



SOUTH CAROLINA
STATE BOARD OF FINANCIAL INSTITUTIONS

Policy and Planning Committee
MINUTES
Wednesday, March 24, 2021
Via WebEx
Columbia, South Carolina

The Policy and Planning Committee of the State Board of Financial Institutions met on March 24, 2021.

Members present (via Webex): Messrs. Strickland (Chairman) and Walters.

Staff present (via Webex):

Commissioner Ron Bodvake, Commissioner Rick Green, Deputy Commissioner Quinton Creed, Deputy State Treasurer Cynthia Dannels, STO HR Manager Lisa O’Sullivan, Deputy General Counsel Bill Condon, Deputy General Counsel Shawn Eubanks, STO Financial Analyst Cameron Larkin and Board Administrator Alicia Sharpe.

The Agenda for this meeting was approved by General Consent.

The September 2, 2020 Minutes of the Policy and Planning Committee were approved by General Consent.

There were no member **recusal or conflict of interests** disclosed or identified.

Commissioner Ron Bodvake provided the Committee with an update on the Consumer Finance division.

The division has 2 employees graduating from the state’s Certified Public Manager (CPM) program. Five division staff have completed the program so far.

An investigation position has been created and filled. Currently, the division is investigating companies that have not transitioned to NMLS. We are gathering information on other companies for possible unlicensed activity.

The Licensing Department has been expanded as 2 new licensing specialists were hired this year. Policies and processes are also being reviewed for streamlining and added efficiencies.

The division has been working on a database project for the past 4 months and an examination team has been planned and created for all licensing types. This is currently in the beta testing phase and eliminates the need for the current web-based database. The new database allows the division to organize and track consumer finance, supervised, deferred presentment, check cashing and mortgage examinations.

One of the strategic projects outlined in the Commissioners EPMS document is *Key Man Risk*. The division has invested in reviewing existing policies and procedures for accuracy as well as cross training program managers. The licensing team has been cross trained, processing consumer and mortgage applications and vice versa. The examination team has been cross trained to examine mortgage and consumer licensees. This improves the division's flexibility.

The division has several paper-based transactions. The Electronic Examination Project has streamlined operations to a more consistent, electronic format and is one of the division's most significant projects this year.

Dan Walters stated his appreciation for the effort from the division and the Commissioner's interaction with those he supervises. He asked about the number of companies that have failed to transition to NMLS. The Commissioner stated that there is a small number still being tracked. The division's Investigator has gone back and continued to work on these. As expected, these are generally the check cashiers and one deferred presentment company. There are some issues with the language barrier and technology of some check cashing companies.

Mr. Walters asked if the division attempts to exam all licensees annually. Commissioner Bodvake stated that an annual examination is the goal but that the division is currently examining every year and a half. Deputy Commissioner Quinton Creed confirmed the rate but predicted that there will be fewer months between the examinations soon. Mr. Walters mentioned that the state of Tennessee has a unique examination schedule directly tied to the results of the exam to determine when the next review. The schedule is based on risk and the number of exceptions in the exam. He stated that his organization has adopted these practices in their own internal auditing processes. Commissioner Bodvake stated the division currently assigns exam ratings and that those with repeat violations and low ratings (4 or 5) are examined sooner.

Commissioner Rick Green provided the Committee with an update on the Banking Division.

Commissioner Green has been invited to fill the Chairman seat of the standing CSBS State Supervisory Processes Committee where he recently served as Vice Chairman. This offer is an indication of the division's continued participation with CSBS on a national level. As the Chairman of the State Supervisory Processes Committee, this seat comes along with a seat on the Inter-Agency Processes Committee and Board of Directors of CSBS. These seats give BOFI the opportunity to represent South Carolina, to have influence on national policy discussion and to lead on a national level.

The Commissioner reminded the Committee of previous discussions regarding state charter conversion strategy and said that the work continues internally. The division has worked with the trade association on legislation. As a result, a large Georgia state bank has announced moving their headquarters to SC, dependent upon the House LCI Committee approving the legislative pathway. There has also been interest from another state's state-chartered institution regarding following the same pathway.

Mr. Strickland and Mr. Walters both congratulated Commissioner Green on his Chairmanship and Board appointments. Mr. Walters asked about the referenced bill in the LCI Committee. Commissioner Green stated that its Senate Bill 467.

Commissioner Green reviewed the **Delegation of certain Board powers to the Commissioner of Banking** and referenced the Board Governance Manual amendments handout. Senate Bill 467 includes language regarding Board delegation and requiring Board approval of certain transactions. Some of these are normally approved by the Commissioner. This revision to the manual is proactive and is intended to reduce wait time when the state charters are ready to transition. There has also been delegated authorities in the past. Some decisions need to be expedited and not delayed by a pending Board meeting. Developing an expedited approval process is also one of the CSBS accreditation recommendations. The Chairman has reviewed and consented to these revisions.

On motion of Mr. Walters, duly seconded by Mr. Strickland and unanimously carried, the Committee voted to recommend to the Board that the Board delegate these powers to the Commissioner of Banking, as reflected in the document provided by the Commissioner, and modify the Board's governance manual to reflect those delegations.

Executive Session

The Committee voted unanimously to adjourn into Executive Session.

Deputy General Counsel Bill Condon stated the reasons the Board entered Executive Session: to discuss succession plans, to discuss findings of a review regarding employment, compensation, promotion and retention related to specific agency employees, as well as the entire agency, and to receive legal advice as needed.

The Board voted unanimously to end Executive Session.

Announcements

The next committee meeting is scheduled for Wednesday, May 5, 2021.

There being no further business, the meeting was adjourned by acclamation at 3:50 PM.