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State Treasurer



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CHARLES H. STUART | *Mount Pleasant*
BILLY D. BYRD, II | *Hartsville*

SOUTH CAROLINA
STATE BOARD OF FINANCIAL INSTITUTIONS

MINUTES

Wednesday, November 4, 2020

10:00 AM

**1200 Senate Street, Wade Hampton Office Building
Treasurer's Conference Room
Columbia, South Carolina
& via Webex and Bridge Virtual Conference Rooms**

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 4th day of November 2020, with Chairman Loftis presiding.

Members present: Messrs. Conley, Pennington, Strickland, Walters, Wright, Wicker, Ham, Windley, and Stuart.

Mr. Byrd could not attend today's meeting.

Staff present:

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

Banking Division: Commissioner Rick Green.

State Treasurer's Office: Deputy General Counsel Bill Condon, Deputy General Counsel Shawn Eubanks, Finance Analyst Cameron Larkin, HR Manager Lisa O'Sullivan and Board Administrator Alicia Sharpe.

The Agenda for this meeting was approved by General Consent.

The October 7, 2020 Board Meeting Minutes were approved by General Consent.

Board Member Recusal or Conflicts of Interest

No conflicts of interest were identified.

The **Policy & Planning Committee update** was provided by Committee Chairman Justin Strickland. The Committee received updates from the Commissioners on Electronic Examinations, Electronic Checklist, the Agency Head Salary Commission "Hay Study" and State Charters vs. Federal Charters. The Committee also voted to approve the Committee's 2021 Meeting Schedule.

The **Budget & Operations Committee update** was provided by Committee Chairman Don Pennington. The Committee received updates from the Commissioners on the Detailed Expense Analysis and IT Updates. Commissioner Bodvake also provided a report on personnel changes and Commissioner Green provided a Pandemic Operating Posture update. Lastly, the Committee approved its 2021 meeting schedule.

Consumer Finance Commissioner, Ron Bodvake provided the Board with an update on the following:

Personnel Update: Interviews for the Mortgage Licensing Specialist position are being conducted this week and next. The American Conference of Uniform Consumer Credit Code States (ACUCCS) virtual conference was attended in October.

An Organizational Health Check is being conducted at the direction of the Board as indicated on the last Commissioner performance evaluation. The purpose is to look at communication, structures and general business processes. Interviews are being conducted with all staff this week and next.

Check Cashing Investigations: Quentin Creed, Deputy Commissioner, provided the Attorney General with a list of money servicers. He is also working with Richland County to get a list of businesses.

NMLS Transition/ Renewals: All applications are in an approved status. Outstanding requirements must be cleared prior to the Nov. 1 renewal period.

The Board was also provided with a copy of monthly statistics and the approved consumer licensees report.

Commissioner of Banking, Rick Green provided the Board with an update on the following items:

Cyber Security Emergency Preparedness: A ransomware self-assessment tool was completed October 15th with tabletop exercises being conducted November 2nd. The division completed the SLED – Critical Infrastructure Cybersecurity Program – October 20th which includes the Cyber Liaison Officer Program completed by the IT Manager.

The virtual **CSBS District III meeting** was held October 21-22nd, making it possible for 5 staff from our team to participate. Topics discussed were the challenges and benefits of offsite supervision; pandemic impact/agency continuity; and anticipated future challenges with examinations of banks.

CDM Corporation and Guardian Fiduciary Services: There was limited discussion in open session, because of ongoing litigation, related to the unauthorized trust business. A formal demand letter was issued October 7 and the companies failed to comply with the schedule set forth in the letter. A Summons and Complaint was filed with Georgetown County Court of Common Pleas on October 26. The STO Legal team provided input for an article in the SC Bar's SC Lawyer Magazine and will present on this topic at the SC Association of Probate Judges on November 20.

Scott Conley asked about topics discussed at the Policy and Planning Committee meeting regarding the state and federal charters report. Commissioner Green explained the breakdown of the banking and credit union industry in SC and that there was a discussion of strategy on how to address the differences and attract more charters into the state. Also discussed was the development of a marketing strategy, ensuring institutions know we are here, making it easy for conversions and the legislative action requirement of changes. Conley encouraged discussion with the trade groups to see how they can help. He also requested a high level of the disadvantages currently identified of the state charters. Commissioner Green explained that there has been discussion of strategy with the Credit Union league and a presentation outlining the difference in state and federal charters. The strategy will take time.

Executive Session

The Board voted unanimously to enter into executive session.

Deputy General Counsel Shawn Eubanks stated the reasons the Board entered executive session: to review a bank request to pay a cash dividend, to receive legal advice regarding the execution of a consent order, and to receive other legal advice as needed.

The Board voted unanimously to end Executive Session.

Actions on Items Discussed in Executive Session

On motion of Mr. Windley, duly seconded by Mr. Pennington, the Board voted to unanimously approve the Request of Farmers and Merchants Bank of South Carolina, Holly Hill, South Carolina, for approval to pay a cash dividend in the amount requested by the bank.

On motion of Mr. Stuart, duly seconded by Mr. Wright, the Board voted to unanimously approve the Chairman's execution of the Nationstar Settlement Request on behalf of the Board of Financial Institutions.

Announcements

The next board meeting is scheduled for Wednesday, December 2, 2020.

There being no objection, the meeting adjourned at 10:40 AM.