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## **NEWS RELEASE**

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### **Department of Finance Releases Year In Review Highlights** *Access To Financial Services Continues to Expand!*

Boise, Idaho . . . Gavin Gee, Director of the Idaho Department of Finance, today released numbers for 2006 showing continued growth in the financial services businesses overseen by the Department. According to Gee, the Department of Finance set another year-over-year record with more than 146,000 submissions for business filings, licenses and registrations. According to Gee, *"The general interest in offering Idahoans access to quality financial services continues to expand. This speaks well of how Idaho is perceived as a place for doing business and of Idaho's economic condition and growth prospects when compared to other states and regions."*

The year-end statistics highlight several key points:

**Idaho Banking /Credit Union Industries On Multi-Year Roll** – According to several measures, Idaho residents have gained improved access to bank and credit union services, while the health of those industries in Idaho continues to shine. Strong financial institutions play a vital role in the economic development of their market area as well as providing leadership, employment and support of their local communities. At calendar year-end:

1. Idaho had a record number of banking offices throughout the state at 515 locations.
2. Idaho headquartered banks continued their multi-year trend of robust growth reporting record assets of \$6.9 billion while total deposits by all banks conducting business in Idaho increased to a record \$16.8 billion.
3. Access to financial services for smaller communities also continued to improve as two new state-chartered banks now serve McCall and Driggs. These communities had not had a new start-up bank in nearly 100 years. Additionally, the Department has just given

preliminary approval to an application for a start-up bank in Post Falls, the first new start-up bank in that community in more than 100 years.

4. Just released fourth-quarter data reveals that Idaho-based banks produced growth rates that are more than double the national average for all banks, while Idaho institutions have higher capital ratios, better returns and significantly lower past-due loans and charge-offs.

Continuing another multi-year trend, Idaho chartered credit unions continue to demonstrate positive growth in assets, deposits and loans. Idaho chartered credit unions reported nearly \$1.6 billion in assets, \$1.4 billion in deposits, and loans to Idahoans or other members in excess of \$1.1 billion. Deposits for all credit unions conducting business in Idaho grew to a record \$2.7 billion.

**Business Filings With The Department Continue To Grow** – The total number of business filings with the Department increased to a record of more than 146,000. New filings processed by the Department include submissions such as securities issuer filings, license applications, and new branch office applications under 22 financial service laws administered by the Department. Of particular note, the Consumer Finance Bureau reported record high numbers of both mortgage broker and lender firms as well as a record 4,072 licenses issued pursuant to a new licensure law for mortgage loan originators.

**Enforcement Results Demonstrate Continuing Risk of Financial Fraud** – Financial fraud investigations conducted by the Department during 2006 involved potential investor losses estimated at more than \$25 million. As a result of the Department's enforcement efforts, Idaho residents were offered, or awarded in judgments by the courts, approximately \$3.1 million in refunds. This total includes amounts refunded to Idaho investors due to administrative, civil and criminal actions initiated or supported by the Department and also includes voluntary rescission offers made in compliance with the laws administered by the Department.

The Department's investigations and enforcement actions are varied and complex. This past year saw the Department shut the doors of an Idaho-based collection agency engaged in significant fraud and self-dealing, while other actions initiated or completed include:

1. a web-based identity theft/money transmitter fraud emanating from the former Soviet Union;
2. a gold mining scheme in Arizona;

3. a fraudulent on-line escrow company falsely claiming to be Idaho's largest escrow company;
4. an on-line Canadian-based ticket brokering firm promising high yield investment returns; and
5. an evangelical minister whose work included falsely promising handsome investment returns.

The Department also referred and assisted in two criminal prosecutions this past year. Sentencing is forthcoming for defendants in association with a collection agency failure, and for a former Boise stockbroker who improperly invested client assets. A number of his victims were senior citizens.

Gee was quick to caution Idahoans to remain vigilant and skeptical when dealing with unknown individuals or firms. He stated, "New and changing technology combined with the imaginative cunning of criminals creates an unlimited supply of investment swindles aimed at our citizens. Identity theft remains the fastest growing crime in the country, while other forms of cyber-fraud also continue to expand."

**Education Seen As Key To Avoiding Fraud** - The Department also continued to devote resources to educating Idahoans about financial fraud before money is lost. Likewise, the Department educates teens and adults about the wise use of credit and the importance of saving. Specifically, the Department noted several commitments designed to increase the financial literacy of Idahoans. The Department provides educational materials and presentations to high school classes, civic organizations and retirement centers throughout the state. Additionally, the Department provides resources and personnel to sponsor educational events such as the Southwest Idaho Financial Literacy Conference, the Elder Fraud and Abuse Conference, the Governor's Conference on Aging, Smart Women Smart Money: Idaho Everywoman's Financial Conference, and bi-annually, Senior Scam Jam conferences. The Department is also an active 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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