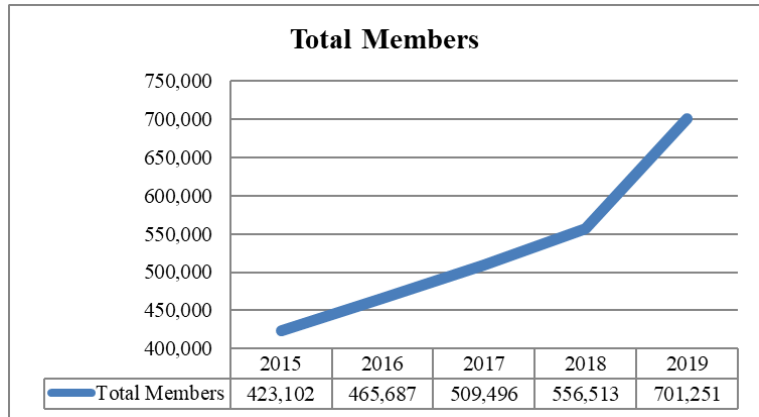
Performance and Condition of Idaho Credit Unions

Idaho state-chartered credit unions exhibited strong financial performance in calendar year 2019. 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, 2019. This data and information does not reflect the impact of COVID-19, which began in the second quarter of 2020.

Earnings, as measured by the Return on Average Assets ratio for the aggregate of all Idaho state-chartered credit unions, while strong, decreased by six basis points to 1.36% in 2019. The Delinquent Loans to Total Loans ratio, a key evaluation factor for asset quality, decreased by seven basis point to 0.36 percent. While Delinquent Loans to Total Loans ratio provided a favorable decline, the same aggregate of Idaho state-chartered credit unions provided a small unfavorable increase of four basis point in the Net Charge-Offs to Average Loans ratio, which rose from 0.41% to 0.45%.

Members

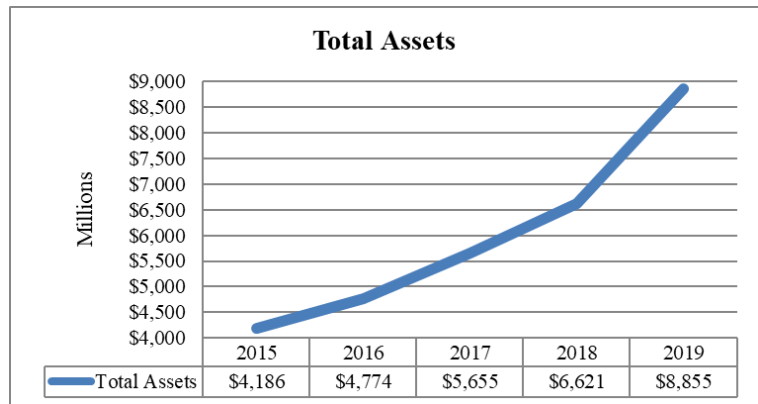
Aggregate membership for all Idaho state-chartered credit unions totaled 701,251 members as of year-end 2019. Total membership increased by 144,738 in the 2019 calendar year, representing a 26.01 percent annual growth rate. The majority or 63.82 percent of the member increase is rooted in the conversion of a single credit union to a state-charter in 2019,



many of the following ratios are also influenced by this event. Nationally, credit unions increased their membership at an annual rate of 3.56 percent.

Assets

Idaho state-chartered credit unions continue to see assets growth. As of the end of the 2019 calendar year, total assets were \$8.86 billion, an increase of \$2.23 billion from 2018. This represents an annual growth rate of 33.75 percent, an increase from the 17.08 percent annual growth rate achieved in 2018, and continues the multi-year trend of double-digit annual asset growth.



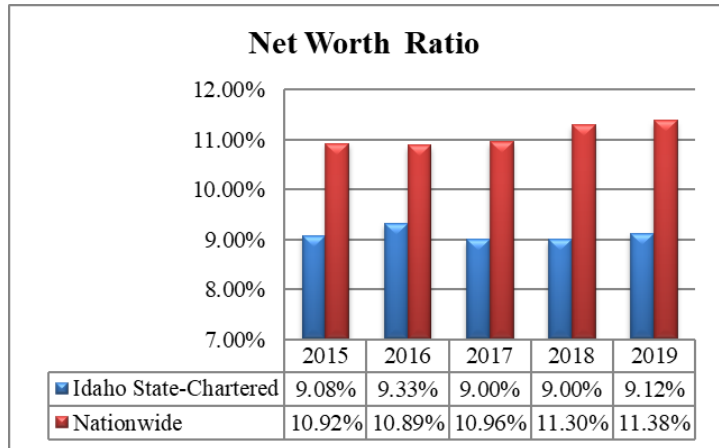
Nationally, credit unions in aggregate experienced an annual asset growth rate of 7.75 percent for the 2019 calendar year.

Loans

Idaho state-chartered credit unions granted \$5.18 billion in loans during 2019, an increase of 37.59 percent from loans granted in 2018. Outstanding loan balances for Idaho state-chartered credit unions total \$7.39 billion, an increase of \$1.86 billion or 33.53 percent in 2019. This level of growth is higher than the national credit union loan growth rate of 6.14 percent.

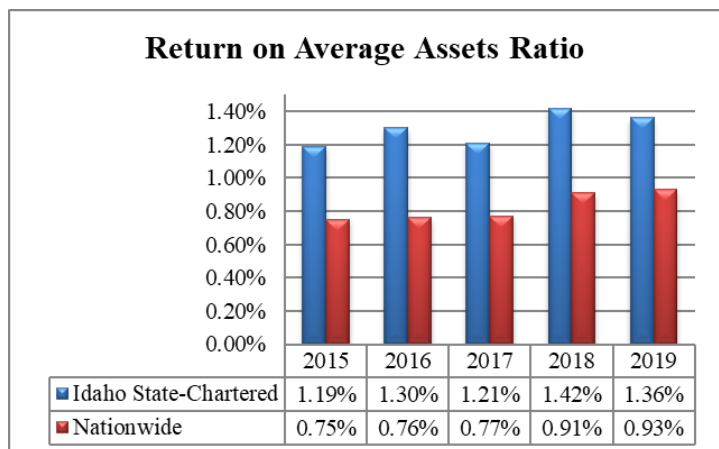
Net Worth

The Net Worth to Total Assets ratio (Net Worth ratio) is 9.12 percent as of December 31, 2019, which is 12 basis points higher from year-end 2018. Total net worth increased by \$211.40 million, or 35.44 percent, to \$807.83 million.



Operating Results

Idaho state-chartered credit unions earned an aggregate of \$105.55 million in net income in 2019, an increase of \$18.09 million, or 20.69 percent, from 2018 earnings of \$87.46 million. The Return on Average Assets ratio (ROAA) of 1.36 percent compares very favorably to the ROAA of 0.93 percent reported by all credit unions nationwide for this period.

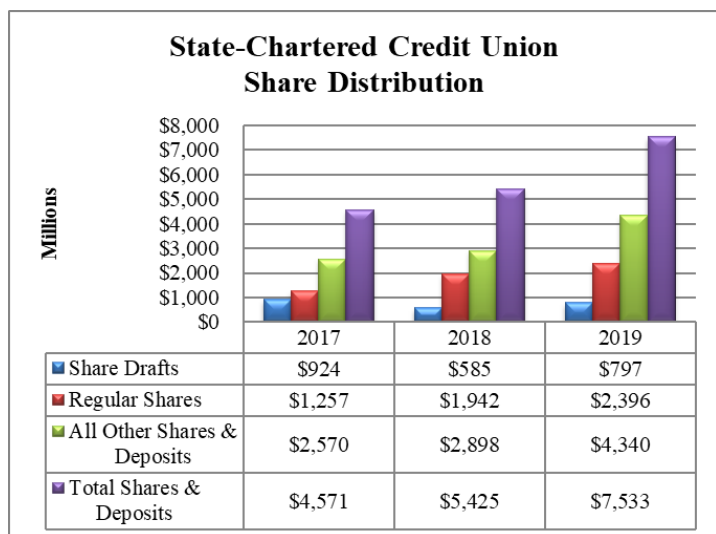


Shares and Deposits

In 2019, total shares and deposits increased by 38.87 percent to \$7.53 billion.

Liquidity

Cash and cash equivalents totaled \$442.32 million as of year-end 2019, an increase of \$198.17 million, or 81.17 percent, from the \$244.14 million as of year-end 2018.



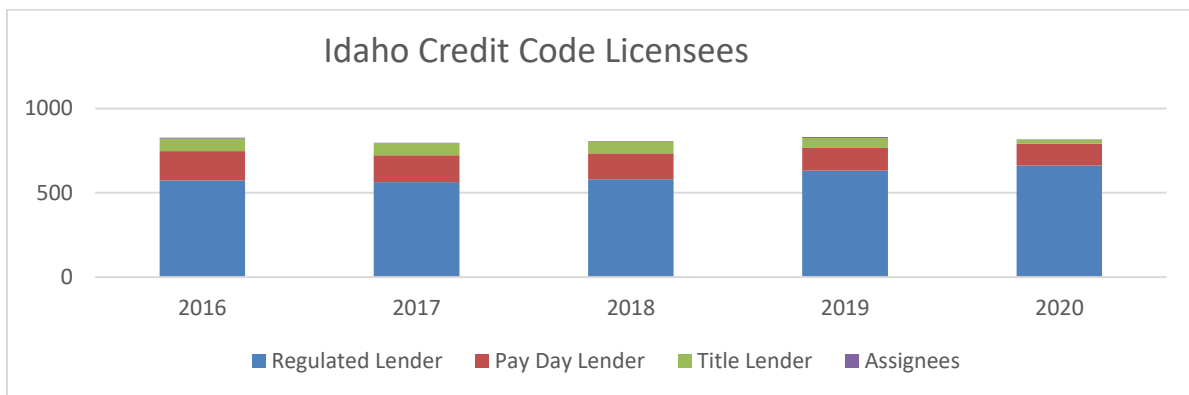
CONSUMER FINANCE BUREAU

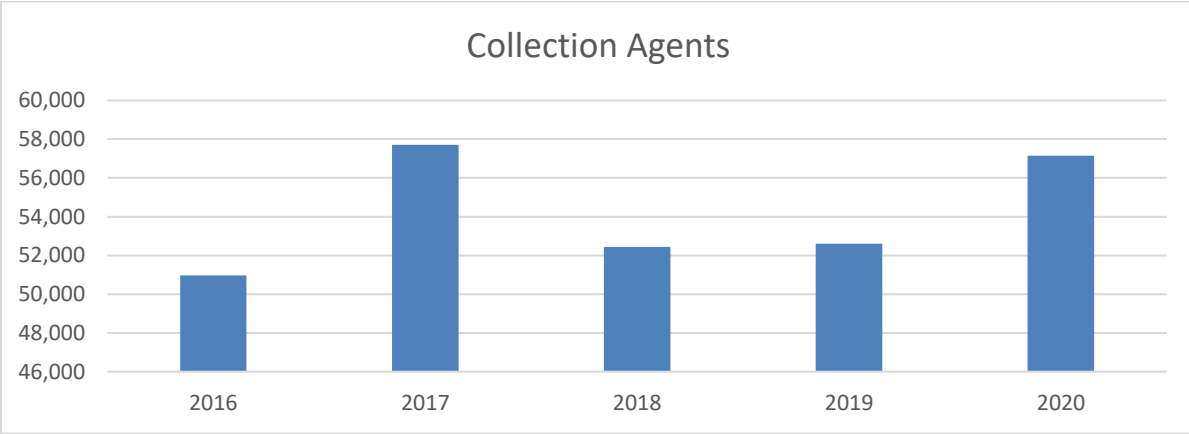
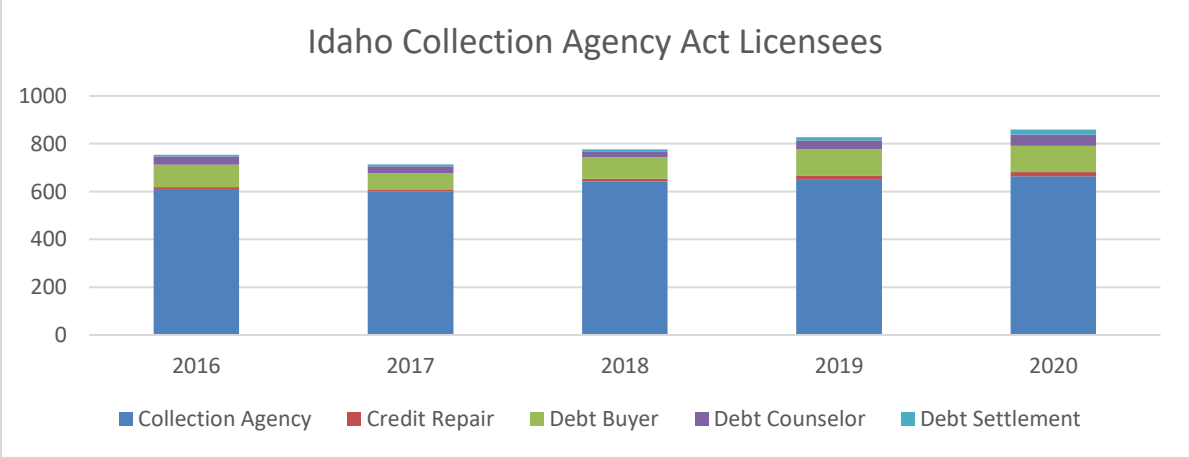
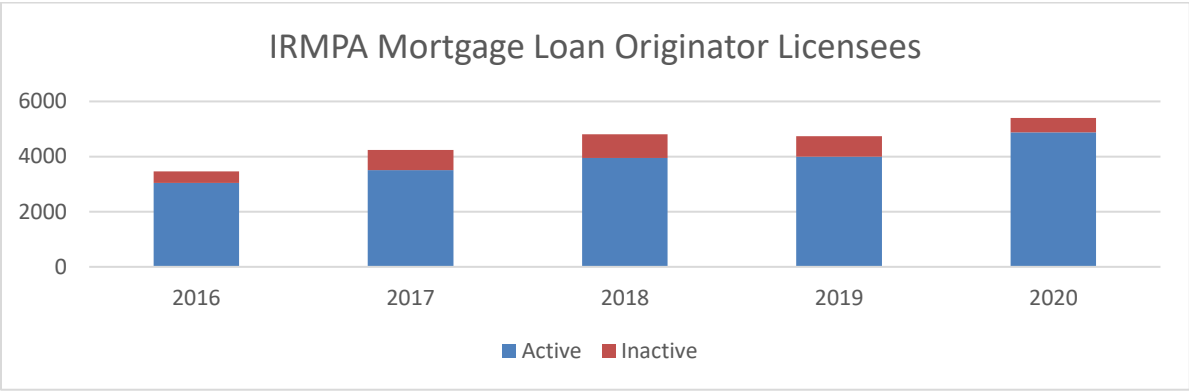
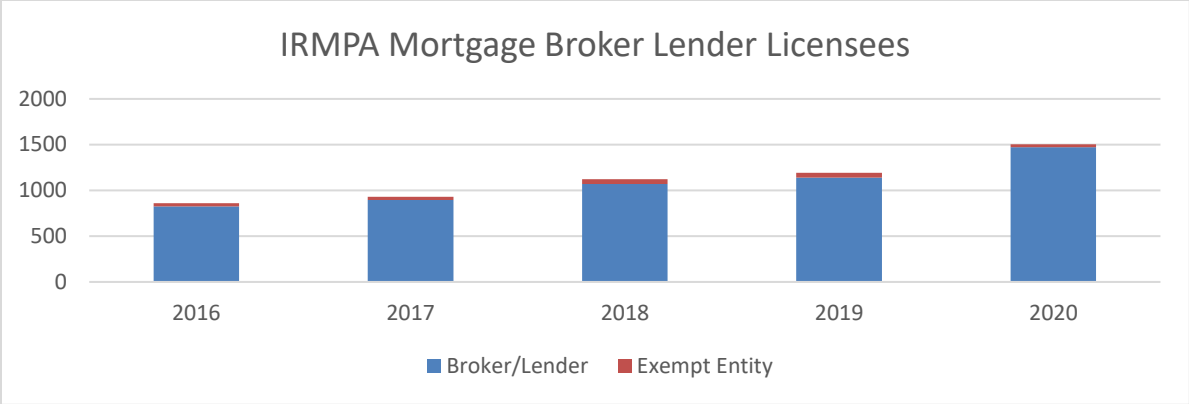
Idaho Collection Agency Act
Idaho Credit Code
Idaho Residential Mortgage Practices Act
Idaho Financial Fraud Prevention Act
Idaho Loan Broker Statute

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 that 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* (IRMPA).

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





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.

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 one million five hundred thousand dollars (\$1,500,000) to fund the department's expenses in administering the mortgage recovery fund; develop and implement consumer education concerning the residential mortgage industry; contract for research projects for the state concerning the residential mortgage industry; fund the training expenses of department staff members and its attorneys concerning the residential mortgage industry; and publish and distribute educational materials to licensees and applicants for licensure under this chapter.

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.

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.

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. Some offerings are exempt from registration and have limited oversight by the Securities Bureau.

Registration of Firms and Agents – The Bureau registers and provides oversight for most broker-dealers, 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 with assets under management of up to \$100 million.

Compliance – In an effort to ensure the securities industry is complying with the Act, registration applications are regularly reviewed. Bureau staff also review advertising and analyzes financial data on broker-dealer and investment adviser firms. Finally, periodic on-site or remote examinations of 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.

Enforcement – The Securities Bureau investigates complaints from Idaho citizens for violations of the Act. When violations are found, the Bureau may seek fines, deny, suspend, or revoke registration, and initiate administrative or court action.

IDAHO MONEY TRANSMITTERS ACT

The Securities Bureau 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.

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.

ENDOWMENT CARE CEMETERY ACT

The Securities Bureau provides oversight for Idaho’s endowed care cemeteries. The purpose of the *Endowment Care Cemetery Act* is to ensure that sound business practices essential to the continuation 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.

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.

**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 January 13, 2020 |
| Patricia R. Perkins..... | January 13, 2020 to Present |

IDAHO DEPARTMENT OF FINANCE
SUMMARY OF INCOME AND EXPENSES
July 1, 2019 through June 30, 2020

INCOME BY SOURCE

| | |
|-------------------------------------|------------------------|
| Dedicated Account----- | \$14,581,739.88 |
| TOTAL INCOME COLLECTED ----- | \$14,581,739.88 |

APPROPRIATION

| | |
|----------------------------------|-----------------------|
| Dedicated Account----- | \$8,834,800.00 |
| TOTAL APPROPRIATION ----- | \$8,834,800.00 |

EXPENDITURES

| | |
|---------------------------------------|-----------------------|
| Personnel Costs----- | \$5,597,954.00 |
| Operating Expenditures----- | \$2,676,732.00 |
| Capital Outlay----- | \$53,081.00 |
| TOTAL EXPENDITURES ----- | \$8,327,767.00 |
| BALANCE OF APPROPRIATION ----- | \$507,033.00 |

EXPENDITURES BY MAJOR CLASSES

| | |
|--|-----------------------|
| Salaries & Wages----- | \$4,071,975.00 |
| Personnel Benefits----- | \$1,525,980.00 |
| Communication Services----- | \$50,450.00 |
| Employee Development & Other Services----- | \$134,150.00 |
| Professional Services----- | \$519,893.00 |
| Repairs & Maintenance Service----- | \$4,081.00 |
| Administrative Services----- | \$648.00 |
| DP Services----- | \$300,353.00 |
| Employee Travel----- | \$150,290.00 |
| Materials & Supplies----- | \$95,721.00 |
| Insurance----- | \$9,702.00 |
| Rentals & Operating Leases----- | \$1,368,635.00 |
| Miscellaneous Operating Expenditures----- | \$42,809.00 |
| Capital Outlay----- | \$53,080.00 |
| TOTAL EXPENDITURES BY MAJOR CLASSES ----- | \$8,327,767.00 |

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

FUND SOURCE B

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

EXPENDITURES

| | |
|-----------------------------|---------------------------|
| Personnel Costs----- | \$0 |
| Operating Expenditures----- | \$35,745.00 |
| Capital Outlay----- | <u>\$0</u> |
| TOTAL EXPENDITURES----- | <u><u>\$35,745.00</u></u> |
| Balance of Fund----- | <u><u>\$14,255.00</u></u> |

FUND SOURCE C

| | |
|------------------------------|------------------------------|
| Mortgage Recovery Fund----- | <u>\$3,029,290.00</u> |
| TOTAL COLLECTED ----- | <u><u>\$3,029,290.00</u></u> |

STATE OF IDAHO
STATE-CHARTERED BANKS AND SAVINGS BANKS*
COMPARATIVE STATEMENT
Close of Business 12/31/19 and 12/31/18
(000's Omitted)

| | 2019 | 2018 | \$ Change |
|---|------------------|------------------|------------------|
| Cash and balances due from depository institutions | | | |
| Noninterest-bearing balances and currency and coin | 115,802 | 132,445 | (16,643) |
| Interest-bearing balances | 672,193 | 716,242 | (44,049) |
| Securities: | | | |
| Held-to-maturity securities | 96,590 | 117,610 | (21,020) |
| Available-for-sale securities | 802,575 | 820,619 | (18,044) |
| Federal funds sold and securities purchased under agreements to resell | | | |
| Federal funds sold | 74,024 | 51,581 | 22,443 |
| Securities purchased under agreements to resell | 0 | 0 | 0 |
| Loans and lease financing receivables | | | |
| Loans and leases held for sale | 25,344 | 12,695 | 12,649 |
| Loans and leases, net of unearned income | 3,771,233 | 3,919,059 | (147,826) |
| LESS: Allowance for loan and lease losses | 61,932 | 60,846 | 1,086 |
| Loans and leases, net of unearned income and allowance | 3,709,302 | 3,858,213 | (148,912) |
| Trading assets | 0 | 4,274 | (4,274) |
| Premises and fixed assets (including capitalized leases) | 103,826 | 109,889 | (6,063) |
| Other real estate owned | 5,261 | 10,361 | (5,100) |
| Investments in unconsolidated subsidiaries and associated companies | 1,542 | | 1,542 |
| Intangible assets | 1,599 | 1,873 | (274) |
| Other assets | 100,434 | 124,499 | (24,065) |
| Total assets | <u>5,708,568</u> | <u>5,961,563</u> | <u>(252,995)</u> |
| Deposits: | | | |
| In domestic offices: | | | |
| Noninterest-bearing | 4,811,265 | 5,043,553 | (232,288) |
| Interest-bearing | 1,739,342 | 1,861,851 | (122,509) |
| Interest-bearing | 3,071,923 | 3,181,702 | (109,779) |
| Federal funds purchased and securities sold under agreements to repurchase | | | |
| Federal funds purchased | 0 | 0 | 0 |
| Securities sold under agreements to repurchase | 138,587 | 157,373 | (18,786) |
| Trading liabilities | 0 | 4,274 | (4,274) |
| Other borrowed money | 41,104 | 34,546 | 6,558 |
| Subordinated notes and debentures | 0 | 0 | 0 |
| Other liabilities | 34,867 | 39,233 | (4,366) |
| Total liabilities | <u>5,025,823</u> | <u>5,278,979</u> | <u>(253,156)</u> |
| Minority interest in consolidated subsidiaries | 0 | 0 | 0 |
| Perpetual preferred stock and related surplus | 0 | 0 | 0 |
| Common stock | 52,324 | 96,241 | (43,917) |
| Surplus (exclude all surplus related to preferred stock) | 225,788 | 255,844 | (30,056) |
| Retained earnings and Other Equity Capital Components | 398,264 | 330,499 | 67,765 |
| Total equity capital | <u>682,745</u> | <u>682,584</u> | <u>161</u> |
| Total liabilities, minority interest, and equity capital | <u>5,708,568</u> | <u>5,961,563</u> | <u>(252,995)</u> |

* Includes only state-chartered banks headquartered in Idaho as of 12/31/2019 and 12/31/2018
Source: Federal Deposit Insurance Corporation

STATE OF IDAHO
STATE-CHARTERED CREDIT UNIONS
COMPARATIVE STATEMENT
Close of Business 12/31/18 and 12/31/19

| | 2019 | 2018 | % Change |
|--|----------------------|----------------------|--------------|
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents | 442,316,047 | 244,143,748 | 81.17 |
| Unsecured Credit Card Loans | 239,733,382 | 232,711,586 | 3.02 |
| All Other Unsecured Loans | 115,444,835 | 64,158,790 | 79.94 |
| New Auto Loans | 1,031,514,057 | 864,411,962 | 19.33 |
| Used Auto Loans | 1,708,888,084 | 1,250,669,910 | 36.64 |
| First Mortgage Real Estate Loans/Lines of Credit | 2,305,017,040 | 1,650,298,591 | 39.67 |
| Other Real Estate Loans/Lines of Credit | 1,140,636,144 | 825,517,275 | 38.17 |
| Other Loans, Leases, and Non-Federally Guaranteed Student Loans | 848,855,954 | 646,586,630 | 31.28 |
| Total Loans | 7,390,089,496 | 5,534,354,744 | 33.53 |
| Allowance for Loan and Lease Losses | (44,089,409) | (30,041,979) | (46.76) |
| Loans Held for Sale | 36,438,262 | 29,068,439 | 25.35 |
| Loans Including Loans for Sale Less ALLL | 7,382,438,349 | 5,533,381,204 | 33.42 |
| Available for Sale (AFS) Securities | 212,645,119 | 179,642,103 | 18.37 |
| Held-to-Maturity Securities | 11,827,130 | 8,030,950 | 47.27 |
| Deposits in Commercial Banks, Savings & Loans, Savings Banks | 103,711,037 | 107,528,951 | (3.55) |
| Loans To, Deposits in, and Investments in Natural Person Credit Unions | 25,278,949 | 25,590,716 | (1.22) |
| Membership Capital and Paid-In Capital at Corporate Credit Unions | 3,786,826 | 3,786,876 | (0.00) |
| All Other Investments in Corporate Credit Unions | 1,031,010 | 3,258,899 | (68.36) |
| All Other Investments | 72,081,185 | 61,867,752 | 16.51 |
| Total Investments | 430,361,256 | 389,706,247 | 10.43 |
| Land and Building (Net of Depreciation) | 299,935,795 | 258,448,616 | 16.05 |
| Other Fixed Assets | 38,047,828 | 22,022,243 | 72.77 |
| NCUA Share Insurance Capitalization Deposit | 61,111,005 | 45,354,335 | 34.74 |
| Other Assets | 201,246,632 | 127,700,832 | 57.59 |
| TOTAL ASSETS | 8,855,456,912 | 6,620,757,225 | 33.75 |
| <u>LIABILITIES, SHARES AND EQUITY</u> | | | |
| Promissory and Other Notes Payable | 402,033,635 | 499,184,555 | (19.46) |
| Accrued Dividends and Interest Payable | 12,481,665 | 15,887,828 | (21.44) |
| Accounts Payable and Other Liabilities | 120,589,058 | 94,732,974 | 27.29 |
| Total Liabilities | 535,104,358 | 609,805,357 | (12.25) |
| Share Drafts | 797,019,646 | 584,934,839 | 36.26 |
| Regular Shares | 2,396,310,513 | 1,942,160,703 | 23.38 |
| All Other Shares and Deposits | 4,339,804,074 | 2,897,514,457 | 49.78 |
| Total Shares and Deposits | 7,533,134,233 | 5,424,609,999 | 38.87 |
| Undivided Earnings | 656,416,565 | 463,303,089 | 41.68 |
| Regular Reserves | 136,366,046 | 118,079,196 | 15.49 |
| Other Reserves | 229,117 | 229,117 | 0.0 |
| Equity Acquired in Merger | 15,660,355 | 15,417,483 | 1.58 |
| Miscellaneous Equity | - | - | - |
| Unrealized Gain/Loss on AFS Securities | (46,287) | (1,224,793) | 96.22 |
| Other Comprehensive Income | (21,407,475) | (9,462,223) | (126.24) |
| Total Equity | 787,218,321 | 586,341,869 | 34.26 |
| TOTAL LIABILITIES, SHARES, AND EQUITY | 8,855,456,912 | 6,620,757,225 | 33.75 |

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

| Name | City | State | 12/31/2019 | 12/31/2018 | % Change |
|--|-------------|-------|-------------------------|-------------------------|--------------|
| Idaho State-Chartered Credit Unions | | | | | |
| Boise Fire Department Credit Union | Boise | ID | \$8,348,832 | \$ 8,348,782 | 0.00 |
| Clarity Credit Union | Nampa | ID | 87,078,610 | 77,934,663 | 11.73 |
| Connections Credit Union | Pocatello | ID | 180,179,497 | 170,403,864 | 5.74 |
| E.S.A. Credit Union | Boise | ID | 6,623,744 | 6,269,659 | 5.65 |
| East Idaho Credit Union | Idaho Falls | ID | 309,621,793 | 292,276,414 | 5.93 |
| Freedom Northwest Credit Union | Kamiah | ID | 195,001,052 | 157,570,045 | 23.76 |
| Health Care Idaho Credit Union | Boise | ID | 12,486,049 | 13,107,256 | (4.74) |
| Icon Credit Union | Boise | ID | 342,149,463 | 292,838,362 | 16.84 |
| Idaho Central Credit Union | Pocatello | ID | 5,070,731,874 | 4,315,062,932 | 17.51 |
| Idaho United Credit Union | Boise | ID | 37,049,872 | 36,110,102 | 2.60 |
| Latah Credit Union | Moscow | ID | 107,576,480 | 103,226,426 | 4.21 |
| Lewis Clark Credit Union | Lewiston | ID | 127,527,705 | 109,926,327 | 16.01 |
| Members Preferred Credit Union | Idaho Falls | ID | 31,928,279 | 28,649,127 | 11.45 |
| Mini-Cassia Employees Credit Union | Burley | ID | 542,817 | 538,652 | 0.77 |
| Mountain Gem Credit Union | Nampa | ID | 17,296,869 | 17,709,223 | (2.33) |
| Northwest Christian Credit Union | Nampa | ID | 68,454,839 | 61,847,997 | 10.68 |
| Pine Tree Community Credit Union | Grangeville | ID | 57,316,930 | 52,724,214 | 8.71 |
| Pocatello Simplot Credit Union | Pocatello | ID | 30,774,019 | 29,748,245 | 3.45 |
| Potlatch No. 1 Financial Credit Union | Lewiston | ID | 1,260,851,949 | - | - |
| Simplot Employees Credit Union | Caldwell | ID | 20,552,236 | 20,447,179 | 0.51 |
| St. Alphonsus Medical Credit Union | Boise | ID | 5,011,056 | 5,539,321 | (9.54) |
| St. Joe Valley Credit Union | St. Maries | ID | 9,041,865 | 8,626,303 | 4.82 |
| Westmark Credit Union | Idaho Falls | ID | 869,311,082 | 811,852,132 | 7.08 |
| Total Idaho State-Chartered Credit Union Assets | | | \$ 8,855,456,912 | \$ 6,620,757,225 | 33.75 |
| Other State-Chartered Credit Unions Operating in Idaho (Idaho Assets) | | | | | |
| Boeing Employees Credit Union | Tukwila | WA | \$ 9,886,533 | \$ 9,886,533 | - |
| Gesa Credit Union | Richland | WA | 21,162,559 | 21,162,559 | - |
| Global Credit Union | Spokane | WA | 17,055,475 | 17,055,475 | - |
| Horizon Credit Union | Spokane | WA | 50,367,748 | 50,367,748 | - |
| Numerica Credit Union | Spokane | WA | 330,940,890 | 330,940,890 | - |
| Responders Emergency Services Credit Union | Spokane | WA | 1,127,002 | 1,127,002 | - |
| Silverado Credit Union | Angwin | CA | 1,361,896 | 1,361,896 | - |
| Spokane City Credit Union | Spokane | WA | 759,185 | 759,185 | - |
| Spokane Teachers Credit Union | Spokane | WA | 204,870,183 | 204,870,183 | - |
| Total Other State-Chartered Credit Unions | | | \$ 637,531,471 | \$ 637,531,471 | - |
| Total Idaho Assets | | | \$ 9,492,988,383 | \$ 7,258,288,696 | 30.79 |

SECURITIES BUREAU SANCTIONS REPORT

I. CIVIL ENFORCEMENT ACTIONS INITIATED OR COMPLETED UNDER THE IDAHO UNIFORM SECURITIES ACT (IUSA)

- September 30, 2019 **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)** – On September 30, 2019, the Ada County District Court entered a judgment and permanent injunction against Sean Zarinigar (Zarinigar) and Performance Realty Management, LLC (PRM). Both Zarinigar and PRM are permanently enjoined from 1) engaging in any act or practice that violates any provision of the IUSA or any rule promulgated thereunder, and 2) issuing, offering or selling securities in the state of Idaho. A \$550,800 monetary judgment against Zarinigar and PRM was awarded to be returned as investor restitution and a \$20,000 civil penalty was awarded to the Department.
- June 5, 2020 **SHILOH MANAGEMENT SERVICES, INC., and NATHAN WARD PYLES, an individual and dba SHILOH MANAGEMENT SERVICES, INC., Boise, ID** – On June 5, 2020, the Ada County District Court entered a judgment and permanent injunction against Nathan Ward Pyles (Pyles) and Shiloh Management Services, Inc. (Shiloh). Both Pyles and Shiloh are permanently enjoined from 1) engaging in any act or practice that violates any provision of the IUSA or any rule promulgated thereunder, and 2) issuing, offering or selling securities in the state of Idaho. A \$9,574,708.24 monetary judgment against Pyles and Shiloh was awarded to be returned as investor restitution.

**II. ADMINISTRATIVE SANCTIONS AND ORDERS ISSUED UNDER THE
IDAHO UNIFORM SECURITIES ACT (IUSA)/IDAHO ESCROW ACT
(ESCROW ACT)/IDAHO MONEY TRANSMITTERS ACT (IMTA)**

- July 29, 2019 **ROSS CLARK POWELL, San Antonio, TX** – Agreement and Order – The Department found Ross Powell Clark (Clark) violated the IUSA by 1) offering and selling unregistered securities, and 2) offering and selling securities while not registered as required, all in violation of the IUSA. In this matter, the Department found that Clark, in 2017, solicited and sold promissory notes, issued by 1 Global Capital, LLC.
- September 23, 2019 **JASON NIGHTINGALE, Kamiah, ID** – Agreement and Order – The Department found Jason Nightingale (Nightingale) violated the IUSA 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 Nightingale solicited and sold promissory notes, issued by 1 Global Capital, LLC, in 2018.
- September 27, 2019 **JASON HAWKE, Meridian, ID** – Agreement and Order – The Department found Jason Hawke (Hawke), an Idaho based broker-dealer agent and investment adviser representative, engaged in a dishonest or unethical practice in the securities business IUSA for failing to notify his broker-dealer before he participated in a private securities transaction. Hawke paid an administrative penalty of \$10,000.
- October 11, 2019 **JD COWAN & COMPANY, LLC, Boise, ID** – Agreement and Undertaking – An Agreement and Undertaking was executed with JD Cowan & Company, LLC (“Cowan”), a state registered investment adviser, to address Cowan’s failure to create and maintain required books and records under the IUSA. Cowan agreed to implement corrective measures to address these violations, and Department follow-up to ensure these measures were implemented.
- November 27, 2019 **RAY LEO GIRARD, and MLC ENTERPRISES UNLIMITED, LLC, Pocatello, ID** – Agreement and Order – The Department found Ray Leo Girard, by and through MLC Enterprises Unlimited, LLC (MLC) violated the IUSA by 1) offering and selling unregistered

securities, and 2) offering and selling securities while not registered as required, all violations of Idaho securities laws. In this matter, the Department found Girard solicited and sold investment contracts, issued by MLC.

January 30, 2020

VENDENGINE, INC., Brentwood, TN – Agreement and Order – The Department found that Vendengine, Inc.(Vendengine) violated the IMTA by conducting unlicensed money transmission in Idaho from 2016 to 2019. Without admitting or denying the Department’s findings, Vendengine agreed to entry of the Order as well as future compliance with the IMTA.

February 18, 2020

WILLIAMS, SCHILLER & STYER WEALTH MANAGEMENT LLC, Sandpoint, ID – Agreement and Order – The Department found Williams, Schiller & Styer Wealth Management LLC, an Idaho based registered investment adviser firm, employed an individual as an investment adviser representative without proper registration, in violation of the IUSA.

March 5, 2020

RONALD MELVIN HILL, Nampa, ID – Agreement and Order – The Department found Ronald Melvin Hill (Hill) violated the IUSA by 1) offering and selling unregistered securities, and 2) offering and selling securities while not registered as required, all in violation of the IUSA. In this matter, the Department found Hill solicited and sold investment contracts in the form of structured cash flows, issued by Future Income Payments, LLC, from September 2016 to December 2017.

March 9, 2020

SOLIUM FINANCIAL SERVICES, LLC, Woodcliff Lake, NJ – Consent Order – Solium Financial Services, LLC (SFS), a New Jersey based broker-dealer, disclosed to the Department that it transmitted certain securities orders in Idaho at a time when it was not registered as a broker-dealer in Idaho. SFS provides equity plan administration software to employers, with employee-participants utilizing SFS’s software to view and track options and shares from employers. SFS back paid registration fees and agreed to refrain from future violations of the IUSA.

April 15, 2020

EVERGREEN ESCROW, INC., Sumner, WA – Agreement and Undertaking – The Department found that Evergreen Escrow, Inc. (Evergreen) violated the Escrow Act by conducting escrow services at

unlicensed branches. Without admitting or denying the Department's findings, Evergreen agreed to entry of the Order, backpay of licensure fees, and future compliance with the Escrow Act.

May 11, 2020

BOWHIP, INC. d/b/a VALLEY FOODS, Lapwai, ID – Agreement and Order – The Department found that Bowhip, Inc. d/b/a Valley Foods (Bowhip) violated the IMTA by conducting unlicensed money transmission in Idaho from 2016 to 2019. Bowhip agreed to entry of the Order as well as future compliance with the IMTA.

May 11, 2020

BROOKE'S VENTURES, LLC d/b/a AULTERRA INTERNATIONAL, AULTERRA GLOBAL, LLC; and KIM DANDURAND, Hayden, ID – Agreement and Order – The Department alleged Kim Dandurand (Dandurand), offered and sold securities in Brooke's Ventures, LLC (Brooke's Ventures), and Aulterra Global, LLC (Aulterra). Specifically, Dandurand failed to fulfill representations made at the time of the offer and sale of an investment contract with Brooke's Ventures, and the offer and sale of an investment contract in Aulterra was in direct violation of a 2016 Agreement and Order between the Department and Respondents. Respondents agreed to pay restitution to the Brooke's Ventures investors, as well as abide by the IUSA in the future.

May 13, 2020

MATHEW LYNN WALKER, and PINNACLE PLUS CAPITAL, LLC, Overland Park, KS – Agreement and Order – The Department found that Matthew Lynn Walker (Walker) and Pinnacle Plus Capital, LLC (Pinnacle) violated the IUSA by 1) offering and selling unregistered securities, and 2) offering and selling securities while not registered as required, all in violation of the IUSA. In this matter, the Department found Walker and Pinnacle solicited and sold promissory notes, issued by 1 Global Capital, LLC, in 2017 and 2018.

May 13, 2020

CODY CLINTON HILL, Lehi, UT – Agreement and Order – The Department found that Cody Clinton Hill (Hill) violated the IUSA by 1) offering and selling unregistered securities, and 2) offering and selling securities while not registered as required. In this matter, the Department found Hill solicited and sold promissory notes, issued by 1 Global Capital, LLC, in 2018.

- May 22, 2020 **QWIKESCROW d/b/a www.qwikescrow.com, Providence, RI** – Cease and Desist – The Department found that Qwik Escrow d/b/a www.qwikescrow.com violated the Escrow Act and Idaho Financial Fraud Prevention Act by holding itself out to the public as an escrow agency licensed by the Department.
- June 29, 2020 **SELWAY ASSET MANAGEMENT INC., and MARK MATSKO, Boise, ID** – Agreement and Order – The Department entered into an Agreement and Order with Selway Asset Management Inc. (Selway) and its investment adviser representative, Mark Matsko (Matsko), to address alleged violations of the IUSA including: 1) use of deceptive and misleading advertising, 2) unsuitable recommendations, 3) misrepresentations concerning advisory services, 4) misleading filings, and 5) a misrepresentation to a client. Selway and Matsko agreed to neither admit nor deny the Department’s findings of violations and agreed 1) to a 3 day suspension of its registration, 2) that its Chief Compliance Officer would complete further training, and 3) jointly agreed to pay a \$10,000 civil penalty. Matsko agreed to a 10 day suspension of his registration.

CONSUMER FINANCE BUREAU SANCTIONS REPORT

I. ORDERS ISSUED UNDER THE IDAHO COLLECTION AGENCY ACT

- August, 20, 2019 **ABC FINANCIAL SERVICES, INC., NMLS 1199135, Sherwood, Arkansas** - On August 29, 2019, the Director entered a Consent Order against ABC Financial Services, Inc. to address collection activity in Idaho without the license required by the Idaho Collection Agency Act.
- October 8, 2019 **ALDOUS & ASSOCIATES PLLC, NMLS 1401770, Holladay, Utah** - On October 8, 2019, the Director issued a Verified Complaint to Revoke License for failure to hold the required surety bond under the Idaho Collection Agency Act. A final Consent Order was entered on October 23, 2019.
- November 11, 2019 **PATRICK G. HENRY dba GUARDIAN RESEARCH ASSOCIATES, NMLS 1639585, Portland, Oregon** - On November 11, 2019, the Director issued a Verified Complaint to Revoke License for failure to hold the

required surety bond under the Idaho Collection Agency Act. A final Consent Order was entered on December 19, 2019.

June 29, 2020 **US ASSET MANAGEMENT, INC., NMLS 1747287, Norwell, Massachusetts** - On June 29, 2020, the Director issued a Verified Complaint to Revoke License for failure to hold the required surety bond under the Idaho Collection Agency Act. The company cured the bond issue and a Notice of Dismissal of Verified Complaint was issued on July 2, 2020.

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

July 28, 2019 **RICHARD KHRAICH, NMLS 1671015, San Juan Capistrano, California** On July 28, 2019, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.

August 1, 2019 **IKENNA CHRISTOPHER EJIMONYEUGWO, NMLS 1654978, Hanover, Maryland** - On August 1, 2019, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.

October 9, 2019 **STEVEN PAUL NIETO, NMLS 956896, Huntington Beach, California** - On October 9, 2019, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.

October 23, 2019 **CHRISTOPHER ERIC RUPERT, NMLS 1006037, Highlands Ranch, Colorado** – On October 23, 2019, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.

November 25, 2019 **ALAN SHANE HURD, NMLS 80956, Spokane, Washington** – On November 25, 2019, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.

- December 6, 2019 **ASHER NEOMAL SAMARASINGHE, NMLS 1630477, Mill Creek, Washington** – On December 6, 2019, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.
- January 22, 2020 **AMANDA TAYLOR ZMAK, NMLS 1104957, Little Elm, Texas** – On January 22, 2020, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.
- February 27, 2020 **ROBERT MICHAEL TAMES, NMLS 158439, Phoenix, Arizona** - On February 27, 2020, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.
- April 3, 2020 **JOHN CHRISTOPHER SANFORD, NMLS 1841401, Eagle, Idaho** – On April 3, 2020, an Order was issued upholding the Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.
- April 20, 2020 **ROBERT MARK RACUSEN, NMLS 217948, Buffalo Grove, Illinois** - On April 20, 2020, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.
- April 21, 2020 **AUSTIN LEE SHARP, NMLS 395481, San Diego, California** - On April 21, 2020, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.
- April 30, 2020 **ANDREW WINDIAL BEZART II, NMLS 1105695, Rialto, California** - On April 30, 2020, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.
- June 1, 2020 **HEIDI ANNE LAURSEN, NMLS 100475, Boise, Idaho** - On June 1, 2020, the Director entered a Consent Order with Ms. Laursen after finding

the she failed to disclose material information required within the license application.

- June 9, 2020 **JUSTIN ALLAN KAUTZ, NMLS 913358, Carona Del Mar, California**
- On June 9, 2020, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.
- June 20, 2020 **MATTHEW DOUGLAS GILDAY, NMLS 314435, Rancho Cucamonga, California**
- On June 9, 2020, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.
- June 29, 2020 **LISA ANN PARRA, NMLS 346122, Costa Mesa, California**
- On June 29, 2020, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.
- July 2, 2020 **OSAROSE OLAREWAJU ISIBOR, NMLS 1941477, Emeryville, California**
- On July 2, 2020, the Director issued a Final Order Denying Mortgage Loan Originator License Application after finding the individual failed to disclose material information required within the license application.
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YEARS OF STATE SERVICE AS OF JUNE 30, 2020
Recognizing over 547 years of Combined Service to the State of Idaho

| Employee | Years of Service | Title |
|--------------------------------------|------------------|--|
| ADMINISTRATION | | |
| Patricia R. Perkins | 0.5 | Director of Finance |
| Patricia Highley | 30.8 | Securities Bureau Chief |
| Anthony Polidori | 19.7 | Deputy Director |
| David Jensen | 15.7 | Supporting Services Bureau Chief |
| Salvador Cruz | 6.7 | Financial Institutions Bureau Chief |
| Vacant | N/A | Consumer Finance Bureau Chief |
| Amber Aberasturi | 4.7 | Human Resources Specialist |
| Celia Kinney | 0.6 | Consumer Affairs Officer |
| Lisa Baker | 9.3 | Administrative Assistant 2 |
| SUPPORTING SERVICES BUREAU | | |
| Jill Peterson-Pate | 23.3 | Financial Specialist |
| Aaron Hundt | 4.4 | Office Specialist 2 |
| FINANCIAL INSTITUTIONS BUREAU | | |
| Richard Sherrick | 16.9 | Financial Institution Examiner, Commissioned Sr. |
| Jeffrey Reinhardt | 10.9 | Financial Institution Examiner, Commissioned Sr. |
| James Tunca | 9.8 | Financial Institution Examiner, Commissioned Sr. |
| Robert Moore | 7.2 | Financial Institution Examiner, Commissioned Sr. |
| Gordon Titus | 10.3 | Financial Institution Examiner, Commissioned |
| Krista Bolt | 7.9 | Financial Institution Examiner, Commissioned |
| Gabriel Quintero Corredor | 4.8 | Financial Institution Examiner, Commissioned |
| Marquita Gonzales | 4.1 | Financial Institution Examiner 3* |
| Brandt Nevin | 2.8 | Financial Institution Examiner 3* |
| David Durrant | 2.7 | Financial Institution Examiner 3* |
| Diego Curt | 7.6 | Financial Institution IT Examiner 2* |
| Scot Carpenter | 3.0 | Financial Institution Examiner 2* |
| Nathanael Garcia | 1.1 | Financial Institution Examiner 2* |
| Ericka Gonzalez | 0.1 | Financial Institution Examiner 1* |
| Christopher Good | 0.1 | Financial Institution Examiner 1* |
| Tracy L. English | 7.4 | Administrative Assistant 1 |
| Elizabeth Adcock | 7.6 | Office Specialist 2 |
| | | *underfilling Financial Institution Examiner, Commissioned |
| CONSUMER FINANCE BUREAU | | |
| Karlyne C. (K.C.) Schaler | 22.4 | Financial Examiner/Investigator 4 |
| Daniel Kline | 15.4 | Financial Examiner/Investigator 4 |
| Erin Van Engelen | 15.1 | Financial Examiner/Investigator 4 |

| | | |
|-------------------|------|--|
| Tom Nate | 11.5 | Financial Examiner/Investigator 3 |
| Brad Carpenter | 8.8 | Financial Examiner/Investigator 3 |
| Jillian Laine | 8.8 | Financial Examiner/Investigator 3 |
| Gabe Gerrish | 8.8 | Financial Examiner/Investigator 3 |
| Laurie Sabins | 8.2 | Financial Examiner/Investigator 3 |
| Bennie Bourn | 9.0 | Financial Examiner/Investigator 3 |
| Carey Phillips | 3.2 | Financial Examiner/Investigator 2* |
| Zhunshuai Li | 7.4 | Financial Examiner/Investigator 2* |
| Glenn Lyons | 4.3 | Financial Examiner/Investigator 2* |
| Marc Wardell | 4.9 | Financial Examiner/Investigator 2* |
| Thomas Little | 13.3 | Financial Examiner/Investigator 1* |
| Sydney Lambeth | 0.1 | Financial Examiner/Investigator 1* |
| Leslie DeMarco | 0.1 | Financial Examiner/Investigator 1* |
| Mel White | 8.9 | Administrative Assistant 1 |
| Matthew Melton | 5.7 | Administrative Assistant 1 |
| Christian Taroreh | 4.6 | Administrative Assistant 1 |
| Brenda Clement | 4.4 | Administrative Assistant 1 |
| Kimberley Banner | 6.6 | Office Specialist 2 |
| Stephanie Sanders | 5.8 | Office Specialist 2 |
| | | <i>*underfilling Financial Examiner/Investigator 3</i> |

SECURITIES BUREAU

| | | |
|-------------------|------|--|
| Nancy Ax | 22.3 | Financial Examiner/Investigator 4 |
| Jennifer Biretz | 1.9 | Financial Examiner/Investigator 4 |
| Kurt Merritt | 12.1 | Financial Examiner/Investigator 3 |
| Kristen D. Butler | 11.1 | Financial Examiner/Investigator 3 |
| Norman Real | 7.4 | Financial Examiner/Investigator 3 |
| Jeffrey R. Flora | 5.8 | Financial Examiner/Investigator 3 |
| Kevin Lail | 1.5 | Financial Examiner/Investigator 1* |
| Mary J. Harper | 23.5 | Program Information Coordinator |
| Valerie Shell | 2.3 | Securities Technician |
| | | <i>*underfilling Financial Examiner/Investigator 3</i> |

LEGAL STAFF (On assignment from Attorney General)

| | | |
|----------------|------|------------------------------|
| Thomas Donovan | 20.8 | Lead Deputy Attorney General |
| Brian Nicholas | 33.0 | Deputy Attorney General |
| Loren Messerly | 0.8 | Deputy Attorney General |
| Stephanie Sze | 7.5 | Paralegal |