



# Florida Senate General Government Appropriations Subcommittee

Drew J. Breakspear

Commissioner

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# Office of Financial Regulation

## MISSION

To protect the citizens of Florida by carrying out the banking, securities and financial laws of the state efficiently and effectively and to provide regulation of business that promotes the sound growth and development of Florida's economy.

## Financial Services Commission

(Members: Governor, Attorney General, Chief Financial Officer, Commissioner of Agriculture)

Office of Financial  
Regulation (OFR)

Office of Insurance  
Regulation (OIR)



# Office of Financial Regulation

## **OFR is comprised of four operational units:**

- **Division of Financial Institutions**

(Safety & Soundness of State Banking System)

- **Division of Securities**

(Securities Regulation)

- **Division of Consumer Finance**

(Finance Regulation)

- **Bureau of Financial Investigations**

**These units are overseen by Executive Direction**



# Office of Financial Regulation

## Fiscal Year 2013-14 Base Budget Review – Agency Summary

Program	FTE	General Revenue	State Trust Funds	Federal Funds	Total
Safety and Soundness of State Banking System	118.00	\$ -	\$ 11,775,374	\$ -	\$ 11,775,374
Financial Investigation	36.00	\$ -	\$ 2,993,942	\$ 51,758	\$ 3,045,700
Executive Direction and Support Services	18.00	\$ -	\$ 4,644,212	\$ -	\$ 4,644,212
Finance Regulation	87.00	\$ -	\$ 10,214,021	\$ -	\$ 10,214,021
Securities Regulation	98.00	\$ -	\$ 7,701,001	\$ -	\$ 7,701,001
<b>Total</b>	<b>357.00</b>	<b>\$ -</b>	<b>\$ 37,328,550</b>	<b>\$ 51,758</b>	<b>\$ 37,380,308</b>

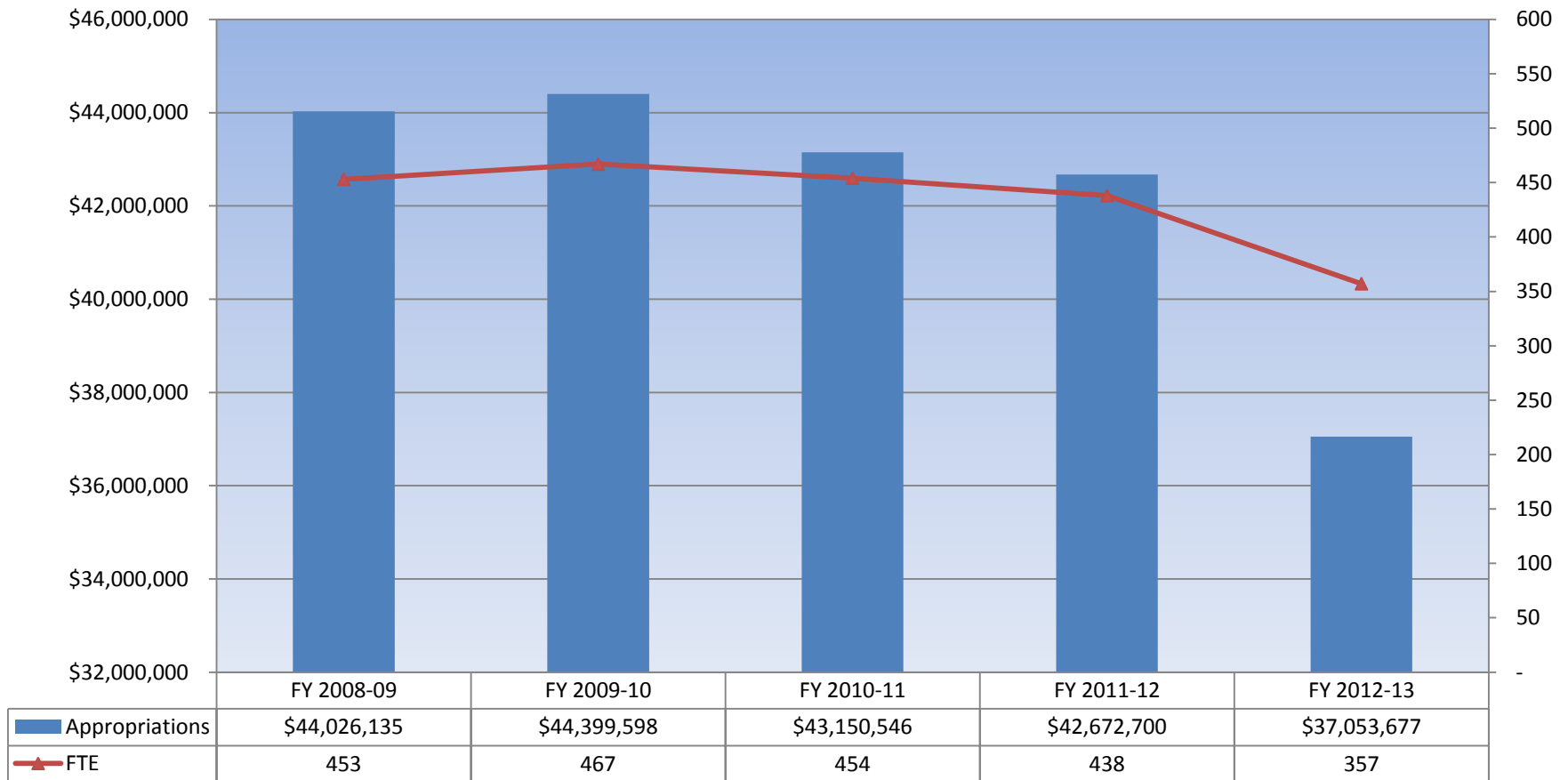
By Budget Entity



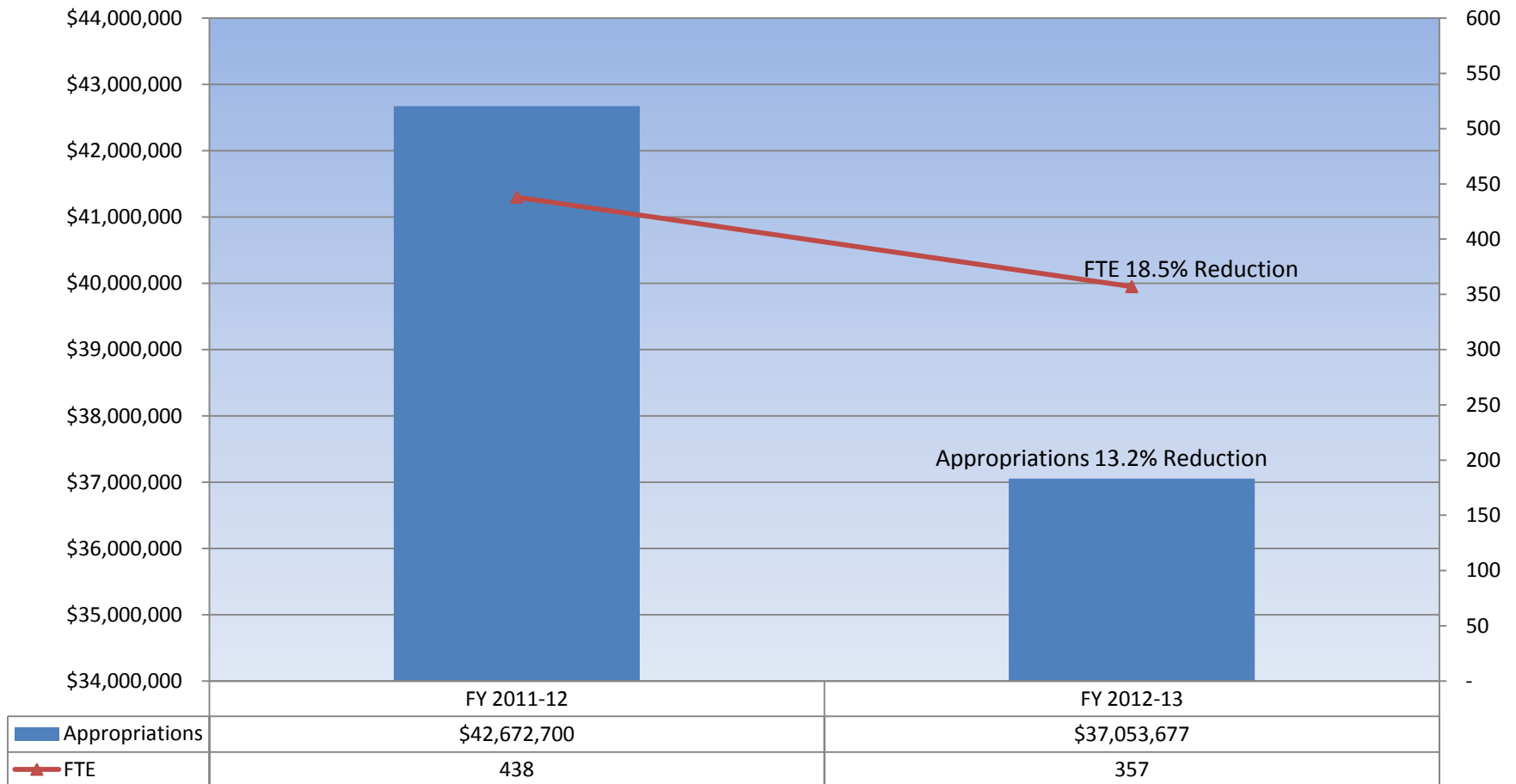
By Fund Type



## Historical Perspective – Fiscal Years 2008-09 to 2012-13



## Fiscal Year 2012-13 Appropriations & FTE Reductions





# Office of Financial Regulation

## Fiscal Year 2013-14 Legislative Budget Request

Program: Executive Direction & Support Services	General Revenue	State Trust Funds	Federal Funds	Total All Funds	Non-recurring
SC: Data Processing Services - Regulatory Enforcement and Licensing System (REAL)	\$0	(\$800,000)	\$0	(\$800,000)	\$0





# Office of Financial Regulation

## Contract Savings Information

**Accenture Contract** – OFR renegotiated the technology contract which oversees the R.E.A.L. System (Regulatory Enforcement and Licensing System). This online system and database streamlines OFR’s regulation, enforcement , and licensure of lenders, dealers, brokers, and other entities under its purview.

The total savings represents a \$4 million budgetary savings over the four year contract term, a 50% reduction in the contract cost, and is equivalent to more than 10% of OFR’s annual budget. This is a \$800,000 annual reduction recognized in the FY 2013-14 Legislative Budget Request. For this achievement, the OFR was awarded the Governor’s Savings Award and is in contention for a Davis Productivity Award.



# Office of Financial Regulation

## Office Locations





# Office of Financial Regulation

## **Division of Financial Institutions (Safety & Soundness of State Banking System – 118 FTE)**

Ensures safety and soundness of domestic state chartered financial institutions including state banks, savings banks, associations, trust companies, credit unions, international banking agencies, and representative and administrative offices for the State of Florida. The office reviews and approves/denies new financial institution charter applications and applications affecting existing charters and conducts examinations of financial institutions.



# Office of Financial Regulation

## Division of Financial Institutions

### Number of Regulated Industries and Assets as of June 30, 2012

State-chartered banks – 150

State-chartered credit unions – 73

International offices – 32

Trust companies – 12

### Assets Regulated as of June 30, 2012

State-chartered banks – \$56 Billion

State-chartered credit unions – \$22 Billion

International offices – \$16 Billion

Trust companies – Not Applicable (manage assets for others)

Total – \$94 Billion



# Office of Financial Regulation

## Bureau of Financial Investigations (36 FTE)

Criminal justice agency responsible for conducting investigations into alleged fraudulent and unlicensed activity under the jurisdiction of the OFR, including mortgage fraud, securities fraud, investment fraud, Ponzi schemes, and advance fee scams.

Last year, cases closed by the bureau resulted in 54 criminal convictions. On average, the harm to victims in the criminal conviction cases was over \$1,000,000. The 54 defendants were sentenced to over 125 years in prison and nearly 290 years of probation.



# Office of Financial Regulation

## **Executive Direction and Support Services (18 FTE)**

Provides administrative support to OFR to ensure that it can meet its statutory duties and responsibilities for regulation of the financial services industries. It includes the Commissioner's Office, General Counsel, Inspector General, Communications, Budget, and Legislative and Cabinet Affairs.



# Office of Financial Regulation

## **Division of Consumer Finance (Finance Regulation – 87 FTE)**

Safeguards Florida's consumers from illegal or improper activity by OFR's regulated entities. Finance Regulation regulates the mortgage lending industry including mortgage broker services and lenders, motor vehicle sellers, retail sellers, home improvement companies, title loan companies, consumer sales finance companies, collection agencies, and small loan companies as well as their branch offices and associated persons.



# Office of Financial Regulation

## Division of Consumer Finance

Mortgage Brokers – 1,071

Mortgage Lenders (non-depository) – 489

Mortgage Servicers – 261

Mortgage Branches – 1,082

Loan Originators – 13,287

Money Services Businesses – 1,296

Money Services branches and vendors – 40,962

Payday Lenders – 163

Payday Lender Branches – 1,250

Collection Agencies – 1,703

Consumer Finance Companies – 303

Installment Sales Finance Companies – 6,289

Installment Sales Finance Branches – 1,739

Title Loan Lenders - 0





# Office of Financial Regulation

## Division of Securities (Securities Regulation - 98 FTE)

Protects Florida's investing public from illegal securities activity while facilitating capital formation in the state. Securities Regulation regulates registered securities dealers and investment advisers, as well as their branch offices and associated persons and ensures statutory compliance.

Securities firms – 7,691

Branches – 10,225

Stockbrokers – 282,276



# Office of Financial Regulation

## Reciprocal Regulation

The Office of Financial Regulation works closely with Federal regulators to oversee the financial services industry and protect consumers in Florida. Some national entities with which the Office cooperates include: the Federal Reserve Bank, the Federal Deposit Insurance Corporation, the National Credit Union Association, the U.S. Securities and Exchange Commission, U.S. Department of Treasury Financial Crimes Enforcement Network, and the Consumer Financial Protection Bureau.

When these agencies combine forces, it benefits the Office, the federal agency, and the licensee as licensing and examination efficiency is increased. Further, the Florida Office of Financial Regulation is generally praised by the industry for having a better understanding for Florida's economy and dynamic, while being more accessible to licensees.

# Office of Financial Regulation

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