



Quarter

Newsletter of the Pennsylvania Department of Banking



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DEPARTMENT OF BANKING


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Office of the Secretary of Banking



A Commonwealth Merger for All the Right Reasons

By **Glenn E. Moyer**, Secretary of Banking

As part of Governor Tom Corbett's initiative to reduce the size and cost of government, he signed HB 2438 into law on July 2 as Act 86 of 2012, which will consolidate the PA Securities Commission into the Department of Banking. [Learn more](#) 



Tips to Protect Yourself from Becoming a Victim of ID Theft

The Department of Banking offers free fact sheets and brochures on various financial topics like protecting yourself from ID Theft.

[Learn more](#) 



Licensee Alert!

Debt Management Services Companies, Money Transmitters, and Accelerated Mortgage Payment Providers will officially begin using the Nationwide Multistate Licensing System (NMLS) this year to manage their state licenses.

[Learn more](#) 

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A Commonwealth Merger for All the Right Reasons

by **Glenn E. Moyer**, Secretary of Banking

As part of Governor Tom Corbett's initiative to reduce the size and cost of government, he signed HB 2438 into law on July 2 as Act 86 of 2012, which will consolidate the PA Securities Commission into the Department of Banking. This "good government" merger is scheduled to be completed by October 1 of this year, and our agency's name will be changed to the Department of Banking and Securities.

Until the 1970's the oversight of the banking and securities industries in Pennsylvania was joined into a single agency, so this merger of separate agencies with compatible functions and missions back into a single entity is somewhat akin to "closing the circle" in the evolution of Pennsylvania financial regulatory history.

As we move forward toward implementation, I want to acknowledge the leadership of current Securities Commissioners Bob Lam, Steve Irwin and Vince Gastgeb. Their work is one of the keys for Pennsylvania's economic recovery. They have overseen a knowledgeable staff who are dedicated to the principles of protecting investors and promoting good business practices in the securities industry.

Many aspects of the merger are still being worked out and not yet decided, but allow me to share several important details:

- The Governor's Budget Office estimates that the merger will save taxpayers approximately \$1 million; larger savings will be identified in the longer term.
- The size of the current three-person Commission will change. After October 1, 2012, the permanent structure of the new Banking and Securities Commission will be expanded from three to five – three commissioners nominated by the governor and confirmed by the Senate (as is currently the case), plus the Secretary of Banking and another executive staff and/or cabinet secretary appointed by the governor.
- The expanded Banking and Securities Commission will be the final adjudicator of all administrative proceedings that are instituted by the department and require the appointment of a hearing officer.
- We anticipate leasing additional office space at 17 North 2nd Street – where the Department of Banking is headquartered – where Harrisburg-based Securities staff will move in late fall of 2012.
- Operational responsibilities for securities licensing, compliance, investigation, enforcement and corporation finance functions will be overseen by a newly created Deputy Secretary for Securities, who will be a professional, full-time, senior staff-level manager in the newly combined agency.
- All legal functions dedicated to securities-related issues will be transferred to the Governor's Office of General Counsel and will report to a new Deputy Chief Counsel.

Continued >



The selection process for both of these two key leadership positions is underway, and we are hopeful both positions can be filled in the near term.

Change is never easy, but I believe that candid conversation, done professionally and in a forward looking manner, is very important. Throughout the coming months of the merger process, Banking Department and Securities Commission staff and functions will not miss a beat and continue to provide excellent service to consumers, investors and stakeholders.

In state government where mergers and consolidations are rare, this logical – but challenging – combination is getting a lot of my thought and my energy!

This merger will prove challenging for both organizations, but I have confidence that both staffs are ready and able to make a smooth transition. I believe this merger will allow the new Department of Banking and Securities to more effectively and efficiently protect the integrity of Pennsylvania's financial marketplace.

In your travels among financial professionals, please spread the news of this important development. If you have questions, please send them to me at glennmoyer@pa.gov.

Legislative Update

Banking Modernization Package (HB 2368, HB 2369, HB 2370): This package of amendments, proposed by the PA Bankers Association to modernize three banking statutes, was passed by the House of Representatives and awaits action in the Senate after the summer recess.

- HB 2368 will simplify and modernize all of the commercial, mortgage and consumer lending provisions of the code, removing conflicting and antiquated lending provisions, and reflecting and clarifying the current, deregulated commercial, mortgage and consumer lending interest rates and fees.
- HB 2369 would bolster the department's operational and enforcement authority.
- HB 2370 will repeal requirements for duplicative mortgage loan disclosures.

A fourth proposal, to repeal the Savings Association Code of 1967 (HB 2536), will be taken up by the House of Representatives after the summer recess.



Budget Signed >

Governor Tom Corbett signed a \$27.66 billion state government budget for 2012-13. The balanced budget was signed on time, holding the line on taxes, for the second consecutive year. He was joined by Lt. Gov. Jim Cawley and members of the General Assembly for the signing ceremony.



New Emergency Communications System Offered to PA Banks



The Department of Banking and the Federal Reserve Banks of Cleveland and Philadelphia invite banking institutions to register for a new service that will be used to communicate during emergency situations.

The Emergency Communications System (ECS) allows government regulators to quickly establish a communication channel with their supervised institutions, provide key information and efficiently assess your institution's operational status during situations such as natural disasters, chemical threats or events affecting the financial markets.

This service is offered to banks for free in order to strengthen your business continuity efforts. Registration for ECS can be completed online at: www.stlouisfed.org/ecs.

ECS is intended for regulatory use only and will not replace other emergency communication systems currently utilized by the Commonwealth of Pennsylvania or the Federal Reserve System. Please contact the ECS Support Center with questions at ecs.support@stls.frb.org or 877-327-5333.



Department Welcomes Two Banks to State Charter

The Department of Banking converted two federally chartered depository institutions to the Pennsylvania state charter in the second quarter of 2012:

- **First Citizens National Bank**, Tioga County, converted from a national banking association to a Pennsylvania state-chartered bank and trust company to be known as First Citizens Community Bank.
- **Gratz National Bank**, Dauphin County, converted from a national banking association to a Pennsylvania state-chartered bank to be known as The Gratz Bank.

Two federally chartered depository institutions converted to the Pennsylvania state charter earlier in 2012 and five converted in 2011.



Department of Banking Joins the "I-Team"

Governor Tom Corbett has created the Governor's Innovation Office to focus on initiatives to reduce state spending, eliminate waste and improve service. The merger of the PA Securities Commission into the Department of Banking is the centerpiece of the department's efforts as part of the "I-Team."

"There is no shortage of ideas for how to make state government work better," said Governor Corbett. "This new office will serve as a clearinghouse for those ideas, evaluate and prioritize them, and work collaboratively with state agencies to make them happen."

The new office will review recommendations by the Governor's Advisory Council on Privatization and Innovation, proposals by state agencies and suggestions submitted by the public through an online survey being conducted by the Team PA Foundation at teampa.com/rethinkpa/.



Banking Staff Recognized for Service

Twenty-eight members of the Department of Banking staff were recognized in a June ceremony on the anniversaries of their service to state government and the department:

5 Years

Dawn Davenport, *Non-Depository Licensing*
 Jessica Kessock, *Eastern Region Commercial Examinations*
 Jeremy Kurtz, *Non-Depository Examinations*
 Ryan McHugh, *Mailroom*
 Kathy McKinney, *Trusts Office*
 Donna Milakovic, *Non-Depository Licensing*
 Ed Novak, *Communications*
 Wendy Spicher, *Deputy Secretary for Depository Institutions*
 Michael Tempesco, *Eastern Region Commercial Examinations*
 Gerald Wyland, *Risk Management and Specialty Examinations*
 Felix Zorrilla, *Client Financial Services*

10 Years

Jessica Delaney, *Eastern Region Commercial Examinations*
 Charles Jones, *Administrative Services*
 Erica Jones, *Depository Deputate*
 Rita Ray, *Western Region Field Office*

15 Years

Fran Beers, *Office of Chief Counsel*

20 Years

Tim Blase, *Credit Unions Office*
 Linda Carroll, *Office of Chief Counsel*
 Carolyn Epler, *Risk Management and Specialty Examinations*
 Craig Herrold, *Risk Management and Specialty Examinations*
 Theresa Jones, *Non-Depository Compliance*
 Donna Weller, *Chief Review Examiner*

25 Years

Luke Cardone, *Trusts Office*
 Robert Kurpiel, *Non-Depository Examinations*
 Joseph Moretz, *Depository Applications*
 Keith Watkins, *Western Region Field Office*

30 Years

James Keiser, *Non-Depository Compliance*

35 Years

Lisa Ketrick, *Office of the Secretary*

"Under very challenging circumstances, my colleagues are providing Pennsylvanians and the institutions and individuals under our purview with great service and value," said Secretary of Banking Glenn Moyer. "On this foundation, I believe that the Pennsylvania financial community should take pride in being licensed or regulated by the Department of Banking."



Above: Secretary Moyer with James Keiser; in recognition of his 30 years of dedicated service.
Below: Secretary Moyer with his Executive Secretary, Lisa Ketrick; in recognition of her 35 years of dedicated service to the commonwealth.



PA Bankers Participate in National Teach Children to Save Day

By **Mary Rosenkrans**,
Director of Financial Education

Last spring, **Governor Corbett** proclaimed April as Financial Education Month. As part of the celebration, Pennsylvania bankers visited classrooms on April 24 (and throughout the month) to participate in the national "Teach Children to Save Day" event, sponsored by the American Bankers Association Education Foundation.

I had the opportunity to participate as three banks—QNB Bank in Quakertown, First Commonwealth Bank in Indiana; and 1st Summit Bank in Johnstown—visited elementary and middle schools in their local communities.

Sherrie Rotenberger, QNB's vice president and branch manager, has been visiting schools in Quakertown for the past 10 years. She was joined at Richland Elementary School by QNB's current CEO Tom Bisko and future CEO Dave Freeman, along with Dee Fesmie, assistant vice president and Brian Schaffer, vice president of marketing. (see photo below)



Lucy Wood, an instructor for First Commonwealth Bank, and Tim Eggert, a FCB client services representative, met with seventh and eighth graders at Connemaugh Valley Middle School after being prepped by Anna Frank, First Commonwealth's financial education program coordinator. Frank, who not only recruits and trains volunteer staff for their TCTSD school visits, works throughout the year providing financial education to schools and community-based organizations.

In the Johnstown area, 1st Summit Bank has an agreement with eight school districts to have speakers from their bank talk with all fourth grade students each April and all twelfth grade students each October as part of the ABA's "Get Smart About Credit Day." Paul Kundrod, assistant vice president and consumer loan department head, presented a lesson to three classes of fourth grade students at Forest Hills Elementary School. Paul, well known in the Johnstown community, has been visiting schools for the past 10 years.

Note: In addition to the **materials provided** by the American Bankers Association, financial institutions that would like to work with schools in providing financial education, should contact Mary Rosenkrans at the Department of Banking at marosenkra@pa.gov or at 717.214.4755.

Mark Your Calendar:



Get Smart About Credit Day

October 18, 2012
visit the **website**.





COMPLIANCE CORNER

Quarterly Report on Enforcement Actions

The Department of Banking’s Bureau of Compliance and Licensing took 92 enforcement actions during the second quarter of 2012 and assessed fines in the amount of \$277,525.

The following violations were included in the actions:

- Nine companies engaged in unlicensed mortgage loan origination activity;
- Twelve companies engaged in unlicensed mortgage loan modification activity;
- Twenty-two companies engaged in other unauthorized mortgage loan activity;
- Thirty-four companies engaged in unlicensed auto sales finance activity;
- Four companies engaged in illegal payday lending;
- Nine companies were engaged in various other unauthorized non-mortgage related activity.

In addition, the department prohibited one individual from engaging in the mortgage business in Pennsylvania and suspended one mortgage broker licensee from engaging in the mortgage business in Pennsylvania.

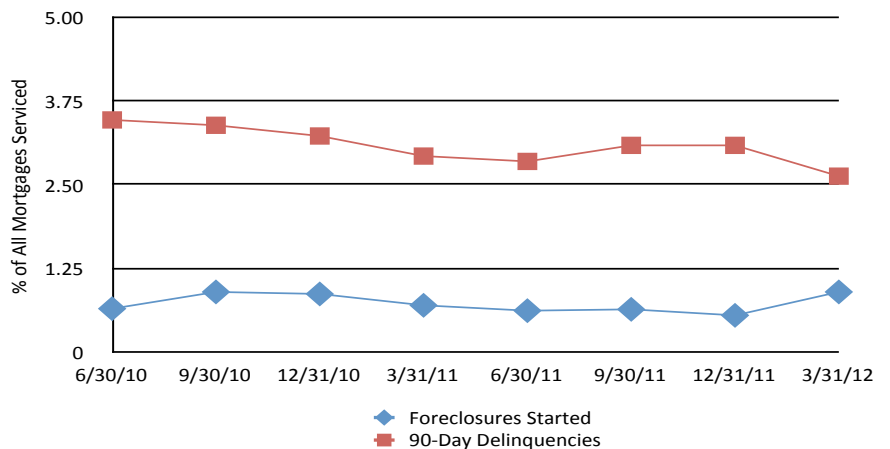
A comprehensive list of enforcement actions taken by the Department of Banking against non-depository institutions and individuals is available online at www.banking.state.pa.us. Consumers can make inquiries or file a complaint against any company regulated or licensed by the Department of Banking online or by calling **1-800-PA-BANKS**.

RESEARCH QUARTER

End of the Foreclosure Logjam?

National media reported this spring that national foreclosure trends took a positive turn in April, as the number of homes seized by banks declined and fewer properties entered into the foreclosure process. However, the slower foreclosure process in states like New Jersey and Pennsylvania helped build a logjam of pending foreclosure cases that now has lenders playing catch-up. Since Pennsylvania is seeing decreases in the 90-day delinquency rates, the trend points to a judicial backlog of foreclosure filings being released, NOT increasing numbers of Pennsylvanians who are having trouble keeping up with their payments.

Data Source: National Delinquency Survey



Licensee Alert: Debt Management Services Companies, Money Transmitters and Accelerated Mortgage Payment Providers

The Department of Banking is pleased to announce that beginning **November 1, 2012**, Debt Management Services Companies, Money Transmitters, and Accelerated Mortgage Payment Providers will officially begin using the Nationwide Multistate Licensing System (NMLS) to manage their state licenses.

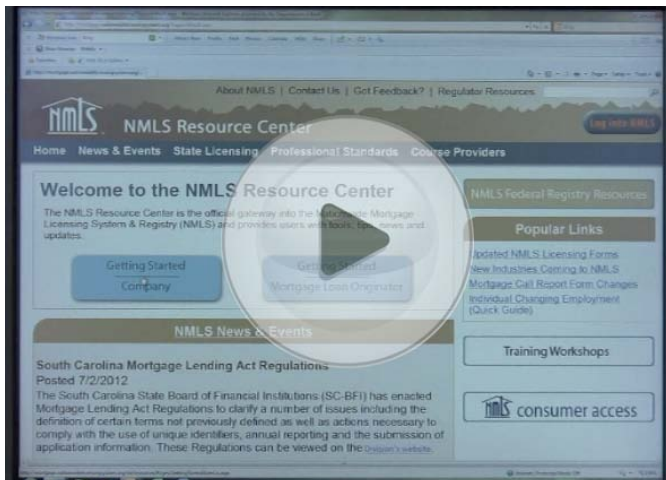
NMLS is a secure, web-based system created by state financial regulators to provide efficiencies in the processing of state licenses and to improve supervision of state-regulated industries. Through NMLS, you can maintain a single record that you use to apply for, maintain, renew, and surrender license authorities in one or more states.

Through NMLS, your company will be able to apply for, amend, and renew your license authority conveniently and safely online. To help you through this transition period, NMLS will be made available for these licensees on September 1, 2012.

The NMLS Resource Center mortgage.nationwidelicencingsystem.org provides step-by-step instructions on how to access the system, guides on how to complete the forms, each state's transition plans and requirements, tutorials, current and future participating states, NMLS alerts, NMLS processing fees and general background information.

For questions relating to transitioning your license onto the NMLS, please contact the NMLS Call Center at (240) 386-4444. If you have other questions please contact the Department of Banking Licensing staff at (717) 787-3717 or by email to ra-asklicensing@pa.gov.

< [Click here](#) for a short informational video about transitioning to NMLS.



If you have any questions or comments, or would like to view previous editions of "The Quarter" click the icon.

