

Of Interest In Kentucky

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Newsletter of the Kentucky Department of Financial Institutions

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DFI Reaccreditation Preliminary Results Positive

Preliminary results from DFI's first joint accreditation have been positive in all three areas – bank, credit union, and mortgage. Final results are expected soon.

“One of the department's visions is to, ‘lead in developing and advancing effective financial services regulation in Kentucky,’ and I believe this was recognized by the accreditation teams,” said Charles Vice, DFI Commissioner. “We had not only implemented most of the recommended best practices, we served as the standard bearer in

many of the categories.”

DFI bank and credit union examination areas have been accredited since 1992. Kentucky was the third state mortgage regulator to achieve accreditation when the program began in 2010. This is the first year DFI has undergone three reviews simultaneously.

Going through a joint accreditation process was more efficient for both DFI and the accrediting agencies: the Conference of State Bank Supervisors, American Association of Residential Mortgage

Regulators and National Association of State Credit Union Supervisors. The in-person review team consisted of representatives from all three accrediting agencies, and they were able to collaborate as they reviewed DFI's books, records, processes and other information.

“We are very blessed with a professional staff that wants to see our department succeed and help Kentucky's economy grow through the appropriate regulation of the financial services industry,” Vice said.



More than 110 seniors attended the Senior Scam Jam on Sept. 22.

Events Educate Seniors on Fraud

DFI presented two workshops for senior citizens in 2016. More than 110 seniors from the Barren River region attended the Lucas Scam Jam on Sept. 22, and more than 170 seniors attended the Louisville Scam Jam on Aug. 16. DFI also participated in an AARP tele-town hall that informed 2,052 Louisville-area seniors about fraud.

The Senior Scam Jam teaches seniors to recognize scam tactics and protect themselves from fraud. Since the campaign's start in 2007, DFI has presented at 22 events, reaching nearly 2,000 seniors across Kentucky. DFI organizes these free, public events in conjunction with local and statewide partners. <http://kfi.ky.gov/public/Pages/scam.aspx>.

808 KAR Under Review in Red Tape Reduction

As part of Gov. Bevin's Red Tape Reduction Initiative, DFI is reviewing all regulations in the 808 KAR series that apply to the regulation of financial institutions. DFI is identifying any regulations that should be considered for repeal or amendment.

The Red Tape Reduction Initiative is an effort to make Kentucky a more business-friendly state by eliminating unnecessary, burdensome or duplicative regulations. The process involves reviewing each of the 4,700-plus state administrative regulations and evaluating for purpose, need and intent. www.RedTapeReduction.com.

Credit Union Directors Invited to Forum

The Kentucky Directors College and Executive Forum will take place in Versailles on Feb. 7. This event provides the opportunity for credit union directors and executives to take an in-depth look at issues, trends and the regulatory environment. Along with networking and sharing board experiences, senior credit union staff will hear firsthand about regulators' expectations.

The forum is sponsored by NASCUS, DFI and the Kentucky Credit Union League. Speakers include Charles Vice, Marni Gibson, Hailey Nolan and Brian Dickert of DFI; Wendell Lyons and Laura Parrish of the Kentucky Credit Union League; Brian Knight of NASCUS; and attorney Frank Drake. Attendees can earn CPE credits for this all-day event. <http://nascus.org/education-training/KY%20DC.php>.

Three Members Named to DFI Board

DFI has three new Financial Institutions Board members with terms expiring Oct. 10, 2020. **Kenneth Alan Potish**, sales manager of Alpha Leasing Company, represents citizens at large. **James Michael Rogers**, retired former COO of Hilliard Lyons, represents the securities industry. **Terry Bunnell**, community banker at The Peoples Bank, represents the banking industry.

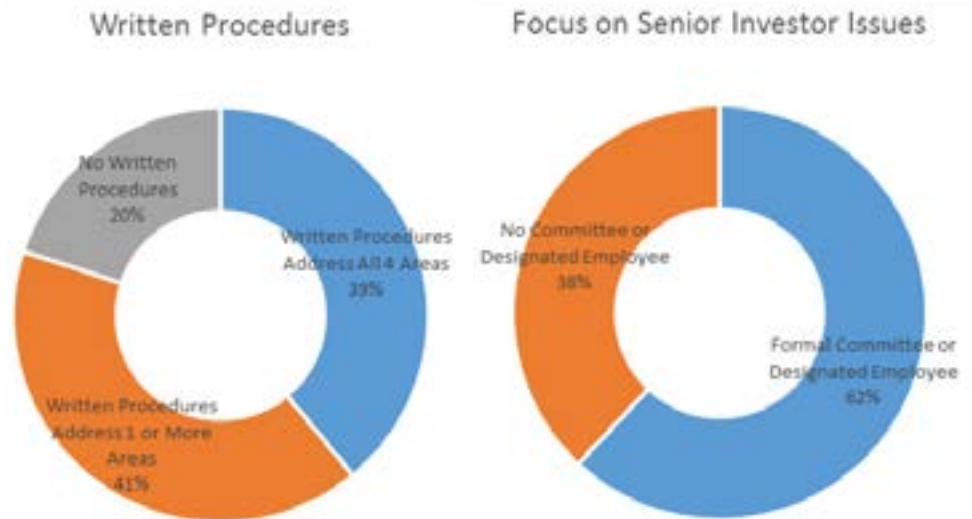
DFI Joins in Coordinated B-D Exam

Kentucky DFI was one of the 20 state securities regulators that participated in a coordinated examination of broker-dealer firms, organized by the North American Securities Administrators Association (NASAA). The initiative, which included 62 exams, reviewed the firms' policies, procedures and training related to senior investors.

The exam focused on whether broker-dealers had implemented written procedures specific to four key issues: the suitability of recommendations to senior investors; communications with seniors; esca-

lation protocols in the case of suspected elder abuse; and escalation practices in response to signs of diminished capacity. The findings, as illustrated in the charts below, show that while improvements have been made in how firms interact with their elderly clients, some firms lack formal written procedures on key areas related to senior investors.

For more detail, visit <http://nasaa.cdn.s3.amazonaws.com/wp-content/uploads/2011/09/2016-BD-Coordinated-Exam-Preliminary-Findings.pdf>.



Changes in Management Team

Brian Raley is now DFI's deputy commissioner. Raley has more than 17 years of service to the Commonwealth and has been a supervisor for 14 years.

Since 1999, Raley has been with DFI. He has served on the CSBS Technology Committee for the past 10 years, and is also a member of InfraGard and DFI's Financial Cybercrime Task Force of Kentucky.

Marni Rock Gibson was ap-

pointed the Depository Division director, overseeing supervision of Kentucky state-chartered banks and credit unions. She brings banking and securities experience and management skills to the role.

Gibson started with DFI's Securities Division in 2009 as an enforcement officer and later became enforcement branch manager. She served six years on the NASAA Investor Education Alerts and Advisories Project Group.