

**ANNUAL REPORT**

**OF THE**

**Banking Commissioner**

**OF THE**

**STATE OF CONNECTICUT**

**FOR THE YEAR ENDED DECEMBER 31, 1994**

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**RALPH M. SHULANSKY**  
**BANKING COMMISSIONER**

**ROBERT B. TITUS**  
**DEPUTY COMMISSIONER**

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Credit unions are required to establish a share insurance deposit with NCUSIF equal to one percent of insured shares. This deposit is recorded as an investment on the books of the credit union. As in previous years, the NCUSIF deposit is adjusted annually and is based on the insured level of deposits as of June 30.

#### *Federal Credit Unions*

In addition to state-chartered credit unions, as of December 31, 1994 there were 163 federal credit unions with total assets of \$2.8 billion, share deposits of \$2.5 billion and 680,206 members. Net capital to assets was 9.1% and delinquent loans to total loans was 1.1%. Connecticut federal credit unions are supervised by the NCUA's Region 1 office located in Albany, New York.

### **SECURITIES AND BUSINESS INVESTMENTS DIVISION**

Subject to the general supervision of the Banking Commissioner, the Securities and Business Investments Division is charged with administering Chapter 672a of the Connecticut General Statutes, The Connecticut Uniform Securities Act; Chapter 672c of the Connecticut General Statutes, The Connecticut Business Opportunity Investment Act; and Chapter 672b of the Connecticut General Statutes, The Connecticut Tender Offer Act.

The division is responsible for 1) the registration of securities and business opportunity offerings for sale in Connecticut; 2) the registration of broker-dealers, agents, investment advisers and investment adviser agents as well as the registration of broker-dealer and investment adviser branch offices; 3) the examination of broker-dealer, investment adviser and branch office registrants; and 4) enforcement of the state's securities, business opportunity and tender offer laws.

As of year-end 1994, and excluding vacancies, the division was comprised of a division director, two assistant division directors, one chief examiner, 17 examiners, two Accounting Careers Trainees, two Connecticut Careers Trainees and nine support personnel.

#### *Activities*

As of year-end 1994, 68,654 individuals were registered to represent broker-dealers in offering and selling securities. This was a seven percent increase over 1993. The number of registered broker-dealers increased 6.1%, from 1,702 in 1993 to 1,805 in 1994. In addition, the number of registered investment advisers rose nine per cent, from 901 in 1993 to 982 in 1994, and the number of registered investment adviser agents increased by 22.8%, from 6,981 in 1993 to 8,570 in 1994. Also during 1994, 34 broker-dealer and 33 investment adviser examinations were conducted.

In 1994, the division received a total of 6,623 registration filings for securities to be sold in Connecticut. The number of initial investment company registrations decreased by 31.8%, from 1,073 in 1993 to 739 in 1994. Mutual fund renewal registrations, however, were up approximately 14.9% from 1993. Fifty-one business opportunity initial registrations were filed

in 1994 and 31 business opportunity renewal registrations were processed during the year. No filings were received under the Connecticut Tender Offer Act. (See Table 38)

In conjunction with the division's securities enforcement program, 178 investigations were opened in 1994, 172 investigations were closed and 76 investigations were in progress as of Dec. 31, 1994. Seven cease and desist orders, naming 10 parties, were issued under The Connecticut Uniform Securities Act. In addition, four criminal referrals were made during the year.

With respect to the division's business opportunity enforcement program, 50 investigations were opened, 63 investigations were closed and six investigations were in progress as of Dec. 31, 1994. Of all the securities and business opportunity-related complaints and investigations handled, most were resolved at the administrative level prior to being closed.

Many administrative resolutions of enforcement matters took the form of remedial "stipulation and agreements" and consent orders wherein the division sought corrective measures as well as monetary fines and the reimbursement of investigative costs. For example, 27 consent orders were executed in conjunction with securities related matters (see Table 39). The total amount of fines, penalties and costs imposed through administrative fines and informal resolutions of securities and business opportunity-related matters totaled \$765,935 (see Table 39). The division found the use of stipulation and agreements and consent orders to be an effective supplement to its array of enforcement tools.

In addition, informal division intervention resulted in \$810,896 being offered and/or returned to Connecticut investors during 1994. (see Table 39).

## LEGISLATION

During the 1994 session of the General Assembly, the following public acts affecting areas regulated by the Department of Banking were approved and signed into law:

### *Banks and Credit Unions*

*P.A. 94-7, An Act Authorizing The Limited Establishment Of Bank Accounts In Out-Of-State Depositories* (effective October 1, 1994) amends Section 3-24 of the General Statutes to authorize the State Treasurer to deposit funds in out-of-state financial institutions up to the FDIC insurance limit. Amends Section 4-33(a) of the General Statutes to authorize any public official of the state, with the approval of the State Treasurer and Comptroller, to deposit funds in any bank, trust company or state bank and trust company in any state or the District of Columbia, or in a bank in a foreign country with correspondent relationship with any national bank, state bank, trust company or state bank and trust company. Also amends Section 36-389 of the General Statutes to require out-of-state depositories to provide eligible collateral for such deposits in excess of the FDIC limit.

In addition, amends Section 3-31a of the General Statutes to authorize the State Treasurer to invest in shares or interests in an investment com-

affiliated with such broker or lender. It further provides that the Department of Consumer Protection is given investigative authority and the Real Estate Commission is given the authority to suspend or revoke any license issued under Chapter 392, or to impose a fine, concerning any violation of this section. Section 12 of the Act prohibits attorneys and persons affiliated with attorneys, from receiving fees for the referral of any person to a real estate broker or salesman, or any person affiliated with such broker or salesman, or any person engaged in the real estate business, or any mortgage lender or broker or their affiliates, and provides for sanctions for any violation of this section. Section 13 of the Act prohibits mortgage brokers and lenders and their affiliates from receiving a fee for the referral of any person to a real estate broker or salesman or their affiliates, or to any person engaged in the real estate business, or to an attorney, or to any affiliate of the attorney. It further provides that the Commissioner of Banking shall have enforcement authority over any violation of this section, including the power to investigate, suspend or revoke licenses, and impose fines.

### **Securities**

*P.A. 94-178, An Act Concerning The Commissioner's Powers Under The Connecticut Uniform Securities Act* (effective October 1, 1994) amends Section 36-484(a) of the General Statutes to give the Commissioner more flexibility in licensing by allowing him, after notice and hearing, to condition or limit securities industry registrations for cause instead of only having the ability to deny, suspend or revoke such registrations. The Act amends Section 36-488(k) of the General Statutes to require most investment companies to renew their securities registrations on a fiscal year basis. The Act also amends Section 36-496 of the General Statutes to give the Commissioner authority to institute administrative actions seeking restitution plus interest or disgorgement against securities violators as well as certain control persons of such violators.

**Table No. 35**  
**REGISTRATIONS**  
**BROKER-DEALERS, INVESTMENT ADVISERS AND AGENTS**

	In Effect Dec. 31		Increase (Decrease)	
	1994	1993	1994	1993
Broker-Dealers .....	1,805	1,702	6.1%	8.6%
Agents .....	68,654	64,181	7.0%	20.2%
Investment Advisers .....	982	901	9.0%	9.7%
Investment Adviser Agents .....	8,570	6,981	22.8%	14.25%
Agent of Issuer .....	177	187	(5.3)%	33.5%
Broker-Dealer Branch Offices .....	914	679	34.6%	
Investment Adviser Branch Offices .....	273	184	48.4%	

  

	<u>Broker-Dealers</u>	<u>Agents</u>	<u>Investment Advisers</u>	<u>Investment Adviser Agents</u>
Initial Registrations				
Processed .....	280	28,661	176	2,979
Branch Office Registrations				
Processed .....	363	N/A	107	N/A

**Table No. 36**  
**TREND IN BROKER-DEALER, INVESTMENT ADVISER AND AGENT 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	188	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	178	254.5
1980	575	12.5	12,962	14.5	193	2.1	495	9.3	136	74.4
1981	647	11.1	14,700	11.8	200	3.5	618	19.9	193	29.5
1982	745	13.2	18,707	21.4	214	6.5	775	20.3	241	19.9
1983	916	22.9	22,587	20.7	263	22.9	1,095	41.2	151	(37.3)
1984	1,154	24.9	28,964	28.0	310	17.9	1,547	41.5	169	11.9
1985	1,237	7.2	33,790	16.7	341	10.0	1,798	16.2	194	14.8
1986	1,321	6.8	40,929	21.75	399	17.0	2,286	37.1	254	14.9
1987	1,418	6.7	47,332	15.64	468	17.3	3,645	59.5	258	1.6
1988	1,549	9.2	49,337	4.2	538	15.0	3,325	(8.8)	222	(14.0)
1989	1,563	.9	51,465	4.3	581	8.0	2,863	(13.9)	125	(48.5)
1990	1,517	(3.0)	48,685	(5.4)	605	4.1	3,023	5.5	108	(13.6)
1991	1,491	(2.0)	50,659	4.0	660	9.0	4,266	41.0	123	13.9
1992	1,567	5.1	53,396	5.4	821	24.4	6,110	43.2	140	13.8
1993	1,702	8.6	64,181	20.2	901	9.7	6,981	14.25	187	33.5
1994	1,805	6.1	68,654	7.0	982	9.0	8,570	22.8	177	(5.3)

**Table No. 37**  
**ROUTINE EXAMINATIONS**  
**BROKER-DEALERS AND INVESTMENT ADVISERS**

	1994	1993
Broker-Dealers .....	34	61
Investment Advisers.....	33	61

**Table No. 38**  
**REGISTRATIONS FILED AND EFFECTED FOR**  
**SECURITIES, BUSINESS OPPORTUNITIES AND TENDER OFFERS**

	Received		Effectuated	
	1994	1993	1994	1993
<b>Securities</b>				
Open End Management Investment Company				
Initial Registrations .....	739	1,073	696	1,029
Open End Management Investment Company				
Renewals .....	4,140	3,602	3,838	3,705
Unit Investment Trust Initial Registrations .....	473	439	503	403
Unit Investment Trust Renewals.....	18	13	25	13
Post-sale Registrations .....	10	10	10	10
All others.....	1,275	1,445	1,005	1,194
Total Securities Registrations .....	6,655	6,582	6,007	6,354
<b>Securities Exemption Filings</b>				
Regulation D Filings .....	1,705	1,522	1,705	1,522
<b>Business Opportunities</b>				
Business Opportunity Initial Registrations .....	51	47	28	33
Business Opportunity Renewals .....	31	29	31	19

**Table No. 39**  
**ENFORCEMENT ACTIVITIES**  
**SECURITIES AND BUSINESS OPPORTUNITIES**

	Securities		Business Opportunities	
	1994	1993	1994	1993
Investigations Opened .....	178	164	50	99
Investigations Closed .....	172	167	63	102
Investigations in Progress, (Dec. 31) .....	76	69	0	19
Subpoenas Issued .....	20	41	0	2
*Cease and Desist Orders .....	7 (10)	7 (10)	0	1 (2)
*Denial, Suspension & Revocation Orders .....	3 (3)	4 (4)	0	0
Cancellation Orders .....	0	0	N/A	N/A
*Notices of Intent to Fine .....	1	0	0	0
Orders Imposing Fine .....	0	0	0	0
*Consent Orders .....	27 (29)	1 (1)	0	0
*Stipulation and Agreements .....	5 (16)	29 (29)	0	0
Criminal Referrals .....	4	4	0	0
Civil Referrals to the Attorney General's Office ...	1	0	0	0
Fines, Penalties & Costs Imposed .....	\$765,935	\$96,260	\$0	\$0
Offered and/or Returned to Investors				
Following Informal Division Intervention .....	\$792,386	\$1,126,257	\$18,510	\$139,100

Note: Parenthetical number indicates number of parties named in Notice, Order or Stipulation and Agreement.

# ROSTER

## DEPARTMENT OF BANKING

### ADMINISTRATION

Ralph M. Shulansky, *Banking Commissioner*

Robert B. Titus, *Deputy Banking Commissioner*

Jeanne M. Charbonneau

Marjorie D. Kagan

*Secretary to the Commissioner*      *Secretary to the Deputy Commissioner*

### Government Relations

Robert J. Carragher

*Executive Assistant*

Kathleen A. Hogan

*Secretary 2*

### Public Information

Gregory E. Futoma, *Communications Specialist*

David Tedeschi, Jr., *Communications Officer*

Kristine M. Watterworth, *Secretary 1*

### Affirmative Action

Lauren L. Shuck, *Affirmative Action Program Manager*

### Banking Legal Staff

Gayle S. Fierer, *Banking Supervising Administrative Attorney*

*Banking Administrative Attorney 2*

Nirja N. Savill

Robert S. Rosenthal

Doniel Kitt

Arthur S. Donovan

*Banking Administrative Attorney 1*

Jeffrey P. Halperin

William M. Bourque

*Staff Assistants*

Tina M. Daigle

*Paralegal Specialist 2*

Mary Beth Anderson

Beverly P. Blackstone

*Paralegal Specialist 1*

*Secretary 2*

### Personnel and Business Office

Charles Fischer, *Fiscal/Administrative Manager 1*

Debra L. Patterson, *Fiscal/Administrative Supervisor*

Anne Sblendorio, *Personnel Officer 2*

Inge E. Simmons, *Personnel Officer 1*

*Staff Assistants*

Yvette D. Levesque  
*Fiscal/Administrative Officer*

Lisa T. Touchette  
*Fiscal/Administrative Officer*

Carmen G. Calderon  
*Office Assistant*

Sallie M. Miller  
*Clerk*

Michelle R. Provost  
*Fiscal/Administrative Officer*

Ventura Ramos  
*Fiscal/Administrative Assistant*

Paul P. Boccaccio, Jr.  
*Mail Handler*

Ismael Marrero  
*Messenger & Supply Clerk*

**Management Information Systems**

Michael G. Bannon, Sr., *Durational Project Manager*

George T. Roman, *Agency Data Processing Manager 1*

Clayton L. Parker

*Banking Principal Examiner (General)*

James Black, Jr.  
*Systems Developer 3*

Joseph E. Kapinos  
*Systems Developer 3*

Shirley A. Cafro  
*Data Processing Technical Analyst 2*

Eustacia G. Williams  
*Office Assistant*

**BANK AND CREDIT UNION REGULATION**

Joseph A. Pandiscia, *Banking Administrator of Depository Institutions*

**BANK EXAMINATION DIVISION**

Howard F. Pitkin, Jr., *Director*

Glenn W. Hayes, *Assistant Director*

Thomas J. Catania, *Assistant Director*

*Banking Supervising Examiner*

Sebastian F. Scarfe    Randolph J. Connolly, Jr.    Mary E. O'Neill

*Banking Principal Examiner (General)*

Lewis S. Clark	Alfred G. Reutter	Raymond J. Milot
Andrew J. Paczkowski	Joseph M. Harris	Vernelle J. Davis
John A. Beaty	Malcolm G. Campbell, Jr.	David L. O'Brien
Joyce A. O'Sullivan	Phyllis S. England-Lewis	Donald F. Dooling
Deborah A. Sementa	Doreen A. DiMaio	Cheryl M. Gardow

*Banking Associate Examiner (General)*

Terralyn D. Cooper	Janis A. Bureau	Ann M. Pedevillano
Cora Keating		Janice A. Zlotnick

*Banking Examiner (General)*

Richard Cortes	Debora L. Lein	Nathaniel J. Hirsh
Mark T. Gray	Cheney R. Eng Tow	Gregory C. Woodbury
Cynthia N. DeRosa	Thomas J. Virga	Denise M. McGovern
Dino P. Iavecchia		SeYoung K. Joo

*Accountant*

Paul L. Ligas

*Connecticut Careers Trainee*

Gary R. Battle

*Accounting Careers Trainee*

Senta B. Root	Paul A. Granato	Michael I. Myles
Randall N. Novick	Henrika B. Franciszkowicz	Todd J. Prout
Michael J. Sullivan		Ella J. Ingraham

**Consumer Information**Barry A. Elliott, *Banking Principal Examiner (General)*Mary C. Divigard, *Banking Examiner**Staff Assistants*

Maria L. O'Toole

*Administrative Assistant*

Saroja N. Setty	Ana M. Ruiz	Genafa B. Byar
<i>Secretary 2</i>	<i>Secretary 1</i>	<i>Secretary 1</i>

**CREDIT UNION DIVISION**Chester E. Uliasz, *Director*Thomas J. Zaleski, *Assistant Director (Credit Unions)**Banking Principal Examiner (General)*

Patricia A. Budnick	Adeline P. Costa
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*Banking Associate Examiner (General)*

Jeffrey F. Hackett	Rita R. Redler	Paul D. Lombardo
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*Banking Examiner*

Edward J. Kenefick	Eric B. Offei-Addo	Angela M. DiDomizio
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*Staff Assistants*

Darlene M. Testa	Carmen M. Calderon	Judith S. Tillman
<i>Secretary 1</i>	<i>Clerk Typist</i>	<i>Clerk</i>

**SECURITIES AND BUSINESS INVESTMENTS DIVISION**Ralph A. Lambiase, *Director*Eric J. Wilder, *Assistant Director*Cynthia E. Antanaitis, *Assistant Director**Banking Supervising Examiner (Securities)*

Sidney A. Igdalsky

*Banking Principal Examiner (Securities)*

Margot T. O'Grady	John P. Walsh	William E. Olesky
Jeffrey S. Goodson		Salvatore Cannata

*Banking Associate Examiner (Securities)*

Maryellen R. Meara	Thomas C. Dolan	Kevin R. Maher
Sylvia A. Morgan	Paola Z. Barry	Lisa B. Troy
Naomi C. Church		John A. Horne

*Banking Examiner*

Jean M. Foto	Cesar H. Garcia	David M. Jankoski
Anne O. Purcell		Klemes M. Klementon

*Connecticut Careers Trainee*

Susan Nadimi	Mark A. Hornyak
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*Accounting Careers Trainee*

Louis A. Perillo III	Laurie K. Greci
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*Staff Assistants*

Louise E. Hanson <i>Administrative Assistant</i>	Virginia A. Wagner <i>Secretary 1</i>	Helen C. Crane <i>Secretary 1</i>
Olympia M. Thompson <i>Office Assistant</i>	June R. Christensen <i>Office Assistant</i>	Judith A. Mercier <i>Office Assistant</i>
Mark D. Loveland <i>Data Entry Operator I</i>	Sharada Kanive <i>Clerk Typist</i>	Alice F. Miller <i>Clerk Typist</i>

**CONSUMER CREDIT DIVISION**

Robert C. Focht, *Director*

William Nahas, Jr., *Assistant Director*

*Banking Principal Examiner (Consumer Credit)*

Dena L. Wood	Jeffrey W. Hubbell	Marlene M. Mannix
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*Banking Associate Examiner (Consumer Credit)*

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*Banking Examiner*

Carmine T. Costa

*Connecticut Careers Trainee*

Aslam S. Lodi

*Accounting Careers Trainee*

Michael C. Buchas	Richard P. Lalor
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Larisa L. Hull

*Administrative Assistant*

Olive R. Mihm <i>Clerk Typist</i>	Maria C. Burgos <i>Clerk Typist</i>	Jean L. Wright <i>Clerk Typist</i>
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