



Washington State Department of Financial Institutions
Summer 2019 Newsletter

Message from Charlie Clark, Director of DFI

Welcome to DFI's first agency newsletter!

Our goal with this new resource is to communicate the great work we are doing as an agency and provide you with the appropriate regulatory information to keep you in the loop.

While they are not new faces to our agency, we made some changes in DFI's leadership. I recently named Rick St. Onge Acting Director of the Division of Consumer Services and Catherine Mele-Hetter as DFI's Deputy Director.



On May 13, 2019, Governor Inslee signed into law the DFI Trust Bill, [SB 5107](#), sponsored by Senator Das (Chapter 389, Laws of 2019). The trust bill modernized DFI trust statutes, and positioned our state to adapt our trust regulatory environment to developments in fintech and the global financial markets.

On June 25, I was honored to testify in D.C. before the U.S. House Financial Services Committee's Task Force on Fintech Regulation. My message was that state regulators continue to play a critical role in protecting consumers in the fintech environment, and Washington State, in particular, is a leader in the field. Learn more about my testimony on [page 4](#) of the newsletter.

I believe that Washington has a great story to tell when it comes to embracing fintech and it was great to share Washington's story.

I have been busy reaching out to our regulated entities lately – if I haven't yet visited with you, rest assured I hope to meet with you soon.

I am committed to being accessible to you. My door is always open!

Charlie Clark

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DFI Updates

Division of Credit Unions Joins Small Credit Union Workgroup

In June, two Division of Credit Unions (DCU) staff members, Tammie Nuber and Cristina Diaz, attended the kick-off meeting of a workgroup created by Washington small credit unions.

The credit unions invited DFI to participate in the workgroup. Program Manager Tammie Nuber, Supervisor Vivian Carter, and Supervisor Myriam Powers are members of the workgroup, along with Examiners Greg Taylor and Marcus Timmons who will alternate participating. Additionally, five CEO's from small credit unions are part of the workgroup.

For purposes of this workgroup, a small credit union is an institution with assets less than \$100 million. In Washington, 22 of the 53 state chartered credit unions are in this category. The mission of the workgroup is "improving collaboration between small credit unions and regulators by leveraging foundational cooperative principles to implement mutually beneficial initiatives and projects."

The first topics the workgroup will address are partial remote exams (DCU began a pilot program for remote exams in 2018) and semi-annual asset assessments.

Topics for future discussions will include risk focused examinations with emphasis on internal fraud and the true risk of credit unions.

The group will meet every other month with the next meeting in August. The workgroup expects to meet for one year.

Modernizing Washington Trust and Bank Statutes

On May 13, 2019, Governor Inslee signed SB 5107 - legislation updating and modernizing the Washington Trust Institutions Act, Title 30B RCW – into law.

The revisions made to the Act introduce important protections for consumers who rely on trust companies operating in Washington State. It provides a clear process for liquidating a trust should that become necessary and provides clear, concise, and comprehensive laws for existing and future trust companies.



Beginning in April 2018, the Division of Banks management team along with Chief of Regulatory Affairs Joseph Vincent started meeting monthly with stakeholders to discuss and draft updates to Title 30A RCW - The Commercial Bank Act and Title 32 RCW – The Savings Bank Act.

We continue to work with stakeholders to draft proposed updates to the banking statutes in Washington State with an emphasis on modernizing, cleaning up, and updating antiquated and cumbersome statutes.

DFI Updates Continued....

DFI Director of Regulatory Affairs, Joe Vincent, Recognized as Outstanding Adjunct Professor



Seattle University School of Law recently recognized DFI Director of Regulatory Affairs, Joe Vincent, as Outstanding Adjunct Professor by Seattle University School of Law.

On June 14, 2019, the Dean of Academic Affairs, Paul Holland, presented the award.

Joe has been integral in the development of the University's Annual Innovation and Technology Law Conference – the second conference was on June 28, 2019.

He also has instructed courses in Financial Institutions Law & Policy, as well as Introduction to the Law of Financial Technology (FinTech).

Scammer Who Re-victimized Unhappy Investors Pleads Guilty to Mail Fraud. He Accepted Thousands in Payments while Making False Claims He could Get Victims' Money Back from a Bad Investment

Troy Van Sickle, a former Seattle resident pleaded guilty in U.S. District Court in Seattle to mail fraud on June 24, 2019. Mr. Van Sickle admitted that between 2011 and 2014, he fraudulently operated an asset recovery business in order to defraud unhappy investors who previously had lost money they had invested with a Bellevue investment company. U.S. District Judge James L. Robart scheduled sentencing for September 30, 2019. The Securities Division's Bryan Guerard and Michelle Mack and the FBI investigated the case.



According to records filed in the case, during May and June 2011, Van Sickle represented to the unhappy investors that he had a company, Troy C. Van Sickle Consulting and Collections, and that for a fee he could help them recover their lost funds. Van Sickle falsely claimed that he had helped other investors recover large sums, and, in order to win investors' trust, Van Sickle made various promises, including entering into a romantic relationship with one of the investors.

Mail fraud is punishable by up to 20 years in prison and a \$250,000 fine.

Over the course of the scheme, Van Sickle fraudulently took in \$75,000. Under the terms of the Plea Agreement, in addition to repaying the investors that \$75,000, VAN SICKLE has agreed to repay the investors an additional \$175,000 in fees that he received from the investors.

Fintech Regulation

Director Charlie Clark Testifies Before The U.S. House Financial Services Committee’s Task Force on Fintech Regulation

On June 25, DFI Director Charlie Clark testified before the U.S. House Financial Services Committee’s Task Force on Fintech Regulation.

In his testimony, Charlie emphasized that state regulators continue to play a critical role in protecting consumers in the fintech environment, and Washington State, in particular, is a leader in the field.

“State regulators are locally accountable, sitting in close proximity to consumers and the communities they are charged with protecting. This perspective makes us uniquely situated to recognize and act upon consumer financial protection issues. When consumers have an issue, they contact us first. Our goal is to help prevent consumer harm before it happens.”

[View Full Written Testimony](#)

[Watch Video of Testimony](#)



Protecting Military Members

DFI Helps Refund Money to Military Service Member

The Servicemembers Civil Relief Act (SCRA) offers military members financial protections, including the ability to have interest rates reduced to 6% when they join the active military service.

Recently, DFI's Division of Consumer Services received a complaint alleging that a licensee of ours had, upon sufficient notice from a servicemember, declined to forgive interest above 6%.

The wife of the servicemember received a loan offer in the form of a negotiable check (a check that, when cashed, is equivalent to opening a line of credit) in her maiden name. Depositing the check resulted in a loan that included interest in excess of 6%.

When her husband later joined active military service, he provided notice and documentation of active duty service to the creditor and requested an interest rate forgiveness pursuant to the SCRA.

The creditor, however, declined the request with the reasoning that the servicemember's name was not on the loan documents, and, therefore, the loan was not taken out "jointly."

Washington, however, is a community property state. Debts incurred during the marriage are presumed to be joint obligations unless there is clear and convincing evidence that the debt was incurred separately and was not used for the benefit of the community.

DFI requested the creditor reduce the interest rate to 6% and refund what was paid in excess of 6%. DFI is committed to protecting our veterans. If you or someone you know is a victim, file a complaint with DFI at www.dfi.wa.gov or 1-877-746-4334.



Financial Education

Money Smart Week Reading Days Reaches More Than 1,200 Washington Students

In April, as part of Financial Literacy Month, DFI's financial education team worked with the Jump\$tart Washington Coalition and the Financial Education Public Private Partnership in organizing Money Smart Week Reading Days in Washington classrooms.

Money Smart Week Reading Days provide local community leaders the opportunity to go into local schools and read a storybook with a financial education theme to elementary students.

For 2019, 45 classrooms participated in more than 13 cities across Washington.



Washington Treasurer Duane Davidson Reads To Garfield Elementary

It wasn't just community leaders who got involved. Two high school teachers brought their students into elementary schools to read.

Money Smart Week Reading Days is a great way for teachers to bring a little financial education into their classrooms as well as for elected officials to learn more about the importance of financial education.

To bring Money Smart Week Reading Days to your classroom in 2020, email Melody.Cahill@dfi.wa.gov

Guide to Home Loans Now Available In Spanish

DFI's workbook that explains the mortgage and home buying process in detail is now available in Spanish.

Hard copy workbooks can be [ordered for free online](#).

A [PDF version](#) of the workbook is also available.



Preventing Elder Fraud

Protecting Seniors from Financial Fraud

Seniors are often the target of fraud. Scam artists target seniors because they most likely have a nest egg, own their home, and/or have excellent credit.

DFI is committed to helping protect seniors from financial and investment fraud.



Warning Signs of Elder Fraud

- Unusual activity in a person's bank accounts, including large, frequent or unexplained withdrawals.
- Uncharacteristic attempts to wire large sums of money.
- A caretaker, relative or friend who suddenly begins conducting financial transactions on behalf of an older person without proper documentation.
- Opening of a new brokerage account (or multiple accounts) or changing brokerage firms
- Unusual increase in investment activity or change in investment style

Who to Contact

- Contact Washington Adult Protective Services for help. 1-866-363-4276
- If fraud is involved, report it to your local police. They should open an investigation.
- If you or someone you know is a victim of investment fraud, file a complaint with the Department of Financial Institutions. www.dfi.wa.gov or 1-877-746-4334.

DFI Elder Fraud Outreach

DFI attorney Kristen Standifer has been busy travelling across the state to senior centers and community forums to share tips and information about preventing elder financial fraud.

More information about elder fraud can be found on the DFI website at www.dfi.wa.gov/financial-education/information/elder-financial-abuse



DFI Attorney Kristen Standifer Speaks To A Senior Center

Financial Education Continued....

Educating Washington Consumers Across the State

DFI's financial education program has been busy giving presentations and attending outreach events across the state.

Below are a few examples of where we have been in 2019.

If you're interested in hosting a financial education presentation, please fill out our [presentation request form](#).



Morton Senior Center - Fraud Prevention Fair

Ryderwood Community Hall - Fraud Prevention Fair

Toledo Senior Center- Fraud Fair

Mercer Island High School - ID Theft Presentation

Bothell High School - ID Theft presentation

Rainier High School - ID Theft Presentation

West Auburn High School - ID Theft Presentation

Tumwater Library - Budgeting Presentation

Camp Murray - Wellness Fair

South Kitsap High School - ID Theft Presentation

Snoqualmie Valley Senior Center- Fraud fair

Packwood Senior Center - Fraud Fair

Washington Corrections Center for Women Purdy - Resource Fair

Chehalis Library - Financial Fraud Prevention

WSU - Financial Education Fair

WA State Indian Educator's Association Conference

SnoValley Senior Center - Fraud Fair

American Library Association Conference with CFPB

Tumwater (Peter G Schmidt Elementary) - Budget for Your Bank

Bangor Base - Credit/ Consumer Awareness Presentation

West Auburn High School - ID Theft Presentation

Shelton High School - Money Management Presentation

Expanding Your Horizons Thurston County

WA Association of Career and Tech. Administrators

Chelan High School - ID Theft and Fraud presentation

Shelton (Bordeaux Elementary) - Budget for Your Bank (2nd Grade)

Tacoma (Skyline) - Budget for Your Bank

Lakeshore Asst, Living, Seattle - ID Theft and Fraud Presentation Presentation

Mariner HS, Everett - ID Theft and Fraud Presentation

West Auburn High School - ID Theft and Fraud Presentation

Davis HS, Yakima WA - ID Theft and Fraud presentation