



# The Virginia State Banker

Regulatory news for Virginia State-chartered Banks

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

*Bureau of Financial Institutions - State Corporation Commission*

**Inside this issue:**

Face to Chair SFRR	1
Spring 2003 Directors' College	1
New State Banks	2
Y2K Records	2
Bureau Web site	2
State Banking and CSBS	3
Surge in Applications	3
Largest Banking Organizations in Virginia	4
Largest Va. State-Chartered Banking Organizations	4
Important Phone Numbers	5

## COMMISSIONER FACE ELECTED CHAIR OF SFRR

At its December 9, 2002 meeting, Virginia Commissioner of Financial Institutions E.J. Face, Jr. was elected Chairman of the State Financial Regulators Roundtable (SFRR) for 2003. SFRR provides a forum for communication, coordination, and cooperation among state regulatory associations in the promotion of effective state regulatory oversight of financial service providers. Mr. Face represents the Conference of State Bank Supervisors (CSBS) on the Roundtable.

Members include CSBS, the American Council of State Savings Supervisors, the American Association of Residential Mortgage Regulators, the Money Transmitter Regulators Association, the National Association of Consumer Credit Administrators, the National Association of Insurance Commissioners, and the North American Securities Administrators Association.

The Roundtable meets quarterly to discuss a variety of issues. Most recently, SFRR focused on pending/recent federal agency rule-makings that impact SFRR

members, recent "attacks" on the state financial regulatory system including H.R. 5621, and Congressman Richard Baker's pre-emption effort of state securities authority. The next SFRR meeting is scheduled in Savannah, Georgia, on March 7, 2003. Topics to be discussed include the Office of the Comptroller of the Currency's pre-emption of state laws, proposed nationwide predatory lending rules, and an update on state banking agencies' efforts to ensure compliance with the USA PATRIOT Act.

*The Virginia State Banker* is published quarterly 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 [gsandler@sc.state.va.us](mailto:gsandler@sc.state.va.us).

### ACKNOWLEDGMENTS

Thanks to the following persons for their help in producing this issue of *The Virginia State Banker*: Commissioner Face, John Crockett, Nick Kyrus, Bob Mednikov, Jane Owen, and Mark Pinson.

## SPRING 2003 DIRECTORS' COLLEGE IN TWO LOCATIONS

The Spring session of the Bank Directors' College will be held April 2-3, 2003 at The Jefferson Hotel, Richmond, and May 7-8, 2003 at The Martha Washington Inn, Abingdon. Both of these will be "Emerging Issues" sessions. The next basic Directors' College will be this fall. The

Bureau, the Federal Reserve Bank of Richmond, and the Federal Deposit Insurance Corporation will host the programs. The Virginia Association of Community Banks (VACB) will handle

administrative details including registration and meeting activities.

Membership in VACB is not required to attend the College. For more information, contact the VACB at (804) 217-8250 or Betty Hicks at the Bureau, (804) 371-9704.



## NEW STATE BANKS

In 2002, the State Corporation Commission granted certificates of authority to conduct banking business to three new State banks.

On March 12, 2002, Peoples Bank of Virginia was approved and opened for business in Henrico County on April 15, 2002 with \$11.7 million in capital. The President and Chief

Executive Officer is James Atkinson.

On July 26, 2002, Highlands Community Bank was approved and opened for business in Covington, Virginia on September 16, 2002 with \$7.2 million in capital. The President and Chief Executive Officer is H.C. Rhodes, Jr.

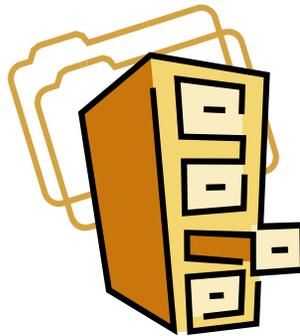
On November 21, 2002, the Commission approved the application of SuffolkFirst Bank for certificate of authority to commence banking business at 100 Bosley Avenue in Suffolk, Virginia. SuffolkFirst opened for business on January 27, 2003 with \$10.3 million in capital. The President and Chief Executive Officer is Darrell Swanigan.



## Y2K RECORDS

The Bureau has not adopted a formal policy on retention of Y2K records. Research shows that other states and agencies provide a wide range of direction with regard to retention of Y2K records. The State Corporation Commission has reviewed, and adopted as policy, the Library of Virginia's GS-2000, "Records Retention and Disposition Schedule." The major categories are as follows.

- Assessment Records: retain until 12/31/02
- Certification Records: retain until 12/31/02



- Contracts for Products and Services: retain for three years after completion of contract or until audited, whichever is longer.
- Implementation/Renovation/Repair Records: retain until 12/31/02
- Planning Records: retain until 12/31/02
- Reporting Records: retain until 12/31/02
- Software Records: retain until 12/31/02 or until relevant computer records are destroyed or migrated to new software, whichever is longer.
- Testing Records: retain until 12/31/02

The Bureau is directing all depository and nondepository financial institutions to observe and consider using the Library of Virginia's Y2K Policy.

## BUREAU WEB SITE

Are you looking for a previous issue of *The Virginia State Banker* or an application form? Just go to our Web site at [www.state.va.us/scc/division/banking](http://www.state.va.us/scc/division/banking) to find all of this information and more: laws, regulations, administrative letters, and regulatory action regarding financial

institutions; Bureau annual reports; oath of office forms; personal financial statement forms; annual report forms; Weekly Information Bulletins; frequently asked questions; key staff; responsibilities of the Bureau; and how to contact the Bureau/get directions.

## STATE BANKING AND CSBS

Supervisors and state bankers have a vital common interest in the health of the state banking system. Keeping the state banking system healthy is the mandate of CSBS.

Every state banker (or his/her predecessor) made a conscious decision to have a state charter, and for good reasons. The best supervision is local supervision, where regulators and the regulated work together in a spirit of teamwork with common understanding of local economic conditions. The state banking system has produced almost every banking innovation in the last 100 years precisely because it does not attempt to make all institutions fit into a single regulatory mold. In addition, local supervision is inherently more efficient and less paperwork-intensive than long-distance supervision.

That's why CSBS—the only national organization dedicated to

protecting and enhancing the state banking system—includes all 54 banking departments and more than 1,700 individual bank members.

CSBS is integral to the success of state banks and the state banking system. It works to enhance the value of state banks' charters and to protect the state system from federal encroachments. It promotes excellence among state bankers and among the state banking departments, as well as protecting our interests in Washington, DC. Because of its work to streamline regulation and cut regulatory burdens, CSBS is the original cut-the-red-tape organization.

CSBS also offers tightly targeted educational services for bankers and examiners, exerts leadership in technology, and provides a forum for all of us to work together when truly critical issues arise.

CSBS harnesses together the political power of thousands of state bankers and the prestige of the state banking departments, a combination that gives us horsepower (and staying power) on Capitol Hill. It also gives CSBS valuable leverage in its negotiations with the federal banking agencies.

It's the nature of the federal animal to seek to grow, gain new jurisdiction, and exert control. Those traits represent a constant threat to the state banking system, and CSBS works constantly to ward off federal encroachments on the powers and prerogatives of the state banking departments—encroachments that jeopardize the value of the state bank charter. Without CSBS, the future would almost certainly hold a single federal regulator presiding over all banks. Period.

For more information on CSBS, go to [www.csbs.org](http://www.csbs.org).

---

## SURGE IN APPLICATION FILINGS

In 2002, the Bureau experienced a significant increase in the number of applications for various certificates of authority and licenses. The total number of applications increased from 1,325 in 2001 to 2,429 in 2002, or by 83%.

According to Deputy Commissioner Nick Kyrus, the continuing expansion of the mortgage industry and the current regulation of payday lenders are responsible for the application surge. Mortgage lender/broker application filings increased from 1,111 in 2001 to 2,047 in 2002. In

addition, the Bureau received 161 applications from payday lenders in the second half of 2002. At the end of 2002, the Bureau regulated 1,556 financial institutions and licensees, including 95 State-chartered banks.

The Bureau's Corporate Structure and Research Section is responsible for processing applications of both depository and nondepository financial institutions, including banks, credit unions, money transmitters, consumer finance companies, nonprofit debt counseling agencies, industrial loan associations, check cashers, payday lenders, and mortgage lenders/brokers.

Depository institutions (banks, savings institutions, and credit unions) filed 112 applications while nondepository institutions filed 2,317 applications in 2002.

Despite the surge of application filings, the processing time has not increased. The Bureau continued to process bank branch applications immediately after the 15-day publication period in the Weekly Information Bulletin. The processing time for new bank applications was approximately 90 days. Three new banks were approved in 2002.

## LARGEST BANKING ORGANIZATIONS IN VIRGINIA

	<u>Institution</u>	<u>Location</u>	<u>Va. Deposits*</u>	<u>Share %</u>
1.	Wachovia Corporation	Charlotte, NC	\$18,299	15.55
2.	Capital One Financial Corp.	Falls Church, VA	15,539	13.21
3.	SunTrust Banks, Inc.	Atlanta, GA	12,446	10.58
4.	Bank of America Corp.	Charlotte, NC	11,228	9.54
5.	BB&T Corporation	Winston-Salem, NC	8,976	7.63
6.	E*TRADE Bank	Merrifield, VA	8,439	7.17
7.	First Virginia Banks, Inc.	Falls Church, VA	7,436	6.32
8.	Countrywide Credit, Inc.	Calabasas, CA	2,462	2.09
9.	Chevy Chase, FSB	Bethesda, MD	1,433	1.22
10.	National Commerce Financial Corp.	Memphis, TN	1,385	1.18
11.	United Bankshares, Inc.	Parkersburg, WV	1,222	1.04
12.	SouthTrust Corporation	Birmingham, AL	1,082	0.92
13.	Riggs National Corporation	Washington, DC	1,030	0.87
14.	First Citizens Bancshares, Inc.	Raleigh, NC	930	0.79
15.	Virginia Financial Group, Inc.	Staunton, VA	921	0.78

## LARGEST VIRGINIA STATE-CHARTERED BANKING ORGANIZATIONS

	<u>Institution</u>	<u>Location</u>	<u>Va. Deposits*</u>	<u>Share %</u>
1.	BB&T Corporation	Winston-Salem, NC	\$8,976	7.63
2.	First Virginia Banks, Inc.	Falls Church	7,436	6.32
3.	Capital One Bank	Glen Allen	5,148	4.37
4.	United Bank	Fairfax	1,222	1.04
5.	Virginia Financial Group, Inc.	Staunton	921	0.78
6.	Burke & Herbert Bank & Trust	Alexandria	813	0.69
7.	Union Bankshares Corporation	Bowling Green	787	0.67
8.	Southern Financial Bank	Warrenton	638	0.54
9.	Towne Bank	Portsmouth	529	0.45
10.	Community Bank of Northern Va.	Sterling	523	0.44
11.	Virginia Commerce Bank	Arlington	506	0.43
12.	Resource Bank	Virginia Beach	436	0.37
13.	Highlands Union Bank	Abingdon	383	0.33
14.	Citizens and Farmers Bank	West Point	347	0.29
15.	The Bank of Southside Virginia	Carson	337	0.29

\*In millions

Data: FDIC June 30, 2002

## 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



---

State Corporation Commission  
Bureau of Financial Institutions  
1300 East Main Street, Suite 800  
Post Office Box 640  
Richmond, Virginia 23218-0640



---

Check out our Web site  
at [www.state.va.us/scc/  
division/banking](http://www.state.va.us/scc/division/banking).

---