



# The Virginia State Banker

Regulatory news for Virginia State-chartered Banks

*E.J. Face, Jr., Commissioner*

*Bureau of Financial Institutions - State Corporation Commission*

Welcome Judge Jagdmann	1
Commissioner Face to Chair CSBS	1
Virginia Bank Directors' College	2
Welcome Judge Jagdmann (continued)	2
Commissioner Face to Chair CSBS (continued)	2
Application Activity Continues Upward Trend	3
BANKdynamics Competition at Longwood University	3
Important Phone Numbers	4



## WELCOME JUDGE JAGDMANN

On January 24, 2006, Judith Williams Jagdmann was elected to a six-year term on the State Corporation Commission (SCC) by the Virginia General Assembly. Judge Jagdmann took the oath of office on February 1, 2006 and became the 33rd Commissioner in the 103-year history of the SCC. She will have administrative authority over the Bureau of Financial Institutions (Bureau) in addition to other divisions.

Judge Jagdmann's election filled the position vacated by Judge Clinton Miller, who did not seek re-election to another term on the SCC. His term expired on January 31, 2006. Judge Miller served on the Commission for ten years.

Judge Jagdmann graduated with distinction from the University of Virginia. She received her law degree from the T.C. Williams School of Law at the University of Richmond. Prior to her election to the SCC, she was the Virginia Attorney General. In January 2005, she was elevated to Attorney General to serve the remaining term of Jerry Kilgore. From

*(continued on page 2)*



## COMMISSIONER FACE TO CHAIR CSBS

Commissioner Face took the helm of the Conference of State Bank Supervisors (CSBS) when he became chairman of that organization during its 105th annual meeting and conference on May 19, 2006 in Norfolk. CSBS, the only national organization dedicated to advancing the state banking system, is comprised of state officials responsible for chartering, supervising, and regulating the nation's 6,000-plus state-chartered commercial and savings banks, and branches and agencies of foreign banks.

He is the fourth Virginia banking commissioner to chair CSBS. His three predecessors are M.W. Bristow, 1930; Logan R. Ritchie, 1957; and Sidney A. Bailey, 1983.

Commissioner Face has served as Virginia's banking commissioner since 1997. He joined the Bureau in 1979 as a bank examiner and was promoted to deputy commissioner for nondepository financial institutions in 1993. With a staff of about 95, the Bureau regulates and supervises more than 2,200 state-chartered financial institutions holding more than \$80 billion in assets.

*(continued on page 2)*

The Virginia State Banker is published by the Virginia Bureau of Financial Institutions to provide useful information to the banks and savings institutions that it regulates, and any of their related interests. Reader comments and suggestions are welcome and should be addressed to Ginger Sandler, Bureau of Financial Institutions, P.O. Box 640, Richmond, Virginia 23218-0640, or via e-mail [ginger.sandler@sc.virginia.gov](mailto:ginger.sandler@sc.virginia.gov).

### ACKNOWLEDGMENTS

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## VIRGINIA BANK DIRECTORS' COLLEGE

Forty-three directors from Virginia's community banks attended the Virginia Bank Directors' College, *Emerging Issues* session, at The Inn at Virginia Tech in Blacksburg, Virginia, on April 19-20, 2006. Representatives from the Bureau and the Federal Reserve Bank of Richmond discussed the Federal Home Loan Bank System and Uniform Bank Performance Reports. Additional presenters included Commissioner Face; Jack Phelps of the FDIC; Buz Gorman of CSBS; and Richard and Lana Furr of Furr Resources, Inc.

The Virginia Bank Directors' College provides bank directors an opportunity to become more effective, capable, and knowledgeable members of a bank's board of directors. Developed by state and federal regulators, the Virginia Bank Directors' College is presented each year in two sessions—*Essential Principles* and *Emerging Issues*.

The *Essential Principles* session will be held in late October or early November 2006. This program provides new directors an opportunity to gain a better understanding of bank operations and bank directors' responsibilities. This information also may provide a significant learning experience for the more experienced director who has not previously attended the session. Program brochures will be mailed to banks in early September 2006.

The *Emerging Issues* session highlights information applicable to all bank directors and provides an opportunity for bank directors to remain informed about industry and bank-specific issues.

If you would like additional information about the Virginia Bank Directors' College, please call Betty Nolan at (804) 371-9704.

## WELCOME JUDGE JAGDMANN

(continued from page 1)

1998 to 2005, Judge Jagdmann served as Deputy Attorney General for the Civil Litigation Division of the Office of the Attorney General. Judge Jagdmann previously was a

staff attorney for 13 years in the SCC's Office of General Counsel.



## COMMISSIONER FACE TO CHAIR CSBS

(continued from page 1)



Throughout the years, he has been a leader in advocating for the dual state/federal banking system and ensuring that state banking regulators in Virginia and elsewhere keep pace with an ever-changing financial services industry. During the 1980s, he was responsible for developing practices and procedures for the supervision and regulation of mortgage lenders and mortgage brokers—previously unregulated businesses. In 1988, he helped organize and later served as president of the American Association of Residential Mortgage Regulators. He also headed the National Association of Consumer Credit Administrators; the National Association of State Consumer Finance Regulators; and the Commonwealth Managers Association, an association of state government leaders throughout Virginia.

For Commissioner Face, being a bank regulator is much more than a job—it's a passion. The son of a banker, he said, "I have banking in my blood." As chairman of CSBS,

he plans to "continue to fight the battle against federal pre-emption" and keep state banking front and center in the minds of federal regulators. He will continue to work with other state and national regulatory associations "to maintain and strengthen the entire state regulatory system."

He recognizes the expanding role CSBS has assumed regarding nondepository financial institutions such as mortgage lenders and brokers, payday lenders, money transmitters, check cashers, and other financial service providers. Among his priorities as CSBS chairman are to develop a national mortgage lenders licensing system, redoubled efforts to get a voting seat for state bank regulators on the Federal Financial Institutions Examination Council—an interagency body established to prescribe uniform principles, standards, and report forms—and to promote uniformity in the supervision of financial institutions.

*This article originally appeared in the SCC's Tyler Times newsletter, Volume 14, Number 2.*

## APPLICATION ACTIVITY CONTINUES UPWARD TREND

The Bureau experienced another record year in application filings for various certificates of authority and licenses. The total number of application filings increased to 3,207 in 2005, compared with 2,971 in 2004 and 1,325 in 2001. Thus in 2005, application filings increased by 7% over the previous year and more than doubled over the last four years. The surge in application filings continued in the first quarter of 2006, with a 14% increase over the first quarter of 2005.

According to Deputy Commissioner Nick Kyrus, the continuing expansion of the mortgage

industry is mainly responsible for the application surge. Mortgage lender/broker application filings (which include applications for additional offices and new licenses) increased from 2,416 in 2004 to 2,757 in 2005. The mortgage industry filed 86% of total applications received. Banks and trust companies filed 132 applications in 2005, compared with 137 applications in 2004. In addition to the banking/trust and mortgage industries, the Bureau regulates and processes applications from credit unions, check cashers, credit counseling agencies, industrial loan associations, money transmitters, payday lenders, and

savings institutions. Presently, the Bureau regulates 2,902 financial institutions with thousands of offices.

A breakdown of applications filed by banks and trust companies in 2005 is as follows. The Bureau received 132 applications from banks and trust companies: 95 applications for branch expansion, 12 applications for relocations, 8 applications for acquisitions, 7 applications for mergers, 7 applications for new banks (2 of which were withdrawn), and 3 applications for trust offices. At the end of 2005, the Bureau regulated 89 banks.

## BANKdynamics COMPETITION AT LONGWOOD UNIVERSITY

BANKdynamics is a Web-based financial institution simulation exercise, which was developed and offered by Olson Research Associates, Inc. as an educational/training tool. Teams manage simulated banks in a competitive gaming environment. Team members learn by managing a virtual bank.

Each team member and the collective teams bring unique levels of experience and perspectives to the competition. Such varied experiences create another dynamic factor as teams deal with their own strengths and weaknesses as well as the forces of competitors.

Team scores ranging from 0 to 1,000 are determined at the conclusion of each sponsored session of the BANKdynamics simulation exercise.

Dr. Frank Bacon, professor of finance at Longwood University; Dr. Ron Olson, President and Chief Executive Officer (CEO) of Olson Research Associates, Inc.; and Mr. John Crockett, Deputy Commissioner of the SCC's Bureau of Financial Institutions coordinated the Longwood teams

participating in the BANKdynamics National Competition. Mr. Robert Dame, Assistant Dean for External Affairs at Longwood University, assisted with coordination of this event.

Nine students from the University's College of Business and Economics participated in the competition. They were divided into three teams.

At the end of the competition—which ran from January 26 through March 7, 2006—the Greenspan Bank and Trust team finished the competition with a performance score of 814 out of a possible score of 1,000. This placed the team 23rd in the BANKdynamics National Ranking of 121 teams

that had participated to that point.

*This article is a modification of an article that originally appeared in the Retail University of Virginia's newsletter, The Retail Times, Volume 2, Issue 1.*

NOTE: Two members of the Greenspan Bank and Trust team, Jonathan Miller (CEO) and Jonathan Halvorson (Comptroller), are now employed with the Bureau's Bank and Thrift Supervision Section after graduating from Longwood University in May.



Pictured from left to right are Dr. Frank Bacon, Dr. Ron Olson, Mr. John Crockett, and Mr. Robert Dame.

## IMPORTANT TELEPHONE NUMBERS

- Banks and Savings Institutions (804) 371-9704
- Consumer Finance and Mortgage Companies (804) 371-9701
- Licensing (applications, name changes, annual reports) (804) 371-9690
- Consumer Complaints (804) 371-9705
- Corporate Information (SCC Clerk's Office) (804) 371-9733
- Bureau's FAX number (804) 371-9416
- TDD (804) 371-9206

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