



FINANCIAL INSTITUTIONS TODAY

News and topics of interest to financial institutions regulated by the Department of Banking and Finance

Monthly Bulletin #4

April 2009

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FDIC Special Alert: Lending to Shell and Shelf Companies

On April 24, 2009, the FDIC issued SA-54-2009 to alert financial institutions regarding lending to "shell" and "shelf companies" that may be used as vehicles for financial fraud. Per the FDIC alert, the term "shell company" generally refers to a business entity with no significant assets or ongoing business activities. The term "shelf company" refers to a shell company that is created and left with no activity. The shelf company can then be sold to someone wishing to start a company without going through steps to create a new one.

Providing financial services to these type of companies involves varying degrees of risk, depending on the services provided, the purpose of the account, the ownership structure, the nature of the customer, the location of services, and other associated factors. The potential to abuse shell and shelf companies for improper or unlawful activity must be recognized, and financial institutions should be vigilant in monitoring such companies on an ongoing basis.

The FDIC alert recommends that financial institution management establish appropriate due diligence at account opening and during the life of the relationship to manage risk in these accounts. Financial institutions should act promptly when they believe fraudulent or improper activities have occurred related to activities of a shell or shelf company.

The full text of the FDIC alert can be found on their website at:

<http://www.fdic.gov/news/news/SpecialAlert/2009/sa09054.html>

Letters of Credit to Mortgage Brokers and Lenders

Effective July 1, 2009, the Georgia Residential Mortgage Act ("Act") will require all residential mortgage lenders and mortgage brokers to operate under a valid surety bond. [O.C.G.A. §7-1-1003.2]. Licensees, registrants, and applicants must have and maintain a valid surety bond in a form and terms acceptable and payable to the Department in the amounts of \$50,000 for mortgage brokers and \$150,000 for mortgage lenders. In the past, the Department accepted irrevocable letters of credit in lieu of surety bonds pursuant to O.C.G.A. §7-1-1003.2(d).

Financial institutions that have written these letters of credit should refer to the Department's [April 2009 Monthly Mortgage Summary](#) for further information. The letters of credit will no longer be accepted to meet the financial requirements for licensing under the Act.

FIRSTSTAR Credit Union - Unauthorized and Possibly Fraudulent Credit Union Advertising in Georgia

On April 15, 2009, the Department posted a news release on its website regarding the above entity, FIRSTSTAR Credit Union, which is advertising itself in Georgia as a lender and provider of financial services.

The Department has no record of this entity as a legitimate credit union or otherwise. Upon inquiry from the Department, the National Credit Union Administration (NCUA) also indicated that there is no federal credit union chartered or authorized to conduct business under the name "FIRSTSTAR Credit Union".

Read the full news release on our website at: http://dbf.georgia.gov/00/press/detail/0,2668,43414745_43418327_138570143,00.html

DBF Outreach AND UPCOMING SPEAKING ENGAGEMENTS

- ❖ Supervisory Manager Mike Killeen will be participating in a Georgia Bankers Association school held on the campus of the University of Georgia in Athens on **May 4th-7th**. He will serve the role of the "Bank Examiner" for the students as they participate in the bank simulation.
- ❖ Deputy Commissioner for Supervision Kevin Hagler will be speaking at the [CBA's](#) Tax & Regulatory meeting on **May 7th** at the CBA Headquarters in Marietta, GA.
- ❖ Commissioner Braswell will be speaking at the GCUA Annual Convention at the Westin Hotel in Savannah, GA on **May 8th**. Commissioner Braswell will also be participating in a town hall forum titled "The Current Banking and Housing Crises: What is the problem, and how do we fix it?" hosted by Kennesaw State University on **May 11th** in Kennesaw, GA. Commissioner Braswell will also be speaking at the GBA Community Bankers Committee meeting on **May 28th** at the GBA Office.
- ❖ Deputy Commissioner for Non-Depository Financial Institutions Rod Carnes will be speaking to the [Mortgage Bankers Association of Georgia](#) at the Holiday Inn Forsyth in Forsyth, GA on **May 12th**. Mr. Carnes will also be speaking to the Georgia Financial Services Association at [Barnsley Gardens](#), Adairsville, GA on **May 18th**.
- ❖ Supervisory Manager Lori Godfrey and Supervisory Examiner Rich Parker will be speaking at the CBA Bank Directors' College on **May 14th** at Brasstown Valley, Young Harris, GA.

Action on Applications for the Month of April:

The following is a summary of official action taken on applications by State Financial Institutions under Chapter 7-1 of the Code of Georgia and petitions for Certificate of Incorporation of Financial Institutions and other matters of interest during the month of April 2009.

FINANCIAL INSTITUTION CONVERSIONS

<u>PREVIOUS NAME</u>	<u>CONVERTED TO</u>	<u>APPROVAL</u>	<u>EFFECTIVE</u>
Columbus Bank and Trust Company	CB&T, N.A. Columbus Muscogee County	Pending	

APPLICATIONS TO ESTABLISH A BRANCH OFFICE

<u>FINANCIAL INSTITUTION</u>	<u>BRANCH OFFICE</u>	<u>APPROVAL</u>	<u>BEGIN BUSINESS</u>
SunTrust Bank Atlanta	McKee Farms Branch Office 3126 Fincher Farm Road Matthews, NC 28105 Mecklenburg County	04-20-2009	
SunTrust Bank Atlanta	100 M Street Branch Office 100 M Street SE Washington, DC 20003	02-18-2008	04-27-2009
NOA Bank Duluth	Doraville Branch Office Buford Highway & Oakcliff Road Doraville, GA 30340 DeKalb County	Pending	
The Heritage Bank Hinesville	Brunswick Branch Office 103 Scranton Connector Brunswick, GA 31525 Glynn County	04-03-2009	
The Heritage Bank Hinesville	Saint Simons Island Branch Office 106 Retreat Plaza Saint Simons Island, GA 31522 Glynn County	04-03-2009	
Republic Bank of Georgia Lawrenceville	Gwinnett Drive Branch Office 185 Gwinnett Drive Lawrenceville, GA 30045 Gwinnett County	Pending	
Republic Bank of Georgia Lawrenceville	Peachtree Parkway Branch Office 5270 Peachtree Parkway, Suite 116 Norcross, GA 30092 Gwinnett County	Pending	
Mount Vernon Bank Mount Vernon	First Street Branch Office 2109 First Street E Vidalia, GA 30474 Toombs County	09-14-2007	04-23-2009

NOTICE OF CHANGE IN NAME

<u>PREVIOUS NAME</u>	<u>NEW NAME</u>	<u>APPROVAL</u>	<u>EFFECTIVE</u>
Farmers and Merchants Bank Washington	F&M Bank	12-24-2008	04-22-2009

APPLICATIONS FOR RESERVATION OF A NAME

<u>PROPOSED NAME</u>	<u>COUNTY</u>	<u>APPLICANT</u>
Frederica Credit Union	Glynn County	Ms. Janice E. Miller, SVP/COO Sea Island Credit Union 4401 Altama Avenue Brunswick, GA 31520-3006

FINANCIAL INSTITUTION MERGERS

<u>FINANCIAL INSTITUTION (SURVIVOR)</u>	<u>MERGED INSTITUTION</u>	<u>APPROVAL</u>	<u>EFFECTIVE</u>
Georgia's Own Credit Union Atlanta, GA	Retail Employees Credit Union Atlanta, GA	04-21-2009	
CB&T Bank, N.A. (f/k/a Columbus Bank and Trust Company) Columbus, GA	CB&T Bank of Middle Georgia Warner Robins, GA	Pending	
CB&T Bank, N.A. (f/k/a Columbus Bank and Trust Company) Columbus, GA	Commercial Bank & Trust Company of Troup County LaGrange, GA	Pending	
Security Bank of Bibb County Macon, GA	Security Bank of North Fulton Alpharetta, GA	Pending	

<u>FINANCIAL INSTITUTION (SURVIVOR)</u>	<u>MERGED INSTITUTION</u>	<u>APPROVAL</u>	<u>EFFECTIVE</u>
Security Bank of Bibb County Macon, GA	Security Bank of Jones County Gray, GA	Pending	
Security Bank of Bibb County Macon, GA	Security Bank of Houston County Perry, GA	Pending	
Security Bank of Bibb County Macon, GA	Security Bank of Gwinnett County Suwanee, GA	Pending	
Security Bank of Bibb County Macon, GA	Security Bank of North Metro Woodstock, GA	Pending	
First Gulf Bank, National Association Pensacola, FL	RBC Bank (Georgia) Atlanta, GA	Pending	

**APPLICATIONS TO BECOME A BANK HOLDING COMPANY
AND/OR TO ACQUIRE VOTING STOCK OF A FINANCIAL INSTITUTION**

<u>BANK HOLDING COMPANY</u>	<u>TO ACQUIRE</u>	<u>APPROVAL</u>
<u>FORMATIONS</u>		
RCB Financial Corporation Rome, GA	River City Bank Rome, GA	Pending
<u>ACQUISITIONS</u>		
Piedmont Bancorp, Inc. Norcross, GA	Republic Bank of Georgia Lawrenceville, GA	Pending

CHECK CASHER LICENSES ISSUED

<u>CITY</u>	<u>APPLICANT NAME</u>	<u>TRADE NAME</u>
Dublin	* 620 Highway 155 South, LLC	Shell Food Mart
Griffin	* Chung's Car Care Center, Inc.	Griffin Farmer's Market
Lawrenceville	* Crogan Investment, Inc.	Citgo Food Mart
Macon	* Gray Highway Pawn, Inc.	Shurlington Jewelry & Pawn
Clermont	Jubilee Business Ventures of Georgia, LLC	Clermont Food Mart
College Park	* Kampala Enterprises, Inc.	Welcome Texaco
Cumming	M & S Dobani, Inc.	Quick Stop
Soperton	* Marie C. Conner	Conner Ventures
Trenton	National Title Pawn of Trenton, Inc.	National Title Pawn
Acworth	* New Green Enterprises, Inc.	Chevron Food Mart
Lawrenceville	Nida Investment, Inc.	Quick Stop
Norcross	Odeh Express, Inc.	Odeh Express
Alpharetta	Priya Impex, Inc.	Priya Food Mart
Jackson	* R. N. A. Investments Incorporated	Halls Bridge Food Mart
LaGrange	Satrabha, LLC	Petro Food Mart
Roswell	Smart Group USA, Inc.	El Azteca Grocery
Snellville	Ya Molla Corporation	The Market

* =Registered (O.C.G.A. 7-1-700 et al)



DBF's Customer Service Stars for the Month of April

It is the Department's goal to provide excellent customer service, meeting and exceeding the expectations of our customers. Along those lines, we would like to recognize the following individuals for going above and beyond in serving our customers:

Applications Analyst Susan Nelson and MSB Licensing Staff (NDFI—MSBs): The Department received comments from three customers regarding Susan and the MSB licensing staff stating: "They always called me back whenever I needed anything. Susan Nelson was great. I would call her 5 times a day sometimes and she was never short with me, she always had an answer or would find one for me." and "I received very friendly and quick service. The staff there is great, very helpful. My hats off to Susan Nelson and Joel Byers. Great job." and "Susan Nelson has been a great help."

Corporate Manager Murali Ramachandran (Financial Institution Supervision): The Department received an e-mail from a customer stating: "Thank you Mr. Ramachandran. I have to say that I am thoroughly impressed with the prompt attention and (more importantly) how quickly the Department responded to my concern. With the need for more of the Department's attention to be placed on dealing with the current economic situation, I expected this would be placed on the back-burner. It is reassuring to know the state is looking out for the best interests of consumers and that it will crack down (in a hurry) on anyone attempting to ride the coat tails of the stellar credit union industry." [Murali wanted to give credit to Supervisory Manager Mike Killeen and Senior Financial Examiner Janet Bryan for their assistance with this matter.]

Director of Communications and Planning Carol Webb: The Department received an e-mail from a customer stating: "Thank you so much for the information. I must tell you that this is the fastest response I have ever had regarding a question to any state website. You are to be commended for the response, and I would hope that you print this out to provide to your supervisor. The response was very informative with the exact information I needed."

**CONGRATULATIONS AND GREAT JOB TO THIS MONTH'S
CUSTOMER SERVICE STARS!!**



**GEORGIA
DEPARTMENT OF
BANKING AND FINANCE**

2990 Brandywine Road
Suite 200
Atlanta, Georgia 30341-5565

Phone: (770) 986-1633
Fax: (770) 986-1654 or 1655
Email: dbfpress@dbf.state.ga.us

We're on the Web!

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dbf.georgia.gov**

The Department is the state agency that regulates and examines banks, credit unions, and trust companies chartered by the State of Georgia. The Department also has regulatory and/or licensing authority over mortgage brokers, lenders, and processors, money service businesses, international banking organizations, and bank holding companies conducting business in Georgia.

Our **Mission** is to promote safe, sound, competitive financial services in Georgia through innovative, responsive regulation and supervision.

Our **Vision** is to be the best financial services industry regulator in the country – Progressive. Proactive. Service-Oriented.

Have you updated your institution's emergency contact information lately?

The Department has a secure, online system to capture and collect emergency contact information for state-chartered financial institutions. Our emergency contact information system was developed in 2006 as part of an interagency initiative to ensure that regulatory agencies, both state and federal, have an effective system for communicating and coordinating efforts in the event of a disaster that impacts our financial institutions and their ability to provide financial services to their customers.

If your emergency contact information has recently changed, or you have not submitted it to us through the online system, go to our website and click on the Update Emergency Contact Information link in the Related Links section from the appropriate entity page (Banks & Holding Companies or Credit Unions). This link will open a secure webpage where you will enter your login information. If you have forgotten your login username or password, please contact Director of Communications and Planning Carol Webb @ (770) 986-1386 or via e-mail at webbc@dbf.state.ga.us.

Important Notes:

Web Browser requirement - Explorer 6.0 or Netscape Navigator 7.0 or higher to access the system.
Security Certificate - Accept this certificate when you log-in and see the Security Alert – this is a secure site.

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“Safeguarding Georgia’s Financial Services”