

# Agency 019 - DEPT OF BANKING

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## **STATUTORY AUTHORITY:**

The following statutory provisions contain the authority and responsibilities of the Department of Banking and Finance: Chapter 8, Articles 1-3, 5-17, 19-21, 23-25, and 27 (Financial Institutions, Holding Companies, Money Transmitters, Securities, Commodities); Chapter 21, Article 17 (Credit Unions); Chapter 45, Articles 1-3, 7, 9, and 10 (Installment Sales, Loan Brokers, Mortgage Bankers, Delayed Deposit Services, Installment Loan Companies); Chapter 59, Article 17 (Seller Assisted Marketing Plans); Chapter 69, Article 21 (Consumer Rental Purchase Agreements).

## **VISION:**

The Vision of the Nebraska Department of Banking and Finance is one in which Nebraskans, personally and through their business interests, have equitable access to financial services which are fairly presented and appropriate to their financial standing and that the institutions, entities, and individuals delivering those financial services are willful in their compliance with applicable regulations and capitalized commensurate with the risks they accept.

## **MISSION AND PRINCIPLES:**

The Mission of the Department of Banking and Finance is to protect and maintain the public confidence through the fair, efficient, and experienced supervision of state-regulated financial services industries; to assist the public in their dealings with those entities; to assist those industries regulated by the Department in a manner which allows them to remain competitive, yet maintain their soundness in compliance with the law; to fulfill the agency's statutory responsibilities with regard to all licensees and registrants; and to investigate possible violations of law in cooperation with federal and other state agencies, local law enforcement, and financial regulators of other states.

## **GOALS:**

- Remaining current with industry, technology, and federal financial legislation.
- Utilizing and expanding a central information and licensing database.
- Updating agency rules, interpretations, and policies.
- Providing an adequate work environment for staff.
- Building on the Department's image as an agency which works well with the public in responding to concerns and with industries regulated to ensure continuing safety and competitiveness.
- Maintaining and building on the agency's good working relationship with other state and federal agencies and regulators.

# Agency 019 - DEPT OF BANKING

## Financial Data

	FY14 Actual	FY15 Approp	FY16 Request	FY16 Recomm	FY17 Request	FY17 Recomm
<b>Operations Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	6,863,571	7,320,746	7,320,746	7,483,706	7,320,746	7,611,844
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Operations</b>	<b>6,863,571</b>	<b>7,320,746</b>	<b>7,320,746</b>	<b>7,483,706</b>	<b>7,320,746</b>	<b>7,611,844</b>
<b>Aid Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	0	0	0	0	0	0
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Aid Funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	6,863,571	7,320,746	7,320,746	7,483,706	7,320,746	7,611,844
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Agency</b>	<b>6,863,571</b>	<b>7,320,746</b>	<b>7,320,746</b>	<b>7,483,706</b>	<b>7,320,746</b>	<b>7,611,844</b>

**Agency 019 - DEPT OF BANKING**  
**Program 065 - FINANCIAL INSTITUTIONS-ENFORCEMENT OF STANDARDS**

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**PROGRAM DESCRIPTION:**

The Financial Institutions Division is responsible for supervising a wide spectrum of financial service providers. As of June 30, 2014 depository institution providers include 171 banks (32 have trust departments), 17 credit unions, and one savings and loan association. The non-depository providers include 3 trust companies, 10 installment loan companies, and 100 delayed deposit service businesses (commonly known as payday lenders). Also licensed and regulated are 319 mortgage banker entities, 1,761 mortgage loan originators, 8 loan brokers, 122 sales finance companies, and 62 money transmitters. The division also examines the data processing operations of financial institutions and registers bank holding companies.

**PROGRAM OBJECTIVES:**

The purpose of the Division is to monitor the condition of Nebraska's state-chartered and licensed financial institutions and entities to insure their soundness and compliance with state laws and agency rules. The Division accomplishes this through examinations, both independent and joint with federal regulators, and complaint investigations. The Division has established the following overall goals: (1) for the bank supervision section of the Division, maintain CSBS accreditation; (2) provide continuing education for examiners adequate to progress in their careers and maintain appropriate individual certifications; (3) provide employees with up-to-date tools to perform their jobs; (4) provide employees with opportunities to advance in responsibility.

**PERFORMANCE MEASURES:**

Performance is measured both externally and internally. The bank supervision section was first accredited by the Conference of State Bank Supervisors in 1993, with reaccreditation required every five years. This accreditation is an on-site evaluation by experienced former state and federal regulators. Off-site evaluation is also completed by CSBS every year. The Department successfully completed a full-scale reaccreditation review in fiscal year 2013. Internally, the banking section monitors time frames spent completing the bank exam process. Standards set by federal bank and credit union regulatory partners must also be met. Internal measures for non-depository providers are based on time frames for completing exams and completion of the review processes for initial and renewal applications.

**Agency 019 - DEPT OF BANKING**  
**Program 065 - FINANCIAL INSTITUTIONS-ENFORCEMENT OF STANDARDS**

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**Financial Data**

	<b>FY14 Actual</b>	<b>FY15 Approp</b>	<b>FY16 Request</b>	<b>FY16 Recomm</b>	<b>FY17 Request</b>	<b>FY17 Recomm</b>
<b>Operations Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	5,419,593	5,739,896	5,739,896	5,867,932	5,739,896	5,969,240
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Operations</b>	<b>5,419,593</b>	<b>5,739,896</b>	<b>5,739,896</b>	<b>5,867,932</b>	<b>5,739,896</b>	<b>5,969,240</b>
<b>Aid Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	0	0	0	0	0	0
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Aid Funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	5,419,593	5,739,896	5,739,896	5,867,932	5,739,896	5,969,240
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Program</b>	<b>5,419,593</b>	<b>5,739,896</b>	<b>5,739,896</b>	<b>5,867,932</b>	<b>5,739,896</b>	<b>5,969,240</b>

# Agency 019 - DEPT OF BANKING

## Program 066 - SECURITIES-ENFORCEMENT OF STANDARDS

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### **PROGRAM DESCRIPTION:**

The Securities Bureau regulates the sale of securities and the securities industry in Nebraska. The Bureau's federal counterpart is the Securities and Exchange Commission. The Bureau has jurisdiction over all securities offered and sold in Nebraska or to Nebraska residents. The Securities Act of Nebraska requires the registration of all securities offered for sale in Nebraska unless there is an applicable exemption or it is preempted. The Bureau's responsibilities include the licensing and regulation of broker-dealers, investment advisers and their agents or representatives, whose numbers total over 95,000 as of June 30, 2014. The Bureau is responsible for the registration of securities and the enforcement of securities laws.

### **PROGRAM OBJECTIVES:**

The Securities Bureau's objective is to enforce Nebraska's securities laws for the protection of the investing public and to encourage confidence in the investment banking industry by providing regulation of a responsible marketplace in which legitimate businesses may generate capital. Strong state regulation is essential in making Nebraska's securities industry stable and attractive to investors and in protecting the public from illegal operations. A staff which is up to date on securities issues is vital to the effectiveness of the Bureau's supervision. Toward that end, the agency will rely on training provided by national industry affiliates. Automation of the Bureau's processes and oversight will be implemented wherever possible.

### **PERFORMANCE MEASURES:**

The majority of investigations are initiated by Investor complaints. Investigations are closed for a range of actions. No action may be justified for: case size; lack of evidence; lack of witnesses; diluted venue; statute of limitations; greater priorities and/or limited resources; case law; bigger or better-positioned agencies involved; or the facts don't justify the action or do not indicate a successful outcome. The actions may include enforcement remedies, which can vary from warning letters, to administrative remedies including cease and desist orders, fines, revocations, suspensions and consent orders. The ultimate action is a criminal prosecution. Starting in FY2014-15, Investment Adviser examinations will be on a 4 to 5 year cycle.

**Agency 019 - DEPT OF BANKING**  
**Program 066 - SECURITIES-ENFORCEMENT OF STANDARDS**

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**Financial Data**

	<b>FY14 Actual</b>	<b>FY15 Approp</b>	<b>FY16 Request</b>	<b>FY16 Recomm</b>	<b>FY17 Request</b>	<b>FY17 Recomm</b>
<b>Operations Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	1,443,978	1,580,850	1,580,850	1,615,774	1,580,850	1,642,604
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Operations</b>	<b>1,443,978</b>	<b>1,580,850</b>	<b>1,580,850</b>	<b>1,615,774</b>	<b>1,580,850</b>	<b>1,642,604</b>
<b>Aid Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	0	0	0	0	0	0
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Aid Funding</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Funding</b>						
General Fund	0	0	0	0	0	0
Cash Fund	1,443,978	1,580,850	1,580,850	1,615,774	1,580,850	1,642,604
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
<b>Total Program</b>	<b>1,443,978</b>	<b>1,580,850</b>	<b>1,580,850</b>	<b>1,615,774</b>	<b>1,580,850</b>	<b>1,642,604</b>