



# Spring 2024 Newsletter



# Message from Director Clark

---

## Full Steam Ahead

The phrase “when things slow down” brings eye rolls and laughter around the agency these days – it feels like we’ve been moving at light speed since the New Year’s Eve ball dropped.

In January we responded to consumer complaints and concerns raised by some local city government officials by issuing [policy statements and consumer alerts](#) to increase awareness about scams using virtual currency kiosks to separate Washington consumers from their hard-earned money.

We kicked off February with a continuing legal education (CLE) on promoting equity in homeownership, which featured Lisa Rice, President and CEO of the National Fair Housing Alliance as our keynote speaker. With nearly 150 registrants, this was our largest in-person event yet – with attendees from 25 state agencies and organizations.

A few days later, we participated in a multi-state, [multi-agency settlement with TradeStation](#) for selling unregistered securities without a license.

More recently, we were the first state regulator to issue a [cease and desist order against Sigue Corporation](#), prohibiting Sigue from collecting additional funds from consumers due to its inability to fulfill customer transactions and declining financial condition. Understanding the impact of Sigue’s status could have on our Spanish speaking community, we worked quickly with community partners, broadcast and print media, and social media to reach people where they were, with a special emphasis on providing Spanish language notices and access to DFI’s help line. A [multi-state C&D](#) order the following week ensured we were protecting consumers across state lines.

Looking ahead into next quarter, April is Financial Capability Month and [Washington Saves Week](#) (April 8-12) is right around the corner. Our Spanish-speaking outreach continues to improve, even as we maintain our English-speaking outreach in high schools, with community partners, and with other state agencies. Our Communications Director continues to calendar events with Consumer Protection Washington partners to reach one of our state’s most important demographics – our state’s senior citizens – with helpful information on how to identify and avoid financial fraud.

Before long, it will be time for this summer’s [Next Generation Financial Leaders Workshop](#) at Bellevue College. I’m excited to see this four-day leadership and mentorship program get underway. As of today, we already have 17 applicants. We anticipate many more before the May cut-off. *(If you know someone 18 or older – who may be interested, please encourage them to apply!)*

Amidst all of this – DFI’s hard-working staff continues to provide services for a record number of licensees. DFI truly is “small but mighty” in that we accomplish all of this with one of the smaller agency FTE counts in the state.



## Legislative Update

The Washington State Legislature kept our team busy this year during its 2024 session. DFI was asked for technical assistance with drafting [SB 6025 – Protecting consumers from predatory loans](#), which Governor Inslee has signed into law. My team also worked on a clarifying amendment to [SB 5801 – Concerning special deposits](#). A scrivener’s error in the bill as introduced limited special deposits to savings banks. We drafted an amendment so that special deposits may be held by all depository institutions. This bill has also been signed into law by the governor. We also were asked by legislators to work on [SB 5968 – Regulating home equity share agreements under the consumer loan act](#). This bill, which did not pass, would have clarified the regulatory status of home equity share agreements.



The legislature also gave DFI a new, last-minute task in the waning hours of session in [SB 6069, Improving private Washington workforce retirement security standards by establishing Washington saves, an automatic enrollment individual retirement savings account program, and updating the Washington retirement marketplace statute](#). It’s not just the long bill title that is an armful; this bill will challenge my team to stand-up a new retirement savings program in the manner that the legislature envisions. The legislature did limit the DFI administrative support for this program to two years. After that the Legislature will find another agency to serve as the programs permanent home.

# Division of Banks



Some of the Division of Banks with DFI Director Charlie Clark and CSBS President and CEO Brandon Milhorn at CSBS conference

## Conference Of State Bank Supervisors (CSBS) Appoints A New President And CEO – DFI Looks Forward To Working Together

DFI is very active in Conference of State Bank Supervisors (CSBS). CSBS is the nationwide organization of banking regulators. The organization supports state regulators in advancing the system of state financial supervision by ensuring safety, soundness, and consumer protection; promoting economic growth; and fostering innovative, responsive supervision.

CSBS Board of Directors appointed Brandon Milhorn as President and CEO in December 2023. Milhorn has nearly three decades of advocacy, policy, legal, and regulatory experience, mainly in Washington D.C. His experience includes roles at private defense contractor Raytheon and counsel to Senate committees on Homeland Security and Governmental Affairs, Intelligence, the CIA, and in two prominent U.S. Court clerkships. In 1994, Milhorn graduated with a Bachelor of Science from East Tennessee State University, Johnson City. He has a law degree from Cornell Law School, Ithaca, N.Y. DFI looks forward to getting to know Brandon in his new role and working closely with him in our many work streams at CSBS.

## DFI Leaders Are Active With CSBS

Our DFI leaders are active in the policy-setting committees for CSBS. DFI Agency Director Charlie Clark serves as Chair-Elect of the CSBS Board of Directors and will soon be Chair in May, Chief of Examinations Shannon Tushar serves as Vice Chair of the State Supervisory Processes Committee, and DFI Director of Banks Roberta Hollinshead serves as Chair of the Regulatory Committee.

Learn more about CSBS and leadership at: [Conference of State Bank Supervisors](#)



# Ransomware Self-Assessment Tool Version 2.0 Is Available

CSBS released an update to the Ransomware Self-Assessment Tool (R-SAT), Version 2.0 for banks in October 2023. The R-SAT, developed in collaboration with the Bankers Electronic Crimes Task Force, state bank regulators, and the US Secret Service, was originally released in October 2020. It is a thought-provoking but easy-to-use and repeatable tool to help financial institutions periodically assess their own efforts to mitigate ransomware risks and to identify security gaps. The R-SAT also provides executive management and the board of directors with an overview of the institution’s preparedness towards identifying, protecting, detecting, responding to, and recovering from a ransomware attack. As a secondary benefit, the R-SAT is a useful tool for auditors, consultants, and regulators who may be evaluating an institution’s security policies and practices. Version 2.0 reflects updates developed in light of evolutions in the ransomware threat environment and threat behaviors, as well as changes in bank control environments that have occurred since its original issuance. You can access the R-SAT here:

[Ransomware Self-Assessment Tool 2.0 \(R-SAT\) - October 24, 2023](#)

You are able to use this tool voluntary, although it is strongly encouraged. Examiners from DFI will request a copy of the completed R-SAT and discuss with your bank during our next scheduled regulatory examination. The R-SAT is a valuable tool your institution can leverage to ensure our financial system remains safe, sound, and resilient in a changing cybersecurity landscape.



---

## Ransomware: CSBS Report Explores Lessons Learned from Banks That Were Attacked From 2019 Through 2022

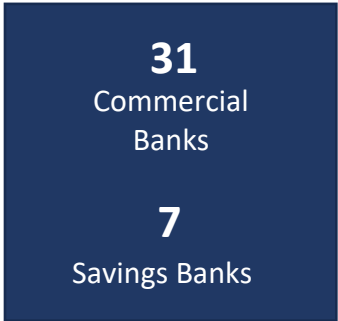
This report details the results of a study conducted by multiple state banking departments across the United States, of state-chartered banks and credit unions that were victims of ransomware attacks from Jan. 1, 2019, through Dec. 31, 2022. Findings from this study, which are summarized in this report, have been incorporated into the Ransomware Self-Assessment Tool (R-SAT), Version 2.0.

The study found that most institutions that were victims of ransomware attacks had not used the R-SAT prior to the incident, but all victimized institutions began fully using it afterward.

You can read the full report at: [ransomware-lessons-learned-by-banks.pdf](#)

---

## State Chartered Bank & Trust Numbers



# Division of Credit Unions



*Most of the Division of Credit Unions team*

---

## Initiatives And Exam Focus For 2024 Bulletin Available Online

The Division of Credit Unions [released their initiatives and exam bulletin](#). This new bulletin includes what the focus of exams will be in 2024 with topics about staffing updates, liquidity risks, earnings risks, interest rate risks, consumer compliance, and information security & technology (IS&T). The bulletins are a good way to learn more about how exams will change or stay the same from the following year.

---

## DFI Credit Union Staff Attend Office Of National Examinations And Supervision (ONES) Examiner Forum

In December 2023, Division of Credit Unions Program Manager, Information Security Examiner, and Financial Examiner attended the National Credit Union Administration, Office of National Examinations and Supervision (ONES) 2023 Examiner Forum, in Dallas, TX. Credit unions with more than \$15 billion in total assets are supervised by ONES.



*Division of Credit Unions at ONES Examiner Forum*

## Specialty Exams Program Manager Announced



Please join us in welcoming Financial Examiner Supervisor **Lael Byington** as the Specialty Exams Program Manager. Lael will be in charge of applications for field of membership, investment powers, MBL limit requests, etc. Lael has been with the Division of Credit Unions since 2012. In 2015, he was promoted to Financial Examiner Supervisor for safety and soundness and in 2022, he switched to supervising the specialty exams team.

In addition to supervising specialty exams, he has been leading the Division of Credit Unions application work. Applications include those for field of membership, investment powers, MBL limit requests, etc. Lael has an MBA, a Bachelor of Science degree with a focus on finance and an emphasis in economics and he has an AA in accounting.

---

## Credit Unions – By the Numbers

**48**

State Chartered  
Credit Unions

**4.5 Million**

Washington State Chartered  
Credit Union Members

**\$84 Billion**

Total Assets of  
Washington State  
Chartered Credit  
Unions

## Division of Consumer Services

---



*Some of the Consumer Services team at an NMLS Conference*

---

## Policy Statement Regarding Virtual Currency Kiosks



In January, Consumer Services issued a [policy statement](#) to virtual currency kiosk operators clarifying that before initiating a transaction, virtual currency kiosk operators must provide consumers with a separate disclosure clearly stating that once money or virtual currency has been sent, the money or virtual currency is gone, even if the consumer is a victim of a scam. Consumer Services also posted a [consumer alert](#) with helpful information so that consumers can continue to stay informed about current scams.

---

## Nationwide Multistate Licensing System (NMLS) Conference

Several Division of Consumer Services staff and DFI Director Charlie Clark attended the 2024 NMLS Conference and Training in San Antonio, TX. NMLS and the State Exam System (SES), operated by the Conference of State Bank Supervisors (CSBS), are important systems in the supervision of non-depositories and aid in collaborating with other state regulators. Our agency continues to be a leader in the field, with five DFI employees presenting in seven breakout sessions.

During the conference, a “Meet the Regulator” event provided licensees with the opportunity to meet peers, network with regulators and industry partners, and hear about the latest trends and updates from the world of supervision. DFI hosted a table for industry members to visit and ask questions. This provided a chance to have face-to-face interaction with the companies we license and regulate.

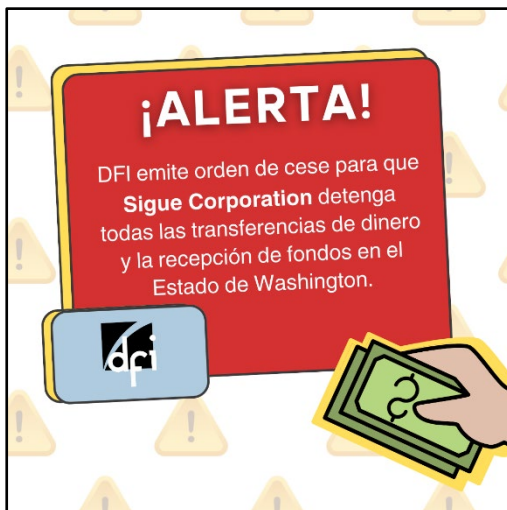
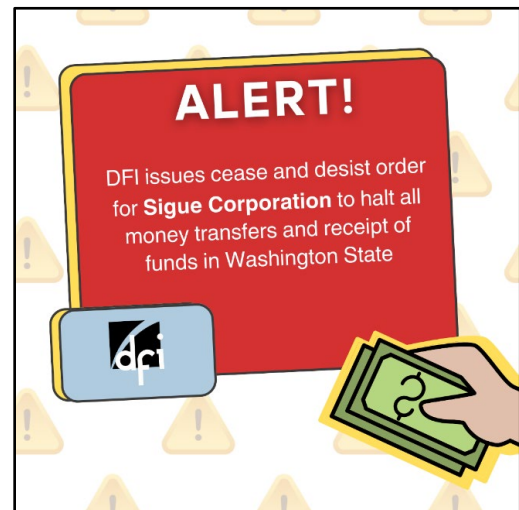


## Consumer Services Division Exams Update

Consumer Services continues to be a leader in the drive for “networked supervision” and harmonization across the state system. Not only does the unit lead multi-state licensing initiatives and examinations, but staff are also participants in national-level associations. Work done by staff through these associations includes, but is not limited to, developing and teaching national trainings, creating national examination standards, and jointly monitoring troubled licensees. Collaboration at the national level creates strong networks of colleagues sharing expertise and resources when regulating large companies.

## DFI Issues Cease And Desist Order For Sigie Corporation To Halt All Money Transfers And Receipt Of Funds In Washington

The Washington State DFI was the first state in the nation to issue a temporary cease and desist (C&D) against Sigie Corporation (Sigie). The company failed to complete multiple money orders and transmissions and was also unable to maintain adequate net worth and permissible investments to cover outstanding liabilities. These are all violations of Washington State money transmission law. Many customers are still waiting for their funds. As of Friday, March 15, 2024, Sigie was prohibited from collecting any new funds for transmission or currency exchange. DFI followed that by joining a multi-state C&D order a week later, helping keep consumers safe across state lines.



We shared information about these C&Ds in

both English and Spanish and across multiple platforms, including social media, to reach people where they are – on their phones. Knowing many Washington residents utilized this money transmitter to send funds home to family members in other countries, we wanted to ensure they knew it was time to find another transmitter and file a complaint with DFI if they were among the consumers whose funds did not reach their destination.

At this time, it is unknown if any funds that have not yet been fully transmitted can or will be paid out. We will provide

additional information as we receive it online at [www.dfi.wa.gov/sigue](http://www.dfi.wa.gov/sigue) or En Español at [www.dfi.wa.gov/sigue-es](http://www.dfi.wa.gov/sigue-es).

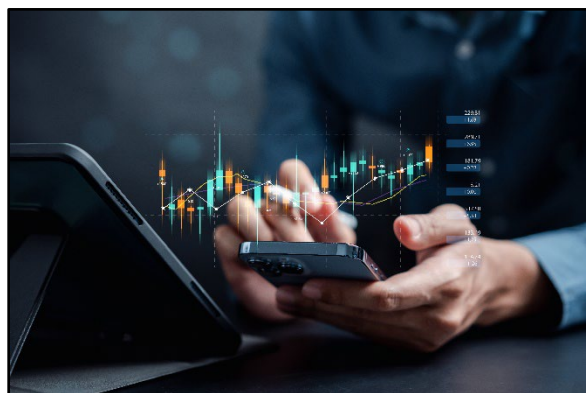
## Consumer Services – By The Numbers

Number of Licensees		Exams Conducted	Enforcement Actions	
Mortgage Brokers	382	<b>Check Casher</b> 4	Complaints Received	819
Loan Originators	24,702	<b>Money Transmitter</b> 64	Complaints Closed	813
Check Cashers and Sellers	84	<b>Mortgage Broker</b> 92	Enforcement Actions Issued	52
Consumer Loan Companies	1,005	<b>Mortgage Origination</b> 147	Investigations Opened	45
Money Transmitters	256	<b>Escrow</b> 17	Investigations Closed	54
Escrow Agents	38			
Payday Lenders	11			

# Division of Securities

---

## DFI Participates In \$3 Million Multi-State, Multi-Agency Settlement with TradeStation Crypto, Inc.



DFI joined members of the North American Securities Administrators Association (NASAA) and the Securities and Exchange Commission (SEC) in entering a [settlement](#) totaling \$3 million with TradeStation Crypto, Inc. (TradeStation). TradeStation is a Florida corporation that was formed in 2018 and provides crypto-asset-related financial services to retail and institutional customers in the United States. In the settlement, TradeStation agreed to pay a total of up to \$1.5 million to state securities regulators, about \$29,000 of which has been paid to DFI.

For the past two years, DFI, along with the California Department of Financial Protection and Innovation (CA DFPI), led a task force of state regulators from Alabama, Mississippi, North Carolina, Ohio, South Carolina, and Wisconsin investigating TradeStation's possible offer and sale of securities. The investigation revealed that TradeStation offered a crypto interest-earning program to Washington investors in the form of an interest feature associated with investor digital trading accounts. Under this program, investors passively earned interest on crypto assets by loaning them to TradeStation. TradeStation maintained total discretion over the revenue-generating activities utilized to earn returns for investors. The company offered and promoted their crypto interest-earning program in Washington and the United States at large via its website and various platforms without a license to do so.

As a result of the investigation, DFI and CA DFPI led the task force negotiations with TradeStation to settle the allegations of the offer and sale of unregistered securities. The eight working group states, and 18 additional securities regulators have agreed to the terms of the settlement. More states are expected to follow.

DFI and TradeStation entered a consent order adopting the settlement terms on Dec. 21, 2023.

In addition to the monetary settlement, TradeStation agreed to cease and desist from offering, selling, or renewing the interest feature or any security not registered, qualified, or exempt to investors in all NASAA jurisdictions, including Washington.

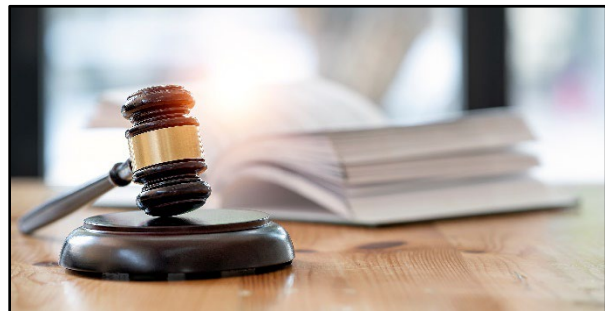
Read the full press release here [WA Joins \\$3M Settlement with TradeStation Crypto](#).

# Securities Division Preparing Proposed Amendments to Rules for Broker-dealers and Salespersons

The Securities Division is continuing its work to update the text of its rules applicable to securities broker-dealers and their salespersons. The Securities Division began the rule-making process last year with the filing of a Preproposal Statement of Inquiry on April 3, 2023 with the Washington Code Reviser's Office. The Preproposal Statement of Inquiry noted that the Securities Division was considering possible amendments to its broker-dealer and broker-dealer salespersons rules at Chapters 460-20B WAC, 460-21B WAC, and 460-22B WAC.

Many of these rules have not been substantively amended since the 1990s and the Securities Division has drafted amendments to bring the rules up to date with federal rules, incorporate NASAA model rules, and describe the application filing procedures and requirements for broker-dealers and salespersons, among other updates.

Prior to formally proposing the draft rules, the Securities Division must assess the economic impact of the rules on small businesses in accordance with the Regulatory Fairness Act, Chapter 19.85 RCW. To assess the economic impact of the rules, the Securities Division sent a survey to broker-dealers registered in Washington in December 2023. The survey was accompanied by a copy of the draft rules and a section-by-section analysis. The survey responses were due Jan. 31, 2024, and the Securities Division received 65 responses. The Securities Division is in the process of analyzing the information provided.



Based on the feedback gathered in response to the survey and our analysis of the data provided, we may make changes to the draft rules. After this work is complete, we will formally propose the amended rules in a CR-102 filing with the Washington Code Reviser's Office. This will open a formal comment period on the proposed rules. The CR-102 will also set a date for a public hearing on the proposed rules. A notice of such proceedings will be sent to all registered broker-dealers and those on our rulemaking interested persons list.

## Investment Advisor Update 2024

Investment advisers and their representatives operating in Washington (with certain exceptions) are required to be licensed with the Securities Division. Persons who provide investment portfolio management for their clients or who hold themselves out to the public as financial planners are among those required to be licensed.

If your investment adviser's fiscal year-end is Dec. 31, your filing due dates are:

Action Item	Where/To Whom	Action Due Date
File Form ADV Parts 1 and 2	IARD	March 31, 2024
Deliver or Offer Form ADV 2	Clients	April 30, 2024
File GAAP Balance Sheet	<a href="mailto:ialicensing@dfi.wa.gov">ialicensing@dfi.wa.gov</a>	April 30, 2024
File Fund Audit (Private Fund Only)	<a href="mailto:ialicensing@dfi.wa.gov">ialicensing@dfi.wa.gov</a>	April 30, 2024

For the 2024 update, visit our website: <https://dfi.wa.gov/industrynews/investment-adviser-annual-filing-notice-2024>.

---

## Securities – By The Numbers

Number of Licensees	
Securities Broker Dealers	1,700
Investment Advisers	622
Investment Adviser Representatives	14,427
Securities Salespersons	222,769
Registered Securities Offerings	86
Registered Franchise Offerings	996
Registered Business Opportunities	3

### Enforcement Results for Calendar Year 2023 through Dec. 31:

#### Complaints Received

314

#### Enforcement Actions Issued

79

#### Active Cases

147

# In the Community

## DFI's Communications & Outreach

After catching our breath a bit during the holidays, the communications team is hard at work and running fast to keep up with all that is going on.

DFI's Financial Education Grants application period opened Jan. 2 and closed Feb. 29. The review committee received a record 33 applications. These grantees – all non-profits providing financial education to people in Washington State - are competing for funds allotted to this program. We hope to make award announcements by early May.



Our new Outreach Committee members – volunteers from other divisions within DFI – have been busy staffing resource tables and helping the communications team.

Financial Outreach Committee Members (pictured at left) were at the Auburn Library on Sunday, Jan. 7, staffing a resource table at the Community Resource Fair.

Some of our other DFI employees staffed a resource table and talked with seniors at the Mountain View Community Center in



Edgewood on Monday, Feb. 12 about how to avoid financial fraud and scams. The Fife High School American Enterprise Project team coordinated the event, with speakers from the Financial Education Public Private Partnership (FEPPP) and the Office of the State Treasurer. Pictured at right with an attendee.



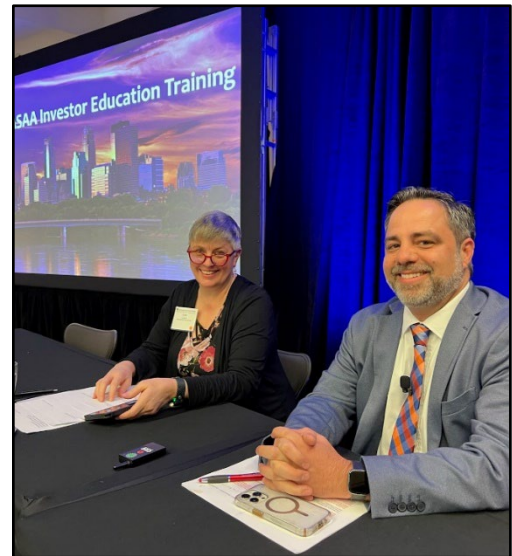
On Feb. 14, our Tribal Liaison (pictured at left) presented at the Chehalis Tribe Elders/Caregiver Conference on identifying and preventing fraud schemes, and what to do if you suspect you are a victim of fraud. Thirty Tribal Elders attended the event, which was conducted at Chehalis Tribe's brand-new Elders Center. The Elders asked a lot of great questions and several Elders shared personal accounts where bad actors targeted them or their family members.

A partner state agency began hosting afternoon lunch and learn financial education workshop sessions with DFI staff presenting. That partnership has grown, adding a morning session to start next month and including employees from multiple state agencies. Our March 7 workshop on credit brought in 150 attendees!

Our Social Media Content Specialist has been busy, and this year’s follow/like/share numbers indicate her work is striking a chord with followers – especially on LinkedIn. Our goal for 2024 is to increase the number of Instagram reels and YouTube videos with more information about who we are and what we do. If you aren’t following us yet, please consider doing so:

- [X](#) :dficonsumers
- [Instagram](#) :wastatedfi
- [Facebook](#) :wadfi
- [YouTube](#) :wadfi
- [LinkedIn](#) :wadfi

Director of Communications **Lyn Peters** attended the North American Securities Administrators Association (NASAA) Investor Education Conference. Lyn co-hosted a live recording of a NASAA Real Life Regulators podcast with Nick Vondereau from Alabama and our Canadian colleagues from Ontario about the collapse of Quadriga CX crypto platform. Lyn also presented on the ways Washington State is measuring outreach impact in our state.



The last week of February, DFI’s Outreach Coordinator presented on budgeting to students at the Seattle Central College, Centralia Tu Hogar in Spanish on credit scores and reports, and staffed a resource table in Sedro Wooley where he made a few new partners for additional Spanish outreach. He also had a conversation with the Latino Leadership Network Board about who DFI is and what we do. Recently, he presented again to Seattle Central College students, this time on credit, and provided two workshops at the Mexican Cultural Center in Redmond – a continuation of an initial workshop now becoming a series. At the end of March, he staffed a resource table at the Kitsap County Asset

Building Coalition’s resource fair in Bremerton.

All this and we’ve only just ended the first quarter of 2024! We look forward to what’s next!

# DFI Hosts Agency Cross-Collaboration CLE

## Feb. 2: “Promoting Equity in Homeownership”

We are happy to announce that our agency cross-collaboration event was a success. The event, “Narrowing the Wealth Gap: Promoting Equity in Homeownership,” brought together 25 Washington State agencies and had a great turnout with 148 people registered.

During the first panel, speakers from DFI, the Department of Licensing (DOL), and the Housing Finance Commission provided an overview of the role Washington State agencies play in the residential mortgage loan process. They discussed regulatory requirements, enforcement mechanisms, and special programs designed to address bias and improve equity.

The next panel from the Office of Attorney General – Wing Luke Civil Rights Division, shared cases in which they were involved in to protect and defend the rights of Washingtonians. The Wing Luke Civil Rights Division works to protect the rights of everyone in Washington, with a focus on civil rights, consumer protection, and the rights of underrepresented communities.

To close out the CLE event, we were honored to have Lisa Rice, President and CEO for the National Fair Housing Alliance (NFHA). During her session, Lisa shared impactful facts and information that describe what people may face when wanting to own a home.

This event brought agencies together for cross-collaboration. It was great to hear what other agencies in our state are doing. One of the many takeaways from this CLE was the amount of resources and programs that were shared that some people did not know were available. Several people stated they made new connections and learned something new. We are happy to be able to put an event like this together so we can continue to learn from each other.



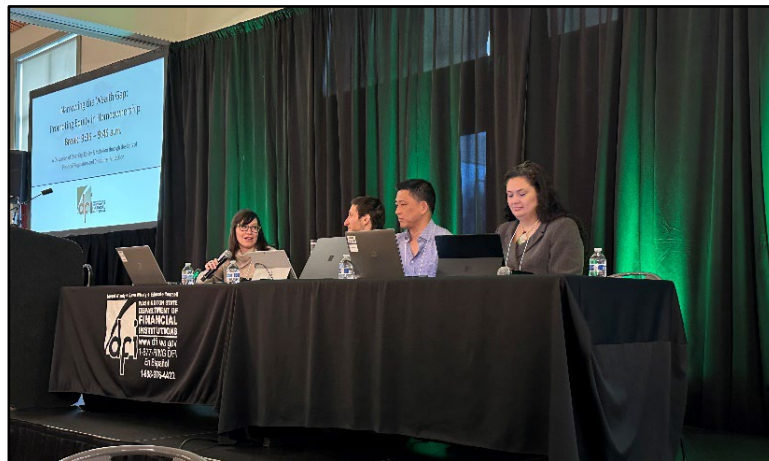
*DFI Director Charlie Clark giving opening remarks*



# Promoting Equity In Homeownership – Feb. 2



*Panel #1: Washington State Agencies*



*Panel #2: Wing Luke Office of the Attorney General*



*Keynote speaker: Lisa Rice*

**Washington State  
Department of Financial Institutions**

(360) 902-8700

En Español: 1.888.976.4422

[www.dfi.wa.gov](http://www.dfi.wa.gov)

