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SOUTH CAROLINA
STATE BOARD OF FINANCIAL INSTITUTIONS

MINUTES

Wednesday, June 2, 2021

10:00 AM

Via WebEx Virtual Conference Room

Upon proper call and due notice to all its members and after having given required public notice, the State Board of Financial Institutions met on the 2nd day of June 2021 with Chairman Pro Tempore Pennington presiding.

Members present: Messrs. Pennington, Strickland, Walters, Wicker, Wright, and Byrd.

The acting Administrator announced that there were five members present in addition to the Chairman Pro Tempore. The Chairman Pro Tempore stated that a quorum was present.

Staff present:

Consumer Finance Division: Commissioner Ron Bodvake, Deputy Commissioner Phyllis Wicker, and Deputy Commissioner Quinton Creed.

Banking Division: Commissioner Rick Green and Deputy Commissioner Kathy Bickham.

State Treasurer's Office: Deputy State Treasurer Cynthia Dannels, Deputy General Counsel Bill Condon, Deputy General Counsel Shawn Eubanks, HR Manager Lisa O'Sullivan, Financial Analyst and acting Administrator Cameron Larkin.

Guests: Future board members Tommy Bouchette and Jenny Michaels

The Agenda for this meeting was approved by General Consent.

The May 5, 2021 Board Meeting Minutes were approved by General Consent.

The Chairman Pro Tempore asked if any member had a conflict of interest with any item on the agenda. No member identified a conflict of interest.

The Policy and Planning Committee update was provided by Committee Chair Justin Strickland. He informed the Board that the Committee reviewed and discussed several topics including the draft evaluation and planning stage documents for Commissioner Bodvake and Commissioner Green. The Committee voted to approve forwarding these drafts to the full Board for review. Due to the Chairman's absence in today's meeting, this review will be moved to a later date. The next Committee meeting is scheduled for September 1st.

The Legislative and Regulatory Committee update was provided by Committee Member Billy Byrd. He informed the Board that the Committee received several legislative updates from the Commissioners during its May 27th meeting. Updates from the Consumer Finance Division included The South Carolina Electronic Notary Public Act, Bill 631 introduced by Senators Talley and Campsen. This bill was passed recently. The Consumer Finance update also included Bill 105, which would increase the amount of a lien that may be enforced by a petition to a Magistrate Court. This bill moved from the Senate to the House.

Updates from the Banking Division included passage of Senate Bill 425 regarding exploitation of vulnerable adults, introduction of House Bill 4185 which prohibits a conservator or guardian from isolating a protected person, introduction of House Bill 4212 related to student loan interest which limits the term that the interest may be charged to the term that the student was in school, and passage of Senate Bill 467 related to the banks and credit unions modernization of the statute. Senate Bill 467 was passed by the House and Senate and is the most impactful bill for the Banking division this session. Senate Bill 609 is related to background checks on state employees was also passed. The next Committee meeting is scheduled for June 24th.

Commissioner of Consumer Finance, Ron Bodvake provided the Board with an update on several division items.

The Commissioner announced two new CPM graduates, Sylvia Goodson and Larry Bryant. This is a 2-year nationally accredited program. There are now 6 members of the management team with CPMs.

The Commissioner discussed the recent 5th annual Employee Appreciation Day. Due to COVID, Jason's Deli box lunches were provided. Alicia Sharpe was introduced as the Consumer Finance Division's HR liaison. Staff were shown a brief PowerPoint presentation of the year's accomplishments as a division.

The Commissioner discussed meetings and conferences. There was a NACCA annual meeting and regulators' training that was virtual from May 25th through May 27th. There is also an in-person ICFA conference that will be June 6th through June 9th.

The Commissioner discussed industry trends and issues. There were two articles, one concerning the CFPB – Debt Collection Rules. CFPB is trying to delay the dates for these rules to take effect. The next article is the CFPB – Proposed Mortgage Servicing Changes to Prevent Wave of COVID-19 Foreclosures.

Next item was Investigations. Currently, CFD is working in the Midlands region researching which businesses may be cashing checks without a license. They are also looking for any unlicensed supervised licensing activity. CFD currently has 5 companies under investigation.

The last item was reports. The Commissioner referenced the attached Monthly Statistics Report, the Approved Consumer Licensees Report, and the Supervised Annual Report. The Supervised Annual Report is required to be filed by all supervised lenders in the state of South Carolina. This report is due on April 15th every year. The Commissioner announced that they have received 345 out of 348 reports. One of the three that have not submitted is in contact with CFD. The other two are under investigation. This is the best they have done gathering reports, and NMLS has been helpful in being able to track people down.

Commissioner of Banking, Rick Green provided the Board with an update on several division items.

The Commissioner informed the Board that he had officially been elected to the CSBS Board of Directors. The Commissioner provided a brief background on CSBS for the new members on the call.

The Commissioner announced he will also be chairing the State Supervisory Processes Committee of CSBS. This is the Committee that looks at the different processes that go into the supervisory role of Examiners and how exams are conducted, along with providing job aids to Examiners. Mr. Green will also be a member of the Inter-Agency Supervisory Processes Committee representing the states with the FDIC and Federal Reserve.

The Commissioner discussed communication with industry members on an updated Emergency Preparedness Guide ahead of Hurricane Season. This guide gives information on what the expectations are during an event and how to navigate those things. They are also gathering emergency contact information from all Banking Division supervised institutions as part of this process.

Banking Division is conducting an industry survey regarding post-pandemic examinations and what they will look like. Prior to the pandemic, most exams were conducted on-site with a small portion being conducted off-site. The pandemic prompted a quick change to off-site exams. This has proven that off-site exams are possible but not always desirable. As the Banking Divisions transitions staff back to a new normal, they are seeking feedback from the industry on what has worked well with off-site exams and what has not. Responses to the survey have already been received from half of the industry.

The Commissioner announced that Senior Review Examiner Janeen Hughes is currently in her second year of the Graduate School of Banking at LSU. This week is the wrap-up week for her second year. Because last year was cancelled, she will be completing the program next year.

The Commissioner discussed the pandemic operational posture. The Banking Division remains in Phase 2C which means that all staff are working in the office but on-site examinations are not being conducted unless absolutely necessary. The Banking Division aligns their policy with the updated DHEC and CDC guidelines that all fully-vaccinated individuals may resume normal activities without a mask or social distancing.

The Commissioner reported that Ebee Johnson has been promoted to Associate Examiner position. She was hired during the pandemic which presents challenges with onboarding and training, but she has performed well. The Commissioner explained the Banking Division career path in place with the new Board members.

The Commissioner announced that Examiner III Aaron Fleming has been asked to lead the Internal Risk ID Committee.

The Commissioner announced that their Employee Appreciation Day will be Monday, June 7th.

The Commissioner reported on an action taken under delegated authority. He approved the relocation of the Charleston branch of GrandSouth Bank, Greenville, South Carolina.

Chairman Pro Tempore, Donald Pennington congratulated Commissioner Green on behalf of the Board for his appointment to the CSBS Board of Directors and various Committee appointments.

Executive Session

The Board voted unanimously to adjourn into Executive Session.

Deputy General Counsel Bill Condon stated the reasons the Board entered Executive Session: to receive a briefing on unlicensed consumer finance activity, to review a request to convert a bank charter to South Carolina, to review bank mergers, to review a request to pay a cash dividend, to discuss personal information about a regulated entity, and to receive legal advice.

The Board voted unanimously to end Executive Session.

Actions following Executive Session

On motion of Mr. Walters and duly seconded by Mr. Wicker, the Board voted to grant the Commissioner of Consumer Finance the authority to negotiate and enter into a settlement agreement with the entity that appears to have been engaged in unlicensed check-cashing activity as discussed in executive session.

On motion of Mr. Strickland and duly seconded by Mr. Wicker, the Board voted to approve the request of United Community Bank, Blairsville, Georgia, to convert from a Georgia State-chartered bank to a South Carolina State-chartered bank to be named United Community Bank, to designate the office at 306 East North Street, Greenville, as the Main Office, and to exercise full trust powers, subject to the conditions provided by the Commissioner. The corporate headquarters will be located at 2 West Washington Street, Suite 700, Greenville.

On motion of Mr. Wicker and duly seconded by Mr. Strickland, the Board voted to approve the request of CoastalSouth Bancshares, Inc., Hilton Head Island, South Carolina, a South Carolina bank holding company, to merge with Cornerstone Bancshares, Inc., Atlanta, Georgia, a Georgia savings and loan holding company, and thereby acquire its wholly-owned subsidiary, Cornerstone Bank, Atlanta, Georgia subject to conditions provided by the Commissioner.

On motion of Mr. Strickland and duly seconded by Mr. Wicker, the Board voted to approve the request of Coastal States Bank, Hilton Head Island, South Carolina, to merge with Cornerstone Bank, Atlanta, Georgia, and operate the three offices of Cornerstone Bank as branches of Coastal States Bank subject to the conditions provided by the Commissioner.

On motion of Mr. Wicker and duly seconded by Mr. Strickland, the Board voted to approve the request of Farmers and Merchants Bank of South Carolina, Holly Hill, South Carolina, to pay a cash dividend in the amount requested by the bank.

The next board meeting is scheduled for Wednesday, August 4, 2021.

There being no objection, the Board meeting adjourned at 11:03 AM.