



PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES

the

# QUARTER

NEWSLETTER

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Protect. Regulate. Inform.



## Pennsylvania: Desired Destination for Financial Services

By **Robin L. Wiessmann**, Secretary of Banking and Securities

At the Department of Banking and Securities, we have been positioning our organization to better help consumers and businesses protect themselves, contribute to economic growth, and to enjoy the prosperity that Pennsylvania's financial marketplace offers.

[Learn more](#)

### This Quarter

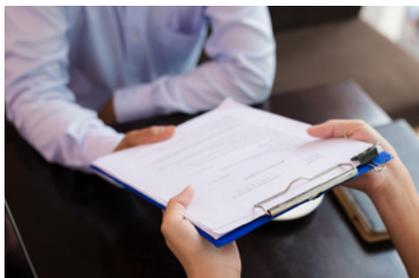
- 2 Making PA the Desired Destination for Financial Services
- 3 Governor Wolf Announces Consumer Financial Protection Initiative
- 4 Wiessmann Visits Credit Unions
- 4 New Exam Guidance Issued for IA's and Broker-Dealers
- 5 Cybersection
- 6 DoBS Staff Recognized
- 6 Reminder: Depositories, Estates, and Revenue
- 7 Investment Fraud Bingo Program
- 7 Where in PA is DoBS?
- 8 Compliance Corner
- 8 Research Region



### Consumer Financial Protection Initiative Announced

In November, Governor Wolf announced the Consumer Financial Protection Initiative, with four goals.

[Learn more](#)



### New Exam Guidance for IA's and Broker Dealers Issued

The department has issued exam guidance to ensure that Investment Adviser and Broker-Dealer licensees have a basic understanding of what to expect during an examination.

[Learn more](#)



### Investment Fraud Bingo Helps Senior Citizens

Helping seniors learn how to protect their money from unsuitable investments and financial scams through a twist on a favorite old game. [Learn more](#)

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## Making Pennsylvania the Desired Destination for Financial Services

by **Robin L. Wiessmann**, Secretary

**A**t the Department of Banking and Securities, we have been positioning our organization to better help consumers and businesses protect themselves, contribute to economic growth, and to enjoy the prosperity that Pennsylvania's financial marketplace offers.

Last summer, we established the Office of Financial Services for Consumers and Business, which is responsible for consumer, investor, and business outreach. This office brings together financial and investor education, consumer protection, and business engagement functions into one business unit, allowing us to take a strategic approach towards helping consumers protect and grow their money. Learn more about our outreach efforts [here](#).

Under the leadership of Deputy Secretary Brian LaForme, this office will be central to our efforts to support Governor Wolf's Consumer Financial Protection Initiative ([see Page 3](#)). We are working to protect consumers against "easy money" lending and financial scams, identifying and preventing elder financial abuse, helping working adults plan for retirement, and establishing a financial education exchange for consumers.

We are also working actively with the business community on several fronts to help ensure they can remain competitive in today's complex financial services marketplace:

- In September, our department was one of the first state financial regulators to announce the formation of a Cybersecurity Task Force. This task force works to educate and inform the businesses we supervise about cybersecurity issues and challenges, and to develop, coordinate, and share information and resources relating to cybersecurity and information security practices and issues. You can learn more about this groundbreaking effort [here](#).
- We offer guidance to small businesses looking to find capital to fund their start-up or expand their operations through the offering of securities. We encourage representatives of prospective securities issuers to contact our Entrepreneur Education program staff. Call toll free at **1.800.PA.BANKS** (800.722.2657) or learn more online [here](#).
- Earlier this year, we issued guidance to investment professionals on our examinations to help ensure they understand the department's expectations and to provide regulatory transparency so that they can stay in compliance with Pennsylvania's laws. Information on this guidance can be found online [here](#).
- In September, we issued an advisory for businesses and non-profit organizations on the risks of using unlicensed electronic payment service companies for the purpose of collecting charitable donations. Information on this advisory can be found online [here](#).

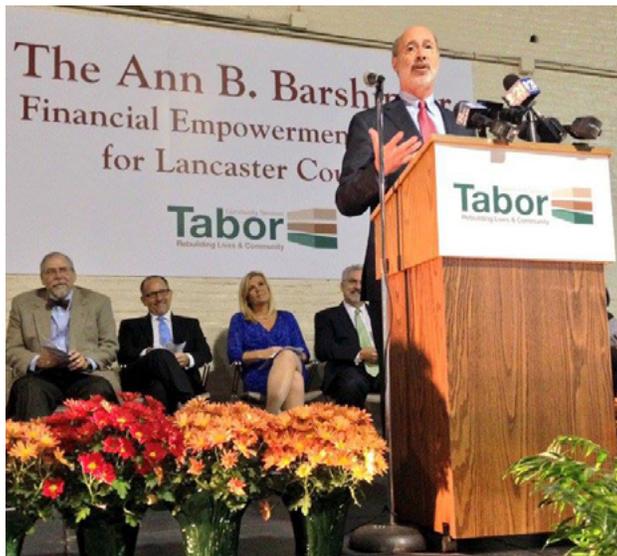
Governor Wolf and I want Pennsylvania to be the desired destination for financial services, where consumers and businesses are confident in the integrity and transparency of our marketplace. At the Department of Banking and Securities, we are actively working with consumer groups and the business community to achieve this goal.

## Governor Wolf Announces Consumer Financial Protection Initiative

At the opening of Lancaster County’s Ann B. Barshinger Financial Empowerment Center in November, Governor Wolf announced his administration’s Consumer Financial Protection Initiative.

“The purpose of this initiative is to help educate Pennsylvanians through the efforts of the Department of Banking and Securities and other executive agencies about financial services and products, as well as protect their money using best practices in a concise, efficient way,” said Governor Wolf.

The initiative has four goals.



*Governor Tom Wolf announces the Consumer Financial Protection Initiative*

### CONSUMER FINANCIAL PROTECTION INITIATIVE

			
PROTECTS AGAINST “EASY MONEY” SCAMS	PREVENTS ELDER FINANCIAL ABUSE	HELPS WORKING ADULTS PLAN FOR RETIREMENT	ESTABLISHES FINANCIAL EDUCATION EXCHANGE

[GOVERNOR.PA.GOV/RESULTS](http://GOVERNOR.PA.GOV/RESULTS)

**First Goal:** to help protect consumers from unlicensed, “easy money” types of lending from out-of-state companies. These predatory loans, which are heavily advertised on the Internet, might seem appealing, but they can create huge, long-term financial problems for the borrower.

The Department of Banking and Securities and PennDOT are collaborating on sending information with license and registration renewal mailings to drivers that discusses the risk of losing their cars to companies offering “easy money” loans using

car titles as collateral. You can learn more on the [DobS website](http://DobS.gov) about “easy money” loans.

The Department of Banking and Securities and the Department of Human Services are working on a social media campaign on Facebook and Twitter that discusses the warning signs of “easy money” lending as well as alternatives and resources for consumers looking for short-term financing.

**Second Goal:** to help health care and legal professionals identify signs of and prevent elder financial abuse. As Pennsylvania’s population grows older, more of our senior citizens are at risk of having their hard-earned retirement savings stolen.

Working with the Investor Protection Trust and the Department of Aging, the Department of Banking and Securities will be stepping up efforts to reach the professional communities our seniors most depend upon with information and resources to help them better cope with this threat to our community of senior citizens.

**Third Goal:** working to find new, innovative ways to help working adults save for retirement. Not enough people in this country currently facing retirement have saved enough money to have the kind of retirement they want. The Department of Banking and Securities and the Insurance Department *(continued)*

are working on creating awareness of existing tools that working adults can use to create the kind of nest eggs they need.

**Fourth Goal:** establish a state government interagency financial education exchange for consumers. More than a dozen Pennsylvania state agencies offer some form of financial education and consumer outreach. This exchange will help ensure that state agencies work in a coordinated fashion. The exchange will help ensure that state agencies will not distribute potentially conflicting information to consumers, as well as create an online portal for help on financial services and products.

## Wiessmann Visits Credit Unions

Secretary of Banking and Securities Robin L. Wiessmann addressed the PA Credit Union Association Large Credit Union Forum in Hershey in early December. Among the topics she discussed were cybersecurity, the landscape for “fintech” services and products, and Governor Wolf’s Consumer Financial Protection Initiative.



## New Exam Guidance Issued for IA’s and Broker-Dealers

The department’s Bureau of Securities Licensing, Compliance, and Examinations has issued **exam guidance** to ensure that Investment Adviser and Broker-Dealer licensees have a basic understanding of what to expect from the department prior to and during an examination. The department has also issued an **Investment Adviser Self-Inspection Checklist** [PDF], which can help licensees better understand regulatory and compliance issues.

Secretary Robin L. Wiessmann highlighted this issue: “I want to stress that business outreach is an important priority for the department. We work with financial services companies to help them understand our agency’s work, as well as our expectations. We are not in the ‘gotcha’ business; rather, we want to continue with our tradition of clear communications with institutions and licensees.”

## Join the Conversation on Social Media!



Twitter: @PAFinancialReg  
 Facebook: PA Investor Education  
 Facebook: PA Banking and Securities  
 LinkedIn: PA Banking and Securities



# Cybersection

## Federal Regulators Release Revised Management IT Booklet

In November, the Federal Financial Institutions Examinations Council (FFIEC) issued its **revised Management booklet**, which is part of the IT Examination Handbook. The Management booklet provides guidance to examiners regarding how IT governance and risk management relates to the overall governance and risk management strategy of financial institutions.

## Data Breach Protocol

Pennsylvania, like most other states, requires any for-profit or non-profit business organization and any state or local government agency or political subdivision that maintains, stores or manages computerized data containing personal information to notify commonwealth residents affected by a data breach without unreasonable delay (Breach of Personal Information Notification Act, 73 P.S. § 2301 et seq).

Numerous sources are available to help businesses and organizations develop response plans that can help manage the impact of a data breach. However, there are some basic concepts that a business can include in its response plan:

- **Response Team** – Establish a response team to handle data breach incidents. Include IT personnel, company or agency leaders, attorneys, human resources personnel, public relations staff, and any applicable third-party vendors.
- **Incident Assessment** – Determine when and where the data breach took place as well as what data have been compromised. Establish how many individuals could be or have been affected by the breach.



- **Analysis** – Analyze the affected system to determine if there are further weaknesses that may be exploited, and fix any issues that may have caused the breach.
- **Communications Plan** – Decide the best method for notifying and communicating with affected individuals as well as the message that should be delivered to the public.
- **Law Enforcement** – Notify local, state and/or federal law enforcement, if the nature of the breach requires it.

## Cybersecurity Act of 2015

Congress recently enacted the Cybersecurity Information Sharing Act of 2015, which provides for the voluntary sharing of cybersecurity threat information between private and public entities and the federal government, including liability protections. This new law includes the creation of a process that will allow information systems to share cybersecurity threat details automatically, requires an assessment of the federal government's cybersecurity workforce, and addresses improvement of cybersecurity in the health care industry. You can download a copy of the law [here](#).

## DoBS Staff Recognized at PA Digital Government Summit



The department's Chief Information Security Officer, Paul Metzler (center), received a "Pennsylvania Excellence in Technology Award" at the PA Digital Government Summit in Harrisburg in December. He was recognized for his role in the department and his work with the newly formed DoBS Cybersecurity Task Force.



He was joined at the award ceremony by Secretary Robin L. Wiessmann (third from right) and other DoBS colleagues.



## Reminder: Depositories, Estates, and Revenue



It has come to the attention of the Department of Banking and Securities that some financial institutions may not be fully aware of the PA Department of Revenue requirements regarding joint account information or trust deposits following the death of a customer. In addition, the Department of Revenue would like to share some suggestions regarding the granting of access to safe deposit boxes.

### Joint Account/Trust Deposit

This is a reminder that financial institutions are required by law to notify the Department of Revenue, within 10 days after knowledge of a death, of the existence of a joint account or trust deposit held by the deceased. This notice is required both of Pennsylvania institutions and out-of-state institutions with branches located in Pennsylvania. The notice requires the name of the decedent, the date of the creation of the account, the titling of the account as of the date of death, the date of death balance and the name and address of the survivor or survivors to the account. No notice is required if the date of death balance is less than \$300.

### Safe Deposit Boxes

Entry into a deceased customer's safe deposit box requires that the representative of the estate mail a notice providing pertinent information to the Department of Revenue at least seven (7) days prior to the expected entry into the box. The Department of Revenue requests that financial institutions accept its written or verbal communication to confirm receipt of entry notification regarding entry to the safe deposit box. It is noted that representatives of the estate can also go to the U.S. Postal Service website and enter the tracking number to verify the Department of Revenue has received the notice regarding entry notification. A print-out of the delivery confirmation from the Postal Service website could also be accepted as receipt of entry notification.



## Investment Fraud Bingo Program Helps Senior Citizens Protect Their Money



The department's Investor Education program offers senior citizen groups an innovative and fun way to help their members learn how to protect their money from unsuitable investments and financial scams through a variation on a favorite old game, called Investment Fraud Bingo.

"You play the game just like you would regular Bingo but with an added twist," says Tina Kotsalos, Director of Investor Education and Consumer Outreach. "Each time the game caller announces a square, participants read aloud an accompanying investment protection message found on their bingo card. If they have filled an entire row, the winner shouts 'Fraud Bingo!'"

Players learn how to detect investment fraud by identifying common "red flags," local scams affecting their own city or town, and techniques to protect themselves from this financial abuse.

The Investor Education program can accommodate groups of 15 or more for Investment Fraud Bingo free of charge to the sponsoring group. Interested parties can call the PA Department of Banking and Securities at 717.783.4247 or email [ra-DoBSInvestorEd@pa.gov](mailto:ra-DoBSInvestorEd@pa.gov) for more information.

Groups can also download instructions and generate Investment Fraud Bingo cards to play on their own from the department's website ([here](#); Microsoft Access software required).

Investment Fraud Bingo is being offered in partnership with AARP's Consumer Issues Task Force.



## Where in Pennsylvania is DoBS?

Learn more about where our Investor Education and Consumer Outreach staff are visiting and working with community groups throughout the commonwealth using our new **online** Calendar of Events. If your group is interested in hosting one of our presentations, call the Pennsylvania Department of Banking and Securities at 717.783.4247 or email [ra-DoBSInvestorEd@pa.gov](mailto:ra-DoBSInvestorEd@pa.gov) for more information.



# ComplianceCorner

## 4th Quarter 2015 Enforcement Orders

The Department of Banking and Securities issued **18** enforcement orders during the fourth quarter of 2015. Fines and assessments for these orders totaled **\$123,657.56**, including:

- Four Consent Agreement and Orders issued for violations of the Pennsylvania Securities Act of 1972, two of which were reached as the result of investigations coordinated by multiple state financial services regulators;
- One Consent Agreement and Order issued for violations of the Debt Settlement Services Act;
- Nine Consent Agreement and Orders issued for violations of the Consumer Credit Code; and
- Four Consent Agreement and Orders issued for violations of the Mortgage Licensing Act, one of which was reached as the result of an examination coordinated by multiple state financial services regulators that awarded consumers restitution.

Comprehensive lists of enforcement orders administered by the Department of Banking and Securities are available online at [dobs.pa.gov](http://dobs.pa.gov) under "Public Info." Consumers can make inquiries or file a complaint against any company or individual regulated or licensed by the Department of Banking and Securities online or by calling **1.800.PA.BANKS** (800.722.2657).

### Security at a Glance:



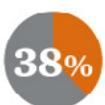
### How businesses are responding to rising cyber-risks

Insights from The Global State of Information Security® Survey 2016

Source: The Global State of Information Security Survey® Survey 2016

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## ResearchRegion



In 2015, **38%** more security incidents were detected than in 2014.



Theft of "hard" intellectual property increased **56%** in 2015.



While employees remain the most cited source of compromise, incidents attributed to business partners climbed **22%**.

Respondents boosted their information security budgets by **24%** in 2015.



Financial losses decreased **5%** from 2014 to 2015.



Many organizations are incorporating strategic initiatives to improve security and reduce risks.

