

ANNUAL REPORT
OF THE
Banking Commissioner
OF THE
STATE OF CONNECTICUT



FOR THE YEAR ENDED DECEMBER 31, 1979

BANKING COMMISSIONER
DAVID H. NEIDITZ

DEPUTY BANKING COMMISSIONER
LINDA J. KELLY

State Office Building, Hartford, Connecticut 06115

P.A. 79-134 — Permits small loan licensees to sell credit life insurance covering both the borrower and the borrower's spouse if both are obligors on a loan.

P.A. 79-135 — Effective December 1, 1980, this act prohibits use of the Rule of 78's and other inequitable methods for computing finance charge rebates on many consumer credit transactions.

P.A. 79-160 — Eliminates the debt adjustment business for profit and provides a licensing procedure for nonprofit debt adjusters.

P.A. 79-249 — Permits small loan licensees to make open end, unsecured loans.

Regulations implementing P.A. 77-418 became effective July 6, 1979. These regulations control the collection practices of general creditors in much the same way as the collection practices of consumer collection agencies have been controlled for a number of years.

Also effective July 6, 1979 were the Connecticut Fair Credit Billing Regulations. These regulations are nearly identical to the Fair Credit Billing Amendments to Federal Regulation "Z," and include a procedure for resolving billing error allegations arising under open end credit plans.

Securities Section

The Securities Section is responsible for the following areas subject to the general supervision of the Banking Commissioner: (1) Broker-Dealer and Investment Adviser Registrations; (2) Examinations of Broker-Dealer and Investment Adviser Registrants; (3) Registration of New Issues of Securities; (4) Registration of Business Opportunities for Sale in Connecticut; and (5) Enforcement of the Securities and Business Opportunity laws. As of year-end 1979, the Securities Section was comprised of a Director, six examiners, an accountant, and eight staff assistants. John F. Healey, a long time employee of the Banking Division and Director of the Securities Section died suddenly on December 4, 1979.

Activities

Jurisdiction of the Banking Commissioner over the Securities Laws and Business Opportunity Law emanates from Chapter 662 of the General Statutes (The Connecticut Uniform Securities Act) and Public Act 79-458 (The Connecticut Business Opportunity Investment Act), respectively.

The number of persons registered to engage in selling securities and to offer advice and management services regarding investments in securities increased to 12,549 at the end of 1979, a 4.6% increase over 1978. More than 63% of these registrants were engaged in the general brokerage of securities.

Almost 1200 registration statements required of issuers of securities prior to their sale in Connecticut were received in 1979. In addition, 3 tender offer registration statements and 10 registrations by sellers of business opportunities sales programs were received. One hundred forty-four routine examinations of broker-dealers and investment advisers were conducted in 1979.

The Securities enforcement section initiated 165 investigations, issued 22

cease and desist orders, referred 3 cases to the Chief States Attorney's Office for criminal action, and made 5 referrals for civil action.

Tables 51 through 57 contain data relating to the annual activities of the Securities Section.

Legislation

On June 20, 1979, the Connecticut Business Opportunity Investment Act took effect. This legislation originated from a proposal of the Banking Commissioner to the General Assembly. Its major purpose is to prevent the sale of fraudulent or misleading marketing programs to the Connecticut public by requiring that sellers of business opportunity sales programs register with the Banking Commissioner prior to the offer or sale of a business opportunity in or from Connecticut. In order for a seller of a business opportunity to be granted registration an application and proposed disclosure document must be filed for review by the Securities Section. Once compliance is determined, registration is granted. The Act carries both civil and criminal penalties for failure to comply.

On June 5, 1979 Public Act 79-396 entitled "An Act Amending the Connecticut Uniform Securities Act" took effect. This Act amended Chapter 662 of the General Statutes by further bringing the Connecticut securities laws into uniformity with other states and giving the Banking Commissioner more clearly defined authority to enforce the intent and provisions of the securities laws.

Administrative Section

Administration of the Banking Division is the responsibility of the Commissioner, assisted by the Deputy Commissioner and a staff which was comprised of sixteen persons as of December 31, 1979.

The Administrative Section establishes policy for all divisional functions, provides supervision and control over examination procedures and techniques, analyzes and interprets economic trends, and evaluates legislation as it affects the industry and the public. By statute, the Commissioner serves on the Connecticut Housing Finance Authority and the Teachers' Retirement Board.

Research

Mortgage loan data submitted by lenders is compiled annually and a report is prepared which analyzes and summarizes this data by geographical location. The raw data is stored on machine-readable magnetic tape and is accessible on demand. Hard copies of the data are available to interested parties. During the past year copies of this data have been supplied to public interest groups, local planning agencies, and financial institutions.

Public Outreach

The Banking Division continues to assist financial institutions and the public in understanding and complying with new federal and state laws relating to the banking industry and the various communities which it serves.

Table No. 51
REGISTRATIONS:
BROKER-DEALERS, INVESTMENT ADVISERS AND AGENTS

	In Effect Dec. 31		Increase	
	1978	1979	1978	1979
Brokers and Dealers	530	511	7.3%	(3.6%)
Agents	10,809	11,318	12.5	4.7
Investment Advisers	199	189	7.0	(5.0)
Investment Advisers Agents	438	453	14.4	3.4
Agent of issuer	22	78	63.3	254.5

Table No. 52
CLASSIFICATION OF BROKER-DEALER REGISTRANTS

Type of Business	Number		Percent	
	1978	1979	1978	1979
General Brokerage	327	324	61.7	63.4
Investment Trust	119	31	22.5	6.1
Other Specialists	10	155	1.9	30.3
Own Securities	74	1	13.9	.2
TOTALS	530	511	100.0	100.0

Table 52a
MAIN OFFICE: BROKER-DEALER
AND INVESTMENT ADVISER REGISTRANTS

1979	1979	
	Broker-Dealer	Investment Adviser
Alabama	2	
Arizona	1	
Arkansas	3	
California	18	8
Colorado	8	
Connecticut	70	67
Delaware	1	
District of Columbia	4	
Florida	9	1
Georgia	10	3
Illinois	18	3
Indiana	2	1
Iowa	1	
Louisiana	1	
Maryland	4	2
Massachusetts	43	28
Michigan	5	
Minnesota	8	
Missouri	6	1
Nebraska	2	
New Jersey	19	4
New Hampshire	1	
New York	224	61
North Carolina	1	
Ohio	6	
Pennsylvania	13	5
Rhode Island	4	
Texas	13	1
Tennessee	2	
Utah	1	
Virginia	1	3
Vermont	1	
Washington	3	
Wisconsin	5	1
Puerto Rico	1	
TOTALS	511	189

Table No. 53
TREND IN BROKER-DEALER, INVESTMENT ADVISER AND AGENTS REGISTRATIONS

Year	Broker Dealers	Percent Increase/ Decrease	Agents	Percent Increase/ Decrease	Investment Advisers	Percent Increase/ Decrease	Investment Adviser Agents	Percent Increase/ Decrease	Agents of Issuer	Percent Increase/ Decrease
1955	251	13.1	1,177	47.3	22	29.4	13	8.3	....	....
1960	312	24.3	2,223	88.8	24	8.3	23	77.0	....	....
1965	345	10.5	3,268	47.0	42	75.0	62	169.5	....	....
1966	346	.0	3,703	13.3	47	11.9	85	37.0	....	....
1967	353	2.0	4,112	11.0	56	19.6	110	29.4	....	....
1968	390	10.5	5,159	25.7	60	7.1	125	13.6	....	....
1969	434	11.3	5,955	15.4	72	20.0	145	16.0	....	....
1970	451	3.9	6,429	9.6	81	12.5	171	17.9	....	....
1971	464	2.9	6,522	1.4	86	6.2	191	11.7	....	....
1972	499	7.5	7,305	12.0	103	19.7	226	18.3	....	....
1973	464	(7.0)	7,519	2.9	109	5.8	235	4.0	....	....
1974	463	(.2)	7,543	.3	121	11.0	288	22.6	....	....
1975	453	(2.2)	7,899	4.7	135	11.6	322	11.8	....	....
1976	476	5.1	8,926	13.0	156	15.6	355	10.2	....	....
1977	494	3.8	9,611	7.7	186	19.2	383	7.9	3	....
1978	530	7.3	10,809	12.5	199	7.0	438	14.4	22	63.3
1979	511	(3.6)	11,318	4.7	189	(5.0)	453	3.4	78	254.5

SECURITIES

Table No. 54
ROUTINE EXAMINATIONS:
BROKERS-DEALERS AND INVESTMENT ADVISERS

	1979
Broker-Dealers	99
Investment Advisers	45

Table No. 55
REGISTRATIONS FILED AND EFFECTED OF
SECURITIES, TENDER OFFERS AND BUSINESS OPPORTUNITIES

	1979	
	Received	Effectuated
Securities	1,168	1,082
Tender Offers	3	3
Business Opportunities	10	4

Table No. 56
ENFORCEMENT ACTIVITIES:
SECURITIES AND BUSINESS OPPORTUNITIES

	1979	
	Securities	Business Opportunities
Investigations Opened	110	55
Investigations Closed	107	25
Cease & Desists Issued	10	12
Referrals for Criminal Action	2	1
Referrals for Civil Action	5	0

Table No. 57
INTERPRETIVE OPINIONS ISSUED BY COUNSEL:
SECURITIES AND BUSINESS OPPORTUNITIES

	1979
Securities	75
Business Opportunities	19

ROSTER**Banking Division****ADMINISTRATIVE SECTION**

David H. Neiditz, Commissioner

Linda J. Kelly, Deputy Commissioner

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