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QUARTER

Newsletter of the PA Department of Banking and Securities

SPOTLIGHT ON Securities and Administration Deputates



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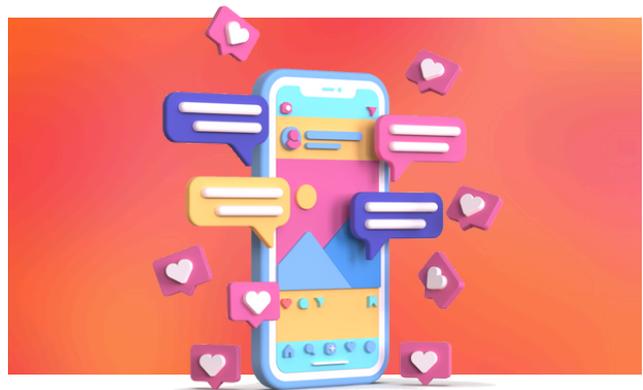
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Consumer Financial Protection Events are taking place each week. [See the complete listing of events on our events calendar.](#)



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



PA Banking and Securities



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PA Department of Banking and Securities



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Secretary

Wendy Spicher



From the Desk of the Secretary

Earlier this year, Governor Shapiro launched his [Pennsylvania Economic Development Strategy](#) – the first comprehensive plan of its kind to guide the Commonwealth’s economic growth in almost 20 years.

The Governor recognizes, and I agree, that you can’t have a strong economy without strong communities, and you can’t attract new businesses and create jobs without vibrant places where people and companies want to be.

Communities are the very foundation of our economy, yet so many communities across the Commonwealth are facing real challenges. From population decline, to growing commercial vacancy rates, to a lack of affordable housing, we know that at the state level, and it’s time for all of us to do more.

Financial institutions – whether state or federally chartered – drive economic growth through lending and investment activities. Your efforts contribute to the state’s innovation, job creation, and most importantly the improvement in the quality of life for all Pennsylvanians. Your institutions play a tremendous role in building our communities and strengthening our economy.

At the end of 2023, there were 164 banks and credit unions headquartered in Pennsylvania ranging in size from small, one-branch institutions to large institutions with regional and national footprints – all focused on the same goal: To support your customers and your communities.

Pennsylvania ranks as the 4th largest state in terms of population with nearly 13 million people, so your institutions serve a very diverse clientele that span 67 counties. From small businesses on main streets, to family farms, to fortune 500 companies, the work you do is outstanding because you know your markets and you know your customers, because that’s where you live.

As you move forward tackling the challenges in your communities, know that your institutions are the engines that drive the economic and job growth in your communities and all across the commonwealth. Your products and services ensure critical financial resources are available to individuals and businesses that rely upon you each and every day.

Your ability to build strong relationships with customers and your commitment to the markets you serve are what drive economic development and success in our communities and for our commonwealth.

On behalf of the department, thank you for all that you do within your communities and to serve your customers.

More About DoBS

In this issue of The Quarter we continue our quest to shine a spotlight on our amazing team and the work we do to ensure consumers and businesses are well-informed about the financial marketplace in Pennsylvania. I’m very proud of my team, so I hope you find the features on our Administration and Securities deputates informative.



The Securities Deputate at DoBS

The Pennsylvania Department of Banking and Securities – through its Securities Deputate – protects investors by ensuring that only qualified individuals get registered, examining registrants to assess compliance with state securities laws and regulations, and reviewing products to ensure that issuers disclose all necessary information to the investor. The deputate also implements and oversees a comprehensive investor education and outreach program for Pennsylvania citizens.

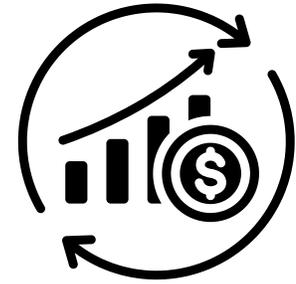
It currently registers and regulates more than 278,000 entities who conduct securities-related business in Pennsylvania to include:

- 1,877 broker-dealers,
- 246,983 broker-dealer agents,
- 910 investment advisers,
- 25,266 investment adviser representatives; and
- 3,131 notice filers.

The deputate is led by Deputy Secretary for Securities Eric Pistilli who worked for the Pennsylvania Securities Commission at the time it merged with the Department of Banking in 2012 to form what is now DoBS. He became deputy secretary at DoBS in April 2021.

“Pennsylvania investors have a valuable resource in the securities deputate because our work is two-fold: we serve as both regulators and as educators,” said Pistilli. “We ensure that securities offerings made to Pennsylvania investors comply with all applicable Pennsylvania securities laws in order to protect investors, and we educate consumers and investors on how to protect and grow their money.”

Pistilli, along with four seasoned directors – Jeffrey Soderstedt who heads up the Bureau of Securities Compliance and Examinations, Staci Morcom who heads up the Registration Office, Donald Piesik who heads up the Corporation Finance Office, and Christina Kotsalos who heads up the Financial Education, Protection and Outreach Office – lead the 32-member securities team. The primary function of each area includes:



DID YOU KNOW?

Broker-dealers can be a person or a company in the business of buying and selling securities, operating as both a broker and a dealer, depending on the transaction.

Broker-dealer agents are individuals who represent broker-dealers, interact with investors and service brokerage accounts.

Investment advisers are firms or individuals compensated for advising investors on the purchase, sale or value of securities.

Investment adviser representatives are individuals who represent investment adviser firms.

Notice filers are federally covered advisers who must make a “notice filing” in Pennsylvania to conduct business in the state.

The Securities Deputate at DoBS, *continued*

- Securities Compliance and Examinations – This bureau administers the compliance and enforcement of all Pennsylvania securities laws and regulations. Its staff processes complaints and undertakes investigations and examinations of securities licensees.
- Securities Registration – This office processes investment advisor registrants and undertakes background investigations of applicants for licensing.
- Corporation Finance – This office is responsible for the review and analysis of all securities offerings, registrations, exemptions, and notice filings. Such offerings include direct participation programs, debt, equity, asset-backed securities, and church extension funds.
- Financial Education, Protection and Outreach – This office leads and supports hundreds of free educational programs each year to thousands of consumers.

The goal within the deputate is to help the professionals and firms we supervise to understand the rules under which they are expected to operate, help them navigate Pennsylvania and federal regulatory structures, and learn how to protect their clients from fraud and financial abuse.

"Our dedicated team is committed to high standards and to firm-but-fair regulation," said Pistilli. "We really are not in the 'gotcha' business, but we do want to ensure clear communications with licensees."

In addition, the investor education team works with all levels of experience in the investment markets and age groups, from high school students, to working adults, to military and veterans groups, to retirees and senior citizens. Some of our most popular programs include: Fraud Bingo, \$camJam, Avoiding ID Theft, Making Sense of Finance, and Popular Scams and How to Avoid Them.

These energetic staff are either online or on-the-road giving presentations to teach consumers how to protect their money. To find out where they will be and what programs they will be offering each month, we encourage everyone to check out our [online calendar of events](#)," said Pistilli.

Groups interested in hosting a presentation, can contact the investor education team at informed@pa.gov to schedule an outreach event in your area.



Eric Pistilli
Deputy Secretary for
Securities

"The work we do in the securities-related community helps ensure the integrity of our financial services marketplace and we're always looking for talented, organized professionals to join our staff as securities compliance examiners," added Pistilli.

Securities Compliance Examiners, which make up the largest portion of the deputate, are located throughout the Commonwealth and spend their time traveling to licensees conducting examinations to ensure compliance with laws and regulations. Examiners must have a strong technical understanding of financial markets and the role of many different investment products. They examine investment advisers, firm representatives, broker-dealers and representatives/agents.

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

The Administration Deputate at DoBS

While it may be the smallest deputate within DoBS, you could say that the Administration Deputate is the glue that holds all of us together...and that's no small task!

Deputy Secretary for Administration Mary Beth Stringent leads the 12-member team who oversees all administrative functions for the department. In addition, she also serves as the Agency Open Records Officer for Right-to-Know requests and is the primary point of contact for all HR and IT services provided by the Governor's Office of Administration.

"Our talented team performs a variety of administrative duties to ensure that DoBS runs smooth and efficiently each and every day," said Stringent. "They take great pride in knowing what they do allows others to focus on their jobs."

The deputate is broken down into three functional areas:

Fiscal and Support Services Chief Brenda Young, and her team handle all functions related to budget, revenue, facilities management, fleet management, and procurement for the department.

"This team of professionals are instrumental in maintaining fiscal oversight and ensuring our physical needs are met," said Stringent. "Their attention to detail is outstanding and they are flawless in their delivery of service to others."

Consumer Services Chief Lisa Shymanski, and her team receives, researches, and responds to consumer inquiries and complaints related to financial transactions or business entities in Pennsylvania.

The Consumer Services Office is a great resource for Pennsylvania residents. Staff are always willing to assist consumers with questions or concerns, by providing resources, referrals or resolutions to claims.

"The consumer services team handles approximately 10,000 calls into our toll-free number 1.800.PA.BANKS and processes about 5,000 inquiries and complaints on an annual basis," said Stringent.



Mary Beth Stringent
Deputy Secretary for
Administration

"They focus on assisting consumers in addressing concerns with financial transactions or a regulated financial entity through courteous, thorough and timely response."

The remaining members of the Administration deputate manage records, personnel actions/relations, all staff training, internal controls/Enterprise Risk Management (ERM), safety/Continuity of Operations (COOP), compliance with all Management Directives and Executive Orders, employee recognition, strategic planning, as well as special initiatives such as PA Green Gov/Sustainability efforts; Diversity, Equity, Belonging and Inclusion (DEBI); and the State Employee Combined Appeal (SECA).

"We're honored to play a vital support role to ensure smooth day-to-day operations for our fellow employees across the department," said Stringent. "Our work truly drives organizational efficiency at DoBS."

DoBS Issues Virtual Currency Statement of Policy

The PA Department of Banking and Securities (DoBS) published a Virtual Currency Statement of Policy (SOP) in the PA Bulletin on April 20, 2024, which clarifies the Department's interpretation of "money" under the Money Transmitter Act (MTA) and provides guidance to the regulated community.

The MTA defines "money" as "currency or legal tender or any other product that is generally recognized as a medium of exchange."

Since virtual currency's inception in 2009, its acceptance, as a medium of exchange has grown exponentially, to the point that it is generally recognized and accepted as a form of payment in the marketplace. For example, virtual currency can be used for things like college tuition payments and purchases at various major companies. In fact, the countries of El Salvador and the Central African Republic have made Bitcoin legal tender.

DOBS has determined that virtual currency – as it relates to money transmission – meets the definition of "money" in the MTA.

The inclusion of virtual currency in the definition of money in the MTA means that DoBS will ensure the consumer protections are enforced through licensing, examination, and compliance.

The SOP will be effective October 15, 2024, providing sufficient time for all entities engaged in the transmission of virtual currency to apply for a Money Transmitter license in NMLS.

Entities that are licensed by DoBS must meet the licensing requirement under the applicable statutes, which in the case of the MTA includes bonding, tangible net worth requirements, background checks, financial checks, etc.

The MTA also provides protection for consumers who transmit money and virtual currency, alike.

As of September 2023, 22 states and the District of Columbia regulate virtual currency as it relates to money transmission. Pennsylvania joins 22 states and the District of Columbia in regulating the transmission of Virtual Currency.

[Read the full Statement of Policy](#)



Commonwealth University of Pennsylvania Wins CSBS 2024 Community Bank Case Study Competition

Congratulations to Commonwealth University of Pennsylvania for winning first place in the nationwide Conference of State Bank Supervisors (CSBS) 2024 Community Bank Case Study Competition. The team partnered with First Citizens Community Bank headquartered in Mansfield, Pa. to prepare a case study.

This year, 27 student teams representing 21 colleges and universities, participated in the competition which offers undergraduate students from all fields of study the opportunity to partner with local community banks to gain first-hand knowledge of the banking industry.

As part of the case study, teams were asked to learn about the closures of Silicon Valley Bank, Signature Bank, and First Republic Bank by first selecting a community bank to study, and then determining what lessons their chosen institution learned from those 2023 regional failures. Additionally, teams were asked to determine what makes their selected case study bank different from the institutions that failed in 2023. Moreover, teams were tasked with identifying how their case study bank handles risks through asset and liability management. Teams were also asked to identify their case study bank's expectations for regulatory and supervisory changes, as well as how their selected institution uses social media in their daily operations.

Each student member on the first-place team and their faculty advisors will receive a \$1,000 prize and an opportunity to present their case study at this year's Community Banking Research Conference in St. Louis, Missouri in October 2024. Their work will be published in the annual CSBS Journal of Community Bank Case Studies.

For more information on the Community Bank Case Study Competition, visit www.csbs.org/bankcasestudy.

In Case You Missed It

Here are some stories you may have missed this quarter:

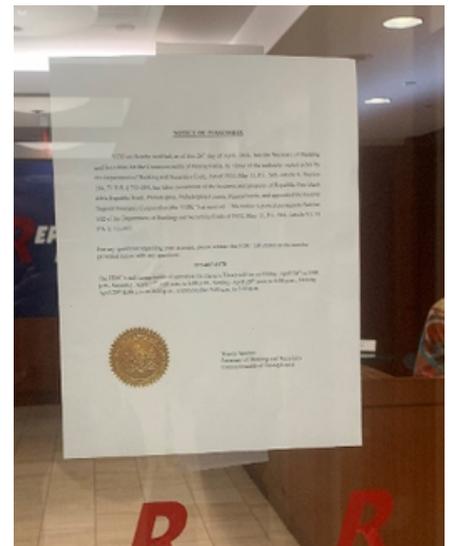
- [**Governor Shapiro Launches New State Tourism Brand: Pennsylvania: The Great American Getaway to Encourage Tens of Millions Within a Few Hours Drive to Visit Pennsylvania**](#) – Tourism is a key piece of the Governor's economic development strategy, generating \$76 billion and supporting more than 486,000 jobs a year in PA – and the new brand builds on Governor Shapiro's proposed \$18 million tourism and business marketing investment to boost our economy, attract more visitors, and support good-paying jobs.
- [**Pennsylvania Strategic Investments to Enhance Sites Program \(PA SITES\)**](#) – A program established to provide grant funding to eligible applicants to develop competitive sites for businesses to relocate or expand within the Commonwealth. The program is administered by the Pennsylvania Department of Community and Economic Development (DCED) through the Pennsylvania First Program (PA First).
- [**Lt. Gov. Austin Davis Touts New Funding for Site Development to Create More Shovel-Ready Sites for Businesses in Rural Pennsylvania**](#) – Lt. Gov. Austin Davis highlighted how investments through the [**PA SITES**](#) (Pennsylvania Strategic Investments to Enhance Sites) pilot program will benefit rural communities to prepare sites for future development, attract new companies or allow employers to expand, creating more jobs and economic opportunity across the Commonwealth.
- [**Governor Shapiro Signs Executive Order To Expand Opportunity For Pennsylvanians Seeking A Career In Public Service & Make The Commonwealth The Best Employer In Pennsylvania**](#) – Governor Josh Shapiro signed [**Executive Order 2024-01**](#), establishing the Hire, Improve, Recruit, Empower (HIRE) Committee to expand opportunity for Pennsylvanians seeking a career in public service, continue to build a more competitive Commonwealth workforce, and make state government the best place to work in the Commonwealth.

DoBS Closes Republic First Bank

On April 26 the Pennsylvania Department of Banking and Securities (DoBS) took possession of Republic First Bank d/b/a Republic Bank headquartered in Philadelphia, pursuant to the Department of Banking and Securities Code, in order to protect depositors. DoBS appointed the Federal Deposit Insurance Corporation (FDIC) as receiver of the bank.

The FDIC entered into a purchase and assumption agreement with Fulton Bank, National Association of Lancaster, Pennsylvania to acquire deposits and substantially all of the assets of Republic First Bank.

This was the first bank failure of 2024 and the first bank failure in Pennsylvania since 2016.



Staff Spotlight

DoBS Employee Brenda Young Completes LDI Training

Congratulations to Brenda Young, Chief of the Fiscal and Support Services Office, who recently graduated from the Commonwealth’s Leadership Development Institute (LDI). LDI provides professional developmental opportunities for employees who demonstrate leadership potential and the ability to succeed in positions of greater responsibility within Pennsylvania government. Congratulations, Brenda!



Secretary Spicher and Mary Beth Stringent posing for a photo with Brenda Young and her LDI certificate

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.

Staff Spotlight

Department of Banking and Securities Team Honored with 2023 Governor’s Awards for Excellence



Secretary Spicher and all of the honorees posing for a photo with Governor Josh Shapiro at the awards ceremony on June 17.

At a ceremony on June 17, 2024, Governor Josh Shapiro presented a group of employees from the Pennsylvania Department of Banking and Securities (DoBS) with the 2023 Governor’s Awards for Excellence in recognition of their efforts to assist consumers whose money orders were valueless upon deposit.

The honorees are:

- Rosemarie Caligiuri, Consumer Services Specialist;
- Quianna Davis, Consumer Services Specialist;
- Theresa Jones, Financial Institution Enforcement Administrator;
- Lynne Rupp, Senior Consumer Services Specialist;
- Lisa Shymanski, Consumer Services Chief; and
- Jonathan Smith, Consumer Services Specialist.

“I’m thrilled that members of our DoBS team have been recognized with this prestigious award,” said DoBS Secretary Wendy Spicher. “It was through their quick and effective efforts that they were successful in reducing harm to consumers and abating financial losses tied to the unprecedented and unfunded money orders.”

“Our employees are truly deserving of this honor because they meticulously investigated the situation, noted irregularities, and implemented swift corrective action – all to protect consumers,” added Spicher.

The Governor’s Awards for Excellence recognize exemplary job performance or service that reflects initiative, leadership, innovation, and increased efficiency. The DoBS team was among 56 employees from 12 state agencies honored by Governor Shapiro.



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 25 enforcement orders during the second quarter of 2024. Fines and assessments for these orders total \$246,460. To see details on these enforcements, visit the [Enforcement Orders](#) section of the website.

DID YOU KNOW?

Agency Funding

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

DEBI at DoBS

DoBS is committed to promoting inclusive and equitable programs and services, and recruiting and retaining a diverse workforce through Diversity, Equity, Belonging, and Inclusion (DEBI). Learn more about DEBI at DoBS.

Jobs at DoBS

DoBS is always looking for qualified professionals to join our dedicated team. Check out our Careers webpage for details. (Oh, and did we mention that we have great benefits too?)

Contact Us

Have a question? Call the Consumer Services Office between the hours of 8:00 AM and 5:00 PM EST Monday through Friday at 1.800.PA.BANKS (1.800.722.2657).

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)

