

PA13-253

SB0911

Banking	607-609, 628, 630, 654-655, 657	8
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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
2013**

**VETO
SESSION**

**VOL.56
PART 31
10451 - 10795**

In concurrence with the Senate, Senate --
substitute Senate Bill 912 with Senate A.

Total Number Voting	146
Necessary for Adoption	74
Those voting aye	146
Those voting nay	0
Absent and not voting	4

SPEAKER SHARKEY:

The bill as amended passes in concurrence with
the Senate. Will the Clerk please call Calendar 681.

THE CLERK:

On page 33, Calendar number 681, favorable report
of the joint standing Committee on Finance, Revenue
and Bonding, substitute Senate Bill 911, AN ACT
CONCERNING MONEY TRANSMISSION, MORTGAGE SERVICES AND
CONSUMER COLLECTION AGENCIES.

SPEAKER SHARKEY:

Representative Tong.

REP. TONG (147th):

Thank you, Mr. Speaker. I move acceptance of the
joint committee's favorable report and passage of the
bill in concurrence with the Senate.

SPEAKER SHARKEY:

The question is acceptance of the joint

committee's favorable report and passage of the bill.

Will you remark, Sir?

REP. TONG (147th):

Yes. Thank you, Mr. Speaker. This is a largely technical bill that comes from the Department of Banking. It was the product of bipartisan work on the committee. I want to thank the Ranking Member for his work on this bill and also the Department of Banking. It provides for the regulation of -- of -- yes okay -- of consumer debt buyers. The Clerk has an amendment, LCO number 8354 designated Senate Amendment B. I ask that the Clerk please call the amendment and I be permitted leave of the Chamber to summarize.

SPEAKER SHARKEY:

Will the Clerk please call LCO 8354 which has been previously designated Senate Amendment B.

THE CLERK:

Senate B, 8354 introduced by Leone and Tong.

SPEAKER SHARKEY:

The Gentleman seeks leave of the Chamber to summarize. Is there objection? Seeing none, you may proceed with summarization, Sir.

REP. TONG (147th):

Thank you, Mr. Speaker. This makes some

technical changes to the bill and I move adoption.

SPEAKER SHARKEY:

Thank you, Sir. The question is adoption of Senate Amendment B. Will you remark? Will you remark? Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. If I may several questions to the proponent of the amendment before us.

SPEAKER SHARKEY:

You may proceed, Sir.

REP. ALBERTS (50th):

Thank you. As I understand one of the conditions of the amendment is that it exempts the banks from the regulations of debt buyers. If the proponent could explore that concept. Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Tong.

REP. TONG (147th):

Through you, Mr. Speaker. Yes. Banks don't traditionally occupy the role of debt buyers. Debt buyers being companies that acquire debt. They buy debt that is otherwise outstanding consumer debt and they buy it for pennies on the dollar and then seek to enforce that debt. Banks are not normally in that

line of business and therefore they're exempt from the purview of this law. Through you.

SPEAKER SHARKEY:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And as I understand it this amendment -- this aspect of the amendment was critical because if the bank purchased a block of loans and one loan was delinquent the bank would become subject to the new debt buyer regulation. Is that not correct? Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Tong.

REP. TONG (147th):

Through you, Mr. Speaker. That is absolutely not the intent of the bill. Through you.

SPEAKER SHARKEY:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And one of the other items in the amendment that we're looking to address is to remove the mortgage servicer sections from the underlying bill. Is that not correct? Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Tong.

REP. TONG (147th):

Through you, Mr. Speaker. That is correct.

SPEAKER SHARKEY:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And is it correct to characterize the remaining changes as being primarily technical? Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Tong.

REP. TONG (147th):

Through you, Mr. Speaker. That is correct.

SPEAKER SHARKEY:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. I do stand in support of this amendment and hopefully after this amendment passes will ask a few questions on the underlying bill. Thank you, Mr. Speaker.

SPEAKER SHARKEY:

Thank you, Sir. Would you care to remark further on Senate Amendment B? Do you care to remark further

on Senate Amendment B? If not, let me try your minds.

All those in favor of Senate Amendment B 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.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. If I may, questions to the proponent of the amendment.

SPEAKER SHARKEY:

Please --

REP. ALBERTS (50th):

I mean, excuse me, the bill now amended.

SPEAKER SHARKEY:

Please proceed, Sir.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. As I understand the bill there is reference to consumer collection agencies and the concept of consumer collection agency is now going to be expanded to include debt buyers who often

purchase debt for pennies on the dollar. And I just wanted to get the proponent's assessment of this responsibility in the bill. Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Tong.

REP. TONG (147th):

Through you, Mr. Speaker. Yes. There were several bills before the Banks Committee this year that sought to provide for more stringent focused regulation of debt buyers and the debt buying industry. While the other bill was not successful this bill seeks to bring debt buyers under the purview of the consumer collection agency regulatory regime. Through you.

SPEAKER SHARKEY:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. And as I understand it this bill if enacted will require licensing for mortgage services and it will give the Bank Commissioner broad authority to investigate complaints and hold services accountable for their actions. Is that not correct? Through you, Mr. Speaker.

SPEAKER SHARKEY:

Representative Tong.

REP. TONG (147th):

Through you, not that is not correct. That -- those provisions have been taken out of the bill through the amendment we just passed. Through you.

SPEAKER SHARKEY:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. I appreciate the clarification. And then with regard to money transmitters this bill will make certain changes that will more easily enable the transition of money service businesses to the NMLS database. So as I understand it it's really going to make the money transmitting business more consistent state to state. Is that not correct? Through you, Madam Speaker.

SPEAKER SHARKEY:

Representative Tong.

REP. TONG (147th):

Correct. The NMLS system is the national mortgage licensing system and this bill will promote uniformity and consistency among the states when dealing with money transmitters. Through you.

SPEAKER SHARKEY:

Representative Alberts.

REP. ALBERTS (50th):

Thank you, Mr. Speaker. This is a bill that we have seen in the Banks Committee. It received wide support from the Banks Committee. It's been requested by the banking industry that we need to continue to make advances and -- and this bill will now allow us to take advantage of various technological aspects and -- and move forward.

So for all those reasons, Mr. Speaker, I do thank the proponent for bringing out this bill. We've worked very closely together during this session. It is now a very good bill and I urge my colleagues to support it. Thank you.

SPEAKER SHARKEY:

Thank you, Sir. Would you care to remark further on the bill as amended? Representative Noujaim. Not at his seat. 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 opened.

THE CLERK:

The House of Representatives is voting by roll.

The House of Representatives is voting by roll.

Members please return to the Chamber immediately.

SPEAKER SHARKEY:

Have all the members voted? Have all the members voted? Members please check the board to make sure your vote is properly cast. If all the members have voted the machine will be locked and the Clerk will take a tally. Representative Butler, for what reason do you rise?

REP. BUTLER (72nd):

Mr. Speaker, I wish to be recorded in the affirmative.

SPEAKER SHARKEY:

Please -- you will be recorded in the affirmative on the board Mr. Clerk -- Representative Butler. Representative Cuevas, for what reason do you rise?

REP. CUEVAS (75th):

In the affirmative, Sir.

SPEAKER SHARKEY:

Thank you, Sir. The Clerk will record this in the affirmative. If all members -- Clerk, please announce the tally.

THE CLERK:

In concurrence with the Senate, substitute Senate Bill 911, as amended by Senate B.

Total Number Voting	145
Necessary for Adoption	73
Those voting aye	145
Those voting nay	0
Absent and not voting	5

SPEAKER SHARKEY:

The bill as amended passes in concurrence with the Senate. Just as a quick reminder before we call the next bill we have one hour left before CNADA. I would advise all members to stay in or near the Chamber. We will be closing the machine quickly on every vote. Please do not wander far from the Chamber. With that will the Clerk please call Calendar 621.

THE CLERK:

On page 25, Calendar 621 favorable report of the joint standing Committee on Insurance and Real Estate, Senate Bill 1027, AN ACT CONCERNING NOTIFICATION OF NONPAYMENT OF PREMIUM FOR INDIVIDUAL LONG-TERM CARE INSURANCE POLICIES AND LONG-TERM CARE BENEFICIARIES UNDER ANNUITY CONTRACT.

SPEAKER SHARKEY:

Representative Megna.

REP. MEGNA (97th):

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**CONNECTICUT
GENERAL ASSEMBLY
SENATE**

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4130 - 4472**

THE CHAIR:

Okay.

Mr. Clerk

THE CLERK:

.Calendar - - on page 34, Calendar 20 - -

THE CLERK:

-- -01, substitute for Senate Bill Number 911, AN ACT CONCERNING MONEY TRANSMISSION, MORTGAGE SERVICERS AND CONSUMER COLLECTION AGENCIES, Favorable Report of the Committee on Banks.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Thank you, Madam President.

I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

Motion is on acceptance and passage. Will you remark, sir?

SENATOR LEONE:

Thank you, Madam President. Real quickly, I would also like to bring, Madam President, the Clerk is in position of an LCO amendment, number 8306. I would ask to move the amendment and seek leave to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Number 8306, Senate "A" offered by Senator Leone and Representative Tong.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Thank you, Madam President.

This movement --

THE CHAIR:

Move the adoption, sir?

SENATOR LEONE:

I do move the adoption. Excuse me.

THE CHAIR:

Motion is on adoption. Please proceed, sir.

SENATOR LEONE:

Thank you for the gentle reminder.

THE CHAIR:

I hope it was gentle.

SENATOR LEONE:

Madam President, this amendment does make a few changes. It makes technical changes so that the consumer collection agencies solely collecting on their own debt will not need to obtain a bond requirement for getting licensed. It makes a technical amendment to capture the licensing for consumer collection agencies who are physically located outside the state but collect on their own debt from consumers who reside in the state.

It exempts the banks from the regulation assumed to the debt buyers, and it exempts subsidiaries or affiliates of banks from the regulation if they are not primarily engaged in the business of purchasing delinquent debt other than secured real property. It basically also eliminates the section that is in the title of the bill, mortgage servicers, and focuses solely on the money transmission and the consumer collection agencies.

And I would move adoption.

THE CHAIR:

Senator Linares.

SENATOR LINARES:

Thank you, Madam President.

I support this bill as well. I just have a few questions for the proponent of quick questions.

THE CHAIR:

Senator Linares, is this on the amendment?

SENATOR LINARES:

On the amendment.

THE CHAIR:

On the amendment.

SENATOR LINARES:

Yes.

THE CHAIR:

Please proceed, sir.

SENATOR LINARES:

Senator Leone, in Section 16 of this piece of legislation, it appears that this section of the statute deals with prepaid cards, is that correct?

Through you.

SENATOR LEONE:

That is correct.

Through you, Madam President.

THE CHAIR:

Senator Linares.

SENATOR LINARES:

Those cards that typically, that are issued by banks and carry the MasterCard, Visa logo, is, those are the cards that are typically issued by banks carrying those logos. Is that right in the reading of this Section 16?

Through you, Madam President.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Through you, Madam President, yes, the MasterCard and Visa do have those type of prepaid cards, and it is addressed in this section.

Thank you.

Through you.

SENATOR LINARES:

Are any -- oh --

THE CHAIR:

Senator Linares.

SENATOR LINARES:

Thank you, Madam President.

Are any of, are any of the changes made to this section made to change the way those cards are offered to consumers?

Through you.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Thank you, Madam President.

Through you.

No, that is not the case. There is no intent to change in any way how the cards are currently utilized.

Through you, Madam President.

THE CHAIR:

Senator Linares.

SENATOR LINARES:

So just to be clear for legislative intent, Senator, any authorized delegate, the retailer in line, as you see 823, who uses, who uses that as a third party or a licensed agent, as you can see in, in line 823, to offer these cards to consumers at retail stores will continue to be allowed to do so after the passage of this bill.

Through you, Madam President.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Thank you, Madam President.

That is correct.

THE CHAIR:

Senator Linares.

SENATOR LINARES:

Okay. And is the intent of the legislation to change how consumers make purchases of prepaid cards through, through retail stores?

Through you, Madam President.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Thank you, Madam President.

No, that would not be the case. We are not looking to do that.

Through you, Madam President.

THE CHAIR:

Senator Linares.

SENATOR LINARES:

Thank you, Madam President, and, once again, thank you, Senator Leone.

I urge passage of this bill. Thank you.

THE CHAIR:

Will you remark on the amendment? Will you remark on the amendment?

All in favor then? I will try your minds. All in favor of Senate "A" please say aye.

SENATORS:

Aye.

THE CHAIR:

Those opposed.

A VOICE:

(Inaudible).

THE CHAIR:

Senate "A" is adopted.

Senator Leone.

Oops, hold on for one second, please. Okay.

SENATOR LEONE:

Can we stand at ease for one second?

THE CHAIR:

The Senate will stand at ease.

(Chamber at ease.)

THE CHAIR:

Senator Leone.

The Senate will come back to order.

SENATOR LEONE:

Madam President, I wish to, if possible, withdraw that amendment and call a different amendment which basically would have been what we discussed. In my haste, I have called the wrong amendment only, the wrong amendment only because it was in the wrong order.

Through you, Madam President.

THE CHAIR:

At this point, what I will do is ask for a voice vote on withdrawal of Amendment "A". All those in favor of withdrawal of Amendment "A" please say aye.

SENATORS:

Aye.

THE CHAIR:

Opposed.

I think, okay. Hold on a minute. I think we're (inaudible), but --

Senator Looney.

We just, can we just withdraw it by voice vote? Okay. Reconsider this Senate "A"? Yeah. Okay. So we'll (inaudible), is there any way to get a machine vote or a voice vote on this then? Okay. Uh-huh. Oh.

Senator Looney.

SENATOR LOONEY:

Yes, Madam President, I believe since -- we want to remove that amendment that was just adopted, so I believe what would be appropriate for a, a motion to reconsider that amendment by someone who was on the prevailing side, and then if that motion was before us, then that, that amendment could then be rejected on that reconsideration motion and then replaced with a different amendment.

THE CHAIR:

Thank you very much. So at this time, Senator Leone, would you like to reconsider this amendment since you were on the correct side?

SENATOR LEONE:

Thank you, Madam President.

I would like to reconsider the, the previous amendment.

Through you, Madam President.

THE CHAIR:

Seeing no objection on reconsideration, we will go to vote to reject it.

SENATOR LOONEY:

Madam President, I think first we need to have the -- we could have a voice vote on the motion to reconsider --

THE CHAIR:

Okay.

SENATOR LOONEY:

-- and then on the amendment itself.

THE CHAIR:

Thank you.

I wish I grew up to be a lawyer, only for a second. Okay. Let's have a voice vote on reconsideration. All those in favor of reconsideration please say aye.

SENATORS:

Aye.

THE CHAIR:

Opposed.

Reconsideration has been adopted or whatever, passed, (inaudible) rejection.

SENATOR LOONEY:

But now the, now the, the, I believe now the, the amendment is before us again for reconsideration, and if the will of the Chamber --

THE CHAIR:

Rejection.

SENATOR LOONEY:

-- we could then vote no on the amendment at this time.

THE CHAIR:

Okay. So at this point, I, I, the vote is before us. Those that are in favor of rejection, please say aye.

SENATORS:

Aye.

THE CHAIR:

Opposed.

Senate "A" has been rejected.

Now Senator Leone.

SENATOR LEONE:

Thank you, Madam President.

And just to, just to keep everyone interested --

THE CHAIR:

(Inaudible).

SENATOR LEONE:

-- and awake in the process, so, and my apologies to the Chamber.

THE CHAIR:

No problem.

SENATOR LEONE:

So with that, Madam President, the Clerk is in possession of LCO Amendment 8354. I move the amendment to seek leave to summarize.

THE CHAIR:

Mr. Clerk.

THE CLERK:

LCO Number 8354, Senate "B" offered by Senator Leone and Representative Tong.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Thank you, Madam President.

I move adoption.

THE CHAIR:

Motion is on adoption. Will you remark, sir?

SENATOR LEONE:

Thank you, Madam President.

Again, basically, it is technical in nature. It also removes the section that I previously had mentioned in regards to the mortgage servicers. And I would be, feel free to take any questions.

Through you, Madam President.

THE CHAIR:

Senator Linares.

SENATOR LINARES:

Thank you, Madam President.

The questions that I had previously asked you, do they remain the same? Do the answers remain the same with this amendment?

Through you, Madam President.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Thank you, Madam President. And to my esteemed colleague, that is correct. All the answers are the same.

THE CHAIR:

Senator Linares.

SENATOR LINARES:

Thank you, Madam President.

I do support this bill.

THE CHAIR:

Thank you.

SENATOR LEONE:

Thank you, Madam President.

I would urge adoption.

THE CHAIR:

Will you remark further? Will you remark further?

Seeing not, I will try your minds. All in favor of Senate "B" please say aye.

SENATORS:

Aye.

THE CHAIR:

Opposed.

Senate B has been adopted.

This time, Senator Leone.

SENATOR LEONE:

If there are no objections, I would put to move this on the Consent Calendar.

THE CHAIR:

Are there -- seeing no objections, so ordered.

Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, before calling for a vote on the first Consent Calendar, I have some additional items to add to that Consent Calendar. Appreciate the cooperation, the bipartisan cooperation of the membership in preparing this Consent Calendar. First item to add, Madam President, is on Calendar page 6, Calendar 349, House Bill Number 5513.

Next item, Madam President, Calendar page 9, Calendar 450, 450, Senate Bill Number 921. Next one, Madam President, is on Calendar page 16, Calendar 559, House Bill Number 6508. Next, Madam President, is on Calendar page 23, Calendar 614, House Bill Number 6587 and also on Calendar page 23, Calendar 616, substitute for House Bill Number 6678.

Moving, Madam President, to Calendar page 25, Calendar 629, substitute for House Bill Number 6662. And, Madam President, Calendar page 28, Calendar 650, substitute for House Bill Number 6659. And on

Calendar page 29, Calendar 653, substitute for House Bill Number 6699. And, finally, Madam President, on Calendar page 31, Calendar 664, substitute for House Bill Number 6689.

I would like to add those items to our Consent Calendar and, and now call for a, I would ask the Clerk to list all of the items on the Consent Calendar and then proceed to a vote on that first Consent Calendar.

Thank you, Madam President.

THE CHAIR:

Thank you.

Mr. Clerk.

THE CLERK:

Today's first Consent Calendar, on page 5, Calendar 341, House Bill 6364; Calendar 343, House Bill 5425; Calendar 346, House Bill 6322; Calendar 347, House Bill 6547; and on page 6, Calendar 349, House Bill 5513; page 9, Calendar 450, Senate Bill 921; on page 13, Calendar 506, House Bill 6491; Calendar 515, House Bill 6235.

On page 14, Calendar 524, House Bill 6380; on page 16, Calendar 559, House Bill 6508; page 17, Calendar 563, House Bill 5617; Calendar 569, House Bill 6485; and on page 19, Calendar 588, House Bill 6549; on page 23, Calendar 614, House Bill 6587; Calendar 616, House Bill 6678; page 25, Calendar 629, House Bill 6662; on page 26, Calendar 633, House Bill 6576; and on page 27, Calendar 640, House Bill 6550; on page 28, Calendar 650, House Bill 6659.

And on Page 29, Calendar 653, House Bill 6699; Calendar 655, House Bill 6339; page 31, Calendar 664, House Bill 6689; Calendar 665, House Bill 6355; page 34, Calendar 201, Senate Bill 911; and on page 40, Calendar 514, House Bill 5725.

THE CHAIR:

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

THE CLERK:

Immediate roll call has been ordered in the Senate.
Senators please return to the Chamber. Immediate roll call in the Senate on the first Consent Calendar of the day.

THE CHAIR:

Yeah, thank you. Good. There we go.

If all members have voted, all members have voted, the machine will be closed.

Mr. Clerk, will you please call the tally.

THE CLERK:

On the 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.

Senator Looney.

SENATOR LOONEY:

Madam President.

THE CHAIR:

Senator Looney.

**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, Guerrera,
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

registration of any person engaged in a financial service industry within the jurisdiction of the Commissioner and to make other technical and conforming changes as described above.

Next is Senate Bill, 827, AN ACT CONCERNING PUBLIC DEPOSITS. It's a bill with many authors. A task force composed of Connecticut Banker's Association, the Connecticut Credit Union League, the Office of the State Treasurer, the Office of Policy and Management, various banking attorneys and others worked tirelessly over the summer to draft this bill.

The proposed legislation amends the public deposit laws based on the recommendation of the task force and will afford greater protection for 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 risky 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.

Next, is Senate Bill 911, AN ACT CONCERNING MONEY TRANSMISSION, MORTGAGE SERVICES AND CONSUMER COLLECTION AGENCIES, makes numerous changes to 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 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

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djp/gbr BANKS COMMITTEE

March 7, 2013
2:00 P.M.

caused by closing costs. There is a mistaken notion that the exemption is simply helping lenders. This is not the case. Banks do not happily absorb the conveyance taxes. Homeowners who do not qualify for short sales and not everyone does, must bring their own funds to closing in order to close. This exemption helps these people.

Short sale approvals are based on many issues, including net proceeds to lenders. In other words, banks will not approve a short sale where they believe the net sale proceeds are insufficient. The exemption also helps those homeowners where the bank has agreed to a short sale but expects the homeowner to make up some or all of the deficiency. Despite the popular misconception of a homeowner is not just mailing the keys to the bank, the bank must agree to a deed in lieu.

Banks can condition of a deed in lieu transaction on the homeowner paying conveyance taxes and other costs. Finally, we should note that as the housing market heals, home prices will rise and home equity rises with surface of the waves. This exemption will be less frequently used and more revenue granted all on its own. For these reasons, the members of our Association hope that you will oppose the repeal of these exemptions. I'm going to reword that -- oppose the bill as presented. Thank you for your time and I'm happy to answer any questions.

REP. TONG: Thank you, Mr. Keune. Any questions?
Thanks so much. Robert Kimball. He's not here, okay. Rafy. Good afternoon.

RAPHAEL PODOLSKY: Good afternoon. Thank you, Mr. Chairman and members of the Committee, my name is Raphael Podolsky. I'm a lawyer with the

SB979
SB911
HB6173

association and the Marshalls to see if we can work that out and I'm optimistic we'll be able to do that.

The second bill I want to speak to is Senate Bill Number 911, which deals with the powers of the banking commissioner. We support that bill. We especially support the licensing of mortgage servicers which we think is an excellent idea. We also support the licensure of debt buyers.

I want to call your attention though to -- there's some issues as to how to do that. Committee members may remember you've had -- I will try to sum up very briefly -- you've had an earlier bill, House Bill Number 6173 that deals with debt buyers. What we urge you to do is find ways to integrate those two bills together to make sure that the debt buyers do not continue to be covered by the Creditors Collection Practices Act because they own the debt but also devise a system for licensing either through the Collection Agency Act or possibly even a separate debt buyer. A licensure act, but we very much support the concept of licensure of debt buyers also. Thank you. I'm happy to answer questions if I can.

REP. TONG: Thank you, Rafy. Any questions?
Representative Alberts.

REP. ALBERTS: Thank you, Mr. Chairman, thank you, Rafy for your testimony. I just want to make sure I understand. With regard to Senate Bill 979 the protection of the exempt funds, is there on-going dialogue between yourself and the banks in terms of trying to come up with some more amenable language to both parties?

RAPHAEL POLDOSKY: Yeah, I think that with the

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

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.

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S.B. 911 -- Banking Department regulation of licensees

Banks Committee public hearing -- March 7, 2013

Testimony of Raphael L. Podolsky

Recommended Committee action: SUPPORT WITH AMENDMENT

This bill strengthens the Banking Commissioner's ability to regulate various entities that deal with consumers, including mortgage servicers and debt buyers. We support the licensing of mortgage servicers in Sections 20 through 37 of the bill and the licensing of debt buyers in Sections 44 through 49 of the bill. In regard to debt buyers, we urge the Committee also to adopt H.B. 6173, which significantly strengthens the substantive rules that are required of debt buyers and gives a greater level of protection to consumers facing collection lawsuits brought by debt buyers.

The debt buyer provisions of S.B. 911 should be viewed as an addition to, not a substitute for, H.B. 6173. The proper approach is to adopt both S.B. 911 and H.B. 6173 and to make certain that their provisions are integrated with each other. Because a debt buyer purchases the debt, it becomes its owner and is thus a creditor who is collecting its own debt. Because it did not originate the debt, however, it is also much like a collection agency. Under existing law, debt buyers are already subject to the Connecticut Creditors' Collection Practices Act (CCPA), a regulatory statute that has no licensing provision. They should remain subject to that act. It makes sense to impose special consumer protection requirements on them, as is done by H.B. 6173, because they have no direct knowledge of the original debt and their right to sue on someone else's debt must be properly proven. In addition, it is very desirable for the Banking Commissioner to have both regulatory power over their practices as creditors and also licensing power, which allows the Commissioner to use license suspension or revocation as an enforcement mechanism. The Consumer Collection Agency Act (CCAA) is an appropriate statute under which they can be licensed.

As a result, we urge the Committee to approve both S.B. 911 and H.B. 6173, making clear that debt buyers are subject to licensure under CCAA and regulation under both CCAA and CCPA.