

1
2 COMMONWEALTH OF PENNSYLVANIA
3 HOUSE OF REPRESENTATIVES
4 APPROPRIATIONS COMMITTEE

5 MAIN CAPITOL
6 ROOM 140
7 HARRISBURG, PENNSYLVANIA

8 BUDGET HEARING
9 DEPARTMENT OF BANKING AND SECURITIES

10 MONDAY, MARCH 7, 2016
11 1:37 P.M.

12 BEFORE:

13 HONORABLE WILLIAM F. ADOLPH, JR.,
14 Majority Chairman

15 HONORABLE KAREN BOBACK
16 HONORABLE JIM CHRISTIANA

17 HONORABLE GARY DAY
18 HONORABLE GEORGE DUNBAR

19 HONORABLE GARTH EVERETT
20 HONORABLE KEITH GREINER

21 HONORABLE SETH GROVE
22 HONORABLE SUE HELM

23 HONORABLE WARREN KAMPF
24 HONORABLE FRED KELLER

25 HONORABLE TOM KILLION
HONORABLE JIM MARSHALL

HONORABLE KURT MASSER
HONORABLE DAVID MILLARD

HONORABLE DUANE MILNE
HONORABLE MARK MUSTIO

HONORABLE MIKE PEIFER
HONORABLE JEFFREY PYLE

HONORABLE CURT SONNEY
HONORABLE MIKE VEREK

HONORABLE JOSEPH MARKOSEK, Minority Chairman

HONORABLE LESLIE ACOSTA

HONORABLE MATTHEW BRADFORD

1 BEFORE: (cont'd)

2 HONORABLE TIM BRIGGS
3 HONORABLE DONNA BULLOCK
4 HONORABLE MARY JO DALEY
5 HONORABLE MADELEINE DEAN
6 HONORABLE STEPHEN KINSEY
7 HONORABLE MICHAEL O'BRIEN
8 HONORABLE MARK ROZZI
9 HONORABLE KEVIN SCHREIBER
10 HONORABLE PETER SCHWEYER

11 ALSO PRESENT:

12 HONORABLE CRIS DUSH
13 HONORABLE MATT GABLER
14 HONORABLE ROBERT GODSHALL
15 HONORABLE ADAM HARRIS
16 HONORABLE KRISTIN PHILLIPS HILL
17 HONORABLE DARYL METCALFE
18 HONORABLE SCOTT PETRI
19 HONORABLE TINA PICKETT
20 HONORABLE RICK SACCONI
21 HONORABLE STAN SAYLOR
22 HONORABLE DOM COSTA
23 HONORABLE JARET GIBBONS
24 HONORABLE MARK LONGIETTI
25 HONORABLE EDDIE PASHINSKI

DAVID DONLEY, MAJORITY EXECUTIVE DIRECTOR
RITCHIE LAFAVER, MAJORITY DEPUTY EXECUTIVE DIRECTOR
CURT SCHRODER, MAJORITY CHIEF COUNSEL
MIRIAM FOX, MINORITY EXECUTIVE DIRECTOR
TARA TREES, MINORITY CHIEF COUNSEL

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MAJORITY CHAIRMAN ADOLPH: Thank you.
Good afternoon, everyone.

I'd like to reconvene the House
Appropriations Committee budget hearing for
the fiscal year '16-'17.

Our first testifier is the secretary
of the Department of Banking and Securities.

I'd just ask everyone to take a
second or so and make sure you turn off your
cell phones, iPhones, iPads, whatever you have
electronically. It does interfere with the
telecast. I certainly appreciate that.

And it's certainly a pleasure to
introduce to the committee the secretary,
Robin Wiessmann.

Good afternoon.

SECRETARY WIESSMANN: Good afternoon.

And thank you, Mr. Chairman.

And thank you, Mr. Chairman.

If I could, just on a personal note,
I want to thank you very much for your, I
believe it's, twenty-eight years of service,
Mr. Chairman. And wish you the best going
forward. You're eclipsed a little bit by his

1 tenure but who's counting. Right?

2 I'll start with my statement, if I
3 may.

4 Good afternoon, Chairman Adolph,
5 Chairman Markosek, and members of the
6 committee. Thank you for inviting me here
7 today to discuss the fiscal year 2016-2017
8 appropriation for the Pennsylvania Department
9 of Banking and Securities.

10 My name's Robin L. Wiessmann, and
11 it's an honor to appear before you for the
12 second time to answer your questions about the
13 needs of the department.

14 We are requesting 31.735 million to
15 continue our important work supervising
16 Pennsylvania's state chartered financial
17 institution and licensed financial services
18 companies and professionals. In addition, we
19 continue the work of protecting the public in
20 the sales and purchasing of securities in
21 Pennsylvania, encourage the availability of
22 equity and debt financing, and provide
23 education and outreach support for consumers
24 and investors throughout the commonwealth.

25 Our activities help ensure that

1 Pennsylvania has a government that works and
2 that Pennsylvania is a desired destination for
3 financial services for both businesses and
4 consumers.

5 We have experienced a busy year since
6 I last testified in front of you. We
7 developed and rolled out a three-year
8 strategic plan for the department priorities
9 and goals. The strategic plan focuses on
10 developing a highly skilled workforce,
11 leveraging technology to improve operations,
12 institutionalizing a culture of risk
13 management, and developing an external affairs
14 plan.

15 As part of the external affairs plan,
16 we established a new deputate, the Office of
17 Financial Services for Consumers and Business,
18 which is responsible for consumer, investor,
19 and business outreach. In this new office, we
20 combined our preexisting efforts in the areas
21 of financial education, consumer protection,
22 and business engagement in order to take a
23 more strategic approach towards helping
24 consumers learn how to grow and protect their
25 money, achieve financial independence, and

1 plan for the financial future.

2 We are working on implementing the
3 four cornerstones of Governor Wolf's consumer
4 financial protection initiative, which he
5 announced in November. The initiative focuses
6 on four areas: protecting consumers from
7 out-of-state lenders that violate Pennsylvania
8 laws, helping health care and legal
9 professionals identify and prevent elder
10 financial abuse, helping working adults plan
11 for retirement, and establishing an
12 interagency financial education exchange for
13 consumers, which involves the cooperation and
14 collaboration of more than a dozen of our
15 state government agencies.

16 It is worth noting that this
17 initiative requires no additional funding or
18 additional hiring and no legislation,
19 regulations, or rule making.

20 Cyber security is one of the
21 department's top priorities. In September, we
22 launched a cyber security task force to work
23 towards two primary goals. First, we are
24 educating and informing the companies and
25 professionals we supervise about information

1 security, with a focus on cyber security
2 issues and challenges. Second, we are
3 developing, coordinating, and sharing cyber
4 security and information security practices
5 and issues across the various regulatory
6 disciplines within the department.

7 We are one of the first state
8 financial regulatory agencies in the country
9 to have developed such a comprehensive cyber
10 security initiative.

11 We established the RRRev Up
12 initiative, which focuses on recruitment,
13 retention, and recognition of talent within
14 the department. Through RRRev Up, we have
15 been implementing various programs in order to
16 increase the qualified candidate pools for
17 vacancies, ensuring that the department
18 maintains proper staffing levels to meet
19 regulatory mandates, ensuring that staff
20 receive sufficient technical training in order
21 to develop and maintain expertise in their
22 fields and stay abreast of emerging issues,
23 and developing new recognition programs
24 designed to reward top performers within that
25 organization.

1 At the same time, we are working as a
2 whole to create internal operating
3 efficiencies, to save money and do our work
4 better. We have developed an agency database
5 system to enter, log, and track training
6 requests, expenses by employees, which
7 streamlines the request and approval process.
8 We launched our first online calendar of
9 public events to better engage consumers with
10 our investor education and consumer outreach
11 programs. And we consolidated our mail
12 operations with the Department of General
13 Services.

14 We are still working towards goals
15 involving the department's internal database,
16 the use of electronic payments, and employee
17 training.

18 I want to assure you that Governor
19 Wolf and I are excited about the prospects for
20 the financial services industry in
21 Pennsylvania. They have survived the worst
22 economic downturn of our lifetimes by
23 exercising prudent judgment and living by
24 sound Pennsylvania business principles and
25 practices.

1 My colleagues and I appreciate your
2 vote of confidence implicit in entrusting the
3 department of Banking and Securities to expend
4 31.735 million wisely and efficiently. We
5 work hard every day to deserve your confidence
6 and that of your constituents to be effective
7 administrators of our agency's budget.

8 I'm happy to take any questions you
9 may have.

10 Thank you.

11 MAJORITY CHAIRMAN ADOLPH: Thank you,
12 Madam Secretary.

13 Chairman Markosek.

14 MINORITY CHAIRMAN MARKOSEK: Thank
15 you, Chairman.

16 Madam Secretary, welcome.

17 I just wanted to talk a little bit
18 about one of your new efforts here, the
19 consumer financial protection that I know you
20 and Governor Wolf have started, I think, I
21 guess, late last year, designed to protect
22 people, educate people about their money, help
23 them plan for retirement, all those kinds of
24 things.

25 There is an illegal activity in

1 Pennsylvania, so called pay day loans, and you
2 can't regulate that because it's illegal, I
3 understand that. But does your department
4 oversee any of the investigations or
5 complaints or the, you know, anything relative
6 to that, the enforcement, if you will, of that
7 prohibition and does that fall under your
8 auspices?

9 SECRETARY WIESSMANN: Thank you for
10 the question. I do want to just note that the
11 department has been engaged in consumer
12 protection, a consumer protection effort for
13 almost forty years. But what I have done and
14 most interested has been to reorganize and
15 reinvigorate the effort, with actually very
16 modern technology improvements as well as
17 communications. So, I'm very optimistic about
18 that.

19 As it relates to illegal loans in
20 Pennsylvania, clearly, the first part of the
21 consumer financial protection initiative is to
22 protect consumers against easy money loans.
23 And many of these are marketed to individuals
24 in Pennsylvania over the Internet and other --
25 and through other vehicles. While we do not

1 have specific jurisdiction over them because
2 they are illegal, when they are brought up in
3 the context of illegal activity, we do --
4 number one, we will hear from consumers, we
5 will investigate and look into it, and when
6 necessary, if we think there's inappropriate
7 activity, we will refer it to the attorney
8 general's office, which does have a very
9 specific consumer protection program.

10 Having said that, we also have had
11 enforcement efforts that have resulted in some
12 restitution for some illegal or excessive or
13 consumer abuses in the commonwealth.

14 MINORITY CHAIRMAN MARKOSEK: Okay. I
15 was -- thank you for that.

16 I was looking at your -- from your
17 website, a page that indicates some of the
18 various activities that your office performs.
19 And one of those sort of caught my eye, and I
20 was hoping you could maybe expound on it a
21 little bit more, was investing for military
22 and veterans, and under that is financial
23 field manual for military families.

24 I wasn't aware of that. It sounds
25 like an interesting concept. Can you talk a

1 little bit about that?

2 SECRETARY WIESSMANN: Right. It is
3 something that the department's been doing for
4 a while. What I'm working on with the
5 department is making sure we have a
6 comprehensive forward calendar that is very
7 proactive in terms of delivering various
8 consumer services as it relates to financial
9 products and education and making sure that's
10 distributed statewide.

11 We have partnered -- I think it
12 started initially through the securities part
13 of the department, that, in the interest of
14 investor protection, there were a lot of
15 outreach educational programs. And there are
16 a variety of them. We work with AARP. We
17 try -- we work with schools. We have outreach
18 to schools. And the one you've highlighted
19 which is very important, as we all know, it's
20 very significant, for military veterans and
21 their families. We have worked with them and
22 have done a number of outreach programs for
23 them and support. It's an integral part of our
24 consumer services.

25 We don't provide them with specific

1 financial services per se but we help them
2 navigate what is available either through the
3 government or the private sector.

4 MINORITY CHAIRMAN MARKOSEK: Okay.
5 Thank you. Thank you for that. Good stuff.

6 Keep up the good work and look
7 forward to working with you in the future.

8 SECRETARY WIESSMANN: Thank you.

9 MAJORITY CHAIRMAN ADOLPH: Thank you.

10 As is the custom for Chairman
11 Markosek and I, we always invite the chairmen
12 of the standing House committee. And with us
13 today is Chairman Adam Harris, of the Commerce
14 Committee.

15 Chairman Harris.

16 REPRESENTATIVE HARRIS: Good
17 afternoon.

18 Welcome, Secretary.

19 SECRETARY WIESSMANN: Thank you.

20 REPRESENTATIVE HARRIS: I just want
21 to first say thank you for reaching out to
22 myself and Chairman Thomas. I know we've had
23 a chance to sit down and speak a lot, but we
24 appreciate that outreach and having you here
25 today.

1 I just wanted to touch briefly on --
2 obviously, a few years ago, we merged the
3 Department of Banking with the Securities
4 Commission. And I'm just curious, from your
5 perspective, has that been a good move? Have
6 we lost any services? Or have you been able
7 to pretty much provide everything that was
8 provided before the merger with very little
9 inconvenience?

10 SECRETARY WIESSMANN: Thank you.

11 There's no question in my mind that
12 the merger was an appropriate thing to do and
13 really, in terms of optimizing the services of
14 banking and securities regulator, given the
15 proliferation of so many different financial
16 services and products out there, it was an
17 appropriate, and I would suggest, necessary
18 move in order to -- to regulate properly.

19 Even though there are -- there's so
20 many blurring of lines among different
21 financial services and products, investment
22 banks often, broker dealers often provide
23 services that banks traditionally think of,
24 and so also banks are providing more services
25 that have traditionally been in the investment

1 banking domain.

2 There's no question that it's
3 important for us to be able to see the total
4 spectrum of those -- those different products
5 and entities.

6 Having said that, both the banking
7 industry and the securities industry are very
8 different culturally. The banking industry
9 has a long history of regulation as it relates
10 to safety and soundness and prudential
11 standards. They're very focused on balance
12 sheets and their loan exposures. And the
13 broker-dealer, investment advisory community
14 has been more focused on a transactional basis
15 in terms of their regulation. Most of the
16 regulation for the securities industry has
17 really been borne out of interest for consumer
18 protection and full disclosure.

19 So, they're quite different entities,
20 and I think that created a challenge inside
21 the department. With securities being merged
22 into the banking department, there was not the
23 same organizational structure to maximize both
24 of them.

25 I will say, also, that when it was

1 merged, there were -- there was definitely
2 attrition out of the securities side of the
3 department, as well as some loss of personnel
4 to other regulators. So, it is an area that
5 really, really needs focus and attention in
6 terms of reinvigorating the security services.

7 I have every confidence that we will
8 be doing that successfully. I think it's
9 improving already, but it was a bit of -- it
10 has definitely been a transition.

11 As you know, departments that have
12 been established for a long, long time, and
13 this department actually was initially
14 together and then it was separated at one
15 point, and it's now back together again. It
16 takes some time, but I'm very confident that
17 we will do it effectively.

18 REPRESENTATIVE HARRIS: I think we
19 all will agree we're glad it worked out very
20 well, and we appreciate your leadership on
21 these issues.

22 I was glad to hear you mention
23 preventing elder abuse as well. We have a lot
24 of people come into our offices, but there
25 never is a more sad story than when you hear

1 that person that built that nest egg up their
2 entire life, and someone came in and through
3 unscrupulous manners, you know, got to their
4 dollars.

5 And so, continue to do everything you
6 can to help prevent elder abuse. And I know
7 the banking department has been very proactive
8 in that, and we appreciate that.

9 Thank you.

10 MAJORITY CHAIRMAN ADOLPH: Thank you,
11 Chairman.

12 Representative Bullock.

13 REPRESENTATIVE BULLOCK: Thank you,
14 Chairman.

15 Good afternoon, Secretary. Thank you
16 for being with us this afternoon.

17 SECRETARY WIESSMANN: Thank you.

18 REPRESENTATIVE BULLOCK: I also want
19 to just note that I appreciate the work that
20 your department is doing in the area of payday
21 lending. My Chairman already asked you one of
22 my questions in regard to your efforts. And I
23 really do appreciate all of the efforts that
24 you are undertaking to protect Pennsylvanians
25 from those kind of lenders and easy paid

1 loans, easy money loans.

2 My second set of questioning is in
3 regards to your efforts to recruit and retain
4 qualified candidates for your workforce. I
5 know particularly in your industry, that it's
6 very challenging to keep and recruit
7 individuals who are qualified, as there are
8 definitely other potential opportunities in
9 the private industry as well as federal
10 government with these particular skills.

11 Can you talk a little bit about your
12 RRRev Up program that you've initiated over
13 the last year? In addition to that, not to
14 make your job any harder, what efforts have
15 you integrated to also diversify your
16 workforce?

17 SECRETARY WIESSMANN: Well, I think
18 you stated the challenge very well. Thank
19 you. When I came into the office, I
20 recognized right away that recruiting and
21 retaining qualified personnel is and will
22 always be a challenge.

23 So, I think the first -- the first
24 most important step was actually establishing
25 an initiative and letting the employees --

1 communicating to the employees that: Your
2 work is very important and that you are
3 valued.

4 We have a number of specific things
5 that we're doing in the RRRev Up program,
6 including outreach for more recruiting from
7 schools and going to job fairs and a number of
8 those type of engagements. But we've also
9 worked hard on making sure that employees feel
10 gratified and valued and get the training that
11 they can and the certifications that make them
12 better professionals.

13 I think that retention, I think, has
14 a lot to do with the culture of an
15 organization. And I'm going to be working
16 very hard for them to know how valued their
17 work is.

18 I've also met -- I think the state
19 has a lot of very valuable assets, and I
20 actually recently just met with the state
21 system presidents and said, We want to recruit
22 from your schools. And I think that has
23 initiated a good, practical approach to
24 actually getting employees and interns and
25 other individuals.

1 The ability to retain people, I
2 think, has -- we have limits, as you might
3 expect. We do have salary limits. As
4 employees obtain the qualified -- the really
5 very technical skills that they need to be
6 examiners, which you noted just before, as
7 they become more seasoned and more expert in
8 what they do, they're very valuable to the
9 private sector in banking or financial
10 services institutions or to other regulators.
11 And the federal regulators do pay a lot more
12 than the Pennsylvania pay scale. So, that is
13 a challenge.

14 But I think it's -- I think turnover
15 is a fact of life. I think our department has
16 some more turnover for the reasons I just
17 cited. But I think that government, and
18 particularly this department, provides a
19 really wonderful opportunity for employees to
20 grow in their skill set, and I've noted that
21 many of them do feel very gratified with the
22 work that they're doing.

23 So, we have a number of very specific
24 steps, but as I mentioned, I think it's also
25 getting senior management more engaged in the

1 process, knowing that they have material
2 involvement in our strategic plan going
3 forward. I think there are a lot of steps
4 that we can take internally.

5 As it relates to the diversity of the
6 department, much like the financial services
7 industry, public sector and private sector,
8 the percentages aren't great. We do have
9 reasonable diversity in terms of women and
10 men. Women are almost at parity with men in
11 the department, but it is a predominantly
12 Caucasian department. We have about 3 percent
13 African American and 2 percent Asian in the
14 department.

15 I certainly hope that -- it's always
16 been a priority for me professionally, and I
17 certainly hope that we will, as we are
18 recruiting, that that will be a high priority
19 for us. I'm hopeful at some point we will be
20 recruiting more from the urban areas in the
21 state as well.

22 REPRESENTATIVE BULLOCK: Thank you
23 for sharing.

24 Thank you, Chair.

25 MAJORITY CHAIRMAN ADOLPH: Thank you,

1 Representative.

2 Representative Mike Peifer.

3 REPRESENTATIVE PEIFER: Thank you,
4 Mr. Chairman.

5 Madam Secretary, thank you for being
6 here today.

7 I'd like to talk to you a little
8 about the bank shares tax. The secretary of
9 Revenue was here, I guess, two weeks ago now,
10 talked a little bit about the changing
11 environment for our banks, and the challenges
12 that they face. And, you know, for many
13 years, we never heard much about the bank
14 shares tax. I guess it was a -- kind of a
15 long-term reliable source of revenue to the
16 state. And, again, I never knew much about
17 it.

18 But there's been recent changes, and
19 those changes have come about through federal
20 regulation and changes in the federal
21 government. But we've also seen changes to
22 the tax rate itself.

23 And my concern is this. The tax rate
24 of .89 percent in the 2015-2016 budget was
25 raised to 1.25 percent, approximately a 40

1 percent increase. And not only was that
2 increased, but the federal regulations
3 requiring a higher capital holding at my local
4 banks almost doubled the total tax liability
5 owed by my banks. So, like I said, for many
6 years, that was a constant number. It's
7 somewhat in turmoil.

8 When I asked the secretary of
9 Revenue, since that budget was not passed, you
10 know, where are we on a retroactive basis as
11 far as that percentage rate, because in the
12 '16-'17 budget, the governor's new proposal
13 takes the rate back down to .99 percent.

14 So, my question is, my banks have
15 just paid their 2015 tax. Are they expected
16 to still pay that higher 1.25 percent on a
17 retroactive basis? Do you know?

18 SECRETARY WIESSMANN: You have a
19 number of questions in your question. And I
20 would like to segregate them a bit.

21 First and foremost, I do have to say
22 that the bank shares tax is not under my
23 jurisdiction. And your very last part of your
24 question, whether I know how it will be
25 collected or not collected, is well beyond my

1 purview. I just don't have that information.
2 And I don't know that it would be in my
3 purview to opine about it anyhow. I mean that
4 in good faith. I just -- I don't know what
5 they'll be doing with that.

6 But I do want to address your overall
7 concerns, number one, for the community
8 banking and our banks, as you mentioned. And
9 number two, then the bank shares tax.

10 Community banking, which is healthy,
11 relatively healthy in Pennsylvania, is
12 obviously first and foremost in my interest to
13 make sure we have healthy community banks.
14 During the -- the recession, the great
15 recession, Pennsylvania banks withstood it
16 quite well. They've always, as I mentioned in
17 my opening statement, had very good prudential
18 operating standards. And I think that served
19 them well during the recession.

20 What has happened since that time,
21 though, is the confluence of factors that
22 aren't just -- that are impacting community
23 banks, and they're not just based on the
24 shares tax.

25 Number one is, going through the

1 recession, there was a tightening. There was
2 no -- there was a loss of a lot of banking
3 opportunity. That's been rebuilding in the
4 commonwealth. We, as I mentioned, fared much
5 better during the recession than many other
6 places, had much lower bank closures than
7 many, many other states. But the other thing
8 that's happening is they've been operating in
9 a very low interest rate environment, which
10 has made it more difficult for them to grow
11 organically through revenue growth. So,
12 that's a factor for them.

13 Another thing that's been going on is
14 the whole evolution of financial technology,
15 which is changing banking as we understand it,
16 because of all the other types of products
17 that are being created and the delivery of
18 banking services to consumers.

19 So, that, coupled with -- and the
20 Pennsylvania banks have been pretty well --
21 have been well capitalized, that -- all of
22 those influences have affected the banking
23 community.

24 Having said that, we're still doing
25 well relative to other states in the country.

1 So, I'm very optimistic that as the community
2 banks adapt to the new environment and work on
3 products and service and outreach, that they
4 can be very successful going forward.

5 There's a whole concept of -- of
6 banking, which is really crafting loans when,
7 in a community bank and face-to-face banking,
8 does have the opportunity to personalize their
9 lending far more than a lot of the Internet
10 lending services. So, it's really too early
11 to be -- I think we have to care about it and
12 address it, but it's too soon to, you know, to
13 be overly concerned about their existence.

14 The merger and acquisition arena as
15 well -- and I'm about to talk about bank
16 shares -- but the merger and acquisition arena
17 as well is a national phenomenon. It's based
18 on a lot of efficiencies, the lack of organic
19 growth. That's a national phenomenon. And
20 even though we have -- many of them that have
21 been happening, again, we're, relative to the
22 rest of the country, we have -- we have a lot
23 of banks and a lot of places for consumers to
24 get their business. So, we're in relatively
25 good shape.

1 As it relates to the bank shares --
2 so I just want to put that in context for our
3 banks. As it relates to the bank shares, its
4 long and, as you mentioned, and sordid
5 history, if you will, which is well before my
6 time. I have tried to learn a lot about it
7 and understand what the changes were, but I
8 think the most recent history was that the
9 legislature adopted some changes and -- a few
10 years ago that were supposed to result in a
11 revenue neutral result. And that included a
12 lowering of the rate and then also some
13 changes in terms of the calculation.

14 As it turned out, I think the
15 revenues were far less. And since that time,
16 there has been an interest in obtaining that
17 true revenue neutrality going forward. So,
18 most recently, with the proposed increase, the
19 earlier proposed increase, from last year's
20 budget, there was also, I understand, a change
21 in the allocation on sale, proprietary trading
22 and sales transactions, as well as
23 re-including the good will component. So, I
24 think there's -- I understand there's been a
25 good faith effort to try and make it revenue

1 neutral again.

2 I think the projections from the
3 Office of Financial Information as well as the
4 information that I'm privy to shows that the
5 new proposed rate of .99 will likely result
6 in -- hopefully result in that revenue
7 neutrality that everyone has been interested
8 in achieving.

9 REPRESENTATIVE PEIFER: You know, in
10 your capacity as the secretary of Banking and
11 Securities, if you could just keep that
12 concern, you know, for my small community
13 banks, because literally, as compared to their
14 2011 liability, the 1.25 rate in 2015 would
15 almost double what they would owe to the
16 state. So, I mean, I think that taxation over
17 a four-year period, the doubling of tax is
18 probably -- is not fair and equitable. So, I
19 just wanted to, if you can just keep that
20 concern out there and know that there are some
21 community banks that are suffering with what I
22 would say is not -- they're not revenue
23 neutral and that that rate change did affect
24 them drastically. I would like you to know
25 that.

1 The other piece I'd just like to ask,
2 and you talked about this a little bit, as far
3 as the mid Atlantic states and some of our
4 surrounding states and their banking
5 industries. I represent Pike and Wayne
6 counties in the far northeast. What's
7 happening right across the Delaware River in
8 New York, New Jersey is very important to me.
9 And I'm also concerned, again, looking at some
10 of the tax structures of these states.

11 I mean, does your department look at
12 the competitive nature of Pennsylvania
13 compared to some of these mid Atlantic states?
14 I obviously am concerned about northern New
15 Jersey, but obviously there's other states
16 that surround us. Does your department look
17 at that at all?

18 SECRETARY WIESSMANN: Well, I do have
19 to say, first and foremost, the Department of
20 Banking and Securities is a regulator. Having
21 said that, one of the things that we care
22 about is the health and the vitality and the
23 safety and soundness of our financial
24 institutions. And of course that's impacted
25 by a lot of different factors, including

1 business origination, which is why I would
2 hope, you know, continue to -- to grow.

3 And, of course, it is not our
4 responsibility to look at other -- the states
5 surrounding us, but, of course, we are aware
6 of it and will always be vigilant in terms of
7 thinking about our -- you know, the state's
8 condition and the banks in it.

9 I think as it relates to specific
10 legislation for it, that is beyond our
11 purview.

12 REPRESENTATIVE PEIFER: Just, say,
13 from a competitive nature, and I appreciate
14 what you're saying, and I understand it.
15 You've explained that very well.

16 But do you study that? I'm sure you
17 do because it's part the of environment, I
18 guess you're saying, the banking industry. Do
19 you have any study that you could pass along
20 to us as far as what some of the other states
21 are doing as far as the taxation of banks? I
22 mean, it just seems weird that we're taxing
23 equity again and not income. And, you know, I
24 would just, if you have something in your
25 department that you could give to me, that

1 would be great.

2 SECRETARY WIESSMANN: As you can
3 appreciate, every -- every source of revenue
4 has its pros and cons. So -- and I don't mean
5 that even glibly. I think everything is a
6 very, very technical detailed econometric
7 analysis. So, if I am -- am privy to
8 something that will be helpful for you, I'll
9 be happy to supply you with it.

10 REPRESENTATIVE PEIFER: Great. Thank
11 you.

12 MAJORITY CHAIRMAN ADOLPH: Thank you,
13 Representative.

14 Representative Mike O'Brien.

15 REPRESENTATIVE O'BRIEN: I'm over
16 here in the corner, Madam Secretary.

17 SECRETARY WIESSMANN: I'm sorry. I
18 was looking.

19 REPRESENTATIVE O'BRIEN: Thank you,
20 Mr. Chairman.

21 Welcome, Madam Secretary.

22 Considering I'll be the third member
23 to mention this, obviously, what you have on
24 your website, information has blown a lot of
25 us away. I took a moment to count it, and

1 you're offering twenty-nine things. It's
2 very, very impressive.

3 But I'd like to turn your attention
4 to reverse mortgages, if I can. Certainly we
5 have a lot of folks that come into my district
6 office and have gotten into a reverse mortgage
7 and it hasn't been what they had expected, and
8 they find themselves in some difficult
9 situations.

10 So, my question is a three-part
11 question. And let me just put it out there
12 and let you run with it.

13 Number one, do you folks come out and
14 do informational services on that?

15 Number two, is there any move to
16 tighten the regulations on this?

17 And I'm going to leave it there, just
18 go with those two questions if you would.

19 SECRETARY WIESSMANN: Thank you very
20 much. We are working very hard on our
21 website. We are trying to be as user friendly
22 as possible and use as many vehicles,
23 including social media, to get information out
24 to the public.

25 Our consumer affairs, if you will,

1 most of the questions and inquiries -- or many
2 of them, I should say, do involve mortgages.
3 And I think that reverse mortgages obviously
4 are a part of that.

5 We absolutely include that in all of
6 our consumer outreach, and we will continue to
7 work on that as much as possible.

8 There has not, to my knowledge, been
9 anything that's been suggested or required in
10 terms of outlying reverse mortgages or -- what
11 we are in a position to do in our current
12 capacity is to inform and advise and make sure
13 that they conform to the existing laws.

14 If there's something that you have a
15 lot of interest in, I certainly think it's
16 something that you could pursue.

17 REPRESENTATIVE O'BRIEN: Now, in
18 addition to your print materials and social
19 media and outreach, do you do any face-to-face
20 outreach with folks?

21 SECRETARY WIESSMANN: Yes. That's --
22 we do over three hundred events a year. I
23 think last year we, literally, interacted with
24 tens of thousands of individuals overall. And
25 as I mentioned, a lot of this is through

1 schools, through legislative districts,
2 through specific fairs and specific financial
3 education outreach. We're working to improve
4 that and do more of it. But it is a very,
5 very active part of the department.

6 REPRESENTATIVE O'BRIEN: Thank you,
7 Madam Secretary.

8 Thank you, Mr. Chairman.

9 MAJORITY CHAIRMAN ADOLPH: Thank you,
10 Representative.

11 Representative Gary Day.

12 REPRESENTATIVE DAY: Hi, Madam
13 Secretary. How are you today?

14 SECRETARY WIESSMANN: I'm well. And
15 you?

16 REPRESENTATIVE DAY: Pretty good.

17 I'm curious. Has the department or
18 the administration done any type of assessment
19 on the economic impact of the governor's bank
20 shares tax on local community banks?

21 SECRETARY WIESSMANN: I'm not privy
22 to that information, and it's not in my
23 purview. So, I would presume there has been
24 analysis done, but nothing that I can speak
25 to.

1 REPRESENTATIVE DAY: Can you give a
2 short explanation of why it's not in your
3 purview? Because you said that a couple
4 times.

5 SECRETARY WIESSMANN: Well, because
6 we are -- we are a regulator of the financial
7 services companies in Pennsylvania. We are
8 not a policy maker for them.

9 REPRESENTATIVE DAY: So, do you --
10 you also talk about you care about the effect,
11 you know, the health of the industry of local
12 community banks. So, to me, it seems like
13 there will be impact, and I was just curious.
14 So, you wouldn't study -- you wouldn't study
15 what the impact would be and give advice to
16 the administration?

17 SECRETARY WIESSMANN: Well, it is an
18 element. Remember, we are doing a financial
19 analysis, a very direct financial analysis, of
20 the financial institutions. So, as that
21 impacts, as the market environment and as
22 taxes impact their ability, certainly we would
23 become aware of it. But we wouldn't study it.
24 We're looking to see how they are managing it.

25 REPRESENTATIVE DAY: Thank you very

1 much for that answer. I appreciate it.

2 So, would you agree that there will
3 be a financial aspect and a financial impact
4 on community banks that when this tax -- the
5 governor's proposing to increase the tax, take
6 money away from our community banks and bring
7 it out here to Harrisburg in the form of a
8 tax. So, our community banks will then have
9 less to possibly invest in local charitable
10 organizations or other nonprofits in the
11 community.

12 That's kind of what I am trying to
13 get toward. I'm a little concerned about
14 that. And I'm wondering if you're concerned
15 about that.

16 SECRETARY WIESSMANN: Well, I should
17 that say the bank shares tax has been around
18 for a very long time. And it's -- and,
19 clearly, it's withstood the test of time. I
20 mentioned or I stated before that it's only
21 one of many factors that I think are affecting
22 community banks today.

23 So, I -- I certainly wouldn't say
24 that that was the critical factor for
25 community banks. I think they will have to

1 adapt to the new market environment. I think
2 they'll have to provide more products, and
3 there'll be a lot of -- just like the economy,
4 market forces create economic pendulums and
5 metamorphosis. So, it is happening in a -- in
6 an accelerated pace like we have never seen in
7 financial services. And I think the
8 management of community banks will do their
9 best to make sure they survive and make the
10 best choices for whoever their shareholders
11 are.

12 REPRESENTATIVE DAY: Thank you. And
13 I really appreciate your targeted,
14 to-the-point answers. I really do. It helps
15 us keep the hearing going and questions going.

16 But I'm trying to get toward, do you
17 know how much money that is? You said banks
18 share tax has been around for a while. You
19 don't think the impact is going to be
20 overly -- the single thing that crushes our
21 community banks.

22 Do you know what the total amount is
23 and total increase is?

24 SECRETARY WIESSMANN: I would just
25 suggest that my understanding is that what has

1 been proposed is actually going to bring it
2 back to where it was, which is revenue
3 neutral, that it had dropped off quite a bit.

4 So, again I'm not in a position to
5 recite chapter and verse what those revenues
6 have been over the many years, but I do think
7 there's been a good faith effort on both -- on
8 everyone's part to try and get back to that
9 revenue neutral number.

10 REPRESENTATIVE DAY: Okay. That is a
11 good answer. That is a pretty good answer.

12 SECRETARY WIESSMANN: I think the
13 truth is helpful.

14 REPRESENTATIVE DAY: Madam Secretary,
15 your budget materials talk about that the
16 department suggests that there's a trend
17 between banks switching from federally
18 chartered banks to the state chartered banks.
19 Do you see that continuing? I think there was
20 one in Franklin County last year. Do you see
21 it continuing? And what do you expect for the
22 next year?.

23 SECRETARY WIESSMANN: It's very hard
24 to predict, as you might expect. We have had
25 a number of conversions since 2010. Whether

1 or not that will continue is very hard to say.
2 But one thing I do know is that the state
3 chartered banks, they are of the opinion that
4 the department is effective in its
5 examinations, that it's accessible and
6 available to be responsive to their concerns.
7 And also that we are a very cost-effective
8 option for banks' regulation.

9 And I would hope that, over the long
10 run, that would make more of them satisfied
11 with us.

12 REPRESENTATIVE DAY: Finally, the
13 last question, an open-ended question, give
14 you a chance to tell the committee about some
15 of your initiatives, what kind of initiatives
16 are you supporting to ensure the health and
17 strength of the banking climate in the
18 commonwealth?

19 SECRETARY WIESSMANN: Well, I've said
20 this once before, I may have even remarked
21 about it last year but the one thing I knew
22 very quickly when I came into office was that
23 cyber security was a top, top priority for the
24 department, as well as the RRRev Up program,
25 which has been discussed previously.

1 So, as I mentioned in my opening
2 comments, we're being very proactive about it,
3 one of the first states in the country. We're
4 also partnering with other entities and other
5 regulatory agencies to obtain best practices.

6 The FFIEC, in August, released a
7 self-assessment tool for cyber security
8 readiness. And as you well know, information
9 security, cyber security effectiveness is not
10 about preventing breaches of security. It's
11 being prepared to deal with them when the
12 inevitable happens. So, that's an extremely
13 important priority for us.

14 Another one, which we've already
15 mentioned, is reinvigorating the securities
16 department -- the security deputate's
17 integration into the department and making
18 sure we have ongoing work of the merger in a
19 good place.

20 And I have to absolutely say that the
21 financial protection for consumers in business
22 is an extraordinarily high priority for the
23 department as well.

24 REPRESENTATIVE DAY: Thank you very
25 much for your answers and thanks for being

1 here today.

2 SECRETARY WIESSMANN: Thank you.

3 REPRESENTATIVE DAY: Thank you,

4 Mr. Chairman.

5 MAJORITY CHAIRMAN ADOLPH: Thank you,

6 Representative.

7 Representative Dean.

8 REPRESENTATIVE DEAN: Good afternoon.

9 SECRETARY WIESSMANN: Hi.

10 REPRESENTATIVE DEAN: Welcome, Madam

11 Secretary. Thanks for you information today.

12 I have two quick consumer-driven
13 questions and one kind of larger question.

14 On the consumer side, and I was
15 thinking about community banking and the
16 mergers that have been taking place over and
17 over, and this has affected a particular bank
18 in our area, and so it's affecting a lot of
19 constituents, where a community bank was
20 bought several years ago by a regional bank,
21 and most recently has been bought by a larger
22 multi-state bank. The transition has had its
23 bumps.

24 So, what should consumers know about
25 what your office does in terms of regulating

1 their fair treatment through these mergers?

2 SECRETARY WIESSMANN: Well, you've
3 mentioned two things. Regulating their fair
4 treatment is one issue. Regulating their fair
5 treatment through the mergers, I would say the
6 rules and the guidelines are no different.

7 It's a different -- certainly a
8 different face -- interface between the
9 consumer and the successor bank, if you will,
10 But the rules are still the same. They should
11 reach out to us at 1-800-PABANKS. They should
12 make sure that they're well educated about the
13 availability of funds and whatever other
14 concerns they might have that we are a
15 resource, but it shouldn't be any different
16 than any other time.

17 It may not be frictionless, as you've
18 mentioned, so it might create more instances
19 of -- of the need for more consumer protection
20 based on some incidence or incidences, but I
21 think the response will be the same.

22 REPRESENTATIVE DEAN: Okay.

23 SECRETARY WIESSMANN: And hopefully
24 very effective.

25 REPRESENTATIVE DEAN: That's great.

1 Thank you.

2 On the side of mortgage
3 modifications, what's the state of that today
4 for Pennsylvanians? I know a couple of years
5 ago people were in serious crises, trying to
6 get mortgage modifications, trying to get out
7 of very high interest rate mortgages, and the
8 difficulty and the multi-timed process that
9 you have to put in your application over and
10 over and over again. I seem to hear less
11 about that now, but wondering where we stand.

12 SECRETARY WIESSMANN: Actually, I'm
13 so glad you raised that, because that is
14 probably the fifth item that we are extremely
15 interested in the department, and that is the
16 ability to regulate the servicing of
17 mortgages.

18 Just to go back in time a little bit,
19 during the financial crisis and the recession,
20 there was an enormous number and a
21 preponderance of the concerns that consumers
22 raised with the department all related to
23 mortgages and defaults, foreclosures,
24 modifications. And we could counsel them and
25 direct them places, but we had no authority to

1 do anything about them because we don't -- we
2 manage -- we regulate mortgage originators,
3 nonbank mortgage originators, but not nonbank
4 servicers. And there -- fortunately, for the
5 moment, the concerns have been -- have been
6 declining over a period of time.

7 I was reviewing the numbers on
8 consumer complaints, and whereas I think
9 mortgage servicing would have been the number
10 one for a number of years, we still get them,
11 of course, but a lot of that has been worked
12 through. And we get a lot of concerns about
13 money transmitters, and I think, obviously,
14 some of the abusive easy money loans and that
15 type of thing.

16 But I can't emphasize enough, this is
17 a really important area. If I could suggest
18 to the committee, we would like to obtain
19 mortgage servicing responsibility. We're one
20 of only fifteen states that does not have it.
21 It's considered a best practice from the CSBS
22 mortgage accreditation. We get demerits for
23 not being a mortgage -- responsible for
24 mortgage servicing.

25 The nonbank -- and the growth in

1 nonbank -- many banks are now selling their
2 mortgages. That's been a growth industry.
3 So, the nonbank mortgage services are growing
4 as a percentage of the industry overall. And
5 they're not subject to the same capital and
6 liquidity requirements. So, we think that, if
7 there's one thing you want to do to really
8 protect the consumers, it would be to work on
9 authorization for our department to do
10 mortgage servicing.

11 REPRESENTATIVE DEAN: That's great.

12 My final question is a little more
13 global. We saw last week that S and P is
14 threatening to downgrade our credit rating in
15 Pennsylvania yet again, possibly, if we don't
16 get our house a little more in order by March,
17 is what they said. And the agency cited the
18 state's, quote, failure to pass a budget
19 package for fiscal year 2016 that addresses
20 long-term structural balance, end quote. The
21 article went on to say that Pennsylvania
22 taxpayers have to pay investors a little more
23 than half a percentage point for this
24 decreased -- current decreased credit rating.

25 I'm wondering, from your

1 professional point of view, what you think
2 that means. But also maybe for the ordinary
3 guy, for me, what does that mean for a
4 Pennsylvanian?

5 SECRETARY WIESSMANN: Well, I --
6 traditionally, as an investment banker, I was
7 a credit investment banker, and credit rating
8 to me is very, very, very important. I think
9 much like many other professional
10 characteristics, it's one of the most
11 important measurements, frankly, of the
12 credibility and the -- I think we referred to
13 it as the willingness and ability to pay --
14 pay our debts. So, I think it's critically
15 important.

16 I think it does, in the end, does
17 affect consumers because, as you have cited
18 accurately, it does increase the cost of debt
19 for the commonwealth. And I think it -- if it
20 were to happen, it would impact the
21 commonwealth's forward momentum in terms of
22 its ability to do all of the things it cares
23 to do.

24 So, it's critically important, and it
25 does affect individuals in the sense of the

1 amount of money that is -- has to be directed
2 to debt that could be spent on other purposes.

3 REPRESENTATIVE DEAN: Thank you.

4 Thanks very much for your work.

5 Thanks, Mr. Chairman.

6 SECRETARY WIESSMANN: Thank you.

7 MAJORITY CHAIRMAN ADOLPH: Thanks,
8 Representative.

9 Representative Sue Helm.

10 REPRESENTATIVE HELM: Thanks.

11 And, Secretary Wiessmann, welcome.

12 SECRETARY WIESSMANN: Thank you.

13 REPRESENTATIVE HELM: I'd like to
14 continue the conversation about mortgage
15 industry, considering that for many years I
16 helped people obtain mortgages, even through
17 conventional institutions or private lending.

18 Within your budget materials, you
19 just now stated that Pennsylvania's one of
20 only fifteen states without the ability to
21 regulate nonbank mortgage servicing.
22 Specifically your department will be preparing
23 legislation to amend the mortgage licensing
24 act to require the licensure and regulation of
25 the nonbank mortgage servicing industry, with

1 the intent of providing better protection for
2 borrowers, investors, and other stakeholders.

3 What is your department's intent with
4 bringing this regulation to the state level?
5 And how will the state regulation of this
6 industry assist Pennsylvanians who obtain
7 mortgages through these nonbank mortgage
8 companies?

9 SECRETARY WIESSMANN: On the --
10 obviously, home ownership is a critical
11 component of our economy, and it is also a
12 critical component of every individual's
13 satisfaction with their life.

14 So, I think there's so much focus on
15 obtaining a mortgage and getting into a home,
16 I think that's covered quite well, and there
17 are a lot of federal protections that are now
18 put into place as well as a number of state
19 protections. But the focus on all of the
20 aftermath, if you will, or all of the
21 continued obligation and the actual success of
22 that mortgage over the life of owning the home
23 and the life of the mortgage, is something
24 that just isn't addressed in our state
25 government.

1 So, it will be housed in our -- to
2 the -- if and when we are given the authority
3 to do servicing, it will be housed primarily
4 in our nondepository arena, along with many of
5 the other nondepository financial
6 institutions, but I think the department is
7 already well equipped to deal with much of it
8 because of all of the complaints and all of
9 the consumer servicing that we respond to.

10 And I think it's -- I think it's
11 essential, if we're looking at the entire
12 protection across the life of a mortgage and
13 the consumer, I think it's an essential
14 service.

15 REPRESENTATIVE HELM: So, currently
16 if a private individual wants to be a mortgage
17 lender, they can just do that without any
18 state regulation? That's a question --

19 SECRETARY WIESSMANN: Private
20 individual?

21 REPRESENTATIVE HELM: Yes. I'm
22 asking --

23 SECRETARY WIESSMANN: I'm talking
24 about the servicing of a mortgage after it's
25 been issued.

1 There is some ability for small, you
2 know, purchase money mortgages, you know, that
3 still exists other places, but I don't think
4 it's germane to the servicing point.

5 REPRESENTATIVE HELM: Okay. I'm fine
6 with that.

7 Thank you.

8 SECRETARY WIESSMANN: Okay.

9 MAJORITY CHAIRMAN ADOLPH: Thank you,
10 Representative.

11 Representative Daley.

12 REPRESENTATIVE DALEY: Thank you,
13 Mr. Chairman.

14 And, welcome, Secretary Wiessmann.
15 Good to see you today.

16 So, Act 82 created the institution
17 resolution account to pay costs related to
18 insolvent financial institutions. And your
19 2015-'16 budget requests 2 million dollars for
20 the account.

21 Can you tell us how much is currently
22 in the account and how do you determine the
23 amount to be transferred?

24 SECRETARY WIESSMANN: We have
25 established -- and I expect to revisit the

1 appropriate sizing of the fund -- the
2 institution resolution account. It was
3 established to provide a reserve in the event
4 that there's insolvency of an institution that
5 might not otherwise be covered.

6 I'm a big believer in reserves. I
7 think they're critically important in the
8 event that the expenses we might have to
9 undertake will exceed whatever our
10 appropriations is in a given year. And I
11 think, in order for us to effectively do our
12 job, we need to be sure to -- make sure it's
13 well funded.

14 Right now, it's at about 5 million,
15 and I would hope that it would go up
16 significantly more. I don't think there is a
17 right sizing, per se. But I hope to look at
18 it and make some determination if we can.
19 It's not an absolute science. But I can feel
20 pretty confident that increasing the funding
21 for it is an appropriate thing to do.

22 REPRESENTATIVE DALEY: So, is the
23 reserve just established by annual
24 contributions to it? And --

25 SECRETARY WIESSMANN: Yes. Yes.

1 It's a function of what we think the
2 department can provide to the fund.

3 REPRESENTATIVE DALEY: All right.
4 Good. Well, thank you.

5 I would say I believe in reserves,
6 too. I think they really do provide a safety
7 net in a lot of different areas. So, thank
8 you for your response.

9 SECRETARY WIESSMANN: Thank you.

10 MAJORITY CHAIRMAN ADOLPH: Thank you.
11 Representative Duane Milne.

12 REPRESENTATIVE MILNE: Thank you,
13 Mr. Chairman.

14 Good afternoon, Madam Secretary.

15 I'd like to bring a little bit of
16 federalism into the discussion, since some of
17 the banking regulations, of course, emanate
18 from Washington D.C. and, of course, have a
19 federal dimension to them.

20 Primarily, of course, the front and
21 center piece would be the Dodd-Frank Act,
22 which, of course, is receiving much attention
23 and much discussion. Last year, you had
24 characterized Dodd-Frank as inadvertently
25 impeding some of the banking activities

1 without anybody purposely, of course, meaning
2 it to be the outcome of the legislation.

3 So, I'm wondering if you could
4 provide this year a sense of how you think
5 Dodd-Frank is continuing to evolve, with some
6 specific, I think, focus on our community
7 banks.

8 SECRETARY WIESSMANN: I don't recall
9 exactly what I said last year. I think I was
10 in a position to say I know there was a lot of
11 concern. I don't think I was in a position to
12 really know what the impact was on community
13 banks. I just knew there was a lot of concern
14 about reserves and all of that.

15 Having said that, over the course of
16 this year and what I have seen or witnessed in
17 terms of federal regulators and federal
18 regulatory authority, I think there is --
19 clearly has been a big shift in terms of
20 making sure that certainly acceptance and
21 endorsement of the concept of right sized
22 regulation for community banks. And I do
23 think that they've been focused on a lot of
24 flexibility or proposed flexibility for the
25 banks.

1 The devil, of course, is in the
2 details, and as we've seen on the legislative
3 side, there has been a lot of concern about if
4 we make some changes, will we open up the
5 whole Dodd-Frank bill, and what should we be
6 doing about that specifically. So, there has
7 not been a lot of movement in that regard.

8 But I will say to you that the -- for
9 example, the consumer finance protection
10 bureau does not -- does not enforce for banks
11 with less than 10 billion dollars. And that
12 certainly provides some relief for the
13 community banks. And I think the community
14 banks, in terms of their capital requirements,
15 have regulative stability. I don't think that
16 they have been -- had any increased burden
17 over the past year. In fact, I think some of
18 the -- I know some of the regulatory agencies
19 have been working and making sure that the
20 practical impact on the banks is less.

21 REPRESENTATIVE MILNE: Great.

22 Recognizing that none of us has a
23 crystal ball, of course, can you maybe
24 prognosticate a little bit about future impact
25 of rules that are yet to be instituted from

1 Dodd-Frank and some of the ones that are still
2 in the future time line to be instituted? How
3 do you see Dodd-Frank playing out moving
4 forward?

5 SECRETARY WIESSMANN: I wish I had a
6 crystal ball.

7 REPRESENTATIVE MILNE: We all do.

8 SECRETARY WIESSMANN: I really can't
9 say. You know, I just don't know what the
10 congress will do with it.

11 I think -- I do think that the
12 regulatory authorities, meaning, you know, the
13 fed and the FDIC and all of the entities that
14 are actually implementing some of it, will try
15 to be as flexible as they can under the
16 existing law. But I don't have a crystal
17 ball.

18 REPRESENTATIVE MILNE: One specific
19 piece of legislation is being sponsored by
20 Senator Cornyn of Texas, and actually Senator
21 Toomey is a co-sponsor of it. And this would
22 propose to remove the orderly liquidation
23 authority from Title II of Dodd-Frank.

24 I'm not sure if you had a chance to
25 review any of that or not. But the intent is

1 that Senate Cornyn and others want to
2 basically restrict the ability to have
3 taxpayer-funded bailouts of large financial
4 institutions and replace it with a specific
5 bankruptcy chapter just for banks.

6 Would you be able to maybe speak a
7 little bit to how that might work in
8 Pennsylvania in terms of impact? Or --

9 SECRETARY WIESSMANN: No. I'm happy
10 to look at it. I'm not familiar with the
11 proposal. There are -- as you can appreciate,
12 there are a lot of proposals that are often
13 recommended, some get more legs than others.
14 I'm happy to look at it and get back to you on
15 it.

16 REPRESENTATIVE MILNE: Sure.
17 Appreciate if you could, when you have a
18 chance, if you could push your comments
19 forward, we'd much appreciate it on the
20 committee.

21 Thank you.

22 MAJORITY CHAIRMAN ADOLPH: Okay.
23 Madam Secretary, we certainly appreciate you
24 being here today. Looking forward to working
25 with you and your department, and good luck

1 with the merger. Keep up the good work.

2 SECRETARY WIESSMANN: Thank you so
3 much.

4 MAJORITY CHAIRMAN ADOLPH: Thank you.

5 The House Appropriations Committee
6 will reconvene at 2:45, with the secretary of
7 Insurance.

8 (Whereupon, the hearing concluded at
9 2:38 p.m.)

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REPORTER'S CERTIFICATE

I HEREBY CERTIFY that I was present upon the hearing of the above-entitled matter and there reported stenographically the proceedings had and the testimony produced; and I further certify that the foregoing is a true and correct transcript of my said stenographic notes.

BRENDA J. PARDUN, RPR
Court Reporter
Notary Public