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NEWS RELEASE

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Financial Service Business Filings Increased 6.3 percent in 2011

Department of Finance Releases Year in Review Highlights

Boise, Idaho . . . Gavin Gee, director of the Idaho Department of Finance, released numbers for 2011 that suggest the number of businesses in the financial services sector in Idaho has stabilized and, in some areas, grown. Gee said the department accepted more than 149,000 submissions for business filings, licenses and registrations, an increase of 6.3 percent over 2010. *"These numbers demonstrate that Idaho continues to be perceived as a good place to do business. They also suggest that as Idaho's economy continues to recover, financial services will be available to assist local businesses,"* Gee said. The year-end statistics highlight several key points:

Idaho Banking/Credit Union Industries Begin To Move Beyond The Recession – Defying the national trend that saw 92 bank failures last year, Idaho once again had no bank or credit union failures. Loan charge-offs have declined significantly from a year ago and capital ratios and profitability measures have improved. However, several Idaho institutions remain under pressure to raise capital and strengthen their balance sheets.

Department Welcomes Two Charter Conversions – Two Idaho-based financial institutions filed applications to convert their federal charters to Idaho state charters.

Les Bois Credit Union's charter conversion was approved by the department in December. Les Bois Credit Union provides services to all residents of Boise and Garden City, and currently is the only financial institution in Garden Valley. The credit union reports total assets in excess of \$72.6 million and a membership of over 9,200.

Home Federal Bank of Nampa converted from a federal thrift institution to an Idaho state-chartered commercial bank on May 31, 2011. The Bank's holding company also changed its charter from a federal thrift holding company to a bank holding company regulated by the department. Home Federal Bank reports assets of \$1.2 billion; it is the largest financial institution headquartered in Idaho. The bank has 28 branches: 11 in Southwest Idaho and 17 throughout Oregon.

"We are very pleased that these two financial institutions elected to choose an Idaho state charter as they grow their businesses and help to grow Idaho," said Gee.

Business Filings With The Department Continue To Grow – The total number of business filings with the department increased from 140,445 in 2010 to 149,341. New filings processed by the department

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include submissions such as securities issuer filings, license applications, and new branch office applications under 23 financial service laws administered by the department. Of particular note, the securities bureau again reported a new record number of securities professionals licensing to do business in Idaho in 2011. Licenses for these individuals, who are agents of broker-dealer and investment advisory firms living in Idaho and elsewhere, were up nearly 10 percent over 2010 to more than 88,000 agents.

Other industries are having a more difficult time, but signs of stability appear near. While the number of mortgage brokers, lenders and mortgage loan originators shrank approximately 20 percent from the prior year, quarterly comparisons to prior periods have shown signs of stabilization.

Enforcement Results Demonstrate Continuing Risk of Financial Fraud – Active financial fraud investigations conducted by the department during 2011 involved potential investor losses of approximately \$100 million. As a result of the department's enforcement efforts, Idaho residents were offered, or awarded in judgments by the courts, approximately \$33 million in refunds. This total includes amounts refunded to Idaho investors due to administrative, civil and criminal actions initiated or supported by the department and also includes voluntary rescission offers made to remedy unwitting violations of state law. While the department makes every effort to recover restitution for victims of fraud, many orders to repay are uncollectible as a result of the financial condition of the defendants.

The department's investigations and enforcement actions are varied and complex. This past year, the department initiated or completed over 50 actions under the securities, mortgage, collection agency, payday loan, bank act and financial fraud prevention laws. Several actions were filed against companies and persons offering purported mortgage modification services. Over \$300,000 was refunded to Idaho consumers by out-of-state debt settlement or debt management companies for violations of the Idaho Collection Agency Act. This past year also saw the conclusion of federal criminal charges and a state civil action involving Daren Palmer from Eastern Idaho. Palmer operated Trigon Group, Inc., which is likely the largest Ponzi scheme ever seen in Idaho, with victim losses alleged in the federal criminal case of \$75 million.

Gee said, "*Most Idaho financial professionals are honest and work hard for their clients. However, schemes to defraud people are alive and well. Idahoans must remain vigilant in vetting financial promoters and the products and services offered by them.*" Consumers are encouraged to contact the department regarding questionable offerings, or to ascertain if an individual is licensed or needs to be licensed.

Education Seen As Key To Avoiding Fraud – Through presentations to the elderly, teens, civic organizations, university students and others, the department continues to educate Idahoans about avoiding financial fraud, as well as the wise use of credit and the importance of savings. The department was a sponsor of the 2011 Idaho Summit for Elder Abuse and Exploitation Conference where health care and social workers were taught to recognize the red flags of elder financial abuse. The department also provided speakers for the Scam Jam held the day following the conference. April 2011 was again designated by Governor Otter as "Financial Literacy Month" in Idaho. The department also provided resources and personnel to sponsor the Smart Women Smart Money: Idaho Everywoman's Financial Conference held in Boise and Coeur d'Alene. The department is a continuing participant in the Idaho Financial Literacy Coalition, a broad-based partnership of private sector, education and government members organized to enhance the financial literacy of all Idahoans.

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