



## NEWS RELEASE

**For Immediate Release**

**August 4, 2011**

### **Financial Services Industry Filings Increased 9.7 Percent in FY 2011**

#### *Department of Finance Releases Fiscal Year End Highlights*

Boise, Idaho . . . Gavin Gee, director of the Idaho Department of Finance, today released statistics for the department's fiscal year 2011, which ended June 30, 2011. While the financial services sector nationally continued to struggle, the department saw a general stabilization in the financial services business it oversees, and even record numbers in the securities area. The department accepted more than 148,000 submissions for business filings, licenses and registrations under the 23 financial services laws it administers. This is an increase of 9.7 percent over FY 2010. "While the economy is not out of the woods yet, we are pleased with many of the trends we are seeing in Idaho among the financial services we regulate," Gee said.

Among the positive signs, he noted:

- Between 12/31/2009 and 6/30/2011, Idaho saw a nearly 1-percent increase in the number of securities brokerage firms registering to do business in Idaho. Nationally, the overall number of firms registered to do brokerage business declined almost 4 percent. During the same period, individual securities brokers registering to do business in Idaho increased 24 percent, to a record 90,293, while nationally there was only a 0.25 percent increase.
- Once again, Idaho had no bank or credit union failures during FY 2011. Nationally there have been 79 financial institution failures year to date in 2011, 22 of which occurred in the western United States. In 2010, there were 187 total financial institution failures nationally with 47 in the West. In addition, because Idaho had no mergers or acquisitions, there were no previously served Idaho markets that lost financial services.
- This year the largest Idaho-based bank, Home Federal Bank of Nampa, converted to a state charter from a national charter. The department also received its first new bank branch application in over two years. While second-quarter numbers are not yet available, as of March 31, 2011, total Idaho-based bank assets increased 3.9 percent from \$7.7 billion to \$8 billion.
- The department's banking and credit union sections both were nationally re-accredited during the past fiscal year. This comprehensive review establishes that the department and its staff meet the highest national standards for the examination and regulation of state-chartered financial institutions. This expertise is invaluable as the department works closely with its institutions and federal regulators through these difficult economic times.

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- As a result of the strong licensing and registration numbers, the department was able to transfer from its dedicated fund over \$5.2 million to the State's General Fund. Over the past four fiscal years of the "Great Recession" and ongoing troubled economy, the department has transferred over \$22 million from its dedicated fund to the State's General Fund.

Of course, given the local and national difficulties facing the housing sector and continued high unemployment, not every financial sector business has turned the corner. Some Idaho financial institutions continue to struggle to raise new capital. The number of Idaho-licensed mortgage brokers, lenders and originators dropped, from 3,258 in FY 2010 to 2,277 in FY 2011, although these numbers are tempered somewhat by the quarter-to-quarter numbers which demonstrate some stabilization in this industry. Customer unemployment, business declines and failures, and bankruptcies also contribute heavily to the problems all financial businesses face.

Financial fraud also continues to take its toll in Idaho. Investigations and enforcement actions were pursued by the department under Idaho securities, collection agency, mortgage, financial fraud and banking laws involving investor/consumer losses estimated at nearly \$150 million. This past year the department, through its deputy attorneys general, initiated or completed more than 130 administrative and civil actions against more than 150 individuals or entities. This included a case involving the largest Idaho-based Ponzi scheme the department has ever handled. The department also provided assistance in several criminal prosecutions involving mortgage fraud and securities violations. As a result of the actions completed during the fiscal year, Idaho residents were offered, or awarded in judgments by the courts, approximately \$37 million in refunds, though much of this is likely uncollectible.

The department remains committed to educating Idahoans about financial fraud, the wise use of credit and the importance of saving. By partnering with a broad-based coalition of private-sector, education and government members, Idahoans of all ages are offered educational materials, conferences and presentations on these important topics. New this year was the department's participation in the "Elder Investment Fraud and Financial Exploitation Prevention Program." In partnership with Idaho medical services groups, this program educates medical professionals and social workers about how to spot older Americans who may be vulnerable to financial abuse, particularly those with mild cognitive impairment, and then to refer suspected investment fraud involving these at-risk patients to the department or Adult Protective Services professionals.

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*Department of Finance press releases can be found on the Internet at <http://finance.idaho.gov> or by contacting the department at (208) 332-8004 or Idaho toll-free at 1-888-346-3378.*