

**PA13-106**

HB6340

Banking	607, 609, 654-655	4
House	2714-2719	6
Senate	3763-3764, 3856-3857	4
		<b>14</b>

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**BANKS  
PART 2  
339 – 680**

**2013**

1  
djp/gbr BANKS COMMITTEE

March 7, 2013  
2:00 P.M.

CHAIRMEN: Senator Leone  
Representative Tong

MEMBERS PRESENT:  
SENATORS: Crisco, Linares

REPRESENTATIVES: Alberts, Baram, Carter,  
Diminico, Frey, Guerrero,  
Luxenberg, Ritter,  
Rovero, Widlitz

REP. TONG: Afternoon. Is there a clerk here? All right. John are you ready? Adam are you ready? I call this public hearing to order. I think we're still waiting for members to show up and I wouldn't be surprised if people were on their way home already because of the weather, which I want to do as soon as possible.

Thank you all for being here. Let's start with COMMISSIONER HOWARD F. PITKIN, please. I'm sorry we're so far away. I wanted to be closer but the clerk told me I had to sit up here. So, I feel like there's this huge chasm between us and the witness. Good afternoon, Commissioner.

COMMISSIONER HOWARD F. PITKIN: Good afternoon, Mr. Chairman. Thank you very much. My name is Howard F. Pitkin and I'm the Commissioner of the Connecticut Department of Banking. I'm here to testify in favor of five pieces of legislation.

The first bill I'll speak on is Senate Bill 826, AN ACT CONCERNING THE STRENGTHENING OF CONSUMER CREDIT LICENSE PROTECTIONS. The proposal authorizes the Banking Commissioner to use the nationwide mortgage licensing system and registry for licensing or

SB827

SB911

HB6339

HB6340

SB971

effort to better protect the consumer. Most notably, it creates a new regulatory scheme to be administered by the banking commissioner, governing persons that act as mortgage servicers. It also enhances regulatory requirements of money transmission licensees and makes other confirming changes consistent with industry standards.

Next, is House Bill 6339, AN ACT CONCERNING BANKS AND THE ECONOMIC DEVELOPMENT OF LOAN PRODUCTION OFFICES, addresses the enforcement authority of the Commissioner related to licensee and clarifies oversight of loan production offices outside the state. The bill also makes certain technical corrections.

The final proposal is House Bill 6340, AN ACT CONCERNING THE CONNECTICUT UNIFORM SECURITIES ACT. The purpose of this bill is to update the Connecticut Uniform Securities Act and incorporate certain provisions of the revised Uniform Securities Act. The bill is technical and codifies existing practices. Thank you for your attention to these matters and I'll be happy to answer any questions you may have.

REP. TONG: Thank you, Commissioner. I have a couple of questions. First, the other night when we in Sanford for our public hearing, I don't think that you had a chance to provide testimony that night and I wanted to ask you a question about one of the bills that we heard that night, I believe the number is 971 and it is a proposal regarding foreclosure by market sale.

So, I wanted to have an opportunity to hear your thoughts on that bill. You know, I think we heard a lot from the realtor community that night and a lot of compelling testimony. So, I think I asked during the hearing for both

**TESTIMONY SUBMITTED TO THE BANKS COMMITTEE**  
**March 7, 2013**

*Commissioner Howard F. Pitkin*  
*Department of Banking*

**SB 826, AN ACT CONCERNING THE STRENGTHENING OF CONSUMER**  
**CREDIT LICENSE PROTECTIONS,**  
**SB 827, AN ACT CONCERNING PUBLIC DEPOSITS,**  
**SB 911, AN ACT CONCERNING MONEY TRANSMISSION, MORTGAGE**  
**SERVICES AND CONSUMER COLLECTION AGENCIES,**  
**HB 6339, AN ACT CONCERNING BANKS AND THE ECONOMIC**  
**DEVELOPMENT OF LOAN PRODUCTION OFFICES,**  
**HB 6340, AN ACT CONCERNING THE CONNECTICUT**  
**UNIFORM SECURITIES ACT**

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Good afternoon Chairman Leone, Chairman Tong and members of the committee. My name is Howard F. Pitkin and I am the Commissioner of the Connecticut Department of Banking. I am here to testify in favor of five pieces of legislation.

The first bill I will speak on is **SB 826, AN ACT CONCERNING THE STRENGTHENING OF CONSUMER CREDIT LICENSE PROTECTIONS**. The proposal authorizes the banking commissioner to use the Nationwide Mortgage Licensing System and Registry for licensing or registration of any person engaged in a financial services industry within the jurisdiction of the commissioner and to make other technical and conforming changes as described above.

**SB 827, AN ACT CONCERNING PUBLIC DEPOSITS**, is a bill with many authors. A task force composed of the Connecticut Bankers Association, the Connecticut Credit Union League, the Office of the State Treasurer, the Office of Policy and Management and others worked tirelessly over the summer to draft this bill. The proposed legislation amends the public deposit laws based on the recommendations of the task force, and will afford greater protection to state and municipal deposits.

This proposal significantly improves Connecticut's existing laws concerning the protection of public deposits. It increases the protection afforded to public deposits under current law and it does so in a manner that does not unduly burden financially sound institutions. It also simplifies and streamlines the provisions regarding eligible collateral and eliminates riskier forms of collateral. Finally, the proposal gives the agency authority to increase collateral requirements in the event of an increased risk to public deposits before the factors that would automatically trigger an increase in collateral come into effect.

***SB 911, AN ACT CONCERNING MONEY TRANSMISSION, MORTGAGE SERVICES AND CONSUMER COLLECTION AGENCIES*** makes numerous changes to the consumer credit statutes in an effort to better protect the consumer. Most notably, it creates a new regulatory scheme to be administered by the Banking Commissioner governing persons that act as mortgage servicers. It also enhances regulatory requirements of money transmission licensees and makes other conforming changes consistent with industry standards.

***HB 6339, AN ACT CONCERNING BANKS AND THE ECONOMIC DEVELOPMENT OF LOAN PRODUCTION OFFICES*** addresses the enforcement authority of the Commissioner related to licensee and clarifies oversight of loan production offices outside the state. The bill also makes certain technical corrections.

The final proposal is ***HB 6340, AN ACT CONCERNING THE CONNECTICUT UNIFORM SECURITIES ACT***. The purpose of this bill is to update the Connecticut Uniform Securities Act and incorporate certain provisions of the Revised Uniform Securities Act. The bill is technical and codifies existing practices.

Thank you for your attention to these matters and I will answer any questions you may have on these or any other bills.

**H - 1157**

**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

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vote is properly cast. If all members have voted, the machine will be locked and the Clerk will take a tally.

And would the Clerk please announce the tally.

THE CLERK:

Bill 5277.

Total number voting	143
Necessary for adoption	72
Those voting Yea	117
Those voting Nay	26
Those absent and not voting	7

SPEAKER SHARKEY:

The bill is passed.

Will the Clerk please call Calendar Number 155.

THE CLERK:

On page 6 of today's calendar, House Calendar 155, favorable report of the Joint Committee on Banks, House Bill 6340, AN ACT CONCERNING THE CONNECTICUT UNIFORM SECURITIES ACT.

SPEAKER SHARKEY:

Representative Tong.

REP. TONG (147th):

Good evening, Mr. Speaker.

SPEAKER SHARKEY:

Good evening, sir.

REP. TONG (147th):

I move acceptance of the Joint Committee's favorable report and passage of the bill.

SPEAKER SHARKEY:

Question is on acceptance of the Joint Committee's favorable report and passage of the bill.

You have the floor, sit.

REP. TONG (147th):

Thank you, Mr. Speaker.

Mr. Speaker, this bill makes some technical changes to the Connecticut Uniform Securities Act, in particular, providing for our Department of Banking and the commissioner to regulated management companies, which are limited purpose and limited investment mutual funds. The Clerk has an amendment, LCO 6426. I ask that the Clerk please call the amendment and I be permitted to summarize.

SPEAKER SHARKEY:

Will the Clerk please call LCO 6426, which will be designated House Amendment "A."

THE CLERK:

House Amendment "A" LCO 6426 introduced by Representative Tong, et al.

SPEAKER SHARKEY:

The gentleman has asked leave of the chamber to summarize. Is there objection? Is there objection?

Seeing none, you may summarize, sir.

REP. TONG (147th):

Thank you, Mr. Speaker.

This amendment is offered by both the chairs in the House and Senate and the ranking members. It simply clarifies that under our laws the Department of Banking and the commissioner do not regulate securities that are traded on national exchanges included so-called ADRs are ADSs, American Depository Receipts or Shares. And so this language clarifies that and I urge adoption.

SPEAKER SHARKEY:

Thank you, sir.

Will you remark? Will you remark further on the amendment that's before us?

Representative Alberts of the 50th District.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

The chairman has it right on this amendment. This is a good amendment and it deserves a yes vote.

Thank you.

SPEAKER SHARKEY:

Thank you, sir.

Will you remark? Will you remark further on the amendment that is before us?

If not, let me try your minds. All those in favor of the amendment, please signify by saying aye.

REPRESENTATIVES:

Aye.

SPEAKER SHARKEY:

Those opposed, nay.

The ayes have it. The amendment is adopted.

Would you care to remark further on the bill as amended.

Representative Alberts of the 50th District.

REP. ALBERTS (50th):

Thank you, Mr. Speaker.

As the Chairman alluded to, there are a number of changes that we are looking to make in the bill now amended before us and this essentially -- this bill is going to allow us to do -- I think the Chairman did an excellent job summarizing the items that are in there. In particular, there was one reference that I noted that makes reference to a standard that hasn't been kept in our current statutes since 1998 so adoption of

this bill that's now before us will allow us to clean up our language and make it conforming. So it's a good bill and we should be passing it. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, sir.

Would you care to remark further on the bill as amended? Would you care to remark further on the bill as amended?

If not, staff and guests to the well of the House. Members take your seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll.  
The House of Representatives is voting by roll. Will members please return to the chamber immediately.

(Deputy Speaker Orange in the Chair.)

DEPUTY SPEAKER ORANGE:

Have all members voted? Have all members voted? If all members have voted, the machine will be locked and the Clerk will take a tally.

And would the Clerk please announce the

tally.

THE CLERK:

Bill 6340 as amended by House "A."

Total number voting 141

Necessary for adoption 71

Those voting Yea 141

Those voting Nay 0

Those absent and not voting 9

DEPUTY SPEAKER ORANGE:

The bill as amended passes.

Will the Clerk please call Calendar Number 358.

THE CLERK:

On page 21 of today's calendar, House Calendar 358, favorable report of the Joint Senate Committee on Planning and Development, House Bill 6311, AN ACT PROHIBITING MUNICIPALITIES FROM ADOPTING BREED-SPECIFIC JOB ORDINANCES.

DEPUTY SPEAKER ORANGE:

Representative Rojas, you have the floor, sir.

REP. ROJAS (9th):

Thank you, Madam Speaker.

I move acceptance of the Joint Committee's favorable report and passage of the bill.

DEPUTY SPEAKER ORANGE:

**S - 663**

**CONNECTICUT  
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SENATE**

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THE CLERK:

On Calendar Page 19, Calendar Number 558, House Bill Number 6340, AN ACT CONCERNING THE CONNECTICUT UNIFORM SECURITIES ACT, Favorable Report from the Committee on BANKS.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Thank you, Mr. President.

Again, I rise. I move acceptance of the Joint Committee's Favorable Report and passage of the bill, in concurrence with the House of Representatives.

THE CHAIR:

On acceptance and passage.

Will you remark, sir?

SENATOR LEONE:

Thank you, Mr. President.

This is a -- this is a Bank's Committee Department of Banking bill. The reason for this bill is its technical change aimed at updating the Connecticut Uniform Securities Act to reflect changes in Federal law. It also serves to better clarify certain requirements certain requirements of notice and filing for closed-end companies. Commissioner -- the Commissioner of Banking stated that the purpose of the bill is technical and aims to codify existing practices and that it's an update to the Connecticut Uniform Securities Act with specific provisions of the revised Uniform Securities Act.

And I would urge adoption.

THE CHAIR:

Will you remark further?

Senator Linares.

SENATOR LINARES:

Thank you, Mr. President.

To elaborate on -- on what my colleague has said, I do believe that this will reflect the best interest of the banking community and consumers as well. I do think that this does reflect the best practices and current practices of the banking industry.

And I do support this bill. It's a good bill. And I would ask my colleagues to support it as well.

Thank you.

THE CHAIR:

Thank you, Senator.

Will you remark further on the bill? Will you remark further on the bill?

Senator Leone.

SENATOR LEONE:

Thank you, Mr. President.

And I also want to thank Senator Linares. It's been a pleasure working together with him on the Bank's Committee, as we both were new to the Committee and we've moved quite a bit of legislation, all good for the industry, as well as for the consumers and I -- and I admire and respect his support.

Mr. President, if there is no objection, I would move to place this item on the Consent Calendar.

THE CHAIR:

Seeing and hearing no objections, so ordered.

Mr. Clerk.

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Would move to place that item also on the Consent Calendar.

THE CHAIR:

Seeing no objection, so ordered sir.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, now would ask the Clerk to call the items on the first Consent Calendar, so that we might proceed to a vote on that Consent Calendar.

Thank you, Madam President.

THE CHAIR:

Mr. Clerk.

THE CLERK:

On Page 5, Calendar 278, Senate Bill 709; Calendar 333, House Bill 5759; Calendar 334, House Bill 6396; Calendar 340, House Bill 6211.

On Page 8, Calendar 357, House Bill 6349 and Calendar 398, Senate Bill 1065.

On Page 11, Calendar 457, House Bill 5564 and Calendar 462, House Bill 5908.

On Page 15, Calendar 516, House Bill 5500; Calendar 521, House Bill 6407.

On Page 19, Calendar 558, House Bill 6340.

Page 21, Calendar 574, House Bill 6534; Calendar 575, House Bill 6562; and Calendar 577, House Bill 6652.

Page 23, Calendar 587, House Bill 6465; Calendar 589, House Bill 6447.

On Page 24, Calendar 599, House Bill 6458.

Page 25, Calendar 602, House Bill 5614.

And on Page 29, Calendar 622, House Bill 5278;  
Calendar 625, House Bill 6624.

Page 39, Calendar 223, Senate Bill 954 and Calendar  
227, Senate Bill 819.

And on Page 46, Calendar 100, Senate Bill 273 and  
Calendar 137, Senate Bill 837.

THE CHAIR:

Mr. Clerk, please call for a roll call vote and the  
machine will be open on the first Consent Calendar.

THE CLERK:

Immediate roll call has been ordered in the Senate.  
Members to the Chamber. Immediate roll call has been  
ordered in the Senate on today's first Consent  
Calendar.

THE CHAIR:

All members have voted, all members have voted.

The machine will be closed.

Mr. Clerk will you please call the tally.

THE CLERK:

On today's first Consent Calendar:

Total Number Voting	34
Necessary for Adoption	18
Those voting Yea	34
Those voting Nay	0
Those absent and not voting	2

THE CHAIR:

Consent Calendar passes.

The Senate will stand at ease.

(Chamber at ease.)