



PENNSYLVANIA DEPARTMENT OF BANKING AND SECURITIES

THE QUARTER

Saving Homeowners

Gov. Wolf Signs Homeowner Protection Bill



New Securities Regulations

Opioid Resource Guide for Advisers

**New Voice on DoBS
"PA Money Talks"**



INSIDE THIS EDITION

- 2 Mortgage Law Changes to Protect Homeowners
- 3 Wiessmann Elected to Board of National Regulatory Agency
- 3 DoBS Launches “PA Money Talks”
- 3 First Bank of Lilly to State Charter
- 4 Toolkit to Enhance Elder Financial Abuse Prevention Outreach
- 4 “Money Matters” Conference Identifies Top 10 Strategies to Prevent Fraud
- 5 Guidance for Clients, Firms Affected by Opioid Epidemic
- 5 Outreach Spotlight
- 5 Wiessmann Discusses Trends with PA Financial Services Association
- 6 Cybersection
- 6 Compliance 2017 Top Issues
- 7 Securities Industry Regulations Modernized
- 7 Compliance Corner
- 8 New Vendor for Background Checks
- 8 Research: The Great Recession Retrospective

Subscribe to the newsletter



SECRETARY ROBIN L. • dobssecretary@pa.gov **Wiessmann**

Mortgage Law Changes to Protect Homeowners



Gov. Tom Wolf signs SB 751 with Sec. Wiessmann and the bill's sponsor, Sen. Don White, and Reps. Ryan Mackenzie and Brian Ellis.

Last month, Governor Tom Wolf signed Senate Bill 751 into law as Act 81 of 2017, which amends our commonwealth's Mortgage Licensing Act.

These amendments provide a victory for our homeowners. For many years, the Department of Banking and Securities has been able to protect consumers in the way mortgages are marketed and sold, but not on the way they are managed after the homeowner has moved in. Pennsylvania now joins 36 other states that have taken on the responsibility to oversee non-bank mortgage servicers, which will be licensed and examined by our department.

Mortgage servicing is a critically important presence in a homeowner's life. Often, even before the new homeowner settles in, he or she may be directed to make mortgage payments – and sometimes insurance, taxes, and other required fees -- to a company other than their lender: the mortgage servicer.

While the homeowner can choose their lender, the homeowner often has no choice in which company will service his or her mortgage.

We are less than a decade removed from the Great Recession and a foreclosure crisis here in Pennsylvania. Too often, we saw homeowners harmed by mortgage servicers outside Pennsylvania's regulatory oversight, whose systems failed, resulting in payment errors and even wrongful foreclosures.

We are also witnessing an important new trend: the volume of mortgages serviced nationally by non-bank companies has grown significantly from seven percent of market share in 2012 to nearly 25 percent in 2015, and continues to increase.

While our commonwealth's foreclosure crisis has passed, issues concerning mortgage servicing continue to be one of the top complaints received by the Department of Banking and Securities.

Amending the Mortgage Licensing Act will help protect homeowners from wrongful foreclosures by helping to ensure that companies follow Pennsylvania law, and the Department of Banking and Securities



will have the authority to more effectively handle homeowner complaints about their mortgage servicers.

Moving forward, we will incorporate current federal standards for mortgage servicing that are already established in the marketplace, ensuring that companies doing business in Pennsylvania will work with a familiar and consistent set of rules and guidelines, as well as a streamlined process for licensing and compliance issues.

We anticipate accepting license applications for non-bank mortgage servicers on April 1, 2018, through Nationwide Multistate Licensing System (NMLS). The deadline for licensing applications is June 30, 2018.

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

At the Department of Banking and Securities, we welcome questions and discussions, and we strive to be firm, fair, and consistent. Governor Wolf and I want the mortgage servicing industry to succeed in Pennsylvania. We believe in smart regulation, not regulation for the sake of regulation, and we will continue to vigorously enforce our laws to protect Pennsylvania residents.

Wiessmann Elected to Board of National Regulatory Agency



Secretary Robin L. Wiessmann has been elected district chair and board member for the Conference of State Bank Supervisors (CSBS).



Wiessmann will serve as chair for CSBS District 1, comprised of state regulators from Maine, New Hampshire, Massachusetts, New York, Rhode Island, Connecticut, New Jersey, Delaware, Maryland, Washington D.C., West Virginia, and Puerto Rico. By virtue of election as one of five CSBS district chairs, she will also serve as a member of the CSBS board of directors.

“I am so pleased that Secretary Wiessmann has been recognized on an important national stage for her work, and look forward to Pennsylvania’s voice on behalf of consumers being heard across the region and the country,” Governor Tom Wolf said.

CSBS is a Washington, DC-based association of state financial regulators from all 50 states, American Samoa, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands, which supervise state-chartered financial institutions and non-bank financial services providers, including mortgage lenders. For more information on CSBS visit www.csbs.org.

DoBS Launches “PA Money Talks”



The Department of Banking and Securities has launched a blog called “PA Money Talks.” The blog will help Pennsylvania consumers make educated decisions with their money, share department news and regulatory perspectives, and inform stakeholders and industry groups about financial and regulatory issues on the state and national levels.

“PA Money Talks will be conversational and professional, data-driven and convincing, reflecting our desire to be problem-solving for both our regulated businesses and consumers seeking help and/or information,” said Secretary Wiessmann.

The first post addressed cybersecurity and ways that businesses can protect themselves and their customers from criminal activities on the internet. Posts on the blog will be published twice monthly.

Department Welcomes First Bank of Lilly to State Charter



The Department of Banking and Securities welcomes **First Bank of Lilly**, Cambria County, which converted from a national bank (operating as The First National Bank of Lilly) to a Pennsylvania state-chartered savings bank in the fourth quarter of 2017.



Toolkit to Enhance Elder Financial Abuse Prevention Outreach

In an effort to assist professionals, businesses, and organizations in identifying, preventing, and reporting elder financial abuse, the department has compiled resources into a **toolkit** to help prevent and report these kinds of abuses and to raise awareness of the issue.

The toolkit offers information on the Elder Investment Fraud and Financial Exploitation (EIFFE) prevention program, a collaborative training program offered by the Departments of Banking and Securities and Aging, as well as the following resources:

**Publications and video | Social media guide | Newsletter articles
Photographs | Talking points**

“Elder financial abuse prevention continues to be a cornerstone of Governor Tom Wolf’s **Consumer Financial Protection Initiative**,” Secretary of Banking and Securities Robin L. Wiessmann said. “Professionals working directly with older Pennsylvanians can take active steps to prevent and report these kinds of abuses, and can benefit from greater awareness of this growing problem.”

Elder Financial Abuse Prevention Toolkit



Produced by: With support from:

‘Money Matters’ Conference Identifies Top 10 Strategies to Prevent Fraud



Consumer protection experts (including Executive Deputy Secretary Brian LaForme, seated middle) at the “Money Matters” conference in October agreed that financial fraud is preventable. They discussed 10 simple strategies that consumers can use to protect themselves from fraud such as phone scams, identity theft, phony investment schemes, and other illegal activities stemming from the Equifax data breach.

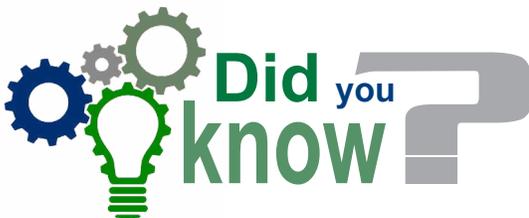
More than 300 people attended the conference, who also heard “American Greed” executive producer Chuck Schaeffer discuss some of the biggest frauds against consumers (pictured here with Tina Kotsalos, Director of Investor Education and Consumer Outreach).



“Victims of financial fraud come from all walks of life, and they have the right to enjoy their financial independence with a basic sense of security,” said Secretary of Banking and Securities Robin L. Wiessmann at the conference. “The Department of Banking and Securities and its consumer protection partners from around Pennsylvania are joining together at events like ‘Money Matters’ to create a network of awareness where people can learn how to protect themselves.”

Learn more about the **strategies**.

MONEY MATTERS
SAVE. INVEST. PROTECT.



The Department of Banking and Securities charters and licenses **17 business types**. Our website is designed to provide business under our supervision with information and resources to help ensure clear communications and guidance in regulatory matters – everything from **legal information** to **licensing/registration** to **applications/forms** to **cybersecurity**.

Visit www.dobs.pa.gov/Businesses to learn more.



Guidance for Clients, Firms Affected by Opioid Epidemic

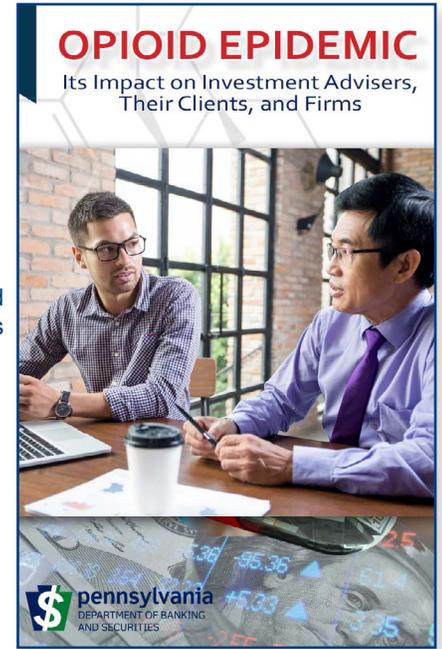
The opioid epidemic continues to wreak havoc on families, communities, and businesses and the financial pressures placed on individuals and families is becoming a business issue for investment advisers whose clients are requesting or even demanding funds from retirement accounts to pay for opioid treatment.

To address this growing public health crisis, the Department of Banking and Securities has partnered with the Department of Health to provide a resource guide for financial professionals assisting clients and client family members struggling with opioid use disorder.

The guide provides investment advisers with the following information:

- How to understand opioid use disorder
- How the opioid epidemic affects investment advisers
- How investment advisers can help clients
- Where to find help
- Resources for clients
- “Red flags” of financial exploitation

The publication, “Opioid Epidemic: Its Impact on Investment Advisers, Their Clients, and Firms,” can be found [online](#).



OUTREACH Spotlight



Our staff will be hosting a number of consumer outreach events throughout the commonwealth in the coming months – in Dauphin, Lehigh, Berks, and Montgomery counties, just to name a few! Highlights include:

- **STaRT (Start Today and Retire Tomorrow)** Program is NEW beginning in February and focuses on retirement planning and achieving retirement goals, no matter your retirement timeline. The program will be held at Oley Valley Community Library in **Oley** (Berks County), as well as in partnership with two CareerLink Programs.
- **Consumer Fraud Bingo** will be held in **Ambler** and **Norristown** (Montgomery County) on February 12 and 13, respectively.
- **SeniorSafe**, offered to financial professionals to help identify suspicious behavior of their clients or those close to their clients, will be offered to a professional group in **Harrisburg** (Dauphin County) and a professional conference in **Camp Hill** (Cumberland County).

For a complete, up-to-date listing of upcoming events, please visit our online [calendar](#).



Wiessmann Discusses Trends with PA Financial Services Association

As part of the department’s business outreach program, Secretary Wiessmann met with members of the PA Financial Services Association (PFSA) in November to discuss industry news and trends, as well as the department’s regulatory outlook. Joining her were (l-r) Paul Wentzel, department legislative liaison, and Jeff Gatter and Ed Eveland of PFSA. Contact Secretary Wiessmann at dobssecretary@pa.gov.

Cybersection

SAFETY AND SECURITY

Department Issues Cybersecurity Guidance



Secretary of Banking and Securities Robin L. Wiessmann has been talking to banks and financial industry groups about the issue of cyberthreats, describing the issue as an “existential threat to the financial services industry,” while promoting collaboration within the industry on cybersecurity.

Pointing to the recent announcement from the U.S. Treasury about the formation of the FinCEN Exchange, an information exchange that partners banks and law enforcement agencies, Wiessmann stated, “Banks are not competing with each other on this issue. Using our collective expertise, banks can discover the best approach for their institutions, partners, vendors, and customers.”

Recently, she issued a formal letter to all Pennsylvania state-chartered banks, providing an update on cybersecurity efforts and available resources. The letter can be found [online](#). For the print version of this article, refer to the “Cybersecurity” section of the department’s website:

www.dobs.pa.gov/Businesses/cybersecurity.

“Deliberate cyberattacks and cyberthreats pose substantial risk to Pennsylvania’s financial infrastructure and national security,” Wiessmann stated. “The frequency and complexity of these cyberattacks reinforces the need for every organization to have

conversations about cybersecurity and preparedness.”

The letter also directs banks and other organizations to the following cybersecurity resources:

- The Federal Financial Institutions Examination Council (FFIEC) list of Frequently Asked Questions (FAQs) regarding clarification of points in the 2015 FFIEC Cybersecurity Assessment Tool. These resources are available at www.ffiec.gov. For online edition, the FAQ is [here](#).
- The National Institute of Standards and Technology (NIST) draft update to the Framework for Improving Critical Infrastructure Cybersecurity (Cybersecurity Framework). These resources are available at www.nist.gov.
- The NIST guide for small business owners on cybersecurity issues, “Small Business Information Security: The Fundamentals,” which includes steps to take to better protect information systems. The guide is available at www.nist.gov.

Resources to help banks better protect themselves and customers are available on the department’s website:

www.dobs.pa.gov/Businesses/cybersecurity

Compliance 2017 Identifies Top Issues for Investment Advisers



The Compliance 2017 conference in October was designed to keep investment professionals and their firms up-to-date on changes to federal and state securities laws and regulations. Secretary of Banking and Securities Robin L. Wiessmann identified the most important issues that investment advisers should be addressing:

- Failure to supervise is one of the two most likely issues to result in enforcement orders.
- The recommendation and sale of unsuitable investment products, especially to older investors.
- Forthcoming FINRA Rule 2165, which will become effective in February 2018, will make it easier for broker-dealers to protect their clients with diminished capacity from elder financial abuse.
- Several presentations focused on the necessity of investment advisers and their firms to make cybersecurity a top priority.

“The goals of our regulatory communications and guidance are to be clear and consistent,” Wiessmann stated at the conference, “We want to ensure you and your firms understand the rules under which you are expected to operate, help you navigate Pennsylvania and federal regulatory structures, and learn how to protect your clients from fraud and financial abuse.”



Regulations Governing Securities Industry Modernized, Updated

Changes modernizing and updating the rules governing the securities industry in Pennsylvania are effective following their publication in the **Pennsylvania Bulletin** on January 13, 2018.

The Independent Regulatory Review Commission **approved** changes to the regulations during a public meeting held on October 12, 2017 and focuses on the following six components:

1. Reduces compliance requirements.
2. Permits electronic format/filing.
3. Replaces obsolete terminology.
4. Conforms to the Pennsylvania Code and Bulletin Style Manual.
5. Deletes the Statements of Policy (SOPs) contained in Chapter 604.
6. Align language with national bodies.



Securities professionals should also be aware of the following amendments enhancing investor protection:

- Prohibits the use of misleading senior-specific certifications or professional designations which indicate or imply that the user has special certification or training advising or servicing senior citizens or retirees when the designations or certifications are nothing more than marketing tools; and
- Requires state-registered investment advisers to prepare and maintain written procedures relating to a business continuity and succession plan in the event of business interruption.

More information can be found on IRRC's [website](#).

COMPLIANCE CORNER Compliance

4th Quarter 2017 - Enforcement Orders



The Department of Banking and Securities issued **28 enforcement orders** during the fourth quarter of 2017. Fines and assessments for these orders totaled **\$605,849**, including:

- Seven Consent Agreement and Orders, two Summary Orders to Cease and Desist, and two Orders to Show Cause issued for violations of the Pennsylvania Securities Act of 1972;
- Five Consent Agreement and Orders issued for violations of the Consumer Credit Code, including one rescinding a previous Suspension Order and another rescinding a previous Cease and Desist Order;
- Two Orders, three Consent Agreement and Orders, including a 30-day suspension and a 10-year debarment, and one Cease and Desist Order issued for violations of the Mortgage Licensing Act, and one Consent Agreement and Order issued for violations of the Mortgage Licensing Act and the Loan Interest and Protection Law;
- One Consent Agreement and Order and one Cease and Desist Order for violations of the Debt Settlement Services Act;
- One Consent Agreement and Order for violations of the Money Transmitter Act;
- One Consent Agreement and Order for violations of the Check Cashier Licensing Act; and
- One Consent Agreement and Order for violations of the Consumer Discount Company 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](#)).



New Vendor for Background Checks

If you are a licensee of the department and are required to complete a federal criminal background check, there is now a new supplier of Digital Fingerprint & Electronic Federal Criminal Background Check Services.

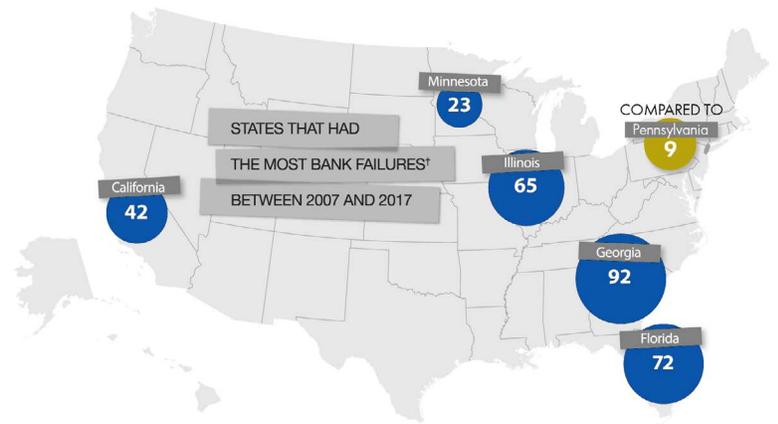
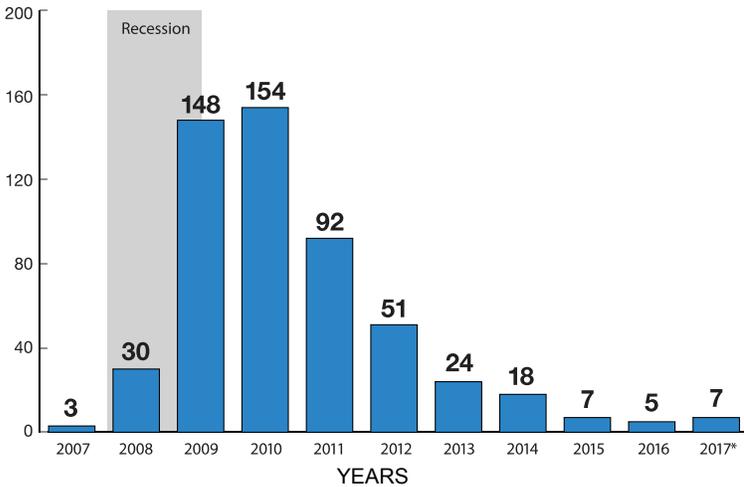
The PA Department of General Services recently announced a new contract supplier, Idemia, has taken over the fingerprinting contract formerly held by Gemalto. The first day applicants were able to register with Idemia and be fingerprinted at an Identogo Center (run by Idemia) was November 28.

A list of FAQs is available [here](#). A list of Identogo sites in Pennsylvania can be found [here](#).



INDUSTRY DATA | TRENDS | STATS Research

The Great Recession Retrospective Bank Failures Nationwide - 2007 to 2017



Source: Federal Reserve Bank of Cleveland



How are we doing?



Take a short online readers survey and let us know how we are doing. Have suggestions for topics or articles? Want more information on regulations or news affecting your organization or business? [Click here](#)

