



OSBD

FAST FACTS

Volume 1, Number 3

April, 2009

Gov. Henry Signs First Substantive Bill of the 2009 Legislative Session

Gov. Brad Henry signed the first substantive bill of the legislative session – HB 1618 – on Tuesday, March 31.

The bill, by Rep. Daniel Sullivan, R-Tulsa, and Sen. Clark Jolley, R-Edmond, specifies the new address of the Oklahoma Banking Department. The bill requires those not having authority to operate a bank to install and operate consumer banking electronic facilities only after filing a registration statement with the Department under rules established by the Banking Board.

The bill also requires organizations subject to the Cemetery Merchandise Trust Act to apply for approval from the Banking Commissioner before transferring a cemetery and its obligations under prepaid cemetery merchandise contracts. The bill requires organizations with prepaid cemetery merchandise contracts to set aside 65 percent of payments in a trust or maintain a surety bond for the full amount prior to selling the services of opening or closing a burial space.

The bill passed the House March 3 by a vote of 95 to 2 and passed the Senate 44 to 1 on March 24. – *story by Shawn Ashley, eCapitol News*

Banking Department Celebrates Open House and Dedication

Commissioner Mick Thompson and the staff of the Oklahoma State Banking Department were proud to host an Open House and Statue Dedication on April 8, 2009, at our new office building at 2900 North Lincoln Boulevard.

The new office structure was dedicated by Oklahoma's Lieutenant Governor Jari Askins as the first completed building of Oklahoma's Lincoln Boulevard

Renaissance Project, a project begun in 1998 and designed to relocate some state agencies to less-costly state-owned facilities near the Capitol.

An original sculpture created by Seminole Chief Enoch Kelly Haney, creator of

the Capitol's "Guardian" sculpture, was also unveiled during the Open House event. The sculpture is entitled "Circle of Life" and is designed to resemble an Indian head nickel.

The Open House and Dedication ceremonies were attended by 350+ legislators, state officers, bank representatives, credit union representatives, out-of-state guests, friends, and family members.

Thank you to all of you who joined us to celebrate this special occasion in our state's history.



Former Banking Board Member Cheri Cartwright

The State Banking Department staff was saddened to learn of the recent death of Cheri Cartwright. Ms. Cartwright, of Norman, Oklahoma, served on the State Banking Board from May 2003 through May 2006.

Ms. Cartwright was the long-time executive director of the Sarkeys Foundation in Norman. She passed away at the age of 62 following a lengthy illness.



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Sr. Examiner Blair Completes Money Transmitter School

Senior Examiner Kurt Blair recently attended a money transmitter (MT) school held in San Francisco, California, by the Money Transmitter Regulators Association.

The school encompassed many of the basics of examining an MT organization. Primary areas of focus in an MT examination include financial analysis to ensure the organization meets the minimum requirements of the licensing State; anti-money laundering (AML) risk assessment; effectiveness of policies, procedures, and internal controls; reporting to management; and the evaluation of operational risks.

Generally each state requires a licensed MT to sustain a minimum level of capital in order to receive and maintain its licensing status. This level should be verified during a regular examination.

The AML risk assessment is a significant area of

review and should include all major business lines and products. The assessment will take into account the organization's size, location, market, and services – including new services or products – to identify high-risk areas.

An Internal Control program should be developed to provide procedures in the preparation of regular reports to management. A Compliance Officer should be identified and responsibilities delegated to the various employees. It should also provide for, to the extent possible, the segregation of responsibilities in the process of completing the various MT transactions.

The examination of money transmitters has many similar elements used in the examination of banks. The significant differences are reflected in the balance sheet structure of each and the differences in the primary source of earnings by the respective organizations.

2009 Banker Outreach Program

Senior Examiners Daryl Jones and Doyle Jones and Regional Examiner Paul Qualls attended the 2009 FDIC Bankers Outreach Program sponsored by the OBA at the Reed Center in Midwest City.

The program had three breakout sessions with three topics of interest per session; some were presented twice to accommodate crowd size.

The topics were enlightening and contemporary for today's bankers. They ranged from Fraud, Fair Lending, Commercial Real Estate, Interest Rate Risk, and Bank Secrecy Act.

Following a presentation given by an FDIC economist during the working lunch, Regional Examiner

Qualls presented closing remarks, reminding bankers that nobody knows how long the current financial and economic situation will last or how bad it will become. The State Banking Department is doing all it can to support its state-chartered banks.

Senior Examiners Attend CSBS Trust Forum

Attending the CSBS Trust Forum in San Diego, California, this year were Senior Examiners Wayne Arbuthnot, Rick Nelson, and Donna Shaw.

Topics discussed by trust examiners during the forum included current fiduciary issues in trust departments and trust companies. They included ERISA updates, Regulatory Reform, account documentation in

fiduciary activities, and a review of fiduciary case law.

OSBD examiners attending the Forum are Cannon Financial Institute Certified Fiduciary & Investment Risk Specialists.

Qualls Speaks at OBA Commercial Lending School

Regional Examiner Paul Qualls recently had the opportunity to speak at the OBA's Commercial Lending School at the Stillwater Campus.

Qualls used the opportunity to address issues that are of concern within the lending community and to explain the Banking Department's stance regarding risk management. The session concluded with a lengthy and informative Q&A session.



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Commissioner and Staff “Fly-In” to Washington, D.C.

Commissioner Thompson and four OSBD staff members attended the CSBS Annual Washington D.C. Fly-In in March. The Fly-In provides an excellent opportunity for state banking regulators to meet with congressional and regulatory leaders.

This year’s agenda included a panel discussion with FDIC Senior Supervision staff; a meeting with FDIC Chairman Sheila Bair; presentations by Kenneth Zimmerman and William Apgar from Housing and Urban Development and Paul Volcker, Chairman of the Economic Recovery Advisory Board; a meeting with Federal Reserve Vice Chairman Donald Kohn; and a briefing from Richard Neiman, New York Superintendent of Banks and member of the Troubled Assets Relief Program Congressional Oversight Panel—and that was just Monday.

Tuesday morning, House Financial Services Committee Chairman Barney Frank and Committee Ranking Member Spencer Bachus briefed the CSBS delegates on legislation pending in the House. Delegates then met on the Senate side of Capitol Hill for a Senate Legislative Overview from key Senate Banking Committee staff. The afternoon allowed time to meet with Congressional representatives to discuss CSBS positions on issues of importance to the dual banking system.

Wilson Completes Resident Portion of CSBS Certified Operations Examiner School

Examiner Mo Wilson attended the resident session of the CSBS Certified Operations Examiner School in San Diego, CA. The resident portion of the 9-month program is an introduction to the Operations aspect of a bank exam. Class topics studied were balance sheet detail and analysis, investments, earnings, capital, and interest rate risk.

The class offered a look into the bank/customer relationship with the Interactive Market Simulation and used the Bond Sim Game to demonstrate how securities can help with meeting liquidity needs.

Wilson said the overview of the tasks and objectives of being a Detail Examiner covered by the class allowed him to develop a better understanding of what to look for during the exam process by providing an excellent look at how various aspects of an exam relate to each other.

Regional Examiner Qualls Attends CSBS Workshop

As the credit curricula lead instructor for CSBS, Regional Examiner Paul Qualls recently attended a credit curriculum workshop hosted by CSBS in San Diego, California. The purpose of the workshop was to review the core credit course offered by CSBS to ensure that it reflects the tenor of today’s unsettled financial markets.

The three day workshop was successful in identifying those components of the course that needed special emphasis in light of changing credit markets and underscoring the common tenets of risk management for bank examiners to consider in evaluating credit quality, including the identification, measurement, monitoring, and controlling of credit risk throughout the life of a loan.

NCUA/NASCUS National Regulators Meeting

Credit Union Senior Examiner Terry Slagle attended the 2009 NCUA / NASCUS National Regulators Meeting in Chicago, Illinois.

Slagle said the discussion was lively and frequently focused on the National Credit Union Association’s recent actions to address liquidity issues within the Corporate Credit Union network.

State regulators within Region IV met with Regional Office management to discuss state-by-state concerns, including budgetary restrictions, liquidity, specialized lending, and financial performance of credit unions within the region. In addition, representatives from each state had the opportunity to make comments regarding how these issues were affecting their examination program.

Additional topics discussed during the meeting included Credit Union financial trends, policy review, compliance changes and challenges, and examination issues and priorities.