



PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES

THE QUARTER

The New Face of Finance?

Top **10** Takeaways from the Next Generation Bankers Academy



Top 10 Reasons to Attend Compliance 2019

10 YEARS
The Quarter

The 10th "Making \$ense of Finance" Conference



INSIDE THIS EDITION

- 2 Top 10 Takeaways from NGBA
- 3 Luterman Named to Commission
- 4 Outreach Spotlight - PMFA Hosts 10th Conference
- 5 Fall Outreach Events
- 5 Pilot Program Announced for Reentrant Financial Education
- 5 Volunteers Needed for Financial Reality Fair
- 6 Can You Spot a Scam Financial Services Website?
- 6 Did You Know? DoBS Website Upgraded
- 7 Compliance Corner
- 7 Mortgage Servicing License Update
- 7 2019 Bank Holidays Announced
- 8 Cybersection
- 9 2019 Community Bank Case Study Competition Announced
- 9 10 Reasons to Save the Date for Compliance 2019
- 9 Research: 2008 vs 2018

Stay informed! Join our list to start receiving *The Quarter*



10 Years of The Quarter

With this issue, we mark 10 years of publishing *The Quarter*. Many thanks to my predecessors Steve Kaplan and Glenn Moyer for their innovative thinking about this e-newsletter. I am pleased to continue support of this valuable tool for keeping communication lines open to our stakeholders.

-RLW



SECRETARY ROBIN L. • dobssecretary@pa.gov Wiessmann

• • • Top 10 Takeaways from the Next Generation Bankers Academy

The face of financial services – that of the consumer and supplier – is changing. As senior executives and career employees approach retirement, financial institutions are having to plan for the continued success and future growth of their institutions. That focus, rightfully so, is being placed squarely on the next generation of leaders in banking and bank supervision.

In 2015, the Conference of State Bank Supervisors (CSBS) launched the Community Bank Case Study Competition to engage college students with the banking industry and expand the body of literature on issues affecting community banks.

My colleagues and I helped to build a network with colleges and universities to engage faculty and students in the competition. Pennsylvania has consistently had the highest number of participating schools each year.

Last year, we began to think creatively about how to take the parallel tracks of a “banking boot camp” program offered in Connecticut and the CSBS competition and combine them into a program that would offer a unique experience to Pennsylvania college students to encourage them to think about careers in financial services and government regulation.

This summer, a group of 22 Pennsylvania college students gathered



Executive Deputy Secretary Brian LaForme and Erin Mierzwa (Federal Reserve of Philadelphia) offer insight into regulatory work to Next Generation Bankers Academy college students

for Pennsylvania’s pilot “boot camp” program in Harrisburg: the **Next Generation Bankers Academy**

The academy is fully the brainchild of a public-private collaboration with the Pennsylvania Bankers Association and Pennsylvania Association of Community Bankers. Working with executives and managers of community banks, state and federal regulators, human resources experts, and others, the students received hands-on training to learn what happens behind the scenes at community banks and regulators.



Here are my Top 10 takeaways from the Next Generation Bankers Academy:

1. Exposes students to experiences and opportunities they cannot get anywhere else
2. Creates a model for other financial services industries and government agencies
3. Teaches students the nuts and bolts of banking and soft skills
4. Gives students the opportunity to network with industry leaders
5. Helps keep Pennsylvania's young "best and brightest" working in Pennsylvania's economy
6. Assists banks and regulators maintain "bench strength" with the next generation of leaders
7. Offers hands-on training to learn what happens behind the scenes at a community bank and regulatory agency
8. Prepares participants for internships, and ultimately, a career in banking or bank supervision
9. Demonstrates the tremendous community value offered by community banks in Pennsylvania
10. Encourages diversity in financial services and regulatory careers



Deputy Secretary of Banking Wendy Spicher engages Next Generation Bankers Academy students in a discussion about regulatory work and government service

I want to share with you one student's poignant response that I believe really captures one of the most important benefits of this program.

After this program, for the first time in my life I feel confident saying I know I will do great things. This has truly been a turning point in my life; everyone involved in this program is changing lives.

This program is scalable, addressing similar challenges to other sectors of financial services and we are eager as we work toward expanding the program in its second year and beyond. I believe the Next Generation Bankers Academy could be a model for how Pennsylvania financial services industries and government can work together to meet the challenges of succession planning and the changing nature of financial services.



My thanks to the full-day partners: Orrstown Bank, Mid Penn Bank, Centric Bank, and the Federal Reserve Bank of Philadelphia. My thanks also to the presenters and session partners: Ephrata National Bank, First Citizens Bank, Bank of Bird-in-Hand, Jonestown Bank and Trust, Fulton Bank, Mars Bank, Victory Bank, the PA State System of Higher Education, and Mosteller and Associates.

Left: The Next Generation Bankers Academy inaugural class was made up of more than 20 Pennsylvania college students from more than 15 colleges and universities



Luterman Named to Commission ● ● ●

Governor Tom Wolf has appointed Bill Luterman to serve on the Banking and Securities Commission. Luterman is President, Chief Investment Officer, and a founding partner of Forbes Family Trust and LGL Partners. Since 2000, he has served as the CIO for the Brook J. Lenfest family office (Brooks Capital Group, a predecessor organization) and for The Brook J. Lenfest Foundation. He developed the family office's alternative and traditional asset management programs.

Previously, he was an Executive Director at Goldman, Sachs & Co. in New York and was head of German derivatives trading for Goldman Sachs International in London. He also served as Vice President of Citibank Aktiengesellschaft in Frankfurt, Germany and a Senior Market Maker for Banque Nationale de Paris. He began his career at Timber Hill Incorporated.

Luterman also served on the Pennsylvania Treasury Department's Financial Asset Management Commission. He is a graduate of the University of Vermont.

OUTREACH Spotlight



PMFA Hosts 10th “Making Sense of Finance” Conference

Col. Laura McHugh Honored

The Pennsylvania Military Finance Alliance (PMFA) hosted its 10th “Making Sense of Finance” Conference in September at Fort Indiantown Gap.

This conference is designed to specifically address the distinctive financial and investing challenges faced by members of the military, veterans, and their families face. Programs offered focused on preventing scams, planning for retirement, investing basics, credit reports/scores, and budgeting.

Joseph Brooks, President and CEO of the USO of Pennsylvania and Southern New Jersey (“Liberty USO”) served as keynote speaker for the event and PMFA honored Col. Laura McHugh, former commander of the



213th Regional Support Group, in front of a group of participating service members, veterans, and their families. The Pennsylvania Military Finance Alliance acknowledged Col. McHugh’s work in promoting financial capability among the service members under her command. (Left)

“Making Sense of Finance” is made possible through the Pennsylvania Military Finance Alliance, a cooperative effort of the PA Department of Military and Veterans Affairs, the PA Department of Banking and Securities, the PA Office of Attorney General, Pennsylvania Military OneSource, Better Business Bureau, Liberty USO, Army Community Service, PA National Guard, and Advantage Credit Counseling Services.



(Above) Director of Investor Education and Consumer Outreach Tina Kotsalos and Consumer Outreach Liaison Katrina Boyer, along with representatives of Liberty USO, welcome attendees to the “Making Sense of Finance” Conference at Fort Indiantown Gap in September.



(Right) George Dillman, Investor Education Coordinator, offers resources and information to attendees of the 10th “Making Sense of Finance” Conference.

Outreach

(Left) As part of the Financial Health Initiative, Executive Deputy Secretary Brian LaForme participated in “Financial Health: Health Equity and Financial Protection” – a public forum to discuss the role of personal finance in people’s overall health and well-being – at Indiana University of Pennsylvania in September. From l to r: Stephanie Rovito (Health), LaForme, David Saunders (Health) and Drew Pack (Federal Reserve Bank of Cleveland).

(Right) In August Secretary Wiessmann met with consumer advocates in Washington, DC to discuss protecting senior citizens, cybersecurity, and ensuring the rights of borrowers and home owners. Pictured here (l-r): Justin Monteiro (National Fair Housing Alliance), Sabrina Terry (UnidosUS), Secretary Wiessmann, Nikitra Bailey (Center for Responsible Lending), Shivaugn Ferguson (NFHA), Michael Calhoun (CRL), and Alia Fiero (NFHA).





Fall Outreach Events ●●●

Outreach events in the upcoming months will place an emphasis on protecting senior citizens from financial fraud and scams. Highlights include:

Investment Fraud Bingo is an interactive presentation to help participants learn ways to protect themselves from investment fraud, and will be offered at the following locations:

- Annville Senior Center in **Annville** (Lebanon County) – October 19
- September House Senior Center in **York** (York County) – October 23
- Abington Senior Community Center in **Clarks Summit** (Lackawanna County) – October 24
- Phoenixville Area Senior Center in **Phoenixville** (Chester County) – October 26
- Golden Connection Senior Center in **Red Lion** (York County) – October 30



Department staff will also be busy participating in many **senior citizen expos** throughout the commonwealth, including:

- Rep. David Millard's 15th Annual Senior Citizens' Expo in **Bloomsburg** (Columbia County) – October 24
- Westmoreland County Area Agency on Aging's 18th Annual Health and Education Expo in **Greensburg** (Westmoreland County) – October 24
- Ladore Salvation Army 16th Annual Lackawanna and Wayne County Senior Expo in **Waymart** (Lackawanna County) – October 25
- Sen. Mike Regan's Senior Expo in **Camp Hill** (Cumberland County) – October 25
- 2018 Elder Care Senior Expo sponsored by Eldercare Council of Warren and Forest Counties in **Warren** (Warren County) – October 26

For details on these and all other upcoming events, please visit our online calendar [here](#) or contact informed@pa.gov.



●●● Pilot Program Announced for Reentrant Financial Education

"We believe that a cornerstone of the effort to reduce recidivism rests upon ensuring that, upon their release, inmates have the tools they need to succeed as self-sufficient and independent citizens: a high school or equivalent diploma, job training, and access to housing, medical care and employment. **To that list, we would add achieving financial capability.**"

This reflection, co-authored by Secretary of Corrections John Wetzel and Secretary of Banking and Securities Robin L. Wiessmann, opens a thought-provoking column published last month in *Governing*.

You can read about two government agencies collaborating on a pilot project to provide inmates with the skills to succeed and avoid re-incarceration [here](#).

Outreach specialist Becky MacDicken received a certificate of appreciation from Bureau of Community Corrections Director Dan McIntyre for her work providing financial education basics to inmates and reentrants to help facilitate successful reentry.

Volunteers Needed!

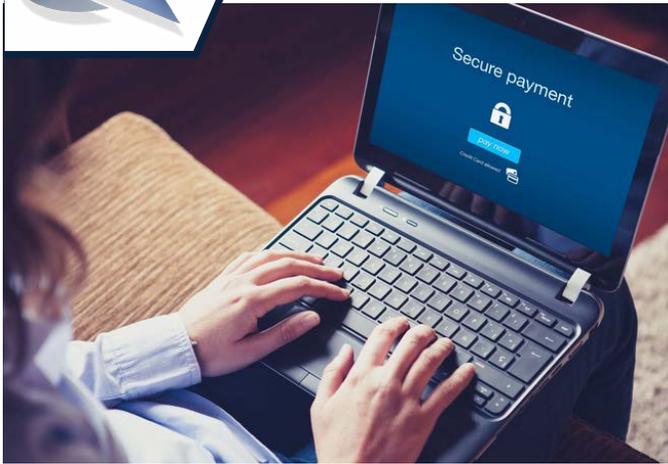
Financial Reality Fair Being Held in Scranton on November 17



As part of a continued effort to bring financial education and resources to reentrants, the department is again working on a Financial Reality Fair as part of a unique partnership with the Pennsylvania Credit Union Foundation, Pennsylvania Credit Union Association, and Pennsylvania Department of Corrections.

Volunteers are needed for the event to be held on Saturday, November 17 from 9:00 AM to 12:00 PM at the Marketplace at Steamtown, 300 Lackawanna Avenue, 2nd Floor in Scranton.

The Financial Reality Fair is an interactive financial literacy tool designed to help participants experience some of the financial challenges that are part of real life. This live budgeting exercise has been adapted for reentrants from DOC facilities. Interested? Contact Becky MacDicken at 717.214.4755 or bmackdicken@pa.gov.



Can You Spot a Scam Financial Services Website? • • •

The department's Consumer Services Office has received multiple complaints regarding a potentially fraudulent financial services website, which advertised a business address in Bala Cynwyd, Pa. The now deactivated website (www.firsthorizonfinance.com) advertised personal, business, and mortgage loan services. The department's investigative unit determined this website to be a sham enterprise and discovered similar language on other websites offering similar services.

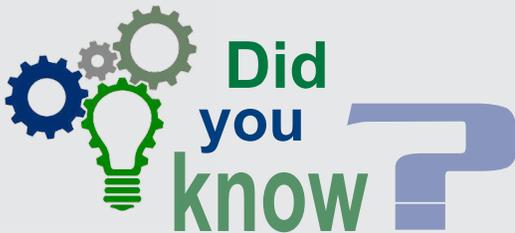
It is more important than ever to be vigilant when searching for financial services both online and in real life.

Before engaging with an unfamiliar online business, start with these important guidelines:

- **Don't be fooled by flash:** A website may look flashy, polished, and professional, but upon closer inspection, you may find the text riddled with misspellings, poor grammar, strange capitalization choices, or descriptions of services that do not make sense.
- **Details are important:** Does the website lack a FULL physical or postal address? Perhaps under the contact information, you find a road and city name, but no street address. You may notice a telephone number that starts with 0 or another strange number prefix.
- **Look for secure website signs:** Is the website secure? If a website is asking for your personal and financial information, at the very least it should be a secure website, indicated by <https://> (with an "s" for secure) and a "padlock" symbol. This means the website is better protected from hackers and identity thieves.
- **Search results can be a clue:** Try searching the internet for a unique descriptive phrase on the website and see what comes up in your search. If that exact or very similar language appears on a multitude of other "financial services" websites all promising the same types of services but with different company names, addresses, and contact information, that may be a sign this website is a scam.
- **Too good to be true?** Does the lender have no interest in your credit or payment history? Scammers may be looking for high-risk borrowers who have fewer lending options and may claim not to care about timely payments or a sub-par credit history.

For borrowers short on cash and in need of emergency funding, Secretary Wiessmann suggests working with a bank, a licensed consumer lender, or credit union, including considering the **Credit Union Better Choice program**, which features short-term loans offered by credit unions.

Above all else, potential borrowers should call the department at **1.800.PA.BANKS** to ensure the business is a legitimate lender that is properly licensed to do business in Pennsylvania.



Top 10 Reasons to Like New DoBS Website • • •

The department's website got a SharePoint makeover! Here are the Top 10 reasons to visit the new dobs.pa.gov:

1. **Website can be instantly translated into more than 100 languages!**
2. **Easier-to-find calendar of consumer outreach events**
3. **Easier, quicker access to resources for journalists**
4. **Rotating banner images (just hit refresh a few times)**
5. **Fast access to the state's website pa.gov**
6. **DoBS videos can be embedded!**
7. **More ways to reach DoBS social media**
8. **Faster access to cybersecurity information**
9. **Subscribe to The Quarter**
10. **Lots of ways to contact DoBS!**



COMPLIANCE CORNER

Compliance



3rd Quarter 2018 • Enforcement Orders • • •

The department issued 18 enforcement orders during the second quarter of 2018. Fines and assessments for these orders totaled **\$241,230**, including:

- Four Consent Agreement and Orders issued for violations of the Debt Settlement Services Act;
- Four Consent Agreement and Orders, one Summary Order to Cease and Desist, and one Findings of Fact, Conclusions of Law, and Order (issued by the Commission) issued for violations of the Pennsylvania Securities Act of 1972;
- Three Consent Agreement and Orders issued for violations of the Consumer Credit Code;
- Two Orders issued for violations of the Pawnbrokers Licensing Act, one of which included a voluntary license surrender;
- One Consent Agreement and Order issued for violations of the Consumer Discount Company Act and the Loan Interest Protection Law;
- One Order issued for violations of the Consumer Discount Company Act;
- One Consent Agreement and Order issued for violations of the Money Transmitter Act.

Comprehensive lists of enforcement orders administered by the Department of Banking and Securities are available online at 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](#)).



• • • Mortgage Servicing License Update

Nearly 250 companies have applied for a mortgage servicing license since the implementation of Act 81 of 2017, which authorized the department to license and examine non-bank mortgage servicers to help ensure the rights of homeowners are protected.

The department is still processing applications, but nearly 200 companies have completed the licensing process and have received a mortgage servicing license. The department has also been accepting license applications for non-bank mortgage servicers since April through the Nationwide Multistate Licensing System (**NMLS**).

Questions about the license and the application process can be emailed to the department at mortgageservicing@pa.gov.

2019 Bank Holidays Announced • • •

To assist your institution in preparation of a schedule of holidays, a list of 2019 legal bank holidays as extracted from Section 113 of the Banking Code of 1965, as amended:

When a fixed holiday falls on a Sunday, it shall be observed on the following Monday; when it falls on a Saturday, it may also be observed on the following Monday.



Fixed Holidays

- January 1 – New Year’s Day
- January 21 – Dr. Martin Luther King, Jr. Day
- May 27 – Memorial Day
- July 4 – Independence Day
- September 2 – Labor Day
- November 28 – Thanksgiving Day
- December 25 – Christmas Day

Optional Holidays

- February 12 – Lincoln’s Birthday
- February 18 – Washington’s Birthday
- April 19 – Good Friday
- June 14 – Flag Day
- October 14 – Columbus Day
- November 5 – Election Day
- November 11 – Veterans Day



SAFETY AND SECURITY

Cybersection



• • • 10 Things to Know About Personally Identifiable Information (PII)

For years, the department has recognized the importance of protecting assets from criminals who hack into computer systems over the internet.

“Awareness of cybersecurity has grown as more people and companies have identified this issue as a top priority,” said Secretary Robin L. Wiessmann. “What everyone needs to recognize is that Personally Identifiable Information is at least as valuable as money. People should be treating their information the same way they treat their money.”

Wiessmann points to **10** examples of PII that everyone should guard:

1. Social Security number, full and truncated;
2. Driver’s license and other government identification numbers;
3. Citizenship, legal status, gender, race/ethnicity;
4. Birth date, place of birth;
5. Home and personal cell telephone numbers;
6. Personal email address, mailing and home address;
7. Mother’s middle and maiden names;
8. Spouse information, marital status, child information, emergency contact information;
9. Financial information, medical information, disability information;
10. Law enforcement information, employment information, educational information.

The Federal Trade Commission has published a **guide** for businesses on protecting PII.

• • • Free Cybersecurity Assessments, Services Available

As part of its National Cybersecurity and Communications Integration Center (**NCCIC**), the U.S. Department of Homeland Security offers several cybersecurity assessment services through its **National Cybersecurity Assessments and Technical Services (NCATS) program**.



NCATS offers cybersecurity services to federal agencies, state and local governments, critical infrastructure, and private organizations at no cost. The core capabilities are:

- **Vulnerability Scanning**
- **Risk and Vulnerability Assessments**
- **Remote Penetration Testing**
- **Validated Architecture Design Review**

The program conducted more than 160 on-site enterprise and control systems assessments in fiscal year 2017. NCATS works with a public or private organization to help it uncover its cybersecurity deficiencies and how it may overcome any weaknesses. Following the assessment, they issue a detailed report outlining vulnerabilities and suggested steps to help mitigate any flaws.

For more information on any of these services, contact 888.282.0870 or ncciccustomerservice@hq.dhs.gov.

• • • Position Issued on Use of Investor Client Usernames, Passwords



The department’s Bureau of Securities Compliance and Examinations has issued a position on the use of client usernames and/or passwords by registered investment advisors and investment advisor representatives.

The Bureau considers registrants’ use of client usernames and/or passwords to access client custodial accounts as a dishonest and unethical practice. Read more about the Bureau’s position and remedial actions to be taken [here](#).



• • • **2019 Community Bank Case Study Competition Announced**



Pennsylvania college and university business faculty and students are encouraged to enter the national 2019 Community Bank Case Study Competition.

This competition encourages undergraduate college students to explore community banking by partnering student teams under the guidance of a faculty member with local banks to conduct original case studies, focusing on the impact of small business lending efforts by local community banks. Last year, teams from more than 50 colleges and universities participated, including 11 from Pennsylvania schools.

The 2019 case study topic will address how community banks will benefit from the new Economic Growth, Regulatory Relief and Consumer Protection Act (EGRRCPA). The competition is sponsored by the Conference of State Bank Supervisors (CSBS), the nationwide organization of banking regulators from all 50 states and U.S. territories.

The competition is free and open for entries until **November 29, 2019**, at www.csbs.org/bankcasestudy.

• • • **10 Reasons to Save the Date for Compliance 2019**



Here's what people said who attended Compliance 2017:

1. "I really appreciate the respect given to us. Rather than trying to confuse us with what not to do, the sessions seemed to retain a focus on how to do things properly."
2. "Variety of topics."
3. "That you offer this to help us with proactive compliance training. Appreciate it."
4. "Content and range of topics. Excellent speakers-a wealth of knowledge."
5. "Regulators seemed interested in working with advisers and not playing 'gotcha.'"
6. "Nice to meet the regulators."
7. "It was nice being able to talk to people in the industry and get their perspective."
8. "Truly learned what is expected in an exam and what is coming down the pike."
9. "Ability to interact with DoBS staff; gaining insights into compliance 'best practices' from industry professionals."
10. "This was an invaluable resource."

Location for Compliance 2019 to be announced shortly.

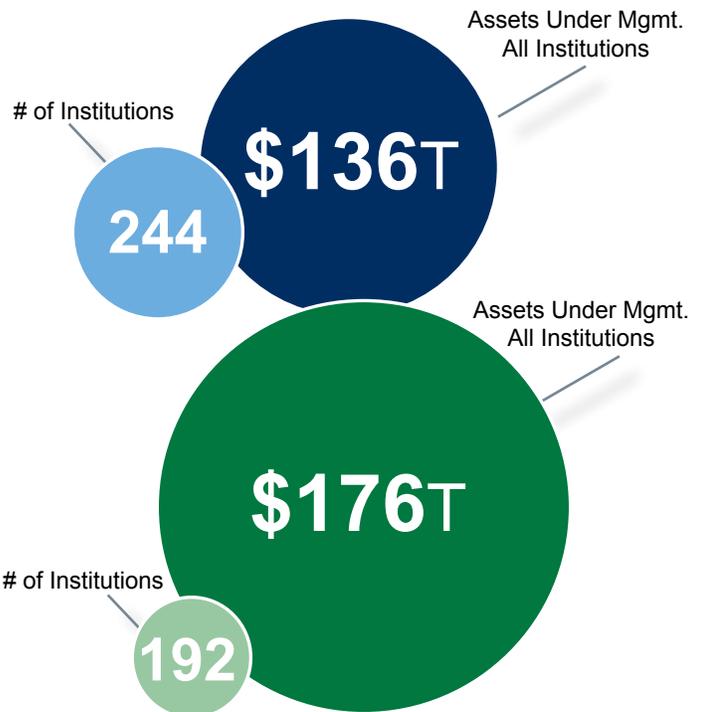


INDUSTRY DATA | TRENDS | STATS
Research

• • • **The Great Recession Infographic**

PA State-Chartered Banks and Credit Unions

2008 vs. 2018



2008: Includes banks, banks and trust companies, non-depository trust companies, savings banks, private banks, foreign bank offices, and savings associations

2018: Includes banks, banks and trust companies, non-depository trust companies, and savings banks