



FY 2015 PERFORMANCE PLAN
Department of Insurance, Securities and Banking

MISSION: The mission of the Department of Insurance, Securities and Banking (“DISB” or “Department”) is two-fold: 1) protect consumers by providing equitable, thorough, efficient, and prompt regulatory supervision of the financial services companies, firms, and individuals operating in the District of Columbia, and 2) develop and improve market conditions to attract and retain financial services firms to the District of Columbia.

SUMMARY OF SERVICES: DISB regulates the following financial services entities: (1) insurance companies, insurance producers, health maintenance organizations, captive insurance companies, and risk retention groups; (2) investment advisors, investment advisor representatives, broker-dealers, broker-dealer agents, securities offerings, issuers, and agents of issuers; and (3) District and state-chartered banks, mortgage lenders and brokers, mortgage loan originators, check cashers, money transmitters, consumer sales finance companies, money lenders, and consumer credit service organizations.

To perform these services, The Department has six management areas: Market Operations; Policy Planning and Administration (Agency Management); Agency Fiscal Operations; Communications; General Counsel; and Market Compliance. The performance plans for the eight specific operating bureaus and divisions within these areas are as follows:

PERFORMANCE PLANS DIVISIONS

- Office of the Commissioner (including Agency Management and Communications)
- Banking Bureau
- Insurance Bureau
- Risk Finance Bureau
- Securities Bureau
- Compliance Analysis Division
- Enforcement and Consumer Protection Division
- Market Examinations Division

AGENCY WORKLOAD MEASURES

Measure	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual ¹
Number of consumers receiving financial literacy training and consumer protection information.	588	2317	3209
Number of insurance producer administrative hearings completed and proposed final orders issued within 60 days.	18	21	0
Number of accounts opened through Bank on DC.	972	662	848

¹ Actual as of June 30, 2014



Office of the Commissioner/Agency Management

SUMMARY OF SERVICES

The Office of the Commissioner is responsible for the overall leadership, management, and administration of the Department's financial and personnel resources. Critical responsibilities include the development and implementation of policies, programs and plans that uphold the laws of the District of Columbia promote and maintain consumer protection, and ensure efficient and effective regulation of the financial industry. One of the Department's principal objectives is to protect consumers by providing consistent and accurate information about financial services firms operating in the District.

The Agency Management function includes the development and implementation of policies for internal Department operations, strategic development and planning for regulatory operations and administration of resources to meet the Department's overall mission.

Communications is responsible for managing inter and intra-agency communications including developing and implementing a strategic communications plan for the Department. This includes near-term and long-range plans for preparing and disseminating information on DISB programs and initiatives, serving as liaison between DISB and the media, advising senior management on developments in the areas of public information/education and community relations that affect the public and the Department's responsibilities for consumer protection and economic development, and establishing relationships and channels to exchange information with employees, constituents, government agencies, industry sectors, and financial services organizations such as the National Association of Insurance Commissioners (NAIC), the North American Securities Administrators Association (NASAA), and the Conference of State Bank Supervisors (CSBS). Communications formulates policies and develops protocols to support the Department's operations and regulatory strategies to increase its effectiveness with industry sectors and markets.

OBJECTIVE 1: Provide oversight and support for agency's operating bureaus and divisions to enhance consumer financial and education in the District.

INITIATIVE 1.1: Engage in comprehensive efforts to provide financial literacy to the residents of the District of Columbia (Age-Friendly DC Goal: Domain # 10).

Engage in outreach campaigns to provide consumers with information that will help them make informed choices about financial service offerings. The education effort will cover a range of topics from basic information through steps that can be taken to avoid financial fraud. The subject matter will be tailored to the audience and will include in person presentations as well as online information and print material. DISB will continue to promote our speakers bureau with experts on consumer finance topics to speak at community events; publish financial capability resources and consumer guides on financial services topics; and will partner with other D.C. Government agencies and



public and private organizations to expand our financial literacy efforts. This is an ongoing effort. The number of outreach campaigns and events conducted are tracked on a fiscal year basis. **This initiative has a completion date of September 30, 2015.**

INITIATIVE 1.2: Conduct administrative hearings for insurance producers to improve the licensing process and regulate the distribution channels for consumers.

Conduct timely hearings of resident and non-resident insurance producers that have been referred by the Enforcement and Consumer Protection Division. These hearings would be for violations of the Producer Licensing Act of 2002, (ACT), D.C. Official Code §31-1131.12, and Chapter 38 of Title 26 of the District of Columbia Municipal Regulations (DCMR). This is an ongoing effort. The number of hearings conducted is tracked on a fiscal year basis. **This initiative has a completion date of September 30 annually.**

OBJECTIVE 2: Develop subject matter expertise that can be utilized to educate and inform policy makers and market participants leading to a reputation as a desirable regulatory jurisdiction.

INITIATIVE 2.1: Participate in industry sector national meetings, training and development sessions, and seminars to improve professional capabilities and increase knowledge of current and emerging market issues.

Identify industry sector regulatory requirements that provide opportunities for increased financial services activities. DISB will participate in the following: NAIC spring, summer and winter national meetings, NASAA spring and fall meetings, CSBS quarterly meetings, in addition to participating in market sector committees and working groups, and training and development opportunities. **This initiative has a completion date of September 30, 2015.**

INITIATIVE 2.2: Utilize online seminars and industry publications and research sources to develop Department databases and market analysis capabilities.

Evaluate changes in industry sector and marketplace activities to determine ongoing needs for regulatory actions and adherence to best practices by market participants. **This initiative has a completion date of September 30 annually.**

OBJECTIVE 3 implement the access to capital initiatives to assist District-based businesses with their efforts to obtain equity investments, loans, lines of credit, working capital, collateral support and other financing arrangements.

INITIATIVE 3.1: Complete the implementation of State Small Business Credit Initiative.

DISB will finalize the rules that will govern DISB's administration of its Loan Participation and DC Innovation Finance Programs. ISB will also seek to obtain approval to implement these programs from the U.S. Department of Treasury, will continue to promote its existing Collateral Support Program, and will obtain the second \$4.1 million tranche from the U.S. Treasury during FY15.

INITIATIVE 3.2: Complete the implementation of Crowdfunding Rules.



DISB will finalize the rules governing the process of raising capital for District-based businesses through crowdfunding arrangements. DISB will establish fair and efficient procedures to implement a thorough and timely review of all offerings filed pursuant to these new rules, and will engage in a variety of outreach campaigns to ensure that District-based businesses and investors are aware of this relatively new and innovative way to raise capital to fund businesses. **This initiative has a completion date of September 30, 2015.**

OBJECTIVE 4: Oversee the implementation of agency-wide priorities.

INITIATIVE 4.1: Conduct agency sustainability assessment using OCA approved criteria developed by DDOE and OP in accordance with Mayor’s Order 2013-209 (Sustainable DC Governance Goal 1, Action 1.2; Built Environment Goal 3) Within one hundred twenty (120) days after the City Administrator approves sustainability assessment criteria developed jointly by the District Department of the Environment and the Office of Planning, each agency head subject to the authority of the mayor shall use the criteria to evaluate the sustainability of their respective operations in accordance with the requirements of Mayor’s Order 2013-209, the Sustainable DC Transformation Order, and submit to his or her responsible Deputy Mayor and the Office of the City Administrator the results of the agency’s internal assessment. **Completion Date: April 2015**

KEY PERFORMANCE INDICATORS – Office of the Commissioner

*Department of Insurance, Securities and Banking
District of Columbia Government*

*FY 2015 Performance Plan
Published: October 2014*



Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual²	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Number of consumers receiving financial literacy training and consumer protection information.	2317	1000	3209	2000	2000	2000
Percentage of Insurance administrative hearings completed and proposed final orders issued within 60 days. ³	Not Applicable	Not Applicable	Not Applicable	85%	85%	85%
Percentage of first tranche of SSBCI funds made available to District businesses.	Not Applicable	Not Applicable	Not Applicable	100%	Not Applicable	Not Applicable
Percentage of second tranche of SSBCI funds made available to District businesses.	Not Applicable	Not Applicable	Not Applicable	Not Applicable	25%	25%

² Actual as of June 30, 2014

³ This measure changed to efficiency measure for FY 2015.
Department of Insurance, Securities and Banking
District of Columbia Government



Banking Bureau

SUMMARY OF SERVICES

The Banking Bureau (Banking) regulates the activities of financial institutions within the District of Columbia to protect consumers from unfair practices, promote economic development, and provide a fair financial market that benefits DC consumers and businesses. This includes District chartered banks and non-depository financial institutions licensed to operate in the District of Columbia, such as mortgage lenders, brokers, loan originators, money transmitters, check cashers, money lenders and consumer credit service organizations. Banking conducts timely financial examinations of both depository and non-depository institutions, and issues licenses to individuals and institutions that provide banking and related financial services for District of Columbia residents. Additionally the Banking Bureau oversees and administers the Foreclosure Mediation, State Small Business Credit Initiative (SSBCI), and Bank on DC programs which directly assist homeowners, residents, and businesses in the District.

OBJECTIVE 1: Improve consumer confidence through programs and activities that increase transparency in the financial markets and provide for protection of consumers of non-depository financial products.

INITIATIVE 1.1: Administer, manage, and market the foreclosure mediation program to homeowners in accordance with the permanent version of the “Saving DC Homes from Foreclosure Act.”

The Foreclosure Mediation Program is an alternative method to foreclosure which helps resolve disputes by agreements/alternatives to foreclosure, with the help of trained mediators and a “good faith” standard for all parties to uphold. Mediating a foreclosure action is an inexpensive, fast and often successful process that allows parties to meet in a structured forum mutually beneficial for all parties. The program does not cost homeowners thousands of dollars as homeowners pay a \$50 mediation fee to participate in the program. The structured nature of the program allows for a forum where all foreclosure alternatives can be discussed and evaluated. In FY 2015 the Foreclosure Mediation Program will continue to schedule elected mediations in a timely manner as well as making sure all regulations are followed. The agency hopes to continue to see successful mediations which lead to foreclosure alternatives and allow homeowners to reach agreements and avoid foreclosure. **The initiative has completion date of September 30, 2015.**

INITIATIVE 1.2: Administer the licensing of non-depository financial institutions in accordance with Title 26 of the DC Code, the S.A.F.E. Act and the requirements of the Nationwide Mortgage Licensing System.

DISB currently licenses more than 3,000 individuals and non-depository financial institutions, including mortgage companies, money transmitters, check cashers, money lenders, retail sellers and sales finance companies. Starting on September 3, 2014, DISB required that all licensees in the District of Columbia submit their license applications through the Nationwide Mortgage Licensing System (NMLS). In FY15, the Department plans to complete the transfer of all of the licenses to the paperless NMLS system. NMLS is a secure web-based system created by state regulators to provide efficiencies in the processing



of state licenses and registrations and to improve supervision of state-regulated industries. Through NMLS, companies maintain a single record which they use to apply for, maintain, renew, and surrender license and registration authorities in one or more states. **This initiative has a completion date of September 30, 2015.**

INITIATIVE 1.3: Administer the examination process for mortgage lenders and brokers in accordance with the Mortgage Lenders and Brokers Act and improve the quality and quantity of examination reports.

The Banking Bureau is required to complete an examination of mortgage lender and brokers on a three year examination cycle to ensure that they are in compliance with state and federal consumer protection laws. Due to previous limited staffing levels and resources, all mortgage licensees have not been examined on a scheduled three year basis as prescribed by statute. Consequently, a backlog was created with the examination schedule. In FY15, the Banking Bureau intends to exam 50% of its licensees which will effectively eliminate the backlog.

This initiative has a completion date of September 30, 2015.

OBJECTIVE 2: Encourage the expansion of banking and non-depository services available to District of Columbia residents and businesses.

INITIATIVE 2.1: Administer, manage, and market the D.C. State Small Business Credit Initiative.

On September 27, 2010, President Obama signed into law the Small Business Jobs Act of 2010 (the “Act”) to help increase credit availability for small businesses. The Act created the State Small Business Credit Initiative (“SSBCI”) at the U.S. Department of the Treasury (“Treasury”), which allowed the District of Columbia Department of Insurance Securities and Banking (the “DISB”) to receive an allocation of \$13,168,350 to fund the D.C. Collateral Support Program (the “DCCSP” or the “Program”). The DCCSP establishes pledged cash collateral accounts with Participating Lending Institutions to enhance loan collateral for qualified small business borrowers that would not otherwise be able to obtain financing on acceptable terms and conditions. In FY15, the District of Columbia intends to expand the SSBCI program to include a Loan Participation and Innovation Finance Program. The Loan Participation Program will but up to 50% of lender’s loan, in some cases at a reduced rate, to assist borrows who may have cash flow problems or a lack of equity. The D.C. Innovation program allows the District of Columbia to make equity investments in companies that may need alternatives to traditional commercial financing. **This initiative has a completion date of September 30, 2015.**

INITIATIVE 2.2: Use Bank On DC as a tool to increase access to car-sharing and bikessharing programs for low-income families and underserved populations (Sustainable DC Plan Transportation Action 3.2)

Bank on DC is collaboration between DISB, local banks and credit unions and the nonprofit financial education providers to provide low cost banking accounts to the



unbanked and under-banked in the District of Columbia. Since the inception of the program in 2010, Bank on DC has opened more than 7,200 accounts. In FY15, the Program plans to complete a survey of the unbanked and under-banked population in the District of Columbia to obtain more demographic information and primary reasons why households are not using the traditional banking system.

This initiative has a completion date of September 30, 2015.

KEY PERFORMANCE INDICATORS – Banking Bureau

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual ⁴	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Percentage of foreclosure mediations scheduled and steps completed within the time required by the Saving DC Homes from Foreclosure Act of 2010 and its implementing rules.	100%	95%	100%	95%	95%	95%
Percentage of SSBCI Loan Enrollment Forms that received a determination of approval or rejection within 5 business days ⁵	Not Applicable	Not Applicable	Not Applicable	95%	95%	95%
Percentage of completed Mortgage Lender and Broker Licenses and Requests approved or declined within 60 days ⁶	Not Applicable	Not Applicable	Not Applicable	80%	80%	85%
Percentage of Mortgage Lenders and Brokers examined ⁷	Not Applicable	14%	14%	33%	33.3%	33.3%

⁴ Actual as of June 30, 2014

⁵ This is a new measure for FY 2015.

⁶ This is a new measure for FY 2015.

⁷ This is a new measure for FY 2015.



Insurance Bureau

SUMMARY OF SERVICES

The Insurance Bureau (Insurance) monitors the financial solvency of insurance companies operating in the District of Columbia (DC). In addition, Insurance issues licenses to insurance companies, insurance producers and related entities, approves rates and policy forms of insurance products marketed in the District, and monitors underwriting, policy holder services, claims, marketing, producer licensing and the complaint handling processes of licensed insurers.

OBJECTIVE 1: Increase the affordability and availability of health insurance coverage by carefully reviewing health insurance rate filings (Age-Friendly DC Goal: Domain # 8).

INITIATIVE 1.1: Implement the additional tools obtained through the Rate Review Grant for the review of health insurance rates.

This includes utilizing the software acquired from Lewis & Ellis, implementing a standardized filing template and developing analytical tools for the Health Insurance Financial Analyst. **The completion date for this initiative is September 30, 2015.**

INITIATIVE 1.2: Complete review of GHMSI 2011 surplus and implement a process for future rate reviews.

The current plan is to have a hearing on the GHMSI surplus, focusing on the report that is currently undergoing DISB review Rector & Associates in late March 2014. Once the hearing is completed the Commissioner will make a final determination on the surplus and develop guidelines for future reviews to provide for a more streamlined and less contentious process. **The completion date for this initiative is September 30, 2015.**

OBJECTIVE 2: Increase the amount of consumer insurance information available on the DISB web site.

INITIATIVE 2.1: Post all insurance rate filings and other frequently requested insurance bureau documents on DISB's website.

This will address our most commonly requested FOIA documents to allow DISB to provide better service to our customers while minimizing impact on DISB staff who normally responds to the FOIA requests. **The completion date for this initiative is December 31, 2014.**

OBJECTIVE 3: Strengthen the regulation of title insurance in the District of Columbia.

INITIATIVE 3.1: Complete the examination of title insurers operating in the District, and propose statutory amendments or regulations to ensure that title insurance rates are adequate, not excessive or unfairly discriminatory.

If necessary based on the results of the examination, require title insurers to make a new filing to address the new standards and process. This will also allow us to address issues that have been raised in other states (notably New York) about the types of expenses that may have been used in the development in title insurance rates.

The completion date for this initiative is September 30, 2015.



KEY PERFORMANCE INDICATORS – Insurance Bureau

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual ⁸	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Percentage of rate filings approved, accepted or rejected within 30 days of receipt.	97%	95%	93%	95%	95%	95%
Percentage of form filings approved accepted or rejected within 30 days of receipt.	97%	95%	100%	95%	95%	95%

⁸ Actual as of June 30, 2014



Risk Finance Bureau

SUMMARY OF SERVICES

The Risk Finance Bureau (Risk Finance) maintains regulatory oversight of captive insurers that operate in the District of Columbia. Risk Finance develops legislation and market information and participates in conferences to enhance the District's status as an attractive jurisdiction for the formation of new captive insurance companies. These efforts have resulted in the formation of over one hundred captive insurers in the District. A few of the notable captives are owned by Fortune 500 Companies, major associations, and national religious organizations. The primary benefit of captive insurance formation is premium tax revenue for the District and business opportunities for District-based banks, law firms and accounting firms.

OBJECTIVE 1: Ensure the solvency of captive insurers domiciled in the District.

INITIATIVE 1.1: Evaluate and complete financial analyses on captive Risk Retention Groups domiciled in the District of Columbia.

The financial analysis process is an important activity and of the primary methods DISB uses to determine whether insurers are in compliance with the District's solvency laws and regulations. DISB's ultimate goal is to ensure that all insurers licensed in the District remain solvent so they can meet their financial obligations to policyholders, many of whom are District residents. The financial analysis of captive RRGs is particularly important as these companies rely on the Risk Finance Bureau to function as the primary regulator of these companies. Risk Finance has licensed one hundred eighty-five (185) captives since 2001, and has gained the District a national reputation of being one of the top jurisdictions in the U.S. for the formation and operation of these specialized insurance entities. Notable companies include General Motors, Subaru, Dow Corning, AARP, Goldman Sachs, the United Methodist Church, MedStar Health, Amtrak, and the New/New Jersey Port Authority. Captive insurance companies have paid over \$10 million in taxes and fees to the District since 2001. In FY 2015 and beyond, DISB plans to increase premium tax revenues for the District by increasing the number of captive insurers domiciled in the District of Columbia. Accordingly, it is important for DISB to ensure that captive insurers operating in the District remain financially solvent so these firms will continue to operate profitably, pay policyholder claims and generate tax revenue for the District. **This initiative has a completion date of September 30, 2015.**



KEY PERFORMANCE INDICATORS – Risk Finance Bureau

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual⁹	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Percentage of Captive Insurance Company applications processed within 30 days of receipt.	100%	100%	100%	100%	100%	100%
Percentage of financial analyses completed on Captive Insurance Companies. ¹⁰	100%	100%	100%	100%	100%	100%

⁹ Actual as June 30, 2014

¹⁰ Corrected term “examinations” with “analyses”
Department of Insurance, Securities and Banking
District of Columbia Government



Securities Bureau

SUMMARY OF SERVICES

The Securities Bureau oversees the regulatory activities of stock brokerage and investment firms in the District of Columbia to proactively protect District residents against malpractice and fraud by securities professionals, and to ensure proper marketing and disclosure of securities products in compliance with the District Code.

OBJECTIVE 1: Improve “consumer protection” by administering effectively the legally applicable standards for market entry in to the District’s securities market and the market for investments in the District.

INITIATIVE 1.1: Engage in a comprehensive campaign to provide financial literacy and increase the amount of information available to DC residents through outreach programs (Age-Friendly DC Goal: Domains # 7, 8, 10).

The Securities Outreach activities described in this goal are undertaken in partnership with the Office of Communications and the Consumer Protection Advocate.

In FY 2015, DISB will participate in a town hall meeting sponsored by the Financial Planning Association about investment and financial planning, which is to be presented at Bell multi-cultural high school. Also, Associate Commissioner Miles and Dr. Robert Roush, the developer of the Elder Investment Fraud and Financial Exploitation (EIFFE) program, will continue their efforts to make the program available to the medical profession in the District.

In conjunction with the Office of Communications, the Securities Bureau is sponsoring a program, “Investor Education in Your Workplace,” (IEiYW) which is supported by the Investor Protection Trust. In FY 2015, DISB will offer this online financial literacy training in conjunction with local schools of business. The Financial Fitness Challenge (FFC), a streamlined version of IEiYW, was initially offered in FY 2014, to DC Government employees, and that program will also be offered in FY 2015 to DC Government employees and others persons in the DC workforce.

DISB works to raise public awareness of investor’s rights and help District residents by providing them with information on the DISB website, though press releases, etc. about investment professionals, financial planning resources, and defensive measures against investment fraud. There is a never-ending demand for this information. This initiative will be conducted on an ongoing basis throughout FY 2015. During Fiscal 2015, we also plan to participate in public informational programs in each quarter and to continue to sponsor financial literacy training for District residents. The completion date for these activities is September 30, 2015.

INITIATIVE 1.2: Increase the capability of the STAR system to handle internet queries regarding the status of filings.

Since FY 2001, DISB has been on the leading edge of receiving and processing securities filings in electronic, rather than paper, form. DISB processes about 20,000 investment company notice filings each year. The firms that make these filings, and the firms with



DC securities licenses, often call the Securities Bureau with questions about the status of their registration statements, notice filings, and license applications. We are developing a software upgrade that is expected to be operational in FY 2015 that will enable filers to query the system over the internet to obtain certain basic status information. **This initiative has a completion date of November 30, 2014.**

KEY PERFORMANCE INDICATORS –Securities Bureau

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual¹¹	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Percentage of securities notice filings processed within 30 days.	69%	85%	98%	85%	85%	85%
Percentage of Broker-dealer and investment adviser firm licenses processed within 30 days of receipt	99%	95%	99%	95%	95%	95%

¹¹ Actual as of June 30, 2014



Compliance Analysis Division

SUMMARY OF SERVICES

The Compliance Analysis Division (Compliance Analysis) develops research and analysis of industry sectors to establish “best practices” standards and guidelines for design, delivery, and results monitoring of financial products and services. Compliance Analysis reviews consumer complaints regarding financial institutions and firms operating in the District to determine compliance with District of Columbia laws and regulations. Compliance analysis also conducts analysis and investigates matters regarding consumer issues, such as claim disputes, cancellation or non-renewal of insurance policies, improper insurance producer conduct and uninsured motorist fund claims, complaints regarding allegations of misconduct by securities professionals operating in the District of Columbia and complaints regarding banks and non-depository financial institutions to determine compliance with District of Columbia laws and regulations. The Division refers suspected illegal activities to the Enforcement and Investigation Bureau for investigation, and coordinates information from Market Examinations Division with Bureaus to identify and define key market factors that drive changes in each industry sector.

OBJECTIVE 1: Enhance Consumer Protection

INITIATIVE 1.1: Develop research and analysis of industry sectors to establish “best practices” standards and guidelines for design, delivery, and results monitoring of financial products and services.

The Department of Insurance, Securities, and Banking began an implementation of an internal realignment of the Department in February of 2012. Under the two new divisions were created, the Compliance Analysis Division and the Market Examinations Division. The goal of the Division is to support DISB’s efforts to develop a financial services regulatory platform for the Government of the District of Columbia that enhances consumer protection by emphasizing shared information within the agency and focusing on market conduct in order to keep pace with market developments. The Division places emphasis on developing proactive capabilities to monitor market activities and the development of guidelines and recommendations that lead to best practices within industry sectors. The current disciplinary measures for licensees who engage in minor unethical, unprincipled or unresponsive business practices are not adequate, and as a result, the Division will research peer jurisdiction’s disciplinary measures and make recommendations on how to provide incentives to reduce the undesirable business practices, including a schedule of fines. The Division will seek to identify financial products and services that currently fall into regulatory gaps and suggest appropriate regulation and/or legislation. The Division will review complaint ratios, licensee complaint handling procedures for response to consumer concerns and internal company policies regarding the handling of consumer concerns. **This initiative has a completion date of September 30, 2015.**



KEY PERFORMANCE INDICATORS – Compliance Analysis Division – Consumer Services

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual¹²	FY 2015 Projection	F Y2016 Projection	FY 2017 Projection
Percentage of written Banking complaints resolved within 45 days of receipt.	100%	100%	98%	100%	100%	100%
Percentage of written Insurance complaints resolved within 45 days of receipt.	99%	95%	98%	95%	95%	95%
Number of Consumer Alerts posted to DISB website ¹³	Not Applicable	Not Applicable	Not Applicable	Not Applicable	6	6
Number of proposed changes in regulation or legislation drafted and submitted for ¹⁴ consideration ¹⁵	Not Applicable	Not Applicable	Not Applicable	Not Applicable	4	4

¹² Actual as of September, 30, 2014

¹³ This is a new measure for FY 2015.

¹⁴ Actual as of June 30, 2014

¹⁵ This is a new measure for FY 2015.



Enforcement and Consumer Protection Division

SUMMARY OF SERVICES

The Enforcement and Consumer Protection Division (ECPD) plans and directs well-designed anti-fraud programs to detect, investigate, and conduct enforcement activities on behalf of the residents and businesses in the District of Columbia. ECPD also provides mandated anti-fraud regulatory and compliance guidance, training, data analysis to licensed financial service entities.

OBJECTIVE 1: Improve the DISB insurance, securities and banking antifraud program (Age-Friendly DC Goal: Domain # 10).

INITIATIVE 1.1: Improve the effectiveness of the investigative approach to regulatory and criminal violations in the financial service arena through professional relationships with state and federal regulatory agencies, criminal justice organizations and local, state and federal law enforcement entities or organizations (Age-Friendly DC Goal: Domain # 10).

The ECPD is outwardly engaging and maximizing its investigative resources with a network of federal, state regulatory and law enforcement partners to identify new and persistent fraud issues, for the purpose of effectively confronting financial fraud in D.C. New investigative techniques and approaches become available as ECPD's members coordinate and work with representatives of agencies that have mutual goals. This enhancement will alert ECPD of fraudulent issues in the metropolitan area and strengthen its investigative effectiveness.

Investment scams are a plague to all users of the internet, including D.C. residents, and efforts to identify these types of scams have formerly been problematic. ECPD has developed a working relationship with the North American Securities Administrators Association (NASAA) enforcement arm to neutralize this type of fraud. Through NASAA's association with a federal regulatory agency, ECPD will receive referrals of internet scams, which purport to have fraudulent, regulatory office locations in D.C. On the surface, due to their use of official looking logos and D.C. governmental sounding names, these scams appear to have a semblance of validity.

. Property & Casualty and Health Care fraud are still major issues in D.C., and new avenues to identify and investigate them are a priority. ECPD will enhance working relationships with the National Insurance Crime Bureau (NICB), and the D.C. Office of the Inspector General Medicaid Fraud Control Unit as well as the NICB-FBI sponsored D.C. Major Metro Medical Fraud Task Force to continue working together to identify health care providers and other insurance violators who commit fraud, and work with private insurers to secure and obtain the evidence necessary to prosecute criminal violations.

Financial fraud and regulatory violations committed by money service businesses in D.C. is still a significant concern, and an area that has been generally "operating in the shadows." ECPD's will continue working with a federal task force that addresses this on-going problem to obtain first-hand information. The D.C. Financial Crimes Task Force (Task Force) was established for the purpose of identifying suspicious money transactions/transfers and the movement of large amounts of money through the review



of Suspicious Activity Reports (SAR) generated from the Financial Crimes Enforcement Network (FinCEN) of the U.S. Department of the Treasury. Working with the Task Force will lead to the identification of these violators. Furthermore, the U.S. Department of the Treasury has provided ECPD copious information relative to suspicious loans applications in D.C. over specified periods of time. This information will also lead to the identification of violators, and follow-up investigations will also reveal regulatory violations that may be investigated. In addition, working closely with the department's Banking Bureau and the Office of the General Counsel, ECPD's numbers of regulatory investigations are projected to increase, as well as the many hours of support that will be provided to the subsequent administrative proceedings.

ECPD will continue to encourage property & casualty, and health care insurers through department announcements to comply with the D.C. Official Code § 22-3225.08, which requires the reporting of suspected fraud that is based upon a reasonable belief an action or event may constitute the commission of insurance fraud, as well as assist in the investigation by reasonably providing information when requested. This announcement is intended to remind insurers of the requirement to comply with the statute.

The completion date for these activities is September 30, 2015.

OBJECTIVE 2: Protect the residents of the District of Columbia from financial fraud (Age-Friendly DC Goal: Domain # 10)

INITIATIVE 2.1: Enhance regulatory compliance enforcement through the development of new associations with federal regulators and law enforcement agencies (Age-Friendly DC Goal: Domain # 10). As ECPD identifies, develops information, and investigates issues to substantiate that a fraud occurred and/or that a regulatory statute has been violated, the prosecution of the perpetrators and/or otherwise the elimination the scheme as a threat to D.C. residents is paramount. Therefore, all avenues of enforcement will be explored and implemented. ECPD will establish protocols to be used by all investigators to deregister websites that have been identified through coordination with the D.C. Department of Insurance, Securities and Banking's (DISB) Consumer Advocate and NASAA's enforcement arm of being fraudulent, securities scams, posing as legitimate financial service companies in D.C. This effort will bring ECPD's regulatory authority to bear and demand that the suspicious websites be deregistered by the host of the Internet Protocol (IP) website address. Non-compliance with this demand will be considered grounds for court action. These websites of "false fronts" will subsequently be eliminated from the internet and no longer lead people to believe that the fake entity has certified a particular stock or an investment transaction. Additionally, a referral will be forwarded to the Internet Crime Complaint Center (IC3), a multi-agency task force made up by the Federal Bureau of Investigation (FBI), the National White Collar Crime Center (NW3C), and the Bureau of Justice Assistance (BJA), that possesses unique systems to assist ECPD in addressing internet fraud.

The ECPD will establish a working relationship with representatives of the D.C. Department of Health, as well as its Board of Dentistry, by reporting substantiated investigative results of fraud committed by health care providers licensed to do business



in D.C. The subsequent adjudication of their offenses/violations will determine the licensing status of the offenders.

The ECPD intends to improve coordination with the federal regulators, who have the authority and resources to address suspected fraud issues or regulatory matters and entities operating nationally, and generally operating outside the jurisdiction of D.C. Working relationships with the enforcement branches of the Consumer Financial Protection Bureau (CFPB), the Financial Industry Regulatory Authority (FINRA), and the Securities Exchange Commission (SEC) have been initiated and will be enhanced to further protect D.C. residents from questionable business practices.

To ensure that once the fraudulent activity has been terminated and the perpetrators identified, ECPD will work with the department's Communication Officer to prepare information sheets for the purpose of broadcasting press releases and/or web alerts as appropriate. The information is to be widely broadcasted with the intent of preventing additional residents from falling victim to these financial scams.

This initiative has a completion date of September 30 annually.

Initiative 2.2: Conduct prompt due diligence of financial service applicants (Age-Friendly DC Goal: Domain # 10).

ECPD will conduct expedited, due diligence investigations on all financial services licensing applicants to ensure that only those applicants, without derogatory issues in their personal background, obtain a license and do business with D.C. residents. This protocol will allow for an expedited review of all applicants, and accelerate the licensing process. **The completion date for these activities is September 30, 2015.**



KEY PERFORMANCE INDICATORS – Enforcement and Consumer Protection Division

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 ¹⁶ Actual	FY2015 Projection	FY2016 Projection	FY2017 Projection
Percentage of open investigative cases reviewed within 90 days for correctness and compliance with investigative procedures.	100%	90%	100%	95%	95%	95%
Percentage of insurance producer enforcement investigations completed within 90 days.	85%	85%	94%	90%	90%	90%
Percentage of ¹⁷ background checks completed within seven working days upon receipt	Not Applicable	Not Applicable	Not Applicable	85%	85%	85%

¹⁶ Actual as of September 30, 2014

¹⁷ This is a new measure for FY 2015.



Market Examination Division

SUMMARY OF SERVICES

The Market Examinations Division (Market Examinations) conducts on-site examinations of all domiciled insurance companies, inspections of investment advisers and broker-dealers, District-chartered banks and non-depository financial services institutions doing business in the District of Columbia; prioritizes companies for examination or inspection of financial records, prepares and reviews planning and examination work papers, and prepares examination reports in accordance with District of Columbia statutes and appropriate industry examination procedures; and, monitors the solvency of financial firms doing business in the District of Columbia.

OBJECTIVE1: Enhance Consumer Protection.

INITIATIVE 1.1: Protect consumers through ensuring compliance with Insurance, Securities, and Banking laws, rules and regulations, including the federal Dodd-Frank Act.

The directive of the Market Examinations program is to protect the financial interest of the District resident, ensure market integrity, facilitate capital formation, increase the availability practices, of, financial services to District resident and enforce the District of Columbia laws and implementing rules.

Section 410 of Dodd-Frank Act reallocates primary responsibility to State for oversight of investment advisors that have between \$25 million and \$100 million of assets under management. As such, the number of investment advisers under the responsibility of the District of Columbia has increased. In addition, firms with larger and complex accounts, as well as hedge fund advisers have increased significantly. These firms present new and challenging issues, and require more time to review. In FY 13, two major enforcement cases were developed from examination findings. The Division did not complete the regularly schedule (cycle exams) in FY 14 due to lack of resources and the focus on examining all switched firms. In FY 15, the Division goal is to examine all backlog and FY 15 scheduled examinations (Cycle exams). To accomplish this initiative, it is imperative that the Department hires more examiners. The implementation of the new NEMO software is still in progress.

The Division also evaluates complaints regarding possible violations of regulatory requirements by DC-based broker-dealers and investment advisers and their representatives and agents and investigates allegations of misconduct.

The initiative has completion date of September 30, 2015.



KEY PERFORMANCE INDICATORS – Market Examination Division

Measure	FY 2013 Actual	FY2014 Target	FY2014 Actual ¹⁸	FY2014 Projections	FY2015 Projections	FY2016 Projections
% of DC based investment firms examined for compliance within 12 months.	100.00%	85.00%	100.00%	85.00%	85.00%	85.00%
Percentage of Domestic insurance Companies financial examinations completed	100%	85%	90%	85%	85%	85%
Percentage of Non-depository financial institutions examined	100%	85%	87%	85%	33%	33%

¹⁸ Actual as of June 30, 2014