

THE **QUARTER** NEWSLETTER

PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES



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A Well-Informed Marketplace



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## The Changing Nature of Business Leadership

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

At 26 percent, banking and capital markets boards were tied with the retail industry for the highest percentage of female directors of all the industries surveyed. **More...**



### Statewide Securities Conference

Compliance 2017 is designed to keep investment professionals and their firms up-to-date on securities industry. NASAA's Joe Borg will be featured as keynote speaker. **More...**



### 'When I'm 65': Pittsburgh

"When I'm 65" -- which focuses on how Baby Boomers, Gen Xers, and Millennials can prepare for retirement, will be aired by WQED in Pittsburgh on Monday, May 8, at 8:00 PM. **More...**



### 2016 - Cybersecurity Year in Review

Cybersecurity continued to be an all-important issue for financial institutions and the financial services industry in 2016. **More...**



### DoBS Teams with AARP on Senior Programs

In January, the department hosted a meeting of the Pennsylvania AARP Consumer Issues Task Force. **More...**



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## The Changing Nature of Business Leadership

**Robin L. Wiessmann**, Secretary

**E**arlier this year, PricewaterhouseCoopers **published a survey** measuring diversity in corporate governance across nine industries, including financial services.

Among the results: in 2016, women made up 26 percent of the boards in the banking and capital markets industry. At 26 percent, banking and capital markets boards were tied with the retail industry for the highest percentage of female directors of all the industries surveyed. Also, around 13 percent of new directors in this sector were women.

The industry's successes in increased female board representation are worth noting because companies and organizations that are increasing women in leadership roles are recognizing the need to adapt to a fluid business environment.

"[These] companies need to be strategic when adding new board members," according to the PWC survey. "Those directors need to have the skills and experience that align with the risks and opportunities to sustain returns in the face of uncertainty and change."

The statistics in the PWC survey show a continued shift away from antiquated attitudes toward women, for example, and toward recognition of what talents, skills, experience, and insights women bring to organizations. There is still work to be done and certainly challenges to be met. But increasingly women have a seat at the table, which is how the change in culture continues.

I think it is clear that companies need board and management leaders who understand and relate to an increasingly diverse customer base, who also possess experience in finance, risk management, strategic planning, regulatory areas, third-party risk management, corporate culture, and mergers-and-acquisitions. Board and management leadership that recruit and promote diversity in experience and perspective will successfully navigate through uncertainties, innovation, and disruptions in the marketplace.

One terrific example about how organizations and companies can think about the future, consider their own needs for diversity, and begin to recruit future leaders is demonstrated by the national **Community Bank Case Study Competition**, which is sponsored by the Conference of State Bank Supervisors (CSBS).

Students from four Pennsylvania universities are partnering with local banks on case studies focusing on the economic impact of community banks. More than 30 teams from across the country are competing for the prize, which includes scholarships and presenting at the CSBS-Federal Reserve **Community Banking in the 21st Century Research and Policy Conference**.

I would like to recognize the Pennsylvania teams in this effort:

- Bloomsburg University and First Keystone Community Bank
- Gannon University and Northwest Bank
- Kutztown University and New Tripoli Bank
- York College of Pennsylvania and York Traditions Bank

I believe that working with young people to encourage their interest in financial services is important for the future of companies and organizations. Efforts such as this competition will only serve to continue to attract bright, young talent.

While we are seeing progress in the development of diversity in business leadership, I want to stress that we are not there yet. Working collaboratively to improve the diversity of boards and management leadership is an ongoing challenge, but one that will only serve to make Pennsylvania companies and organizations that much stronger.

## Compliance 2017: Statewide Conference for Investment Pros

# COMPLIANCE 2017

## Statewide Securities Conference

Compliance 2017, a statewide conference of investment professionals and regulators will take place October 26, 2017, at the Radisson Hotel Harrisburg in Camp Hill.

Compliance 2017 is designed to keep investment professionals and their firms up-to-date on securities industry issues including: changes to federal and state securities laws and regulations; custody; regulatory examinations; cybersecurity; fiduciary rules; “add-on” products; and elder financial abuse.

**Joseph Borg**, Director of the Alabama Securities Commission and President-elect of the North American Securities Administrators Association (NASAA), will be keynote speaker for the conference.

For more information email [compliance2017@pa.gov](mailto:compliance2017@pa.gov). **Online registration** will be open soon.

## Wiessmann Elected as Trustee of Investor Protection Trust

Secretary Wiessmann was elected as a trustee for Washington, DC-based Investor Protection Trust (IPT). The **Investor Protection Trust** is a nonprofit organization devoted to investor education. The department works with IPT on several initiatives, including:

- **The Campaign for Safe and Wise Investing**, a statewide outreach program that provides retirees and senior citizens information on how to recognize, avoid, and report financial fraud and abuse.
- **“When I’m 65,”** a national public television documentary and engagement program exploring how people’s financial and lifestyle choices today will affect their quality of life in retirement.
- **DASH for the STASH**, which is a multi-state program and poster contest aimed at improving investor understanding on four topics: financial advisers; investment fees; investment fraud; and building a retirement nest egg.



“Having Secretary Wiessmann serve on the Investor Protection Trust will produce great benefits for investors,” said Governor Tom Wolf. “Her experience and knowledge will greatly enhance investor education and protections across the country, help ensure the integrity of our financial markets, as well as make sure that Pennsylvania perspectives are heard on the national stage.”

## Consumer Advocates Identify Top Debt Issues

In March, Secretary Wiessmann and Executive Deputy Secretary Brian LaForme met with consumer advocates to identify top consumer debt issues and discuss how public-private collaboration can help consumers avoid debt traps and address long-term personal financial issues.

During the meeting Patty Hasson, president of Clarifi, Bob Thomas, president of Tabor Community Services, Mary Loftus, vice president of agency services and education for Advantage Credit Counseling Service, and Joan Reading, president of Credit Counseling Center, shared with the department the top consumer debt issues their organizations are addressing.



*Pictured L to R: Brian LaForme, Mary Loftus, Bob Thomas, Secretary Wiessmann, Joan Reading, Patty Hasson*

The group identified the top five barriers to Pennsylvania consumers achieving financial independence:

- Long-term credit card and auto loan debt;
- Credit repair scams;
- Student loan debt;
- Unlicensed lending triggered by life events such as divorce, death, or illness; and
- Lack of financial preparation for retirement.

“Empowering consumers with knowledge is one of the best ways we can help Pennsylvanians...”

“Empowering consumers with knowledge is one of the best ways we can help Pennsylvanians both make educated decisions about their finances and build stronger futures for themselves and their families,” Wiessmann said. “I look forward to continuing to work with advocates in Pennsylvania communities to provide consumers with useful tools to achieve their financial goals.”

## Helping Medical Professionals Combat Elder Abuse

In February, the department’s Director of Investor Education and Consumer Outreach, Tina Kotsalos (right), presented the **Elder Investment Fraud and Financial Exploitation (EIFFE)** Prevention Medical Program in partnership with the Department of Aging, to medical students, residents, and doctors at the Lankenau Medical Center in Wynnewood. The program addressed the topics of: financial scams, ways in which con artists target seniors who have cognitive impairments, the many forms of cognitive impairment, and how the departments can help those seeking assistance or suspecting abuse.



*Pictured with Kotsalos, from L to R: Dr. David Galinsky, Chief Medical Officer, Department of Aging; and Dr. Firas Saidi, MD, Geriatric Medicine and Internal Medicine, Lankenau Medical Center.*

## “When I’m 65” Campaign Visits Pittsburgh

The national documentary “*When I’m 65*” – which focuses on how Baby Boomers, Gen Xers, and Millennials can prepare for retirement – will be aired by WQED in Pittsburgh on Monday, May 8, at 8:00 PM.

In advance of the airing, members of the public are invited to attend a free town hall meeting at WQED, 4802 Fifth Avenue in Pittsburgh, on Wednesday, April 26, at 6:00 PM. Secretary of Banking and Securities Robin L. Wiessmann will deliver opening remarks prior to a preview of the documentary and a panel discussion on the subjects of investing and protecting yourself from unsuitable and fraudulent investments. The panel will include:

- Mary Bach, Chair, AARP Pennsylvania Consumer Issues Task Force
- Kim Tillotson-Fleming, Chairman and CEO, Heffron-Tillotson, Inc.
- James Klutiny, Chief, Western Region, PA Department of Banking and Securities
- Jeff Shirey, Teacher, Avonworth High School



Information and registration for the April 26 town hall meeting are available online at: [www.whenim65.eventbrite.com](http://www.whenim65.eventbrite.com).

“When I’m 65” was made possible by Detroit Public Television, with the support of state financial regulators (including the PA Department of Banking and Securities), the Investor Protection Trust, and the Investor Protection Institute.



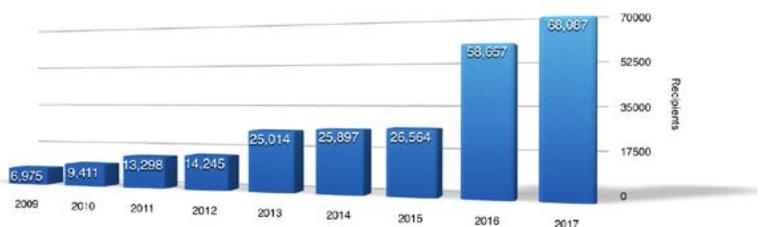
## Helping Lawyers Protect Senior Citizens

Secretary Wiessmann addressed ways to identify, report, and prevent elder financial abuse at the **Elder Investment Fraud and Financial Exploitation (EIFFE Legal)** seminar held at the Philadelphia Bar Association on April 6.

*Pictured from L to R: Dana Goldberg, Esq., Director, Victim Services SeniorLAW Center; Dr. David Galinsky, Chief Medical Officer, PA Department of Aging; Secretary Wiessmann; The Honorable Sheila Woods-Skipper, President Judge, Court of Common Pleas Chair, Administrative Governing Board, First Judicial District of Pennsylvania; Don Blandin, president and CEO, Investor Protection Trust; and Lori Stiegel, J.D., Senior Attorney and EIFFE Prevention Program Legal Director, American Bar Association Commission on Law and Aging.*



## Readership on the Rise since 2009

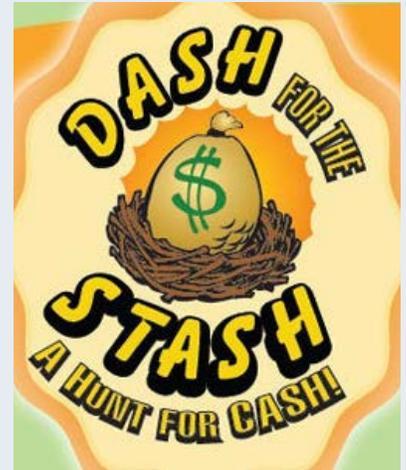


## DASH for the STASH Contest Builds Investor IQ

In a cooperative effort to improve investor education and protection, the Pennsylvania Department of Banking and Securities and Pennsylvania Department of Education announced their participation in the 2017 DASH for the STASH program and contest.

Information on how to participate in the DASH for the STASH can be found [online](#).

In its fourth year, DASH for the STASH is a multi-state program and poster contest aimed at improving investor understanding on four topics: financial advisers; investment fees; investment fraud; and building a retirement nest egg. Participants can visit any participating DASH for the STASH host location, read the content on each of a series of four informational posters, and then scan the unique QR code on each poster to answer a quiz question on that particular topic.



Contest locations can run the program any time from April 1-October 31, 2017.

One winner from Pennsylvania will be chosen in a random drawing of those who logged the correct answer for all four posters. The winner will receive a \$1,000 contribution from the Investor Protection Institute (IPI), an independent nonprofit organization that works to advance investor protection through research and education programs, to a new or existing Individual Retirement Account (IRA) for 2017.

The participating location with the most contest entries will also receive a \$100 contribution from IPI towards their investor education and protection efforts.

The DASH for the STASH program is offered in Pennsylvania in partnership with the IPI. All funding for the DASH for the STASH is provided by IPI funds.

## New Resources to Help Consumers and Business

The department recently issued four new/updated publications designed to help consumers and businesses be well-informed:

- **Understanding Credit Reports and Scores** helps consumers better understand what information should be included in their credit report and steps to take if there is an issue.
- **Financial Field Manual for Military Families** is a personal finance guide designed to serve all current or former members of the military, which also contains information especially important for Pennsylvania residents who joined the U.S. armed forces after 2006 or will do so before the end of 2017 (presented by Kiplinger's).
- **Understanding Reverse Mortgages** has been updated to reflect changes to reverse mortgage products.
- **Scam Alert: Card Skimmers at the Pump** helps businesses, government inspectors, and law enforcement identify illegal card skimmers on payment processing machines, and how and where to report them.



The department's online library of free brochures and hand-outs on various financial topics can be found [here](#).

## ‘Making \$ense of Finance’ Conference, Other Consumer Outreach Events Announced

Education and outreach staff from the Department of Banking and Securities are scheduled to meet with consumers throughout the commonwealth over the coming months. Events on the following topics are scheduled to be held:

**Military and Veterans** – “**Making \$ense of Finance**” is presented by the PA Military Finance Alliance. The program offers guidance to service members, veterans, and their families on building a nest egg and navigating the unique challenges facing military and veterans in financial and investment decisions. June 9: **Fort Indiantown Gap**.

**Senior Citizens** – “**Fraud Bingo/Basic Investment Fraud Bingo**” are interactive presentations to help consumers and investors learn ways to protect themselves from financial frauds. May 3: Zion Lutheran Church, 1919 Route 209, **Brodheadsville**. 10:30 AM. May 4: Loder Senior Center, 62 Analomink Street, **East Stroudsburg**. 10:30 AM. May 15: Lancaster Neighborhood Senior Center, 33 East Farnum Street, **Lancaster**. 9:00 AM. May 24: Weatherly Senior Center, 335 Third Street, **Weatherly**. 10:30 AM-11:30 AM.

“**Scam Jam**” is a fast-paced financial fraud prevention program designed to help retirees and seniors to better detect and avoid financial scams. April 24: The Corps, 131 South Queen Street, **Lancaster**. 9:00 AM-12:00 PM.

“**Avoiding Scams and ID Theft**” takes a look at ways identities are stolen or compromised, how to stop theft from occurring, and what a person can do if his or her identity has been stolen. The program reviews common scams and frauds and what to do if a financial offer seems “too good to be true.” May 15: SACA Senior Center, 545 Pershing Avenue, **Lancaster**. 10:15 AM. May 17: Cocalico Senior Association, 156 West Main Street, **Reinholds**. 9:00 AM. May 17: Lititz United Methodist Church, 201 East Market Street, **Lititz**. 10:30 AM.

**General Audiences** – “**Banking Basics**” provides an overview of how banks and credit unions work; differences between types of accounts; importance of balancing account; and questions to ask when opening an account. April 30: New Beginning Church of Philadelphia, 5185 Castor Avenue, **Philadelphia**. 10:00 AM.

To bring these **FREE** Continuing Education programs to your organization, contact us at [informed@pa.gov](mailto:informed@pa.gov).



## DoBS Teams with AARP on Senior Programs

In January, the department hosted a meeting of the Pennsylvania AARP Consumer Issues Task Force, and introduced task force members to the Senior\$afe program. **Senior\$afe** provides training to financial services professionals to help them identify signs of, report, and prevent elder financial abuse.

*Executive Deputy Secretary Brian LaForme (2nd from left) meets with (L-R) Don Blandin, President and CEO of the Investor Protection Trust; Mary Bach, Chair of the AARP Consumer Issues Task Force; and Bill Johnston-Walsh, State Director of AARP Pennsylvania.*

# Cybersection

## 2016 - Cybersecurity Year in Review

Cybersecurity continued to be an all-important issue for financial institutions and the financial services industry in 2016. Here are some of the highlights in regulatory guidance from the past year:



- In October 2016, the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency, and the Federal Reserve System issued an **advance notice of proposed rulemaking** addressing five categories: cyber risk governance, cyber risk management, internal dependency management, external dependency management, and incident response, cyber resilience, and situational awareness.
- The New York State Department of Financial Services issued **cybersecurity regulations** that became effective last month. These regulations require state-chartered or licensed financial services institutions establish and maintain a cybersecurity program designed to protect consumers.
- The Federal Financial Institutions Examination Council (FFIEC) created a list of **Frequently Asked Questions (FAQs)** regarding clarification of points in the **2015 FFIEC Cybersecurity Assessment Tool**.
- In July 2016, the FDIC rescinded its Information Technology Risk management Program (IT-RMP) and implemented the **Information Technology Risk Examination (InTREx) Program** for conducting IT examinations.
- Heading into January 2017, the National Institute of Standards and Technology (NIST) issued a **draft update** to the Framework for Improving Critical Infrastructure Cybersecurity (Cybersecurity Framework).

## ComplianceCorner

### 1st Quarter 2017 Enforcement Orders

The Department of Banking and Securities issued **11** enforcement orders during the first quarter of 2017. Fines and assessments for these orders totaled **\$113,125**, including:

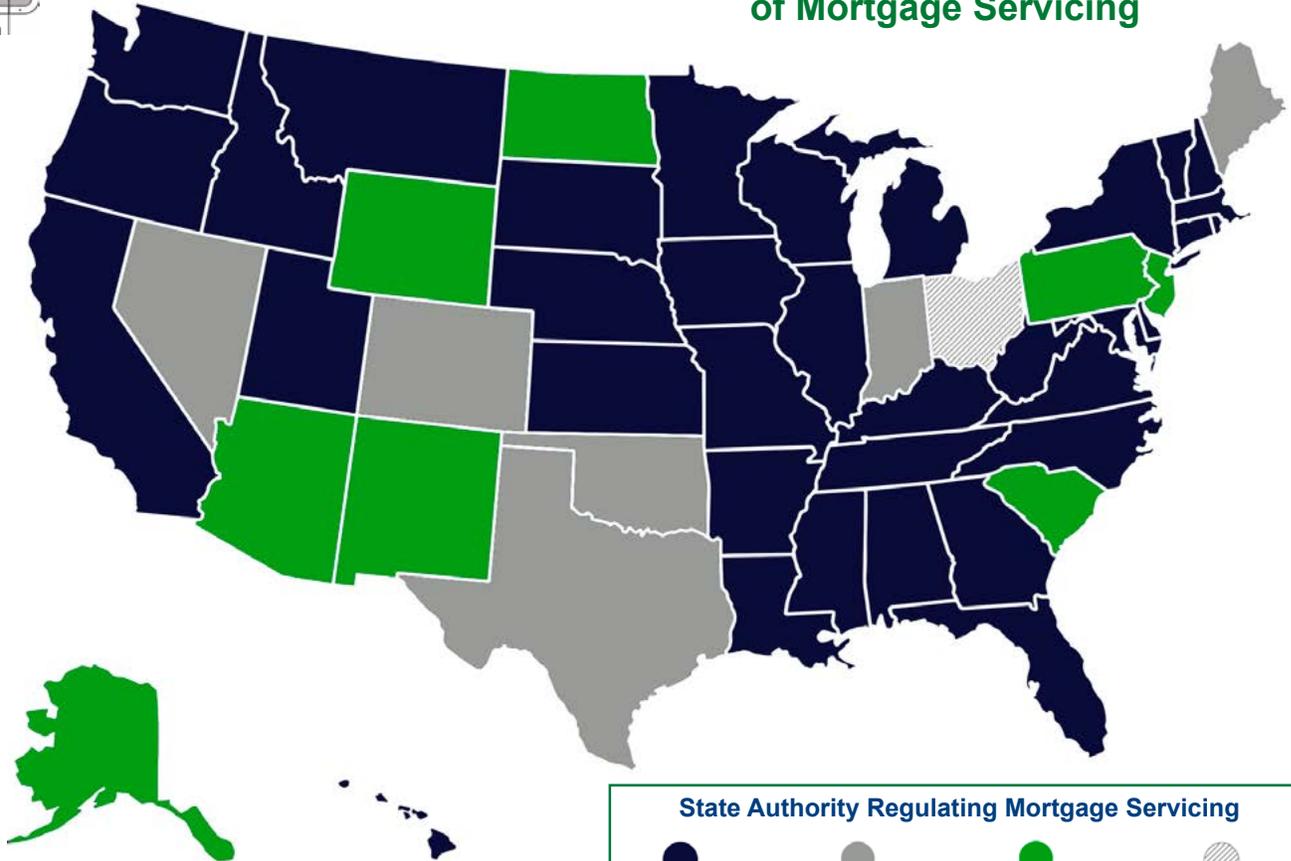
- Six Consent Agreement and Orders issued for violations of the Consumer Credit Code;
- One Consent Agreement and Order and two Orders to Show Cause issued for violations of the Pennsylvania Securities Act of 1972;
- One Consent Agreement and Order issued for violations of the Money Transmitter Act; and
- One Cease and Desist Order issued for violations of the Mortgage Licensing Act.

Comprehensive lists of enforcement orders administered by the Department of Banking and Securities are available online at [dobs.pa.gov](http://dobs.pa.gov). Anyone can ask questions or file complaints concerning financial products or services by calling **1.800.PA.BANKS** (or 800.600.0007) or clicking ([here](#)).



## Research Region

## Status of the State Regulation of Mortgage Servicing



Source: NDSC Report - CSBS

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