

**MINUTES OF REGULAR MEETING  
COMMISSION ON CONSUMER CREDIT  
March 13, 2013**

The regular monthly meeting of the Commission on Consumer Credit was held at 10:00 a.m. at the Department of Consumer Credit Conference Room, 3613 N.W. 56th Street, Suite 240, Oklahoma City, Oklahoma 73112. The Notice and Agenda for the meeting was posted at the Department's office, outside the main public entrance of the 3 Corporate Plaza office building and on the Department's Internet website on March 8, 2013.

I. Call to Order.

Chairman Bob Moses called the meeting to order at 10:00 a.m.

II. Roll Call.

PRESENT: Chairman Bob Moses; Vice-Chairman Cass Fahler; Suzy Casper; Rick Harper; James Lee; Odell Roland; Spencer Stanley; and Joe Wilbanks.

ABSENT: Armando Rosell and Mick Thompson

Chairman Moses announced that a quorum was present.

STAFF: Scott Leshner, Administrator; Roy John Martin, General Counsel; Ruben Tornini, Deputy Administrator; Lindsie Lundy, Administrative Programs Officer; Treasure Tytenicz, Executive Secretary and Commission Secretary; Vanessa Todd, Senior Consumer Credit Examiner; Mary Keel, Senior Consumer Credit Examiner; Drew S'Renco, Senior Consumer Credit Examiner; Meredith Fazendin, Legal Research Assistant, and Megan Willson, Administrative Assistant II.

GUESTS: John Cooper, Consumer Credit Counseling Services of Central Oklahoma; Eric Johnson, Hudson Cook, LLP.

III. Discussion and possible action regarding the minutes of the regular meeting held February 13, 2013.

Commissioner Harper made a motion to approve the minutes of the regular meeting held February 13, 2013. Commissioner Casper seconded the motion. The motion was unanimously approved.

IV. Public comments. (Limited to three minutes per person).

There were no public comments.

V. Staff announcements and discussion.

There were no staff announcements.

VI. Presentation of the Monthly Budget and Financial Reports. Discussion and possible action regarding the Monthly Budget and Financial Reports.

Laura Swingle, from the Office of Management and Enterprise Services (OMES), was unable to attend and present this month, so Administrator Scott Leshar presented the February 2013 budget and financial reports on her behalf.

Commissioner Casper made a motion to approve the February 2013 budget and financial reports. Vice-Chairman Fahler seconded the motion. The motion was unanimously approved.

VII. Presentation and discussion regarding the specific entities regulated by the Department of Consumer Credit:

A. Pawnbrokers by Drew S'Renco, Senior Consumer Credit Examiner;

B. Rental purchase dealers by Mary Keel, Senior Consumer Credit Examiner;

C. Deferred deposit lenders by Vanessa Todd, Senior Consumer Credit Examiner.

Drew S'Renco, Senior Consumer Credit Examiner, presented information to the Commission regarding Pawnbrokers. Mary Keel, Senior Consumer Credit Examiner, presented information to the Commission regarding Rental Purchase Dealers. Vanessa Todd, Senior Consumer Credit Examiner, presented information to the Commission regarding Deferred Deposit Lenders.

Chairman Moses thanked and complemented the staff for doing such an outstanding job in presenting their areas of expertise to the Commission.

VIII. Presentation and discussion of consumer credit counseling programs for deferred deposit loans by Consumer Credit Counseling Service of Central Oklahoma, Inc. (CCCS).

Mr. John Cooper presented and stated that CCCS has seen a 5% increase in serving low to moderate income individuals. Most of those individuals are young people who are paying back student loans and/or starting families and the elderly. 25% of clients served have taken out a deferred deposit loan. One key issue affecting CCCS clients is that typically they have jobs but no health insurance, so they often have large medical expenses on top of the additional debt they owe. Mr. Cooper expressed that internet loans are a large factor behind client debt and that these types of loans are typically from out of state companies and are not regulated. He emphasized that within the past two years, CCCS has partnered with other United Way agencies to try and meet the vast needs for each client who comes to them.

IX. Discussion and possible action regarding the adoption of the following proposed permanent rules:

Title 160, Chapter 3, Procedure  
160:3-1-4, Requirements for individual proceedings [AMENDED]  
Title 160, Chapter 45, Truth in Lending Rules

Subchapter 1, General Provisions  
160:45-1-2, Definitions and rules of construction [AMENDED];

160:45-1-3, Exempt transactions [AMENDED]  
Subchapter5, Closed-End Credit  
160:45-5-1, General disclosure requirements [AMENDED]  
160:45-5-3, Certain mortgage and variable rate transactions [AMENDED];  
160:45-5-9, Mortgage transfer disclosures [NEW]

General Counsel Roy John Martin informed the Commission about the proposed rules for adoption, which involve procedural requirements regarding Administrative Hearings held at the Department and the Department's Truth in Lending rules.

The proposed procedural requirements for Administrative Hearings require the Administrator to issue a final agency order after a reasonable period of time once he has reviewed the administrative record and the hearing examiner's proposed order in a particular case. The proposed rules also require the Administrator to issue a final agency order if an individual proceeding has not been resolved pursuant to the consent order. Lastly, the proposed rules require the Administrator to schedule an administrative hearing within twenty days after an emergency order is served.

The Department's Truth in Lending rules incorporate recent changes made to federal regulation Z and also incorporate the enhanced mortgage disclosure provisions that were enacted in the Uniform Consumer Credit Code, effective as of July 1, 2012.

The notices of Rulemaking Intent were published in the February 1 Oklahoma Register, the written comment period was from February 1 through March 6 and a public hearing was held on March 6. There were no public comments at the hearing and no written comments were received via mail or email.

Once the proposed rules are approved, they will be submitted to the governor and the legislature for approval, although the legislature does not have to formally approve them because there is no fee increase included in the proposed rules.

Commissioner Stanley made a motion to adopt the proposed permanent rules. Commissioner Lee seconded the motion. The motion was unanimously approved.

- X. Presentation and discussion regarding the implementation of a mortgage examination, mortgage examination accreditation and mortgage examiner certifications.

Administrator Scott Leshar informed the Commission that Melinda Kinard, with the Conference of State Bank Supervisors (CSBS), visited the Department last month to conduct a preliminary visit before the regular on-site evaluation occurs.

Administrator Leshar then turned the presentation over to Deputy Administrator Ruben Tornini, who explained to the Commission that the primary purpose of her visit was to serve as a resource to the Department for clarification regarding the Self Evaluation Questionnaire (SEQ), a 47 page document that the Department must complete. The Department completed the SEQ in September of 2012 and it was a few points short of meeting CSBS standards, primarily due to a current lack of legislative authority. During the second half of her visit, Ms. Kinard conducted mock interviews with key staff to discuss licensing, examinations, legal, and legislative issues. Deputy Administrator

Tornini said based upon Ms. Kindard's visit, the Department plans to resubmit the SEQ within a few months and anticipates an official on site visit from the CSBS to take place this fall.

Commissioner Fahler added that accreditation is an extensive process and stated there are only approximately 10 other states that have regulatory agencies that have been accredited by the CSBS. Commissioner Fahler also thanked the Commission for the approval for him to attend the CSBS conference last month.

XI. Legislation report. Discussion and possible action regarding legislation report.

Legislative Liaison Greg Piatt reported to the Commission that HB 1828, the SAFE Act, and HB 1829, the Uniform Consumer Credit Code bill, passed out of the House of Representatives with only one opposition vote between the two bills. SB 107, the Precious Metals bill, also passed in the Senate with only two opposition votes. Mr. Piatt stated that our legislation is designed to keep the Department's examiners front and center, rather than to have federal examiners involved in the industries we regulate.

Commissioner Joe Wilbanks asked why there were opposition votes on SB 107 and Mr. Piatt explained that it was because the bill involved a fee increase.

The bills are in the process of being assigned to committees in the opposite house of origin.

Another bill, HB 1466, which would have allowed the Governor, Speaker of the House, and the Senate President Pro Tempore to have a one time ability to replace any of their appointments to a Board or Commission, failed 40-47 last week in the House.

No action was taken.

XII. Department of Consumer Credit staff reports. Discussion and possible action regarding the following Department of Consumer Credit staff reports:

- A. Licensing Report by Lindsie Lundy, Administrative Programs Officer;
- B. Examination Report by Ruben Tornini, acting Chief Examiner and Other Reports by Ruben Tornini, Deputy Administrator;
- C. Enforcement Report by Roy John Martin, General Counsel;
- D. Other Administrator Reports

Lindsie Lundy delivered the Licensing Report. Ms. Lundy reported that the Department received \$115,000 revenue intake for February 2013. Renewal season is almost over and licensing is focusing on processing new applications and licenses. There were 157 new licenses processed in February.

Ruben Tornini, acting Chief Examiner, delivered the Examination Report. Mr. Tornini reported that there were 240 examinations conducted by the Department in January. Of those 240 examinations, 205 of them were mortgage exams. As Deputy Administrator, Mr. Tornini reported that the Complaint Report has been cleaned up and is much easier to read.

Roy John Martin delivered the Enforcement Report. General Counsel Martin informed the Commission that in February there were 31 Notices of Hearing, 3 Emergency Cease and Desist Orders, and 1 Consent Order filed.

Mr. Martin also mentioned that the Senate Banking Committee has begun hearings in Washington, D.C. on the re-appointment of Dr. Richard Cordray as Director of the Consumer Financial Protection Bureau (CFPB). The hearings may be contentious, not because of Dr. Cordray but because Republicans believe that the governing structure of the CFPB needs to be changed.

Scott Leshar delivered other Administrator Reports. Administrator Leshar briefed the Commission on the Cash Estimate Sheet update and stated that the Department is \$100,000 ahead of where we were last fiscal year at this time.

Administrator Leshar also stated that Commissioner Thompson asked him to convey to the Commission that S. 3426, the Stop Abuse and Fraud Electronic Lending Act, which will address internet lenders, is a bill that is favorable to the Department and we should support. The other federal bill the Department was tracking regarding a federal charter for non-depository financial institutions has died, but could possibly come back at a later date. While Commissioner Thompson was in Washington, D.C. he met with Senator Elizabeth Warren from Massachusetts, formerly from Oklahoma, and she is focusing on illegal internet lenders, particularly tribal pay day lenders. Commissioner Thompson also met with Steve Antonakes, the new acting director under Dr. Cordray at the CFBP. Mr. Antonakes will visit Oklahoma in the near future and he will provide a presentation for any Commissioners who would be interested.

Vice-Chairman Fahler made a motion to approve items A-D of the Staff Reports. Commissioner Casper seconded the motion. The motion was unanimously approved.

- XIII. New business (Any matter not known about or which could not have been reasonably foreseen prior to the time of posting the agenda).

There were no new business items for the Commission's consideration.

- XIV. Adjournment.

Chairman Moses adjourned the meeting at 11:04 a.m. without objection.



  
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Bob Moses, Chairman

  
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Treasure Tytenicz, Commission Secretary