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QUARTER

Newsletter of the PA Department of Banking and Securities

SPOTLIGHT ON Depository and Non-Depository Deputates

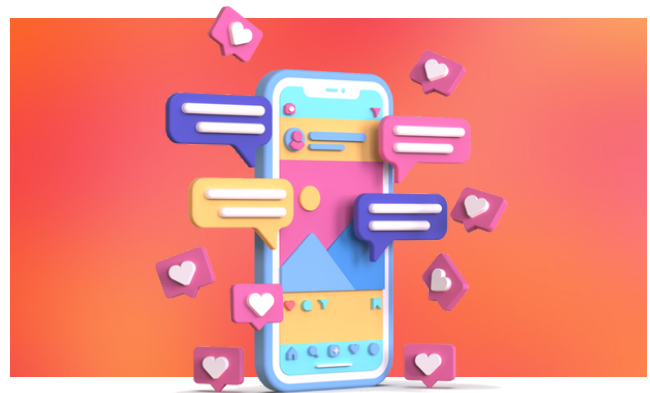


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Consumer Financial Protection Events are taking place each week. [See the complete listing of events on our brand new events calendar.](#)



Keep up with DoBS news, tips, and more! Follow us on Facebook, X (Formerly Twitter), and LinkedIn.



PA Banking and Securities



@PABankingDept



@PADOBSSecretary



PA Department of Banking and Securities



Secretary

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Wendy Spicher

From the Desk of the Secretary

Continuing with our quest in 2024 to spotlight our amazing team and the work we do to ensure consumers and businesses are well-informed about the financial marketplace in Pennsylvania, this issue of The Quarter features our Depository Institutions Deputate and our Non-Depository Institutions Deputate. Two things I hope you will take away from reading these pieces are: 1) We have an extremely dedicated team here at DoBS with an incredible amount of knowledge and professionalism. I'm thrilled

to lead the team, and I hope you can see that I'm their biggest cheerleader; 2) It's also very important to me that the entities we regulate, as well as their customers, have confidence in the commonwealth's financial services through our regulatory work conducting examinations, reviewing offerings and informing consumers and investors. Wrapped together, our experience and expertise allow DoBS to shine.

Don't forget that April is Financial Literacy Month! This is a great time to remind consumers to assess their financial well-being and take control of their financial future. At DoBS we always look for opportunities to collaborate with other agencies and non-profit entities to inform and help Pennsylvanians seek out trusted, non-commercial resources to grow their financial knowledge not just during this month, but year-round. In this issue, be sure to check out Governor Shapiro's Financial Literacy Month proclamation as well as the article on page 9 to see how DoBS is funded. I can't forget to mention that our Investor Education and Consumer Outreach staff will be on the road hosting and presenting at more than two dozen [events across the commonwealth this month](#). If you want to bring investor education to your organization, contact us at informed@pa.gov to schedule a consumer outreach event in your area.

Since taking office, Governor Josh Shapiro has crisscrossed our state visiting dozens of counties to meet and speak with Pennsylvanians of all walks of life. His [2024-25 budget](#) proposes significant investments in the people of Pennsylvania and our communities with a goal of making Pennsylvania a leader in economic development, job creation, and innovation. Part of his economic development strategy is investing in our main streets, through a [new Main Street Matters program](#). He is visiting small businesses and main streets to show how his budget will create real economic opportunity for Pennsylvanians all across the Commonwealth. Now, in his second year in office, he continues to blaze a bold path forward as he continues to – in his famous words – Get Stuff Done!

The Depository Institutions Deputate at DoBS

The Pennsylvania Department of Banking and Securities supports and regulates 153 Pennsylvania state-chartered financial institutions – including 60 banks, 40 banks with trust powers, 40 credit unions, and 13 non-depository trust companies.

Why do these institutions choose to be chartered in Pennsylvania? One reason is that they have direct access to the tenured and knowledgeable team known as the Depository Deputate.

For the banking industry, it's all about choice. That's because in the U.S., banks and credit unions may choose to be chartered at either the state or the federal/national level. This is commonly referred to as a “dual banking system.” The federal system is based on a federal charter, powers defined under federal law, operation under federal standards, and oversight by a federal supervisor. Whereas, the state system is characterized by state chartering, powers established under state law, and operation under state standards, including oversight by state supervisors.

The Depository Deputate team works hard to be the charter of choice for Pennsylvania financial institutions.

The nearly 70 employees in the deputate are led by Acting Deputy Secretary for Depository Institutions Stacey Cameron along with two experienced bureau directors – Robert Lopez, Director of the Bureau of Bank Supervision, and Carter Frantz, Director of the Bureau of Credit Union and Trust Supervision. The entire depository team works hard to support Pennsylvania's state-chartered financial institutions by providing guidance, decisioning applications such as mergers and branching activities, and evaluating their condition through its examination and off-site monitoring programs.



DID YOU KNOW?

Banks

About three out of four banks headquartered in Pennsylvania are chartered by DoBS. Deposits are insured by the [Federal Deposit Insurance Corporation \(FDIC\)](#), up to the FDIC limitations. View the list of [PA state chartered banks](#).

Credit Unions

The department regulates 40 Pennsylvania credit unions. Deposits are insured by the [National Credit Union Administration \(NCUA\)](#), up to the NCUA limitations. Use our institution search to [find a Pennsylvania credit union](#).

Trust Companies

The department regulates 13 independent Pennsylvania trust companies that provide fiduciary, custodial, and other related services to customers. Use our institution search to [find a Pennsylvania trust company](#).

The Depository Institutions Deputate at DoBS, *continued*

The rigorous examination program assesses the effectiveness of the institution's risk management practices and compliance with applicable law, while evaluating the overall condition of the institution. The depository team also evaluates applications for new charters, as well as other communications and submissions.

"The safety and soundness of our financial institutions is vital to the members of the communities they serve," said Cameron. "Our experienced and knowledgeable team works diligently to help ensure Pennsylvanians hard-earned deposits remain safe and available. But regardless of a financial institution's charter type, institutions are examined and regulated in the same way because of the dual banking system."

Depository Financial Institutions Examiners make up the majority of the employees in the deputate. These examiners are located throughout Pennsylvania and spend much of their time traveling to financial institutions conducting on-site examinations of an institution's records, management practices, policies and procedures, information security programs and processes for compliance with a myriad of laws and best practices. In-depth discussions with management and staff are also conducted as part of the examination process.

And while they are not performing examinations, examiners are advancing their knowledge and expertise through various industry training services and programs, as well as pursuing specialist certifications. In fact, for the most recent fiscal year, 98% of eligible examiners had the highest certification available for their level of experience.

"Our skillfully trained, knowledgeable and tenured examination team provides our Pennsylvania state-chartered institutions with direct access to industry expertise, making Pennsylvania the charter of choice," said Cameron.



Stacey Cameron

Acting Deputy Secretary for
Depository Institutions

But the deputate's work does not stop when the on-site examination is complete. The deputate's qualified support team works hard performing quality report reviews, application analysis, and strives to achieve industry best practice in its own operations. For example, during the most recent fiscal year, independent depository reports of examinations were transmitted within 25.67 days, on average – well under the 30-day industry best practice standard.

"We work to ensure our staff has the experience and expertise necessary to ensure Pennsylvania's institutions remain strong and vibrant for their customers and the communities they serve, and with direct access to our staff and our regulation program, we strive to be the charter of choice for Pennsylvania's financial institutions," said Cameron.

To learn more, [visit the Depository Deputate online](#).

The Non-Depository Institutions Deputate at DoBS

The Non-Depository Deputate at DoBS is responsible for the regulation of consumer financial services and products that are not provided by a state or national bank or credit union in this Commonwealth.

That's because unlike Depository Institutions in Pennsylvania who have a choice if they want to be chartered at the state or federal/national level, Non-Depository Institutions doing business in the Commonwealth are required by law to be licensed in Pennsylvania. (See our sidebar for details.)

"Each Act states generally that prior to offering the regulated product or regulated service in the Commonwealth, you must be licensed," said Deputy Secretary for Non-Depository Institutions Tim Knopp. "The words 'In the Commonwealth' are very important within each Act, because they provide protection for the consumers who are physically located in the Commonwealth engaging in a transaction, even if it is provided by a company in another state across the internet."

The Non-Depository Deputate currently licenses and regulates 26,688 non-depository financial service providers including:

- 17,199 mortgage loan originators;
- 2,557 installment sellers;
- 2,388 mortgage lenders;
- 1,422 sales finance companies;
- 928 mortgage brokers;
- 609 check cashers and retail check cashers;
- 380 mortgage servicing companies;
- 100 debt management services; and
- 10 mortgage discount companies.
- The remaining 1,095 license categories include money transmitters, collector-repossessors, pawnbrokers, debt settlement services, credit services loan broker registrants and consumer discount companies.

DID YOU KNOW?

In Pennsylvania, each financial service or product is governed by an Act which may require registration or licensing and provides DoBS with the authority to examine for compliance or further enforce the Act by means of fines and penalties in the case of violations.

- **[Check Casher Licensing Act](#):** Regulates the check cashing industry.
- **[Consumer Credit Code](#):** Regulates the financing and servicing of a motor vehicle contracts.
- **[Consumer Discount Company Act](#):** Regulates non-bank, personal loans.
- **[Credit Services Act](#):** Regulates persons who represent that they can improve a buyer's credit record or obtain an extension of credit.
- **[Debt Management Services Act](#):** Regulates the business of managing a consumer's debt.
- **[Debt Settlement Services Act](#):** Regulates the business of a company settling a consumer's debt by negotiating with the debtor.
- **[Money Transmission Business Licensing Law](#)** (aka Money Transmitter Act): Regulates the service of transmitting money for a fee on behalf of a consumer.
- **[Loan Interest and Protection Law \(Usury Law\)](#):** Provides for a maximum lawful rate of interest on loans where no other lending authority exists.
- **[Mortgage Licensing Act](#):** Regulates the origination and servicing activity of mortgage loan individuals and companies.
- **[Pawnbroker Licensing Act](#):** Regulates the business of lending money on the pledge of personal property.

The Non-Depository Institutions Deputate at DoBS, *continued*

Knopp, along with three seasoned professionals – Bob Knaub who heads up Licensing, Ryan Walsh who heads up Examinations, and Jack Talalai who heads up Compliance – lead the approximately 45-member Non-Depository team. The primary function of each area includes:

- **Licensing** – Responsible for the review of new license applications and annual renewal applications to ensure that the applicants and licensees meet the minimum requirements under their associated statute. Reviews and processes all amendments submitted by licensees which could be as simple as an address change or as complex as the in-depth vetting of corporate officers.
- **Examinations** – Conducts comprehensive examinations which include the review of the licensee's operations as compared to all sections of the regulatory act, associated regulations, and applicable federal laws. The examination may include a review of advertisements, policies and procedures, financials, contracts, loan files, servicing records, transaction logs, other records and systems, consumer complaints, etc.
- **Compliance** – Enforces the acts when violations are identified. Determines corrective actions to get into compliance and may include fines, penalties, and refunds.

Non-Depository Financial Institutions Examiners are located throughout the Commonwealth and spend a large portion of their time traveling to licensees conducting examinations to ensure compliance with laws and regulations. In addition to the policy and procedure review and intensive file and transaction level review, a great amount of time is spent interviewing and conducting meetings with licensee management and staff.

"By conducting thorough examinations of licensees for compliance with the laws and taking corrective actions in the event of a violation, our team is providing the excellent consumer protection that is intended under each act," said Knopp. "Additionally, our licensees have statutory licensing application and renewal fees, and each statute provides that the licensee bears the costs associated with their examination."



Timothy D. Knopp
Deputy Secretary of
Non-Depository Institutions

The Non-Depository Deputate was the 2nd in the country to achieve accreditation as a Mortgage Regulator by the Conference of State Bank Supervisors and American Association of Residential Mortgage Regulators. In addition, 100% of eligible examiners have the highest level of individual examiner certification for their level of experience.

"All together, our skilled and educated team works diligently to license, examine, and ensure compliance with state and federal laws and regulations for Pennsylvania's non-depository industries," said Knopp. "The Non-Depository Deputate works to ensure the consumer protection provided under the applicable act and to enforce a level playing field among each industry."

To learn more, [visit the Non-Depository Deputate online.](#)

COMMONWEALTH OF PENNSYLVANIA



PROCLAMATION BY THE GOVERNOR

WHEREAS, personal financial literacy is a challenging, complex endeavor that can include learning how to create a budget, track spending, pay off debt, and plan for retirement; and

WHEREAS, financial literacy can lead to financial freedom, an important milestone that can give one peace of mind and flexibility in their financial decisions; and

WHEREAS, financially literate people are more likely to make ends meet, spend less of their income, and adequately invest and save for retirement; and

WHEREAS, the Department of Banking and Securities assists thousands of Pennsylvanians each year through its leadership providing noncommercial and unbiased investor education and consumer outreach; and

WHEREAS, the Pennsylvania Treasury Department strives to help Pennsylvanians build a better future through its consumer programs including PA 529 and PA ABLE tax-advantaged savings accounts, Keystone Scholars, Unclaimed Property, and the promotion of financial wellness and retirement savings.

THEREFORE, I, Josh Shapiro, Governor of the Commonwealth of Pennsylvania, do hereby proclaim April 2024 as

FINANCIAL LITERACY MONTH

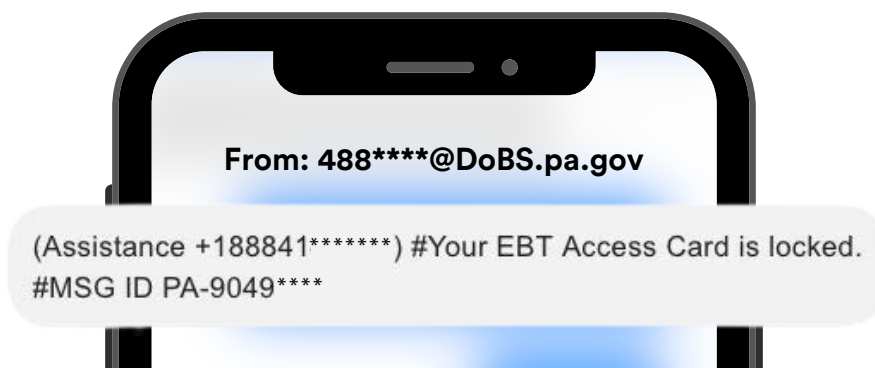
in special recognition of the importance of financial literacy and the affordable, accessible, high-quality educational resources that support people's pursuit of it. I encourage all Pennsylvanians to seek ways to improve personal finance capabilities for themselves and their loved ones.



GIVEN under my hand and the Seal of the Governor, at the City of Harrisburg, this twenty-first day of March two thousand twenty-four, the year of the Commonwealth the two hundred forty-eighth.



Governor Josh Shapiro



**real scam text message reported to DoBS*

FRAUD ALERT

We've received several reports of scammers impersonating the PA Department of Banking and Securities. Here's what you need to know to protect yourself:

- DoBS will NEVER ask for money to help someone.
- DoBS will NEVER contact you via text regarding financial matters.
- Our Customer Service Office will NEVER contact a consumer who hasn't already reached out for help regarding personal finances.

If you're worried about a message you've received, call us at 1 (800) PA-BANKS (800-722-2657).

In Case You Missed It

Here are some stories you may have missed this quarter:

- [Pennsylvanians Encouraged to Use myPATH to File 2023 PA Tax Returns](#) – Tax returns are due Monday, April 15, 2024
- [Governor Josh Shapiro Launches First Statewide Economic Development Strategy in Nearly Two Decades](#) – The full Economic Development Strategy is available at [PAGetsItDone.com](#).
- [Governor Shapiro Unveils 2024-25 Budget Proposal to Get Stuff Done, Create Opportunity, and Advance Real Freedom for All Pennsylvanians](#)
- [Shapiro Administration Increases Outreach Efforts To Help More Small Diverse Businesses Secure State Contracting Opportunities](#)
- [Auditor General DeFoor Promotes Pennsylvania Library Association's PA Forward® Program, Giving Pennsylvanians Access to Free Resources Needed to Be Money Smart](#)
- [The CSBS 2023 Journal of Community Bank Case Studies is now available](#)
- [April is National Volunteer Month](#)



DoBS in the Community

DoBS Presents at FBLA's Annual State Leadership Conference

On April 9, 2024, the Pennsylvania Future Business Leaders of America (FBLA) held its annual State Leadership Conference in Hershey. More than 4,500 students attended the conference in total. DoBS presented "Save and Invest PA!" to a group of these students. Students learn to pursue financial goals through this introduction to the basics of saving and investing. The presentation also briefly discussed how students can avoid financial scams.



DoBS's Katrina Boyer presenting to a group of students at the April 9, 2024, PA FBLA Annual State Leadership Conference.

DoBS's Christina Kotsalos Wins NASAA Investor Education Award

During the 2024 NASAA Investor Education Training, NASAA President and Nebraska Department of Banking and Finance (NDBF) Deputy Director Claire McHenry presented Christina Kotsalos with the Investor Education Section Award for her leadership and innovative contributions on the IE section, as well as her leadership on the newly formed Investor Education Training Project Group. Kotsalos is the Director of Investor Education and Consumer Outreach Office.



NASAA President and NDBF Deputy Director Claire McHenry presenting Christina Kotsalos NASAA's Investor Education award.



DoBS Highlights



Photo from our Feb. 7, 2024, \$camJam event in Lower Allen Township

Do you want to bring investor education to your organization? Contact us today at informed@pa.gov to schedule a consumer outreach event in your area.

Compliance Corner: 2024 Enforcement Orders

The Department of Banking and Securities issued 19 enforcement orders during the first quarter of 2024. Fines and assessments for these orders total \$1,545,391.72. To see details on these enforcements, visit the [Enforcement Orders](#) section of the website.

How is DoBS Funded?

The Department is funded solely by assessments, fees, licenses, fines and penalties paid by entities under its jurisdiction. No taxpayer dollars are used to support our work.

The Pennsylvania Department of Banking and Securities derives its authority from the:

- Administrative Code of 1929
- Banking Code of 1965
- Chapter 5 of the Mortgage Bankers and Brokers and Consumer Equity Protection Act
- Check Cashier Licensing Act
- Consumer Credit Code
- Consumer Discount Company Act
- Credit Services Act
- Credit Union Code
- Debt Management Services Act
- Debt Settlement Services Act
- Department of Banking and Securities Code
- Loan Interest and Protection Law
- Money Transmitter Act
- Mortgage Licensing Act
- Pawnbrokers License Act
- Investment Company Act
- Pennsylvania Securities Act of 1972
- Takeover Disclosure Law

The work and personnel engaged in enforcing the Pennsylvania Securities Act of 1972; Takeover Disclosure Law; and Investment Company Act, are funded via industry licensing and assessment fees -- approximately three-quarters of which are deposited into the General Fund.

DID YOU PURCHASE A MONEY ORDER FROM DIAMOND MONEY ORDER COMPANY, LLC?

The Department of Banking and Securities is accepting claims for anyone who has purchased a Diamond Money Order returned as unpaid or uncashed. The Department will work to recover funds for eligible consumers.

FILE ONLINE [DOBS.PA.GOV/COMPLAINT](https://dobs.pa.gov/complaint)

