



New Examiner Position

Presentation to House Commerce &
Economic Development Committee

by

Department of Financial Regulation



Policy & Administration

Declaration of Policy:

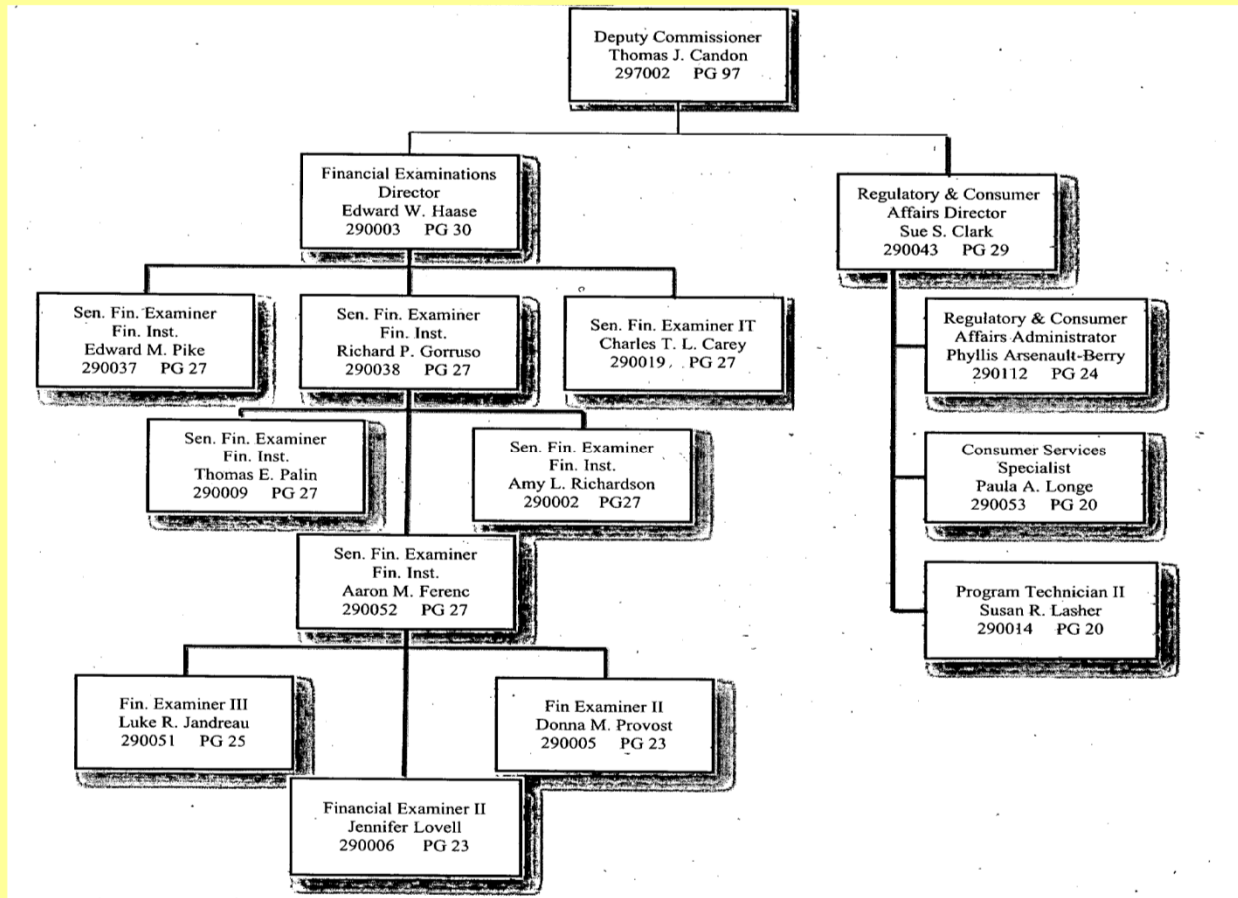
1) the business of organizations that offer financial services and products shall be supervised by the commissioner in a manner to assure the solvency, liquidity, stability and efficiency of all such organizations, to assure reasonable and orderly competition, thereby encouraging the development, expansion and availability of financial services and products advantageous to the public welfare and to maintain close cooperation with other supervisory authorities

2) all such organizations shall be supervised in such a way as to protect consumers against unfair and unconscionable practices and to provide consumer education.

8 V.S.A. § 10



Banking Division





Funding Source

Banking Division is funded by Fees & Assessments

FY2014

Fees	\$1,241,500
Assessments	\$ 630,767



Vermont Financial Institutions

	<u>Dec-05</u>	<u>Dec-06</u>	<u>Dec-07</u>	<u>Dec-08</u>	<u>Dec-09</u>	<u>Dec-10</u>	<u>Dec-11</u>	<u>Dec-12</u>	<u>Dec-13</u>
MUTUAL/COOP FINANCIAL INSTITUTIONS (f/k/a SAVINGS BANKS)	1	1	1	1	2	2	2	2	2
INVESTOR FINANCIAL INSTITUTIONS (f/k/a COMMERCIAL BANKS)	8	8	7	5	5	5	5	5	5
INVESTOR FINANCIAL INSTITUTIONS (Domiciled Out of State w/ Offices in VT)	0	0	1	1	1	1	1	1	1
CREDIT UNIONS	26	23	23	22	21	20	21	19	18
LIMITED PURPOSE TRUST BANK & MERCHANT BANK	2	2	2	2	1	1	1	2	1
INDEPENDENT TRUST COMPANY	1	1	2	1	1	1	1	1	2



Vermont Licensees

	<u>Dec-05</u>	<u>Dec-06</u>	<u>Dec-07</u>	<u>Dec-08</u>	<u>Dec-09</u>	<u>Dec-10</u>	<u>Dec-11</u>	<u>Dec-12</u>	<u>Dec-13</u>
LICENSED LENDERS	607	626	445	318	311	316	353	410	445
MORTGAGE BROKERS	346	341	288	212	192	177	176	189	190
MORTGAGE LOAN ORIGINATORS	N/A	N/A	N/A	N/A	N/A	601	739	1006	1304
LOAN SERVICERS	N/A	N/A	N/A	N/A	N/A	25	102	137	193
SALES FINANCE COMPANIES	109	106	41	101	80	90	101	113	122
DEBT ADJUSTER	21	23	22	24	23	23	23	24	26
MONEY TRANSMITTERS	14	15	16	16	17	24	29	33	39
CHECK CASHERS/CURRENCY EXCHANGERS	2	2	2	2	2	3	3	3	5
DEVELOPMENT CREDIT CORPORATION	1	1	1	1	1	1	1	1	1
TOTAL	1138	1149	851	706	657	1290	1558	1946	2354



Money Servicers

- Integrated Payment Systems, Inc.
- Western Union Financial Services, Inc.
- Travelex Currency Services Inc.
- Shaw's Supermarkets, Inc. d/b/a Shaw's
- American Express Travel Related Services Company, Inc.
- MoneyGram Payment Systems, Inc.
- PayPal, Inc.
- CheckFreePay Corporation
- Wal-Mart Stores East, L.P. d/b/a Wal-Mart
- Western Union Business Solutions (USA), LLC
- Amazon Payments, Inc.
- PreCash, Inc.
- Green Dot Corporation
- Continental Exchange Solutions, Inc.
- Google Payment Corp.
- Custom House (USA) Ltd. d/b/a Western Union Business Solutions
- ADP Payroll Services, Inc.
- Meracord LLC d/b/a Meracord
- Skrill USA, Inc.
- Tempus, Inc.
- Official Payments Corporation
- Michael John Hogan d/b/a Envoy International
- Blackhawk Network California, Inc.
- American Express Prepaid Card Management Corporation
- Cambridge Mercantile Corp. (U.S.A.)
- Keefe Commissary Network, L.L.C. d/b/a Access Corrections
- Olympic Financial Group Inc.
- Softgate Systems, Inc.
- Kaah Group, LLC
- JPay Inc.
- Bancomer Transfer Services, Inc.
- Facebook Payments Inc.
- Square, Inc.
- Comdata TN, Inc.
- Viamerica's Financial Services Corporation
- ITC Financial Licenses, Inc.
- Moneydart Global Services, Inc.
- Xoom Corporation
- InstaMed Communications, LLC d/b/a InstaMed
- D Trade, Inc.
- NetSpend Corporation
- Dartmouth Capital LLC d/b/a Safedinar.com
- Associated Foreign Exchange, Inc. d/b/a AFEX
- TouchPay Holdings, LLC



Assets & Deposits

	<u>Assets (000)</u>	<u>Deposits (000)</u>
Financial Institutions (7)	\$4,237,109	\$3,342,814
Credit Unions (18)	\$1,134,885	\$1,012,072

Trust Companies (3)

	<u>Assets Under Management (000)</u>			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
	\$1,102,669	\$1,187,821	\$1,311,317	\$9,895,604



Examination Mandate

Banks, Credit Unions, Trust Companies

- Vermont Law – once every three years
- Federal Regulation – once every 12-18 months, more frequently for high risk
- Accreditation -

Licensees

- Vermont Law – once every three years depending upon risk and complaints
- Accreditation -



Justification

Estimated Increase of 1,050 Exam Hours

- In 2013, chartered a securities lending trust company in Burlington, VT
- Increase of 34% in number of licensees from December 2011 to December 2013
- Based upon 972 billable exam hours per examiner
(Remaining hours for investigations, monitoring, special projects, travel, training, & leave)

Cost of Financial Examiner w/benefits \$62,470 (eff. 7/1/2014)

Based on 1,000 exam hours at \$75/hour, nets \$75,000



Reasons for Request

- Large increase in the number of licensees
- Large special purpose trust company chartered
- Growing complexity of all industries regulated by the Division
- Increased focus on Information Technology and Cyber Security
- Unique corporate structures
- Accreditation (banks, credit unions, mortgage) & certification of examiners



Questions?