



Commissioner Russell C. Weigel, III

Office of Financial Regulation Long Range Program Plan

Fiscal Years 2024-25 to 2028-29

September 29, 2023

OFFICE OF FINANCIAL REGULATION LONG RANGE PROGRAM PLAN

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OFR Mission

To protect Florida's financial services consumers, promote a safe and sound financial marketplace, and contribute to the growth of Florida's economy through fair, innovative, and excellent regulation of the financial services industry.

OFR Goals and Objectives

GOAL #1: Improving taxpayer value

GOAL #2: Delivering value to businesses

GOAL #3: Promoting a safe and sound financial marketplace

GOAL #4: Improving customer service

AGENCY SERVICE OUTCOMES

PRIORITY #1: Improving taxpayer value

OBJECTIVE 1A: Improve metrics to measure agency results to foster an atmosphere of continuous improvement.

OUTCOME 1A-1: Review all existing performance measures annually to ensure they are meaningful and “results” oriented rather than process driven.

Baseline Year 2012-13	FY 2024-25 Projected	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected
100%	100%	100%	100%	100%	100%

PRIORITY #2: Delivering value to businesses

OBJECTIVE 2A: Improve service to Securities applicants and registrants by processing submissions in a timely manner.

OUTCOME 2A-1: Percentage of Securities registration applications processed within the Administrative Procedures Act.

Baseline Year 2007-08	FY 2024-25 Projected	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected
100%	95%	95%	95%	95%	95%

OBJECTIVE 2B: Improve service to Finance applicants and registrants by processing submissions in a timely manner.

OUTCOME 2B-1: Percentage of Finance license applications processed within the Administrative Procedures Act.

Baseline Year 2008-09	FY 2024-25 Projected	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected
100%	100%	100%	100%	100%	100%

OBJECTIVE 2C: Provide fair, balanced, and responsive service to Division of Financial Institutions' customers, the state chartered or licensed financial institutions.

OUTCOME 2C-1: Percentage of financial institutions rating OFR high performing.

Baseline Year 2002-03	FY 2024-25 Projected	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected
77%	97%	97%	97%	97%	97%

PRIORITY #3: Promoting a safe and sound financial marketplace

OBJECTIVE 3A: Examine all state financial institutions within statutory timeframes.

OUTCOME 3A-1: Percentage of state-chartered financial institutions examined within the last 18 and 36 months as required by sec. 655.045, F.S.

Baseline Year 2002-03	FY 2024-25 Projected	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected
50%/100%	100%/100%	100%/100%	100%/100%	100%/100%	100%/100%

OBJECTIVE 3B: Examine all money services businesses within statutory timeframes.

OUTCOME 3B-1: Percentage of money services businesses examined as required by sec. 560.109, F.S.

Baseline Year 2015-16	FY 2024-25 Projected	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected
100%	100%	100%	100%	100%	100%

OBJECTIVE 3C: Examine companies and individuals regulated under the Florida Securities & Investor Protection Act to more effectively protect Florida investors.

OUTCOME 3C-1: The number of complex Securities examinations completed.

Baseline Year 2009-10	FY 2024-25 Projected	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected
41	130	130	130	130	130

OBJECTIVE 3D: Ensure effectiveness of financial investigations through consistent application of administrative, civil and/or criminal enforcement action against individuals or entities that conduct fraudulent or illegal financial services activities.

OUTCOME 3D-1: Percentage of investigations accepted by prosecutors or OFR legal counsel for enforcement action that result in action being taken.

Baseline Year 2007-08	FY 2024-25 Projected	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected
80%	81%	82%	83%	84%	84%

OBJECTIVE 3E: Improve investigative efficiency by reducing the time required to prepare a legally sufficient case for potential enforcement action.

OUTCOME 3E-1: Percentage of priority investigations accepted by prosecutors or OFR legal counsel for enforcement action within 12 months of case opening.

Baseline Year 2009-10	FY 2024-25 Projected	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected
60%	62%	64%	68%	72%	72%

PRIORITY #4: Improving Customer Service

OBJECTIVE 4A: Improve customer service provided by the Division of Securities by reducing the overall call wait time.

OUTCOME 4A-1: Reduce the average time it takes from receipt of an incoming call until the call is answered.

Baseline Year 2014-15	FY 2024-25 Projected	FY 2025-26 Projected	FY 2026-27 Projected	FY 2027-28 Projected	FY 2028-29 Projected
2:33 minutes	1:20 minutes	1:10 minutes	1:00 minute	1:00 minute	1:00 minute

LINKAGE TO GOVERNOR'S PRIORITIES

The Office of Financial Regulation aligns its goals and objectives to three of the six priorities identified by Governor DeSantis:

- **Economic Development and Job Creation**
 - *Focus on diversifying Florida's job market, including a focus on an expansion of the financial services and technology sectors.*
 - *Maintain Florida's status as a low-tax state and continue to find opportunities to reduce taxes and fees.*
 - *Reduce existing regulations and stop any new regulations that do not serve the public health, safety, and welfare.*
- **Public Safety**
 - *Support local and state law enforcement's ability to investigate and prevent criminal activity.*
 - *Develop and implement comprehensive threat assessment strategies to identify and prevent threats to the public.*
- **Public Integrity**
 - *Protect taxpayer resources by ensuring the faithful expenditure of public funds.*
 - *Promote greater transparency at all levels of the Office of Financial Regulation.*

This will be accomplished through the promotion of a safe and sound marketplace and growth of Florida's economy with smart, efficient, and effective regulation of the financial services industry.

TRENDS AND CONDITIONS

Agency Statutory Responsibilities

The Office of Financial Regulation (“OFR”) is responsible for licensing, chartering, examining, and regulating depository and non-depository financial institutions and financial service companies, including state-chartered banks, credit unions, trust companies, loan originators, mortgage lenders, securities dealers, investment advisers, consumer collection agencies, financial technology innovators, and money transmitters throughout Florida. As of June 30, 2023, the OFR has more than 525,796 registrants, licensees, and chartered entities.

Executive Direction

Executive Direction and Support Services (Executive Direction), headed by the Commissioner, includes the: Chief Operating Officer, Legislative Affairs Director, and Offices of Inspector General (OIG), General Counsel (OGC), Communications (OOC), and a Fintech policy advisor, who report to the Commissioner. Executive Direction also includes the Director of Budget & Analytics, the internal IT support team, Operations Manager and regional administrative support, all of whom report to the Chief Operating Officer. Executive Direction provides direction, executive guidance, legal, IT and administrative support to carry out the OFR's statutory and administrative responsibilities. Executive Direction is currently engaged in several initiatives to improve the overall effectiveness and efficiency of the OFR's operations.

During FY 2020-2021, the OFR implemented an agency reorganization to enhance the services of the Office of General Counsel (OGC). Agency attorneys who had previously been assigned respectively to the Divisions of Consumer Finance, Securities, and Financial Institutions were transferred to the OGC and assigned to one of the three newly created operational areas: Internal Agency Services, Consultative and Regulatory Services, or Administrative and Civil Litigation Services. The goal of the newly created OGC is to maximize the work performance and effectiveness of the attorneys and to improve the legal services the attorneys provide agency wide. The growth in the OFR's licensee base has resulted in a corresponding growth in legal cases. With all OFR cases now flowing through a common supervisory chain of command, metrics show a compelling case for additional legal resources being needed.

Regulatory, Enforcement and Licensing (REAL) System

In 2008, the OFR consolidated more than 20 legacy information technology systems and paper-based business processes within the Division of Securities and Division of Consumer Finance into its Regulatory Enforcement and Licensing (REAL) System, an integrated financial regulatory management system. The Division of Financial Institutions was not integrated into REAL at that time.

In FY2017 the OFR re-procured the REAL System operations and maintenance support services operations and maintenance (O&M) contract. Additionally, the OFR received funds to leverage the re-procurement, migrate the Division of Financial Institutions into REAL, and facilitate the replacement of the custom web services portal with the VERSA-

Online - Commercial Off The Shelf (COTS) package to seamlessly integrate the online portal into REAL. Seamless continuation of REAL System operation and maintenance began on July 1, 2017, and successful migration of the Division of Financial Institutions was completed as scheduled. The portal replacement initiative was completed on May 21, 2018. The licensure and operational (O&M) contracts associated with the REAL System have been renewed for the period beginning July 1, 2021, and running through June 30, 2026.

With the licensure and O&M contracts expiring in 2026, the Office is seeking to procure a system to enhance the overall user experience and provide greater value to the State. The emergence of more modern cloud-based technologies with greater flexibility and more robust capabilities, including the ability to seamlessly integrate with our Federal and corporate partners, will provide a greater value to the OFR and those citizens and industries we serve and regulate. The OFR has completed a feasibility study and needs analysis. The feasibility study and needs analysis constitute the core of the Schedule IV-B. The OFR has submitted a Legislative Budget Request seeking Legislative authority for an appropriation to procure and replace our aging REAL platform based on the documented need. This initiative will also seek to align the REAL system procurement with the State's cloud-first initiative in Chapter 282, Florida Statutes. Thus, the new REAL system is intended to comply with the rules governing IT infrastructure, security, and data governance in rule 60GG, F.A.C.

Employee Retention Efforts

The OFR has initiated steps to reduce staff turnover and increase staff retention by engaging in several approaches to compile and collect information.

- (1) Recruitment and Retention: The Legislature provided approximately \$4.4M in additional salaries and benefits for the OFR to address ongoing recruitment and retention needs over the last two legislative sessions. Beginning in October of 2023, the OFR will be able to target critical vacancies with competitive salaries and attempt to make significant progress in reducing both turnover and the overall vacancy rate.
- (2) Salary Realignment Project: In 2019, 2020, and 2022, the OFR conducted comprehensive reviews of salaries of existing OFR employees and new hires to better align employee compensation with experience, geography, performance, and market competition for skilled workers, while also attempting to identify and correct instances of discrepancies in pay. In addition to analyzing salary data for internal consistency, we compared our data to that of financial regulatory agencies in other states and the federal government. This ongoing plan involves the continued analysis and evaluation of all aspects impacting employee retention, in particular those related to direct compensation, market competition, and employee satisfaction.
- (3) Employee Job Satisfaction. Starting in May 2020, the OFR conducted a series of statewide whiteboard exercises with all of its non-supervisory employees. The exercise was designed to measure employee satisfaction by having them collectively respond to a series of questions posed by a moderator, who was one of their peers. It was also intended to bridge gaps and build relationships between our regulatory divisions by grouping together similarly classed employees across divisions. A similarly structured opportunity, with the same overall goals, was provided for supervisors. The results of

the exercises were anonymized and communicated directly to the Commissioner. The evaluation of the results has resulted in the implementation of a number of the employees' suggestions, while certain other suggestions were addressed by initiatives already in progress. Some of the whiteboard results are:

- a. Greater Communication and Transparency from Supervisory Staff. The Commissioner has included all senior management in Executive Direction's Monday meetings. This is designed to educate all supervisors on Executive Direction's concerns and processes, which will facilitate the succession of executive management and preserve institutional memory. Likewise, this access to meetings will enable better communication to lower-level employees of the OFR executive agendas and the Commissioner's vision for the future of the agency. In addition, the Commissioner has commenced periodic "all-hands" video conferenced meetings where he addresses the office-wide staff and allows Q&A, has consolidated Tallahassee personnel into a single floor in the Fletcher building where his office is easily accessible and visible to all staff, and he maintains an open-door policy for staff and encourages the staff to set one-on-one meetings with him.

For the OFR's regulated entities, the agency has developed a "Compliance Tips" section on the website to provide solutions to frequently recurring but avoidable compliance issues. It is hoped this will also reduce the number of public assistance requests and regulatory enforcement cases on these topics and saving the staff time that otherwise is dedicated to public responses.

- b. Pilot Project for Use of State Fleet Vehicles. The Bureau of Financial Investigations (Bureau) has continued to benefit from the use of state fleet vehicles through its partnership with the Department of Financial Services (DFS). In addition to allowing the Bureau to borrow DFS fleet vehicles from time to time for conducting onsite appearances and other enforcement related activities, the Bureau was also able to acquire at no cost two additional motor vehicles from DFS that were otherwise being taken out of service.
- c. Internal Inefficiency. The OFR amended the administrative rules governing the application process to allow the OFR to efficiently close expired applications where the applicant has failed to complete the application. The result of these changes is the elimination of some of the administrative processes and has saved the Registration and Legal staff hundreds of hours of staff time and thousands of dollars on certified mail. The OFR's reorganization of the OGC, reassigning all of the OFR's legal support staff and attorneys under the direct supervision of the agency's General Counsel, has recently been completed. This change in the organizational and reporting structure will allow for the maximization of available resources by directing and controlling the work of all legal staff through a central chain of command.

- d. “Your OFR.” The OFR’s efforts related to employee retention are not only focused on the monetary, physical, and material facets of our workforce, but also on those that relate to the atmosphere, culture, and morale of the workplace. In an effort to address all aspects of our retention efforts, the OFR initiated a number of staff involvement programs:
- i. Bright Ideas. This is an ongoing communications initiative to incentivize the staff to submit constructive ideas for policy changes. The goal of the initiative is to allow employees to have a direct line of communication with all senior management for the express purpose of providing feedback and ideas to streamline work processes and make better use of OFR’s resources through innovation.
 - ii. External Outreach: The Ambassador program, alumni network, and participation in job fairs are all ongoing efforts where the Commissioner is encouraging staff to volunteer to be speakers at finance-related college classes where OFR can be in front of students and describing our work. These external outreach programs are aimed at recruitment of employees and promotion of the work done by the OFR. Things like collaboration with former OFR employees in social settings to exchange ideas and discuss the culture of the OFR and job fair participation are proactive ways for OFR to get feedback, promote the Office’s mission publicly, and get leads on hiring college grads with the educational background most relevant to the regulation of the financial industry in Florida.

Training

Training is critical to the success of OFR’s regulatory efforts. The highly specialized, continually changing, nature of our regulated entities requires continual technical training to enhance skillsets, keeping our team informed about the latest trends and risks in the marketplace, maintaining optimum productivity, and enhancing employee morale and professional development. Without a strong commitment to training, we jeopardize our ability to perform our regulatory functions and create reputational risk for the agency and the financial services marketplace. The OFR continues to advance training opportunities including working with industry groups and federal regulators to take part in training opportunities, expanding our knowledge base concerning cybersecurity, information technology, risk management best practices, and risk mitigation strategies. We continue to develop our knowledge base concerning emerging financial products and technology through participation in industry training events and webinars. In particular, some of the members of OFR’s Bureau of Investigations are in the process of achieving Cybercrime certification.

OFR has continued to utilize virtual training platforms to participate in industry training events, federal and other state training events, and internal training throughout all divisions. Training topics in the virtual setting have included cybersecurity and information technology risk management, lending and loan modification standards, Bank Secrecy Act and anti-money laundering compliance, cryptocurrency blockchain analysis, and internal training on the use of different technology platforms to facilitate strong virtual

communication and collaboration. Through the use of products like Microsoft Teams and Go To Meeting, the OFR has been able to facilitate and participate in effective meetings and training events, internally and with outside stakeholders. More recently, several units within OFR have begun to again participate in joint (in-person) training events, including a week-long, practical litigation-oriented workshop that was conducted between the BFI's investigators and attorneys from the OFR's OGC.

Emerging Products and Technologies

Financial technology (Fintech) platforms and virtual currencies continue to be an area of focus for the OFR. On June 30th, 2020 CS/CS/CS/HB 1391 an act relating to Technology Innovation, was signed into law by Governor DeSantis, *in part, through a coalition between the OFR and the American Consumer Financial Innovation Network (ACFIN)*. Fintech is technology used to support or enable banking and financial services. Google Pay, Apple Pay, and Rocket Mortgage are just a few examples of fintech platforms that deliver financial products and services to consumers.

The act created the Financial Technology Sandbox (sandbox) License within the OFR's Division of Consumer Finance, to allow a sandbox licensee to make an innovative financial product or service available to consumers as a money transmitter, payment instrument seller, or lender of consumer finance loans. The sandbox period is initially 24 months but can be extended one time for an additional 12 months. Upon approval of an application, a sandbox licensee is exempt from specified provisions of general law and the corresponding rule requirements during the sandbox period. The OFR may initially authorize a sandbox licensee to provide the financial product or service to a maximum of 15,000 consumers but may authorize up to 25,000 consumers if the sandbox licensee demonstrates adequate financial capitalization, risk management processes, and management oversight. OFR promulgated rules and updated the REAL System to implement the sandbox program. The REAL System went live on January 18, 2021. To date, two applications have been filed for a sandbox license and one remains pending. The other application was withdrawn as it was filed in error.

Initial Coin Offerings (ICOs) and other cryptocurrency related products continue to be identified as an emerging threat to investors. Cryptocurrencies like Bitcoin, Ethereum and Litecoin are a medium of exchange created and stored electronically in a blockchain. Unlike traditional currency, these alternatives have no physical form. They are a distributed database that keeps a permanent record of digital transactions and typically they are not backed by tangible assets. They are not insured or controlled by a central bank or other governmental authority, cannot always be exchanged for other commodities, and are subject to little or no regulation.

In February 2019, the Florida Third District Court of Appeal issued a decision involving a criminal case that impacted the licensure of money service businesses in the State of Florida creating a conflict with existing OFR policy which traditionally interpreted the money transmitter statute to require licensure for third party fiduciaries (e.g., Western Union), and did not include "peer-to-peer" transactions. In *Florida v. Espinoza* the appellate court held that bitcoin is a "payment instrument," thereby requiring licensure under Florida's money transmission laws for its sale. In the 2022 Legislative Session, the Legislature passed

language effectively reaffirming the OFR's historical interpretation of money transmitter licensure and including virtual currency as a medium of exchange that not currency.

However, the growing prominence of all forms of cryptocurrencies in all aspects of the financial marketplace and the resulting overlap between the three regulatory divisions of the agency warrants a more dedicated regulatory focus within the OFR. Working directly through the Office of the Commissioner, a dedicated management level staff member is tasked to monitor industry developments and propose policy options to the Commissioner, Florida Legislature and Financial Services Commission.

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Division of Financial Institutions

The Office of Financial Regulation's Role in Financial Institution Supervision

Banks and credit unions in the United States are chartered and regulated under a dual banking system. Financial institutions may elect to have a national charter and a federal primary regulator, or they may choose to be chartered and regulated by the state in which they are headquartered. State-chartered banks and credit unions headquartered in Florida are regulated by the OFR. The OFR also regulates and licenses other financial entities including non-depository trust companies; branches, agencies, and offices of international banking organizations; family trust companies, and qualified limited service affiliates of international trust companies.

Florida-chartered financial institutions are an important part of Florida's financial services industry and tend to be community-focused, offering products and services that are tailored to the needs of that community. Regulation at the state level allows for regulatory supervision that is more knowledgeable of the communities and markets in which the institution operates and allows for flexible, proactive, and responsive regulation. The Florida regulation of financial institutions, with its understanding of Florida's economy and consumers, is a benefit to the institutions as well as to the citizens of the state.

Economic Trends and the Impact on Florida State-Chartered Financial Institutions

The Division of Financial Institutions (Division) has regulatory oversight of 200 state-chartered financial institutions and regulated entities, with approximate total assets of \$210 billion as of June 30, 2023. Florida-chartered trust companies and bank trust departments had total assets under administration / management of \$83.33 billion as of June 30, 2023. The financial institution industry continues to see consolidation, although the rate of mergers and acquisitions has tempered somewhat as a result of economic conditions that are less conducive to these activities. New bank formation and charter conversions continued throughout the past year. The number of state-chartered financial institutions has decreased by 20% since 2013, when there were 249 state-chartered financial institutions. Despite the decrease in the number of state-chartered financial institutions, the total assets of these institutions have increased approximately 113% during the same period, which is indicative of the increasing complexity of Florida's state-chartered financial institutions.

While the number of De Novo bank formations has moderated, Florida continues to lead the nation in new state-chartered bank formations. The Division has chartered six De Novo banks in the last four years. The Division also chartered one non-depository Trust Company and licensed one new international branch of international banking organizations during the same timeframe. The Division currently has one pending De Novo bank application. Additionally, multiple financial institutions have converted from nationally chartered financial institutions to Florida state-chartered institutions over the past few years, thus increasing the size and complexity of financial institutions regulated by the Division.

The last few years have seen uncertainty and change in Florida's financial markets. After a long period of historically low interest rates, rates began an upward trend, rising significantly. The increase in rates is due to efforts of the Federal Reserve to reduce

historically high levels of inflation. High inflation continues to greatly impact the citizens of Florida and the United States as a whole. Florida's economy remains strong and vibrant despite the challenges of high inflation. While the increasing rate environment has resulted in reduced pressure on financial institutions' net interest margins, the OFR remains vigilant in its monitoring of potential effects the increasing rates and inflationary pressures could have on the ability of consumers to pay existing debts and impacts to liquidity in financial institutions. In its role as the regulator of the safety and soundness of Florida's state-chartered financial institutions, the OFR conducts routine examinations of its regulated entities and monitors economic changes and factors to ensure that its regulation is timely and appropriate.

Improving Taxpayer Value

The Division receives and processes complaints in a timely and responsive manner. The primary responsibility of the Division in the complaint process is to facilitate the resolution of complaints by working with Florida-chartered financial institutions to ensure that complaints are handled and resolved appropriately. When complaints are received against entities not regulated by the OFR, the complaint is referred to the appropriate agency in order to ensure that consumers receive the best service from decision makers which have jurisdictional power over a particular financial institution. The number of complaints received by the Division increased slightly from 436 in FY 2021-2022 to 497 for FY 2022-2023, representing an increase of approximately 14%. Of the 508 complaints processed in FY 2022-2023, 349, or approximately 68% of the complaints were referred to other agencies as the matter did not fall under the jurisdiction of the Division. Complaints that were referred to other agencies for FY 2022-2023 were processed and referred in approximately one day and complaints against state-chartered financial institutions were processed in approximately 18 days.

Deliver Value to Business

The Division continues to conduct its examinations utilizing a combination of onsite examinations, with portions of the examination conducted offsite when feasible. This allows the Division to leverage technology in order to complete thorough and detailed examinations while minimizing the regulatory burden to the institution and minimizing travel costs.

The Division continues to focus on reducing employee turnover and maintaining a well-trained and experienced examination team. In 2022, the Division was able to receive an increase in its budget to be utilized with the goal of increasing retention of experienced examiners. That increase continues to be used to address the increase in turnover rates. The Division realizes that investing in its employees is critical to the successful regulation of the financial institution industry in the State of Florida and will continue to make this a priority.

Promote a Safe and Sound Financial Marketplace

The Division remains dedicated to providing forward-looking, risk- focused, safety and soundness examinations of all state-chartered financial institutions, as set forth by Florida Statutes. In accomplishing this, the Division works in conjunction with its federal

counterparts to facilitate an examination schedule that provides optimal regulatory supervision while minimizing the impact and disruption to the financial institution being examined. In the ever-changing and challenging economic environment, it is vital that the Division continue to assess not only the financial condition of regulated institutions, but also the ability of financial institutions' management and board of directors to identify, mitigate, and manage risk.

Emerging technology, such as financial technology (FinTech) platforms, the advancement of blockchain utilization, and the emergence of cryptocurrency, pose both opportunities and risks to institutions. The Division, as part of its safety and soundness examination process, conducts examinations of financial institution's cybersecurity and information technology risk management. Cybersecurity and information technology risks continue to be a top threat to financial institutions, and training in this area continues to be a top priority of the Division. The Division continues to be supportive of innovation in the financial institutions industry, while keeping the financial institution marketplace safe and sound and retaining a strong examination team.

Legislation

During the 2024 Legislative Session, the Division will monitor any legislation affecting the financial institutions industry. The Division continues to monitor and gather information related to potential statutory needs related to emerging financial technology, including blockchain, cryptocurrency, and modern delivery channels of financial services. The Division's goal is to create a more competitive and welcoming atmosphere in which potential and current financial institutions can comfortably engage with the OFR as its chosen regulator, while ensuring that all regulated entities are safe and sound.

Division of Consumer Finance

The Division of Consumer Finance (Division) administers and enforces Chapters 494, 516, 520, 537, 559 (Parts V, VI & XII), and 560, Florida Statutes, which cover mortgage loan origination, brokering, and servicing; consumer finance lending; retail and installment financing; title loan lending; collection agencies; financial technology sandbox; and, money services businesses, including payday lending. These statutes are designed to help protect the public from unlawful activities while promoting the sound growth and development of Florida's economy.

The Division is organized into the following units:

- Bureau of Enforcement
- Bureau of Registration
- Director's Office

Bureau of Enforcement

The Bureau of Enforcement (Bureau) is charged with the following responsibilities:

- Conducting examinations of consumer finance industries to ensure compliance with Florida statutes and administrative rules.
- Processing consumer complaints and where appropriate, utilizing consumer complaints as a tool to identify entities that warrant an examination.

The Bureau consists of employees located in Tallahassee Headquarters and each regional office (Tampa, Orlando, West Palm Beach, and Miami). Enforcement staff conduct field examinations primarily within the state but may also travel to another state when required by law or otherwise deemed mission critical. During the FY 2022 – 23, the Bureau opened 298 examinations, of which 182 were field exams and 116 limited scope exams. The Bureau also closed 422 examinations, of which 70 were field exams and 352 limited scope exams.

The Bureau is responsible for the examination of 23 different types of licensed entities and the continuous monitoring of the activities of existing licensees and registrants.

The Bureau conducts examinations of money services businesses pursuant to a statutorily mandated five year examination cycle. In addition, the Bureau is required to investigate all complaints filed with the OFR regarding Consumer Collection Agencies. For all other finance laws, the Bureau does not require "cause" or grounds for legal action to examine a business, so businesses licensed or registered with the Division may be subject to an unannounced examination. These examinations typically target businesses whose history shows a pattern of conduct warranting further examination.

Some examinations involve more complex issues and are commenced when there appears to be significant violation of law (i.e., fraud or money laundering) or significant risk of consumer harm. These examinations require substantial time and resources and may require complex and lengthy litigation.

Through cases developed by the Bureau, the OFR may seek administrative remedies such as revoking or suspending a license, denying a license application, assessing an administrative fine, or restricting a license. Persons subject to the OFR's administrative actions are afforded due process pursuant to Chapter 120, Florida Statutes (Administrative Procedures Act) and can request either a formal or informal administrative hearing to challenge the OFR's intended action. The OFR may also seek civil remedies in circuit court,

including cease and desist orders, civil penalties, fines, freezing of assets or appointment of a receiver. The Bureau also works with the Office's Bureau of Financial Investigations in cases involving possible criminal activity.

The Bureau works closely with other state and federal regulatory agencies, including the Internal Revenue Services, the Financial Crimes Enforcement Network, and the Consumer Financial Protection Bureau. These relationships result in case referrals, joint or concurrent examinations, which allow for leveraging of resources, taking advantage of the experience and expertise of each entity, and the ability to prosecute larger, multi-jurisdictional cases. Referrals of matters to the OFR affecting Florida consumers also result from these close relationships.

Bureau of Registration

The Bureau of Registration (Bureau) is charged with the following responsibilities:

- Reviewing applications for license or registration of individuals, business, and branch offices/authorized vendors.
- Reviewing applications for license renewal and amendments to existing licenses or registrations.

As of June 30, 2023, there were 15,353 businesses, 57,541 branches/vendors and 57,514 individuals licensed in Consumer Finance. Florida ranks in the top three in the nation in the number of consumer finance industries. Registration is responsible for the review of 23 different types of applications and with monitoring the activities of existing licensees and registrants through renewal applications and amendments.

Licensing and registering individuals, businesses, and branch offices/authorized vendors ensures that only those applicants that meet the standards set by laws and rules are allowed to conduct business in Florida. In instances where the qualifications are not met, denial of the application may be required, thus helping protect consumers.

Applications are reviewed based on the specific laws and regulations depicting the minimum standards by which an individual or business is qualified to act in the capacity of the license. Many of the applications involve a detailed review of criminal backgrounds of the controlling individuals and for mortgage applicants a determination of financial responsibility, which includes reviewing an individual credit report. Registration analysts are required to conduct a thorough review of each application and communicate with the applicant if there are any deficiencies found in the application. The OFR, as an agency that processes licensing and registration applications, must comply with Chapter 120, Florida Statutes (Administrative Procedures Act or APA) in its review of applications.

Failure to adhere to the timelines mandated by the APA could result in the OFR being required to approve an application for a license where the applicant or controlling individuals do not meet the minimum licensing standards thereby placing Florida consumers at risk for financial harm. In addition, review of criminal backgrounds and determination of financial responsibility are also reviewed on a yearly basis when mortgage licensees renew their license.

Registration utilizes the REAL System to perform the majority of its licensing activities. In addition to REAL, Registration also participates in the Nationwide Mortgage Licensing System (NMLS) as mandated by the federal Secure and Fair Enforcement for Mortgage Licensing Act (S.A.F.E.) Act, which was enacted in 2008. The S.A.F.E. Act requires all states to utilize the NMLS for licensure filings related to the regulation of the mortgage industry. The NMLS acts as the portal by which all filings are received, and then, through programs established within REAL, the NMLS data is programmatically entered in REAL where staff reviews, tracks, and maintains pertinent information regarding the final approval or denial decision. In addition to the information maintained in the REAL System, the NMLS is also viewed by all state regulators as the system of record for licensure information is considered the national source for consumer to verify if an individual, business, or branch office is licensed. The OFR retains all other records within REAL that are provided outside of NMLS.

The Bureau received 15,021 mortgage related applications during the fiscal year,¹ 25,149 in FY 2021-22 and 24,765 for FY 2020-21 and 12,258 for FY 2019-20. Although mortgage related applications have decreased by 40% since the last fiscal year, applications received are still 23% greater compared to FY 2019-20.

The number of active mortgage related licenses as of July 1, 2023, was 71,403 and was 79,012 as of July 1, 2022. Just three years prior, this number was 47,000. Although there was a 10% decrease from the last fiscal year, this still represents a 52% increase from fiscal year 2019-20 to fiscal year 2021-22.

As a result of overwhelming demand to process mortgage applications, the Division submitted a Legislative Budget Request during the 2022 legislative session requesting seven additional full-time equivalent positions for the Bureau of Registration. The request was funded, and the Division was appropriated seven additional positions, effective July 1, 2022.

While the Division continues to fill these new positions, the Division has achieved positive results. The Bureau reviewed all renewals filed during the renewal season. In addition, the number of renewals approved greatly increased from the previous fiscal year: Comparing July 2023 to July 2022, there was a 20% increase in Loan Originator renewal approvals, an 83% increase in Mortgage Broker renewal approvals, and a 79% increase in the Mortgage Lender renewal approvals.

Improving Taxpayer Value

¹ The Federal Reserve raised its Federal Funds lending rate 8 times from June 2022 to June 2023 in an effort to tame inflation. The rate hikes have resulted in a significant drop in levels of mortgage lending of up to 45% from prior-year highs. With the downturn in mortgage lending, OFR has seen a decrease in mortgage-related applications and licenses.

Improving Taxpayer Value

The OFR continues to focus on enhancing taxpayer value. With expanded data collection and analysis, the Division has been able to make data-driven decisions and create performance measures to improve productivity with its current complement of staff. The Division uses technology to better analyze data and more efficiently allocate limited resources to target areas of highest risk of harm to consumers.

Additionally, with the addition of seven new positions, the Division anticipates increased productivity and efficiency.

Delivering Value to Businesses

The Division strives to improve service to its applicants and licensees by processing submissions in a timely manner. During FY 2021-22, the Division approved applications for licensure in approximately twelve days.

Providing quick, responsive service to applicants is a current measure for the Division on the agency Long Range Program Plan. The Administrative Procedures Act requires that all applicants for licensure be notified of application deficiencies or outstanding concerns within 30 days of receipt of the application. The Division has, on average, notified applicants of deficiencies within 12 days. This is substantially faster than required by the statutory timeframe.

Legislation

The 2023 Legislative Session resulted in the passage of four laws affecting the Division.

Senate Bill 32 - Laws of Florida Chapter 2023-8

The bill repealed language in subsection 560.141(1)(c)7, Florida Statutes, that required MSB licensees to submit live-scan fingerprints during their 2014 & 2015 renewal filing. This language became obsolete in 2016. The Governor signed H.B. 3 into law on March 24, 2023, and it went into effect immediately.

House Bill 3 - Laws of Florida Chapter 2023-28

This bill is titled “An act relating to government and corporate activism.” The bill creates new sections in chapters 516 & 560, Florida Statutes by establishing unsafe and unsound practices surrounding the provision or denial of service. Unsafe and unsound practices is determined based on a defined list of characteristics where a licensee is prohibited from denying or cancelling services to a person. New language created by the bill also requires applicants and licensees, beginning on July 1, 2023, to attest under penalty of perjury, on a form prescribed by commission rule, whether the applicant or licensee is acting in compliance. Lastly, the bill makes it that a violation of these provisions is also a violation of Florida’s Deceptive and Unfair Trade Practices Act under Part II of chapter 501, Florida Statutes. The Governor signed H.B. 3, and it became effective July 1, 2023.

House Bill 607 - Laws of Florida Chapter 2023-125

H.B. 607 was a priority for OFR because the Federal Bureau of Investigation (FBI) rejected OFR's application for FBI fingerprinting authority under chapter 560, Florida Statutes for the Sandbox license. The FBI believed that the control person definition in chapter 560 was overly broad and did not comply with federal law. To address the FBI's concerns during the 2022 Legislative Session, a similar bill was passed; however, the FBI rejected that version. During this past session the OFR worked with members of the House Insurance and Banking subcommittee who diligently sought a remedy. H.B. 607 amends the control person definition to remove any unclear language and pinpoints specific titles, ownership thresholds, and individuals identified in "governing documents" which are defined in the bill. The Governor signed H.B. 607, and it became effective July 1, 2023.

House Bill 1185 – Laws of Florida Chapter 2023-130

This was the Florida Chief Financial Officer's Consumer Protection bill and contains amendments to chapters 494 and 560, Florida Statutes. The amendment to chapter 494 allows a loan originator to meet customers at a remote location without the need for the location to be licensed as a branch office. The bill also amended section 494.0067(1), Florida Statutes, clarifying that only loan originators who work for a licensed mortgage lender are allowed to conduct business at a remote location thereby disallowing loan originators who work for a mortgage broker to work from a remote location.

For the 2024 Legislative Session, the Division is considering creating regulatory efficiency in chapter 516, Florida Statutes, by creating a branch office license for each additional location of a consumer finance company in lieu of the current requirement to file a full application including redundant review of control person's background. The proposed legislation would eliminate the need for each additional location to include the \$200 background investigation fee as required under currently statutory structure. This effort would also reduce staff workload and allow for branch applications to be approved automatically under certain conditions.

Division of Securities

The mission of the Division of Securities (Securities) is investor protection through registration and examinations of firms, branches and individuals offering investment services. Securities administers and enforces compliance with Chapter 517, Florida Statutes, the Florida Securities and Investor Protection Act (Act). The Act is also designed to help protect the investing public while promoting the sound growth and development of Florida's economy.

Securities accomplishes its mission through its Bureau of Registration (Registration) by registering securities firms and their employees to conduct business in, to or from the state of Florida. The Bureau of Enforcement (Enforcement) receives and processes consumer complaints regarding securities industry activities and participants. Enforcement conducts examinations of securities firms and their employees and develops enforcement actions brought by the OFR for violations of the securities laws.

Registration and Enforcement maintain close relationships with other states and Canadian securities regulators through the North American Securities Administrators Association (NASAA), the organization of U.S. state and Canadian provincial and territorial securities regulators; the U.S. Securities and Exchange Commission (SEC); self-regulatory organizations (SROs) such as the Financial Industry Regulatory Authority (FINRA), which regulates its securities broker dealer industry members; and state and local prosecutors and law enforcement. These relationships result in case referrals, joint investigations and enforcement cases, which allow for leveraging of resources, taking advantage of the experience and expertise of each entity, and the ability to prosecute larger, multi-jurisdictional cases. Referrals of matters to OFR affecting Florida investors also result from these close relationships.

Both bureaus engage in outreach to consumers and selected groups, such as seniors, the securities industry, and the Florida Bar.

Enforcement

Enforcement conducts examinations of dealers, investment advisers and their associated persons located in Florida, to determine whether any person has violated or is about to violate the Act, or to aid in the enforcement of the securities law and rules. Enforcement does not require "cause" or grounds for legal action to examine a dealer or investment adviser, so firms registered with the division may be subject to an unannounced examination. These examinations typically target registered firms and individuals whose history shows a pattern of conduct warranting further examination. During FY 2022-23, Securities opened 171 and closed 170 examinations.

Some examinations involve more complex issues and are commenced when there appear to be significant securities law violations (i.e., fraud or abusive sales practices) or significant investor losses. These examinations require significant time and may be resource intensive. They frequently result in an enforcement action.

Enforcement works with OFR's Bureau of Financial Investigations regarding matters involving unregistered firms, individuals, and securities offerings. These matters often result in criminal prosecution.

Civil, administrative or criminal violations of the Act can take many forms, but the most serious violations involve fraudulent conduct. Fraudulent conduct may include material misrepresentations or omissions by the perpetrator to prospective or actual investors which frequently result in substantial losses of money or property by the victims. In the securities realm, this often involves one or more sales practice abuses.

Securities staff also has the ability to jointly investigate cases with the Office of the Attorney General pursuant to section 517.191, Florida Statutes, which provides the Attorney General with the authority to investigate and bring actions under the anti-fraud provisions of the Act.

Registration

As of June 30, 2023, there were 10,701 dealer and investment adviser firms, 11,667 branches and 373,710 individual associated persons, and two crowdfunding intermediaries actively registered with OFR. Florida ranks third in the nation in the number of registered dealers, investment advisers and their registered associated persons, and fourth in the number of registered branch offices. Registration is responsible for the review of 15 different application types including dealers, investment advisers, branches, and their employees, and with monitoring the activities of existing registrants.

By registering dealers (firms that buy and sell securities) and their sales persons (commonly known as stockbrokers, agents or associated persons), and by registering investment advisers (firms that manage money for a flat fee or a fee based on a percentage of the assets under management) and their employees (commonly known as investment adviser representatives, agents or associated persons) who conduct business in Florida, Registration ensures that only applicants that meet the registration requirements set by the Act and the rules are allowed to conduct business in Florida. In instances where the qualifications are not met, denial of the application for registration, or restriction of the applicants' business activities upon registration, may be required, thus helping protect consumers.

Applicants for registration are reviewed for any prior securities law violations and once registered, are continually monitored for any actions in violation of the Act. Registration analysts check the disciplinary history (including any criminal history) for the firms and individual applicants, and the educational and employment background for the individual applicants employed by the dealers and investment advisers.

Once firms and individuals become registered, Registration identifies problems that require remedial or regulatory action. Regulatory action can include revocation, suspension or restriction of the right to do business in, to, or from Florida, which also protects consumers.

Applicants must disclose disciplinary events at the time of the initial application and registrants have a duty to report any updated disciplinary matters in a timely fashion. Registration received more than 10,700 disciplinary updates on registrants in FY 2022-23. Updated disciplinary and background information is carefully reviewed to determine if there are legal grounds to take regulatory action.

Registration participates in the Central Registration Depository (CRD) and Investment Adviser Registration Depository (IARD) systems, which are national databases of dealers and investment advisers and their associated persons. CRD and IARD are jointly administered by NASAA and FINRA on behalf of the OFR and the other state securities regulators. The OFR registers securities dealers and associated persons conducting business in, to or from Florida, and FINRA registers its member dealers through the CRD. The OFR registers investment advisers with up to \$100 million in assets under management and associated persons of all investment advisers conducting business in Florida and the SEC registers the investment adviser firms over the \$100 million threshold through the IARD.

Improving Taxpayer Value

Securities receives and processes complaints in a timely and responsive manner. Complaints are received by the Enforcement bureau and are triaged to determine if the issue is product or account servicing-related which can be resolved quickly, or if the complaint involves a registered entity or individual. Complaints involving registered entities are referred to a regional office for further review and often lead to examinations. Complaints involving unregistered entities, individuals or securities are referred to the Bureau of Financial investigations. Those complaints not falling within the jurisdiction of Securities are referred to appropriate agencies such as the Department of Financial Services, the U.S. Securities and Exchange Commission, and the Commodity Futures Trading Commission. Complaints increased from 514 in FY 2021-22 to 577 for FY 2022- 23, representing an increase of approximately 12%. In FY 2021-22 and 2022-23, Securities closed 209 and 399 complaints, respectively, and referred 277 and 151 complaints, respectively. On average, complaints are closed within 27 days of receipt.

With expanded data collection and analysis, Securities has been able to make data-driven decisions to assist in creating examination plans and schedules. Prior to beginning an on-site examination or requesting documents from a registrant, Securities can obtain documents from the dealer's clearing firm or investment adviser's custodian; this permits the Enforcement bureau to focus their attention on specific areas of concern and can decrease the time spent on the examination. This increases taxpayer value by minimizing the time spent on-site and the registrants' response time to records requests associated with the examination.

Delivering Value to Businesses

Securities strives to improve service to its applicants and registrants by processing submissions timely. During FY 2022-23 and currently, an applicant's registration request is approved, on average, in four days.

Providing quick, responsive service to applicants is a current measure for Securities on the agency Long Range Program Plan. Overall, Securities sends notices of deficiency to an applicant within 10 calendar days from receipt of their application, well within the Florida Administrative Procedures Act requirement that applicants be notified of deficiencies or outstanding concerns within 30 days from receipt of the application.

Securities holds a pre-registration conference with investment advisers to discuss registration maintenance, record keeping and compliance requirements after registration. Securities also sends a user-friendly guide to newly registered investment advisers to assist them in understanding their compliance obligations. This guide is available for all investment advisers via the agency website.

These efforts provide state registered investment advisers with helpful and useful information regarding Securities' rules and regulations, including common violations detected during examinations, and promote a stronger and safer investment advisory industry.

Promoting a Safe and Sound Marketplace

Securities is the sole regulator of investment advisers with up to \$100 million in assets under management. Currently, Securities has approximately 1,981 investment advisory firms registered in Florida, with approximately 1,235 physically located within the state. Securities determined it would be prudent to examine all investment advisers physically located in Florida on a 10-year cycle. Since the implementation of the cycle examination program, compliance by investment advisory firms with Securities' statutes and rules has increased considerably.

The 10-year cycle is appropriate and allows continued support for the initiative that all investment adviser firms be examined on a cyclical basis. Newly registered firms are examined during their first year of operation to ensure they comply with books and records, net capital, and financial reporting requirements, and appropriate business practices. The 10-year cycle permits adequate staff resources to be allocated to conduct broker dealer, branch, associated person, and special initiative examinations when there is a determination of heightened risk or need.

As part of the investment adviser examination, a review of the firm's cybersecurity program is conducted to determine if the firm has a written cybersecurity policy that is appropriate for its size and type of business, if the firm is following the policy, and has adequate controls in place.

Securities uses data analytics software to assist in the identification of higher risk activity, firms, and individuals; this software improves the effectiveness and efficiency of our examination program. That improvement translates into less disruption and time spent in a securities industry business, allowing the business to provide more of its services to the Florida investor. Securities will also use data analytic software to proactively identify areas of concern for firms and investors, including investment products.

Legislation

Securities is continuing to update Chapter 517, Florida Statutes. During the 2023 Legislative Session, the OFR proposed changes that made technical, clarifying and modernizing updates, especially with respect to registration requirements and exemptions. The legislation also eliminated registration requirements for issuers of securities offerings, reduced the filing fee for certain securities offerings, created a continuing education requirement for associated persons of investment advisers and federal covered advisers, and created a registration exemption for investment advisers to private funds. The legislation was approved by the Governor on June 9, 2023, and becomes effective October 1, 2023.

The OFR has participated in multiple subgroups formed by the Business Law Section of the Florida Bar to initiate substantive changes to the Act. Areas specifically addressed are exempt securities and exempt transactions, crowdfunding, the Florida Invest Local Exemption, integration of offerings, safe harbors for demo day presentations and testing the waters for issuers, the Securities Guaranty Fund and procedures for payment from the fund, enforcement remedies, and fraudulent transactions. The purpose of the proposals is to reform the Florida Securities and Investor protection Act and help stimulate the growth of a capital market for the financing of Florida businesses. OFR's goal is to promote Florida's economy through the creation of a self-sustaining, in-state capital market where many newly formed businesses can obtain seed or expansion capital. The desired outcome is to have our residents and businesses obtain capital from within our state and ultimately remain in Florida and contribute to the state's economy.

Bureau of Financial Investigations

The Bureau of Financial Investigations (BFI) is a criminal justice agency with investigative teams headquartered in the OFR's Orlando, Tampa, West Palm Beach, and Miami Regional Offices. While reporting to these Regional Offices, BFI also has additional investigative personnel who occupy Permanently Designated Teleworking positions and are physically located in other parts of the State. The BFI generally conducts financial crimes investigations involving securities and lending frauds. Cases are prioritized and resources are typically devoted to matters that significantly impact the citizens of Florida. The BFI also participates in joint investigations with local, state and federal law enforcement agencies.

Cases are presented to OFR attorneys and/or criminal prosecutors for appropriate enforcement action. Once an investigation is accepted for administrative, civil, or criminal prosecution, the BFI continues to lend support and expertise until the final disposition of the case.

Most investigations originate from consumer complaints, referrals from other agencies, confidential sources and coordination with law enforcement. The BFI also works with staff from the Divisions of Securities, Consumer Finance and Financial Institutions to enforce the securities, consumer finance and banking laws of the state. The BFI has also devoted resources to the formation of a new and proactive investigative unit, the Electronic Emergent Financial Crimes Unit (EFCU). This unit actively searches for ongoing investment and/or lending schemes (including those perpetrated over the Internet), and then expedites the investigation of such matters in order to prevent, halt or mitigate the financial harm to Florida's citizens.

Investment Fraud

BFI continues to deploy most of its resources to investigate investment fraud. Common schemes include those that target retirees and others seeking low risk, fixed return investments that generate income, Ponzi schemes in which new investor funds are used to pay returns to earlier investors, boiler room scams, and affinity frauds.

The stock market has performed well over the first half of 2023. A strong market usually helps to mask illegal activity. The BFI traditionally sees a spike in customer complaints and investigations in the time periods subsequent to a meaningful downward movement in the financial markets.

Interest rates have continued to rise during 2023 following a prolonged period of historically low rates. A low interest rate environment can tempt investors to chase higher yields by investing in unregistered, non-traditional investment opportunities that are often fraudulent. The BFI continues to investigate schemes that target retirees by offering them low or no risk investments coupled with a promise to pay them above market rate returns.

Scams Targeting Elderly Investors

The BFI continues to see Ponzi schemes and other investment frauds being perpetrated against the investing public, and particularly targeting elderly investors. A Ponzi scheme

is a fraudulent investment operation where the perpetrators pay “returns” to existing investors from capital raised from new investors and not from the operations of the business. Ponzi schemes can be difficult to detect as investors rarely complain while they are receiving their promised returns. Ponzi schemes generally collapse when the money needed to pay the existing investors becomes larger than the amount of money being raised from the newer investors, causing a default. Ponzi schemes and other investment schemes that target elderly investors will often rely on savvy, unregistered sales agents who are capable of earning a victim’s trust and ultimately receive substantial amounts of unlawful compensation from their victim’s investment proceeds.

Misrepresentations and Promises of High Returns

Two hallmarks of financial fraud - false representations and unrealistic promises of high returns are often used by bad actors to entice unsuspecting investors to part with their money. BFI investigators are trained to zero in on documentary evidence that can prove that victims relied upon false representations in making their investment decisions.

Violating Investor Trust

Trust and transparency are the bedrock of any thriving financial marketplace, and one of the most important functions of the BFI is to keep Florida’s financial marketplace fair and competitive by rooting out bad actors.

False Claims of Superior Returns from High-Tech or Proprietary Technology

Some unscrupulous sellers of securities seek to portray themselves as having exclusive access to high technology investment opportunities. They will claim to possess state of the art technologies and lure investors with promises of outsized returns. Often the claims prove false, and the fraudsters behind these schemes are revealed to have no superior or advanced technology with which to earn the promised returns. In fact, the investigation often reveals that far from ever being put to use in developing high tech products- investor funds are just stolen by the fraudsters and either paid out as Ponzi payments to other investors or used for personal and lavish expenses, or both.

Unconventional or “Exclusive” Investment Opportunities

Investors may be drawn to unconventional asset classes as a means of generating higher returns. Oftentimes they do so following the advice and misrepresentations of wily con artists who may claim they are providing exclusive opportunities while not fully understanding the instruments themselves or the true risks underlying the investments. Those risks, however, should never be compounded by the risk of falling victim to fraudsters peddling false promises.

Affinity Frauds

Affinity fraud is a type of investment fraud in which swindlers prey upon members of self-identifying groups, such as religious or ethnic communities, the elderly, or professional groups. The conmen who perpetrate affinity scams frequently are also members of the group or have established relationships with them.

Cryptocurrency Scams

The OFR has seen a rise in crypto-related frauds over the past year and has taken a proactive stance in identifying and combating these frauds, mining victim data from sources such as the FBI's IC3 database and responding quickly to complaints.

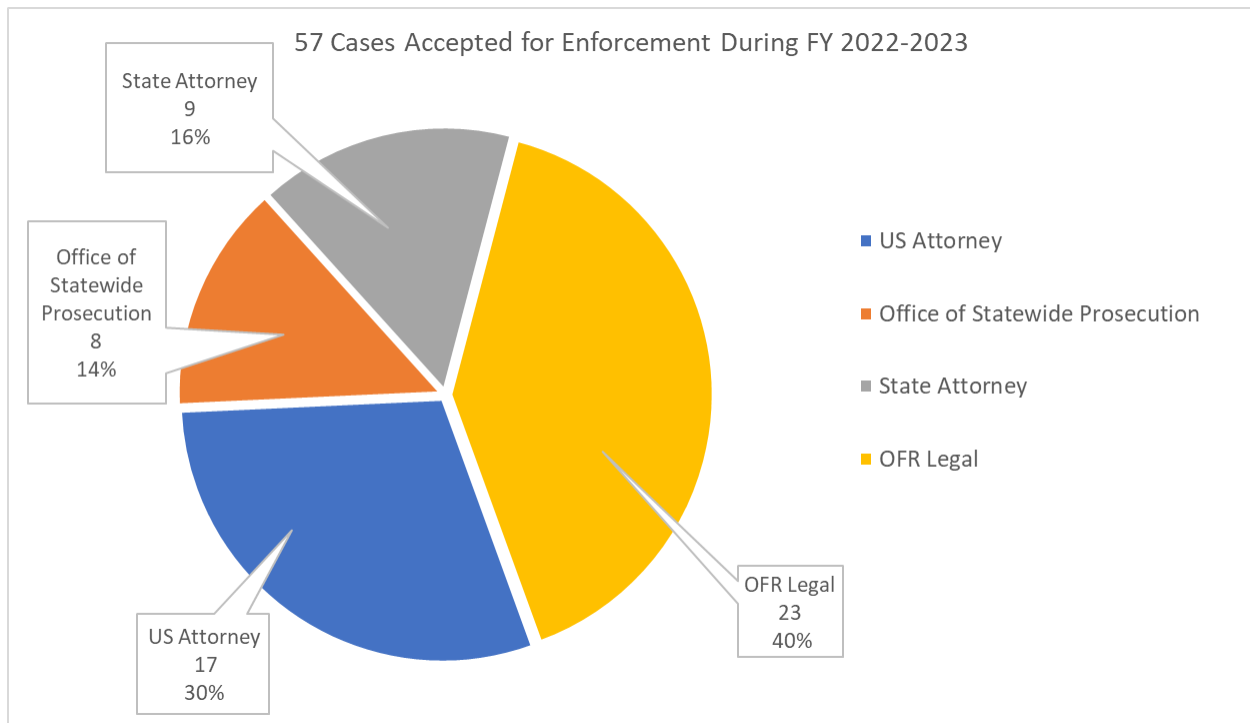
Caseload

As of July 1, 2023, BFI had approximately 467 open cases. These investigations involve approximately 10,000 consumers and approximately \$1.2 billion dollars in alleged losses.

When an investigation substantiates a violation(s), the case is presented for criminal prosecution and/or to OFR attorneys for administrative or civil enforcement action. Historically, approximately 80% of investigations accepted for enforcement result in criminal, civil and/or administrative action. For FY 2022-23, 94% of these types of cases resulted in enforcement action.

During FY 2022-2023, BFI completed 155 cases. Of those, 92 cases involved formal investigations, including 43 investigations where enforcement action was taken. In total, during the fiscal year, BFI investigations resulted in 133 enforcement actions involving 65 separate cases, including 19 administrative actions, 15 Cease and Desist notices, 6 civil actions and 93 criminal actions.

As a result of investigative work performed by the bureau on its criminal cases, 21 defendants were arrested, 18 defendants were convicted, and 21 defendants were sentenced to a total of 107 years imprisonment and 126 years of probation or supervised release during the latest fiscal year. In addition, court ordered and voluntary restitution of approximately \$69 million was ordered or returned to victims. Finally, as reflected in the chart below, BFI referred a total of 57 cases for enforcement action this year; it also made an additional 12 referrals to law enforcement agencies and prosecutors involving matters that were determined to be outside OFR's jurisdictional authority.



Initiatives

The BFI continues to promptly assess all new complaint cases are assessed for potential enforcement action and where appropriate, conducts preliminary investigations (usually within 90 days) to determine whether the matter should be escalated to a formal investigation. In addition, BFI has undertaken a number of new initiatives aimed at increasing the effectiveness of its team in investigating and deterring financial crimes.

One such initiative being undertaken by BFI is the development of a specialized Electronic Financial Crimes Unit. Internet crimes represent a growing nationwide problem. According to the FBI's Annual Internet Crime Report, for the year 2022, the FBI's Internet Crime Complaint Center (IC3) received more than 800,000 complaints, representing more than \$10.2 billion in losses from internet-based schemes. The losses related to these complaints increased by 48% over the prior year and follow an established trend over the past five years of ever-increasing numbers.

Crimes within BFI's jurisdiction make up an important component of these numbers. The total number of victims as reported by the FBI in 2022 in the areas of identity theft (a common element of financial crime within BFI's jurisdiction), investment frauds and advance fee for loan frauds was 69,715. In 2022, investment scams were the costliest scheme reported to the IC3. Investment fraud complaints increased from \$1.45 billion in 2021 to \$3.31 billion in 2022, which is a 127% increase. Within those complaints, cryptocurrency investment fraud rose from \$907 million in 2021 to \$2.57 billion in 2022, an increase of 183%. The OFR's Electronic Financial Crimes Unit (EFCU) focuses on these and other types of crimes for purposes of bringing enforcement actions within the OFR's jurisdiction, and this initiative is expected to be a vital part of the OFR's efforts to protect Florida's citizens from financial crime.

What led OFR to select its priorities?

The priorities of OFR are driven by our statutory responsibilities and the needs of the agency to carry out those responsibilities effectively and efficiently.

How does OFR plan to address the priorities over the next five-year period?

OFR will address priorities and carry out its mission by:

- Engaging in collaboration on Fintech-related policies and initiatives
- Supporting legislation that promotes an innovative environment for financial services companies while ensuring the protection of consumers
- Seeking solutions to support employee retention and satisfaction through meaningful engagement
- Identifying training opportunities for employees and managers to keep up with emerging trends and risks
- Leveraging partnerships with other agencies and interest groups to identify new avenues to educate consumers on financial fraud

List of all task forces and studies in progress: None.

Performance Measures and Standards – LRPP Exhibit II

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LRPP Exhibit II – Performance Measures and Standards

Department of Financial Services

Department No.: 43

Financial Services Commission – Office of Financial Regulation

Code: 43900500

**Approved Performance Measures for
FY 2023-24**

**Approved
Prior Year
Standard
FY 2022-23**

**Prior Year
Actual
FY 2022-23**

**Approved
Standards
for
FY 2023-24**

**Requested
FY 2024-25
Standard**

Safety and Soundness of State Banking System

Code: 43900530

Percentage of state financial institutions examined within the last 18 and 36 months, as required by S. 655.045, F.S.

100%

100%

100%

100%

Percentage of state financial institutions rating OFR high performing.

97%

97%

97%

97%

New Measure: Number of outreach events OFR Division of Financial Institutions participated in during fiscal year.

4

8

4

8

LRPP Exhibit II – Performance Measures and Standards

Department of Financial Services

Department No.: 43

Financial Services Commission – Office of Financial Regulation

Code: 43900500

**Approved Performance Measures for
FY 2023-24**

**Approved
Prior Year
Standard
FY 2022-23**

**Prior Year
Actual
FY 2022-23**

**Approved
Standards
for
FY 2023-24**

**Requested
FY 2024-25
Standard**

Financial Investigations

Code: 43900540

Primary Service Outcome:

Percentage of investigations accepted by prosecutors or OFR Legal Counsel for enforcement that result in action being taken.

80%

94%

80%

80%

Primary Service Outcome:

Percentage of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action within 12 months of case opening

60%

84%

60%

60%

New Measure: Percentage of preliminary investigations completed or upgraded to formal investigation within 90 days of case opening

75%

85%

75%

75%

New Measure: Percentage of formal investigations completed or referred for enforcement action within management established time frames based on case complexity

75%

93%

75%

75%

LRPP Exhibit II – Performance Measures and Standards

Department of Financial Services

Department No.: 43

Financial Services Commission – Office of Financial Regulation

Code: 43900500

**Approved Performance Measures for
FY 2023-24**

**Approved
Prior Year
Standard
FY 2022-23**

**Prior Year
Actual
FY 2022-23**

**Approved
Standards
for
FY 2023-24**

**Requested
FY 2024-25
Standard**

Executive Direction and Support Services

Code: 43900550

Program administration costs (including Office of General Counsel) as a percentage of total program costs

Less than
10%

6.77%

Less than
10%

Less than
10%

Program administration positions (including Office of General Counsel) as a percentage of total program positions.

Less than
10%

6.32%

Less than
10%

Less than
10%

LRPP Exhibit II – Performance Measures and Standards

Department of Financial Services

Department No.: 43

Financial Services Commission – Office of Financial Regulation

Code: 43900500

Approved Performance Measures for FY 2023-24

Approved Prior Year Standard FY 2022-23

Prior Year Actual FY 2022-23

Approved Standards for FY 2023-24

Requested FY 2024-25 Standard

Finance Regulation

Code: 43900560

Primary Service Outcome:

Percentage of license applications processed within Administrative Procedure Act requirements

100%

100%

100%

100%

Percentage of money service businesses examined within statutory timeframes per S.560.109, F.S.

100%

100%

100%

100%

New Measure: Percentage of complex examinations that are completed or referred to the Office of General Counsel within 330 days

55%

73%

55%

55%

New Measure: Average number of days to manually review an initial application for licensure and notify the applicant of a request for additional information

10

10

10

10

New Measure: Number of industry and/or consumer outreach events the Division of Consumer Finance participated in during the fiscal year

4

7

4

4

Approved Performance Measures for FY 2023-24	Approved Prior Year Standard FY 2022-23	Prior Year Actual FY 2022-23	Approved Standards for FY 2023-24	Requested FY 2024-25 Standard
Securities Regulation			Code: 43900570	
Primary Service Outcome: Number of complex securities examinations completed	100	130	100	100
Primary Service Outcome: Percentage of license applications processed within Administrative Procedure Act requirements	100%	98%	100%	97%
New Measure: Percentage of complex examinations that are completed or referred to the Office of General Counsel within 210 days	45%	88%	45%	45%
New Measure: Average number of days to manually review an initial application for licensure and notify the applicant of a request for additional information	7	10	7	7
New Measure: Number of industry and/or consumer outreach events the Division of Securities participated in during the fiscal year	4	4	4	4

Assessment of Performance for Approved Performance Measures – LRPP Exhibit III

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LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services
Program: Financial Services Commission – Office of Financial Regulation
Service/Budget Entity: 43900530 – Safety & Soundness of State Banking System
Measure: N/A – All performance metrics met.

Action:

- Performance Assessment of Outcome Measure
- Performance Assessment of Output Measure
- Adjustment of GAA Performance Standards
- Revision of Measure
- Deletion of Measure

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- Personnel Factors
- Competing Priorities
- Previous Estimate Incorrect
- Staff Capacity
- Level of Training
- Other (Identify)

Explanation:

External Factors (check all that apply):

- Resources Unavailable
- Legal/Legislative Change
- Target Population Change
- This Program/Service Cannot Fix the Problem
- Current Laws Are Working Against the Agency Mission
- Technological Problems
- Natural Disaster
- Other (Identify)

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- Training
- Personnel
- Technology
- Other (Identify)

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services
Program: Financial Services Commission – Office of Financial Regulation
Service/Budget Entity: 43900540 – Financial Investigations
Measure: N/A – All performance metrics met.

Action:

- Performance Assessment of Outcome Measure
- Performance Assessment of Output Measure
- Adjustment of GAA Performance Standards
- Revision of Measure
- Deletion of Measure

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- Personnel Factors
- Competing Priorities
- Previous Estimate Incorrect
- Staff Capacity
- Level of Training
- Other (Identify)

Explanation:

External Factors (check all that apply):

- Resources Unavailable
- Legal/Legislative Change
- Target Population Change
- This Program/Service Cannot Fix the Problem
- Current Laws Are Working Against the Agency Mission
- Technological Problems
- Natural Disaster
- Other (Identify)

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- Training
- Personnel
- Technology
- Other (Identify)

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services
Program: Financial Services Commission – Office of Financial Regulation
Service/Budget Entity: 43900550 – Executive Direction and Support Services
Measure: N/A – All performance metrics met.

Action:

- Performance Assessment of Outcome Measure
- Performance Assessment of Output Measure
- Adjustment of GAA Performance Standards
- Revision of Measure
- Deletion of Measure

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- Personnel Factors
- Competing Priorities
- Previous Estimate Incorrect
- Staff Capacity
- Level of Training
- Other (Identify)

Explanation:

External Factors (check all that apply):

- Resources Unavailable
- Legal/Legislative Change
- Target Population Change
- This Program/Service Cannot Fix the Problem
- Current Laws Are Working Against the Agency Mission
- Technological Problems
- Natural Disaster
- Other (Identify)

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- Training
- Personnel
- Technology
- Other (Identify)

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services
Program: Financial Services Commission – Office of Financial Regulation
Service/Budget Entity: 43900560 – Finance Regulation
Measure: N/A – All performance metrics met.

Action:

- Performance Assessment of Outcome Measure
- Performance Assessment of Output Measure
- Adjustment of GAA Performance Standards
- Revision of Measure
- Deletion of Measure

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- Personnel Factors
- Competing Priorities
- Previous Estimate Incorrect
- Staff Capacity
- Level of Training
- Other (Identify)

Explanation:

External Factors (check all that apply):

- Resources Unavailable
- Legal/Legislative Change
- Target Population Change
- This Program/Service Cannot Fix the Problem
- Current Laws Are Working Against the Agency Mission
- Technological Problems
- Natural Disaster
- Other (Identify)

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- Training
- Personnel
- Technology
- Other (Identify)

Recommendations:

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900570 – Securities Regulation

Measure: Percentage of license applications processed within Administrative Procedure Act requirements

Action:

- Performance Assessment of Outcome Measure Revision of Measure
- Performance Assessment of Output Measure Deletion of Measure
- Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
100%	98%	Under 2%	2%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- Personnel Factors Staff Capacity
- Competing Priorities Level of Training
- Previous Estimate Incorrect Other (Identify)

Explanation: Due to vacancies in the Bureau of Registration, some of the applications that were deemed abandoned pursuant to the agency’s administrative rules were not administratively processed within the specified timeframe. These applications had no bearing on applicants’ ability to start working or opening their firm. Deficiency letters were sent to applicants and determinations were made on applications well within the APA requirements. Priority was placed on those applications impacting employment.

External Factors (check all that apply):

- Resources Unavailable Technological Problems
- Legal/Legislative Change Natural Disaster
- Target Population Change Other (Identify)
- This Program/Service Cannot Fix the Problem
- Current Laws Are Working Against the Agency Mission

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- Training Technology
- Personnel Other (Identify)

Recommendations: Division management has implemented technological alerts to remind staff of application timelines; staff has been reminded of the need to timely process abandoned applications. Division management is also working diligently to fill vacant positions to ease staff workload.

LRPP Exhibit III: PERFORMANCE MEASURE ASSESSMENT

Department: Department of Financial Services
Program: Financial Services Commission – Office of Financial Regulation
Service/Budget Entity:
43900570 – Securities Regulation

Measure: Average number of days to manually review an initial application for licensure and notify the applicant of a request for additional information

Action:

- Performance Assessment of Outcome Measure Revision of Measure
- Performance Assessment of Output Measure Deletion of Measure
- Adjustment of GAA Performance Standards

Approved Standard	Actual Performance Results	Difference (Over/Under)	Percentage Difference
7	10	Over 3 Days	42%

Factors Accounting for the Difference:

Internal Factors (check all that apply):

- Personnel Factors Staff Capacity
- Competing Priorities Level of Training
- Previous Estimate Incorrect Other (Identify)

Explanation: Due to a number of personnel vacancies and an increase in the number of applications, the time to send deficiency letters took longer than expected. However, the 10 days is currently well within the APA requirement of 30 days.

External Factors (check all that apply):

- Resources Unavailable Technological Problems
- Legal/Legislative Change Natural Disaster
- Target Population Change Other (Identify)
- This Program/Service Cannot Fix the Problem
- Current Laws Are Working Against the Agency Mission

Explanation:

Management Efforts to Address Differences/Problems (check all that apply):

- Training Technology
- Personnel Other (Identify)

Recommendations: Management is working diligently to fill vacancies and reduce processing times.

Performance Measure Validity and Reliability – LRPP Exhibit IV

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LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900530 Safety & Soundness of State Banking System

Measure: Percentage of state financial institutions examined within the last 18 and 36 months, as required by S. 655.045. F.S.

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology: Examination scheduling sources of data are created by OFR DFI Area Financial Managers (AFM) as a result of periodic (monthly/quarterly) meetings with their counterparts at the Federal Deposit Insurance Corporation (FDIC), Federal Reserve Bank (FRB), and the National Credit Union Association (NCUA).

At these periodic (monthly/quarterly) meetings the following is performed to assure that examination scheduling conforms to statutory/regulatory cycles:

- a. OFR DFI AFM's and FDIC/FRB/NCUA managerial counterparts compare mandated schedules of exams to determine statutory/regulatory examination start dates which reflect examination cycles for financial institutions.
- b. Utilizing the established examination cycle and coordinated with examination team availability, an Examination Schedule is created.
- c. Examination Schedules are forwarded to OFR DFI Bureau Chiefs for analysis and review.
- d. Bureau Chiefs coordinate and confirm compliance with the Examination Schedule on a bi-monthly basis.
- e. Upon completion of the examination, Bureau Chiefs receive Examination Report Completion Requirement memorandum included with the Report of Examination to confirm examinations have been conducted and completed as scheduled on the Examination Schedule and according to Florida Statutes.

Validity: The Examination Schedule is jointly prepared by OFR DFI, FDIC, FRB, and NCUA management which provides checks and balances that each regulatory agency is scheduled to perform the required examinations and fulfill their respective statutory/regulatory mandates. The preparation and review of the Examination Report Completion Requirement memorandum along with the Report of Examination by OFR DFI Bureau Chiefs assures that DFI is fulfilling its statutory mandate. These types of processes and measures are broadly used throughout the regulatory industry to confirm statutory/regulatory compliance.

Reliability: All examination and calendar information needed to calculate this measure is maintained in Excel spreadsheets in a centralized network repository.

Recommendations: Due to an agency realignment in priorities, this measure best represents the direction of the Bureaus and should be continued.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900530 Safety & Soundness of State Banking System

Measure: Percentage of state financial institutions rating OFR high performing.

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology: State financial institutions serve as the sources of data. OFR DFI has developed an examination survey that is sent to all state financial institutions annually. The survey solicits a variety of comments on the safety and soundness examination process, the examination team, the examination report, and various other meaningful examination related matters.

The survey also elicits a response from financial institutions regarding the contribution of the State examination process in promoting safe and sound institutions.

The measure will be calculated as follows:

- a. Determine the total number of responses to the four (4) sections of the survey.
- b. Sort all responses in ascending order.
- c. Determine the number of responses that rated OFR as 1, 2, or 3.
- d. $\% = (\text{Number of responses that rated OFR as 1 or 2}) / (\text{Total number of responses})$.

Validity: The survey results provide OFR DFI with an objective evaluation of the quality and performance of the safety and soundness examination process, the examination team, the examination report, and various other meaningful examination related matters. This type of measure is broadly used throughout the business industry as a form of quality control.

The measure provides OFR DFI with direct feedback from its customer base, the state financial institutions, and is used to evaluate the product provided. Survey results provide OFR DFI with a perspective from the “outside” which can be used to improve the processes.

Reliability: All survey information needed to calculate this measure is maintained in Excel spreadsheets within a network repository. OFR DFI maintains back-up documents to validate entries in the spreadsheets. Efforts have been made to assure data is promptly and correctly entered into an Excel spreadsheet and tabulated.

Recommendations: By removing the neutral answer, this measure now best represents the direction of the Division and should be revised accordingly.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900530 Safety & Soundness of State Banking System

Measure: Outreach conducted by the Division with industry and/or consumer representatives.

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology: Outreach events hosted by the OFR DFI and/or industry or consumer representatives in which members of the OFR DFI team present and participate. OFR DFI should always be available and at the forefront of matters impacting financial institutions, their customers, and members. By participating in these events OFR DFI will be providing for and promoting the safe and sound conduct of business by financial institutions and the maintenance of public confidence in the financial institutions subject to the financial institutions codes.

The measure will be calculated as follows:

- a. Determine the total number of events OFR DFI participated in.
- b. OFR DFI will need to participate in a minimum of 4 events per year to meet the metric.

Validity: The measure requires OFR DFI to conduct outreach and be at the forefront of matters impacting state financial institutions and consumers.

Reliability: OFR DFI will have agendas and specific meeting topics to submit as part of the documentation for meeting this metric.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900540 Financial Investigations

Measure: Percentage of investigations accepted by prosecutors or OFR Legal Counsel for enforcement that result in action being taken.

Action (check one):

- Requesting revision to approved performance measure
- Change in data sources or measurement methodologies
- Requesting new measure
- Backup for performance measure

Data Sources and Methodology:

The Bureau of Financial Investigations (Bureau) tracks all investigative case activity in the Office of Financial Regulation's (Office) Regulatory Enforcement and Licensing (REAL) System.

When violations of law and/or administrative rules have been documented by evidence, the Bureau seeks legal assistance in taking enforcement action. Administrative cases are presented to OFR legal counsel. Criminal cases are frequently presented to the State Attorney's Office, the Office of Statewide Prosecution, and the United States Attorney's Office. Below are the REAL activity codes used to track cases accepted for prosecution:

Case Accepted by SAO
Case Accepted by OSWP
Case Accepted by USAO
Case Accepted by Legal

When an action is taken on cases accepted for enforcement, the investigator assigned will record the action in REAL.

Below are the REAL disposition codes used to track actions:

Administrative Action Taken
Civil Action
Civil and Administrative Action
Criminal Action- Arrest
Criminal Action- Conviction
Criminal Action- Judgment of Sentence
Criminal Action- Other

Criminal and Civil Action
Criminal, Civil & Administrative Action
Criminal and Administrative Action
Criminal Action – Fugitive

An investigation is closed when the investigator assigned, and the reviewing authority, deem all matters complete. The investigation is not closed until the final disposition of the administrative, civil, or criminal case. REAL is updated and reviewed for completeness. With proper documentation made to the file, the matter is closed.

There are occasions where, due to circumstances outside the control of the Bureau and no matter how strong the investigative case is, the prosecutor is unable to file an enforcement action. Examples include:

- 1) Death of the offender or sole victim/key witness
- 2) Victim(s) refused to cooperate in the prosecution
- 3) Extradition of an offender was denied
- 4) Prosecution was declined for a reason other than lack of evidence, e.g., does not meet prosecutorial guidelines or priorities.

These cases will be closed with a disposition of "Exceptional Clearance" and will not be used when calculating this measure.

Calculation of Outcome Measure: Cases closed as Exceptional Clearance are eliminated from the data pool for both the numerator and denominator. The percentage of investigative cases accepted for prosecution that result in enforcement action will be determined by dividing 1) the total number of closed cases that result in action, and 2) the number of closed investigative cases that were accepted for prosecution during the review period.

Data Source: The data is obtained from the REAL System Enforcement Investigative Module. Data entry into this module is restricted to the Bureau of Financial Investigations. Investigators are required to enter data into this database as per Bureau Operational Memorandum on Investigative Standards. There are specific fields in REAL to adequately capture Performance Based Budgeting data. Cases closed as Exceptional Clearance are removed from the data set prior to calculating the result.

Validity: The Office strives to protect consumers from financial fraud while preserving the integrity of Florida's markets and financial service industries. Investigations are opened based on alleged or suspected violations that fall under the jurisdiction of the Office.

The acceptance of an investigation for prosecution measures OFR's ability to conduct quality financial investigations which identify and sufficiently documents fraudulent activity under OFR jurisdiction and the Bureau's support to the prosecution.

This outcome measures ability to efficiently conduct quality financial investigations that are accepted by prosecutors for enforcement action and the Bureau's commitment to assist the prosecutors in obtaining a successful enforcement action.

Reliability: Data inconsistencies can occur from input errors. To enhance database accuracy and integrity, Bureau Quality Assurance Guidelines have been established for investigators and managers. Additionally, managers conduct a complete review of active and recently closed investigations on an ongoing basis to validate REAL data and ensure compliance with operational memoranda and established procedures.

Ultimately, the decision to file administrative, civil, or criminal action is outside the control of the Bureau and is impacted by the priorities and resources of the prosecutors and agency attorneys. Many enforcement actions resulting from investigations conducted by the Bureau are complex and resource intensive. When presenting investigations for potential prosecution, the Bureau is committed to provide continued investigative resources or litigation support as needed.

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LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900540 Financial Investigations

Measure: Percentage of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action within 12 months of case opening

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

The Bureau of Financial Investigations (Bureau) tracks all investigative case activity in the Office of Financial Regulation's (Office) Regulatory Enforcement and Licensing (REAL) System.

An investigation is the gathering of pertinent evidence to identify noncompliance or prove/disprove allegations and violations of the laws and regulations within the jurisdiction of the Office.

Investigation Start Date – An investigation is commenced when there is information/evidence of possible violations of Florida Statutes or Rules. When it is determined that an investigation is warranted, the case is entered into REAL and assigned to an Investigator. At this point, a case priority is assigned. Factors used in making the priority determination include:

- 1) The egregiousness of conduct, including the length of time conduct occurred and whether recidivists were involved.
- 2) Whether the impact or potential impact to Florida citizens is significant (i.e. due to the large number of victims, high dollar losses, or vulnerability of victims).
- 3) Whether the persons involved in the conduct are licensees or registrants
- 4) Whether the alleged illegal conduct is on-going
- 5) Whether the subject matter is an OFR/Division priority.

The codes established in REAL to track case priority are 1, 2, or 3 (1 being the highest). An Investigation will be deemed a "Priority" if the code is a 1 or 2.

When violations of law and/or administrative rules have been documented with evidence, the Bureau seeks legal assistance in taking enforcement action. Administrative cases are presented to OFR legal counsel. Criminal cases are frequently presented to the State Attorney's Offices, the Office of Statewide Prosecution, and the United States Attorney's Office. Once an investigative case is accepted for enforcement, our investigators provide full investigative support as needed. Below are the REAL activity codes used to track cases accepted for prosecution:

- Case Accepted by Legal
- Case Accepted by OSWP
- Case Accepted by SAO
- Case Accepted by USAO

The Bureau uses the REAL codes 1) Entered Date and 2) Activity Date to determine the number of months from case opening to case acceptance for prosecution.

Calculation of Outcome Measure: The percentage of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action within 12 months of case opening will be calculated by: 1) The number of priority investigations accepted by prosecutors or OFR legal counsel for enforcement within 12 months of case opening divided by 2) The total number of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement during the review period.

Data Source: The data is obtained from the REAL System Enforcement Investigative Module. Data entry into this module is restricted to the Bureau of Financial Investigations. Investigators are required to enter data into these databases as per Bureau Operational Memorandum on Investigative Standards. There are specific fields in REAL to adequately capture performance based budgeting data.

Validity: The Office strives to protect consumers from financial fraud while preserving the integrity of Florida's markets and financial service industries. Investigations are opened based on alleged or suspected violations that fall under the jurisdiction of the Office.

The acceptance of an investigation for prosecution measures our ability to conduct quality investigations which identify and sufficiently documents fraudulent activity under OFR jurisdiction. Once an investigative case is accepted for enforcement, our investigators provide full investigative support as needed, to facilitate a successful prosecution and enforcement result.

This outcome measures our ability to conduct quality financial investigations, and have the investigation accepted for enforcement in a timely manner.

Reliability: Data inconsistencies can occur from input errors. To enhance database accuracy and integrity, Bureau Quality Assurance Guidelines have been established for investigators and managers. Additionally, managers conduct a complete review of active and recently closed investigations on an ongoing basis to validate REAL data and ensure compliance with operational memoranda and established procedures.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900540 Financial Investigations

Measure: Percentage of preliminary investigations completed or upgraded to formal investigation within 90 days of case opening

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

The Bureau of Financial Investigations (Bureau) tracks all investigative case activity in the Office of Financial Regulation's (Office) Regulatory Enforcement and Licensing (REAL) System.

An investigation is the gathering of pertinent evidence to identify noncompliance or prove/disprove allegations and violations of the law and regulations within the jurisdiction of the Office of Financial Regulation.

Investigation Start Date – An investigation is commenced when there is information/evidence of possible violations of Florida Statutes or Rules. When it is determined that an investigation is warranted, the case is entered into REAL and assigned to an investigator. These cases typically are opened as "Preliminary Investigations/Inquiries" and are coded as such in REAL.

Upgraded Date – When it is deemed by the investigations managers that there is sufficient evidence or information to believe that violations of law and/or administrative rules have occurred, the case is upgraded from a preliminary to a formal investigation. This is accomplished by entering a "Prelim Upgraded to Formal" activity and corresponding activity date in REAL.

Closed Date – If no violations of law and/or administrative rules have been documented the preliminary investigation may be closed without having been upgraded to formal. The status of the case will be changed to "Closed Investigations" and the status date will be changed to reflect the date a case was closed.

The Bureau uses the REAL codes 1) Entered Date, 2) Activity Date and 3) Closed Date to determine the number of days from case opening to case upgrade to formal or closure (whichever is earliest).

There are occasions where, due to circumstances outside the control of the Bureau the investigative case cannot be completed or upgraded within established timeframes, including for example: where there are substantial delays in production of necessary records by financial institutions or other third party witnesses; victim's refusal to cooperate or extended unavailability; avoidance of service by material witnesses; need for court assistance to enforce subpoenas; and need for domestication of subpoenas outside the state. These cases may, where appropriated be closed with a disposition of "Exceptional Clearance" and will not be used when calculating this measure.

Calculation of Outcome Measure: Cases closed as Exceptional Clearance are eliminated from the data pool for both the numerator and denominator. Percentage of preliminary investigations completed or upgraded to formal investigation within 90 days of case opening will be calculated by: 1) Determining the total number of cases that have been upgraded or preliminary investigations that were closed without having been upgraded during the evaluation period 2) Determining the number of cases that fall within the scope of the performance measures and 3) Dividing the number of cases within the scope (2) by the total number of cases (1).

Data Source: The data is obtained from the REAL System Enforcement Investigative Module. Data entry into this module is restricted to the Bureau of Financial Investigations. Investigators are required to enter data into REAL as per Bureau Operational Memorandum on Investigative Standards. There are specific fields in REAL to adequately capture performance based budgeting data.

Validity: The Office strives to protect consumers from financial fraud while preserving the integrity of Florida's markets and financial service industries. Investigations are opened based on alleged or suspected violations that fall under the jurisdiction of the Office.

The timeliness of case closure or upgrade to formal measures our ability to assess the information and gather evidence of potential violation in an expedited manner. Once an investigative case is upgraded our investigators continue to gather evidence, prepare reports, and if the case was accepted for enforcement, provide full investigative support as needed to facilitate a successful prosecution and enforcement result.

Reliability: Data inconsistencies can occur from input errors. To enhance accuracy and integrity, Bureau Quality Assurance Guidelines have been established for investigators and managers. Additionally, managers conduct a complete review of active and recently closed investigations on an ongoing basis to validate REAL data and ensure compliance with operational memoranda and established procedures.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900540 Financial Investigations

Measure: Percentage of formal investigations completed or referred for enforcement action within management established time frames based on case complexity.

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

The Bureau of Financial Investigations (Bureau) tracks all investigative case activity in the Office of Financial Regulation's (Office) Regulatory Enforcement and Licensing (REAL) System.

An investigation is the gathering of pertinent evidence to identify noncompliance or prove/disprove allegations and violations of the law and regulations within the jurisdiction of the Office.

Case complexity – Based on certain parameters each case is assigned a complexity level (Low, Medium, or High) in REAL. The parameters are as follows:

Low Complexity/Narrow Scope

1. Involves no more than 10 victims and/or less than \$300,000.
2. Involves the analysis of no more than two bank/brokerage accounts and/or less than 1,000 aggregate transactions.
3. The number of memorandums of interview/affidavits completed is less than six.
4. Involves less than three respondents.
5. The nature of the case is sufficiently narrow and straightforward such that, in the manager's professional judgment, it can be closed or referred for enforcement action in less than 180 days.

Medium Complexity/Moderate Scope

1. Involves between 11 and 20 victims and/or between \$300,000 and \$1,500,000.
2. Involves the analysis of between three and seven bank/brokerage accounts and/or between 1,000 and 5,000 transactions.
3. The number of memorandums of interviews/affidavits completed is between 6 and 12.
4. Involves between three and five respondents.
5. The nature, scope and complexity of the case is such that, in the manager's professional judgment, it would take greater than 180 days and less than 270 days to close or refer the case for enforcement action.

High Complexity/Broad Scope

1. Involves more than 20 victims and/or more than \$1,500,000.
2. Involves the analysis of more than seven bank/brokerage accounts and/or more than 5,000 aggregate transactions.
3. The number of memorandums of interview/affidavits completed is greater than 12.
4. Involves more than five respondents.
5. The nature of the case is sufficiently broad and complex such that, in the manager's professional judgment, it cannot be closed or referred for enforcement action in less than 270 days.

Investigation Start Date – An investigation is commenced when there is information/evidence of possible violations of Florida Statutes or Rules. When it is determined that an investigation is warranted, the case is entered into REAL and assigned to an Investigator.

Referral Date – When violations of law and/or administrative rules have been documented with evidence, the Bureau seeks legal assistance in taking enforcement action. Administrative cases are presented to OFR Legal Counsel. Criminal cases are frequently presented to the State Attorney's Offices, the Office of Statewide Prosecution, and the United States Attorney's Office. Once an investigative case is accepted for enforcement, our investigators provide full investigative support as needed. Below are the REAL activity codes used to track cases accepted for prosecution:

- Case Accepted by Legal
- Case Accepted by OSWP
- Case Accepted by SAO
- Case Accepted by USAO

Closed Date – If no violations of law and/or administrative rules have been documented the case may be closed without having been referred for enforcement. The status of the case will be changed to "Closed Investigations" and the status date will be changed to reflect the date a case was closed.

The Bureau uses the REAL codes 1) Entered Date, 2) Activity Date and 3) Closed Date to determine the number of days from case opening to case acceptance for enforcement or closure (whichever is earliest). This number is then used in conjunction with the complexity of the case (Low, Medium, or High) to determine if it falls within the performance measures (less than 180 days for low complexity case, less than 270 days for medium complexity case, and less than 365 days for high complexity case).

There are occasions where, due to circumstances outside the control of the Bureau the investigative case cannot be completed or referred within established timeframes, including for example: where there are substantial delays in production of necessary records by financial institutions or other third party witnesses; victim's refusal to cooperate or extended unavailability; avoidance of service by material witnesses; need for court assistance to enforce subpoenas; and need for domestication of subpoenas outside the state. These cases may, where appropriate be closed with a disposition of "Exceptional Clearance" and will not be used when calculating this measure.

Calculation of Outcome Measure: Cases closed as exceptional clearance are eliminated from the data pool for both the numerator and denominator. Percentage of formal investigations completed or accepted for enforcement action within management established time frames based on case complexity will be calculated by: 1) Determining the total number of cases that have been referred or closed without having been referred during the evaluation period 2) Determining the number of cases that fall within the scope of the performance measures and 3) Dividing the number of cases within the scope (2) by the total number of cases (1).

Data Source: The data is obtained from the REAL System Enforcement Investigative Module. Data entry into this module is restricted to the Bureau of Financial Investigations. Investigators are required to enter data into REAL as per Bureau Operational Memorandum on Investigative Standards. There are specific fields in REAL to adequately capture Performance Based Budgeting data.

Validity: The Office strives to protect consumers from financial fraud while preserving the integrity of Florida's markets and financial service industries. Investigations are conducted of alleged or suspected violations that fall under the jurisdiction of the Office.

The timeliness of case closure or referral for enforcement measures our ability to conduct quality investigations in an expedited manner. Once an investigative case is accepted for enforcement, our investigators provide full investigative support as needed, to facilitate a successful prosecution and enforcement result.

Reliability: Data inconsistencies can occur from input errors. To enhance database accuracy and integrity, Bureau Quality Assurance Guidelines have been established for investigators and managers. Additionally, managers conduct a complete review of active and recently closed investigations on an ongoing basis to validate REAL data and ensure compliance with operational memoranda and established procedures.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900550 Executive Direction

Measure: Program administration costs (including Office of General Counsel) as a percentage of total program costs

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Data is maintained in FLAIR, the statewide financial accounting system, reflecting the expenditures of Office of Financial Regulation as a whole and of the budget entity for Executive Direction. Executive Direction includes the Office of Commissioner, Office of Inspector General, Office of Communications, and the Office of General Counsel. The total expenditures for Executive Direction (less expenditures for the REAL System) are divided by the expenditures for OFR as a whole.

Validity:

The measure assesses the percentage of the OFR budget that is expended for program administration to demonstrate effective use of the state dollars used to operate the regulatory program. This measure was established on a statewide basis to allow comparison between agencies of cost of administrative programs.

Reliability:

FLAIR is the statewide accounting system used by all agencies to capture information on receipts and expenditures.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900550 Executive Direction

Measure: Program administration positions (including Office of General Counsel) as a percent of total program positions

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Executive Direction includes the Office of Commissioner, Office of Inspector General, Office of Communications, and the Office of General Counsel. The total number of Full Time Equivalent (FTEs) for Executive Direction is divided by the number of FTEs for OFR as a whole.

Validity:

The measure assesses the percentage of the OFR staffing that is dedicated to program administration to demonstrate effective use of the state resources used to operate the regulatory program. This measure was established on a statewide basis to allow comparison between agencies of size of administrative programs.

Reliability:

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900560 Finance Regulation

Measure: Percentage of license applications processed within Administrative Procedures Act requirements

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology: This measure reflects the percentage of applications where the Office processed applications for licensure within the timeframes required by the Administrative Procedures Act (APA, Section 120.60, Florida Statutes. The APA requires state agencies that process applications for licensure to notify applicants of any deficiencies in the application within 30 days of receipt of the application. If the agency has complied with this requirement and the applicant does not complete the application within the time frame prescribed in the deficiency letter, the agency may technically deny the application for failure to complete the application. In the event the agency does not issue a deficiency letter within the 30 days, the agency cannot technically deny the application and must consider the application complete upon receipt. Furthermore, the APA requires that the agency approve or deny any application within 90 days of completion of the application. The percentage will be computed by dividing the total number of applications processed within the APA guidelines during the year by the total number of applications processed during the year.

Validity: This measure helps to ensure the timely processing of all applications and compliance with state law. This furthers the agency's mission to support the industries regulated and consumers by providing a timely service to these entities and individuals.

Reliability: Data will be captured and reported quarterly. The Division tracks applications in the REAL System.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900560 Finance Regulation

Measure: Percentage of money service businesses examined within statutory timeframes per S.560.109, F.S.

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology: To ensure we meet this requirement we produce an examination scheduling report. The report uses licensing and prior examination information from the REAL database to compute a date the next examination is due for each license. The “due date” is set to be the later of five years after the date the licensee was first licensed and the status date of the last closed examination of the licensee (if any). This metric will indicate the percentage of the examinations due within the measurement period that were conducted prior to their due date.

Validity: This measure helps to ensure money business service exams are in compliance with state law. This supports the agency’s mission of promoting a safe and sound financial marketplace.

Reliability: Data will be exported, computed, and reviewed quarterly. The Division tracks licensees and examinations using the REAL database.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900560 Finance Regulation

Measure: Percentage of complex examinations that are completed or referred to the Office of General Counsel within an average of 330 days.

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology: This measure will report the percentage of complex examinations where the disposition of the REAL examination case is set to “Closed – No violation, Closed – License Terminated, Closed – No Business and Closed, and Closed – Referred to Legal.” Complex examinations will not include those examinations related to late or non-filed compliance filings such as quarterly reports, mortgage call reports, audited financial reports, and security device calculations forms.

The methodology for determining the measure will be as follows:

1. Identify the number of complex examinations where the disposition of the REAL case is set to “Closed – No violation, Closed – License Terminated, Closed – No Business and Closed, and Closed – Referred to Legal” and the disposition date is during the fiscal year.
2. Calculate the number of days from date received to disposition date for each examination.
3. Calculate the number of examination cases where the number of days is less than or equal to 330 days.
4. Calculate the percentage by dividing the number of cases within 330 days by the total number of cases identified.

Validity: This measure helps to ensure the timely processing of complex examinations and compliance with state law. This furthers the agency’s mission to support regulated industries and consumers by providing a timely service to these entities and individuals.

Reliability: Information will be retrieved from the agency’s Registration Enforcement and Licensing (REAL) system using the Standard Query Language (SQL) Server Reporting Services (Report Manager). The agency will utilize the Report Manager to extract the data for each quarter and fiscal year end. These reports will be updated each quarter to reflect any entries made into REAL for prior periods. At the end of the fiscal year, all affected areas of the agency will make final entries to REAL. REAL is the primary source for the capturing, computing, and reporting of the performance measures.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900560 Finance Regulation

Measure: Average number of days to manually review an initial application for licensure and notify the applicant of a request for additional information.

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology: Section 120.60, Florida Statutes, also known as the Administrative Procedures Act or APA, sets forth timeframes by which an agency must review an application for a license and notify the applicant of a request for additional information. Pursuant to the APA, an agency must review an application for a license and notify the applicant of a request for additional information within 30 days of receipt of the application. Also pursuant to the APA, upon completion of an application, an agency must either approve or deny the application within 90, unless it is withdrawn prior to expiration of the 90 days. Failure by an agency to comply with the APA would force the agency to approve a license where the applicant did not qualify. This action could likely expose the public to a risk of unlawful activity or fraud.

This measure reflects the average number of days to manually review an initial application for licensure and notify the applicant of a request for additional information, which is necessary to complete the application. The measure is determined by the following methodology:

1. Count the number of initial applications that were reviewed, and the applicant was notified of a request for additional information during the fiscal year.
2. Count the number of days for each initial application from the received date to the date the applicant was notified of a request for additional information.
3. Calculate the total number of days for all initial applications that were notified of a request for additional information.
4. Divide the total number of days for all initial applications by the total number of initial applications to determine the average number of days.

Validity: This measure helps to ensure the division reviews initial applications and notifies applicants of any request for additional information in compliance with state law. This furthers the agency's mission to support regulated industries and consumers by providing a timely service to these entities and individuals.

Reliability: Information will be retrieved from the agency's Registration Enforcement and Licensing (REAL) system using the Standard Query Language (SQL) Server Reporting Services (Report Manager). The agency will utilize the Report Manager to extract the data for each quarter and fiscal year end. These reports will be updated each quarter to reflect any entries made into REAL for prior periods. At the end of the fiscal year, all affected areas of the agency will make final entries to REAL. REAL is the primary source for the capturing, computing, and reporting of the performance measures.

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LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation
Service/Budget Entity: 43900560 – Finance Regulation

Measure: Number of industry and/or consumer outreach events the Division of Consumer Finance participated in during the fiscal year

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology: This measure will identify the number of industry and/or consumer outreach events in which members of the Division of Consumer Finance host or participate. Outreach events may include, but not be limited to, sharing industry market and regulatory trends to industries and consumers related to those areas registered and regulated by the Division. The outreach may also include providing consumer educational information to help consumers navigate the complex financial services products and services offered by professionals regulated by the Division.

The measure will be calculated based on the number of industry and/or consumer outreach events where at least one member of the Division of Consumer Finance team provides a presentation to an industry or consumer group designed to educate and share valuable information.

Validity: An agenda will be retained in electronic format for documentation of the outreach. A PowerPoint presentation, if provided, will also be retained in electronic format for documentation of the outreach.

Reliability: The Division of Consumer Finance will have agendas and specific meeting topics to submit as part of the documentation for meeting this metric. Employee names will be included to document the outreach was conducted by a member of the Division.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900570 – Securities Regulation

Measure: The number of complex securities examinations completed

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

This number will report the number of complex examinations completed. Complex examinations involve potential violations of the securities laws and regulations relating to supervision, fraud, sales practices, or sales of unregistered, non-exempt securities.

Sales practices for dealers include, but are not limited to, selling away, unapproved outside business activity, unauthorized trading, improper advertising, excessive trading, and unsuitable recommendations.

Sales practices for investment advisers include, but are not limited to, improper performance reporting, excessive fee deductions, custody violations, unsuitable recommendations, and improper advertising.

Complex examinations are risk-based and enforcement examinations in which at least 60 hours have been logged and involve the following issue codes in the agency's REAL system: 1035 – 1035 Exchange, AML – Anti Money Laundering, BRKP – Breakpoints, CCMP – Customer Complaints, CPUB – Communications with the Public, CONF – Conflicts of Interest, CUST – Investment Advisory Custody, EXTR – Excessive Trading, FMAN – Fraud Manipulation, FMAP – Fraud Misappropriation, FMAR – Fraud Markups, FMRP – Fraud Misrepresentation, FOMS – Fraud Omission, IARS – IA/IA Agent Risk Score, OBA – Outside Business Activity, RBEX – Risk Based Targeting Exam, SAWY – Selling Away, SUIT - Suitability, SUPR - Supervision, SWTC – Improper Switching, UNAT – Unauthorized Trades, USEC – Unregistered Security.

Validity: Complex examinations and investigations typically involve fraud or sales practice abuses. The division believes resources should be focused on these types of cases.

Reliability: Information will be retrieved from the agency's Registration Enforcement and Licensing (REAL) system using the Standard Query Language (SQL) Server Reporting Services (Report Manager). The agency will utilize the Report Manager to extract the data for each quarter and fiscal year end. These reports will be updated each quarter to reflect any entries made into REAL for prior periods. At the end of the fiscal year, all affected areas of the agency will make final entries to REAL. REAL is the primary source for the capturing, computing, and reporting of the performance measures.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation

Service/Budget Entity: 43900570 Securities Regulation

Measure: Percentage of license applications processed within Administrative Procedures Act requirements

Action:

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology: This measure reflects the percentage of applications where the Office processed applications for licensure within the timeframes required by the Administrative Procedures Act (APA, Section 120.60, Florida Statutes. The APA requires state agencies that process applications for licensure to notify applicants of any deficiencies in the application within 30 days of receipt of the application. If the agency has complied with this requirement and the applicant does not complete the application within the time frame prescribed in the deficiency letter, the agency may technically deny the application for failure to complete the application. In the event the agency does not issue a deficiency letter within the 30 days, the agency cannot technically deny the application and must consider the application complete upon receipt. Furthermore, the APA requires that the agency approve or deny any application within 90 days of completion of the application. The percentage will be computed by dividing the total number of applications processed within the APA guidelines during the year by the total number of applications processed during the year.

Validity: This measure helps to ensure the timely processing of all applications and compliance with state law. This furthers the agency's mission to support the industries regulated and consumers by providing a timely service to these entities and individuals.

Reliability: Data will be captured and reported quarterly. The Division tracks applications in the REAL System.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation Service/Budget

Entity: 43900570 – Securities Regulation

Measure: Percentage of complex examinations that are completed or referred to the Office of General Counsel within 210 days

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology: This number will report the percentage of complex examinations that are closed with no legal action or referred to the General Counsel's Office within 210 days. Complex examinations include a review of a firm's books and records and may involve potential violations of the securities laws and regulations relating to supervision, fraud, sales practices, or sales of unregistered, non-exempt securities.

Sales practices for dealers include, but are not limited to, selling away, unapproved outside business activity, unauthorized trading, improper advertising, excessive trading, and unsuitable recommendations.

Sales practices for investment advisers include, but are not limited to, improper performance reporting, excessive fee deductions, custody violations, unsuitable recommendations, and improper advertising.

Complex examinations are risk-based and enforcement examinations in which at least 60 hours have been logged and involve the following issue codes in the agency's REAL system: 1035 – 1035 Exchange, AML – Anti Money Laundering, BRKP – Breakpoints, CCMP – Customer Complaints, CPUB – Communications with the Public, CONF – Conflicts of Interest, CUST – Investment Advisory Custody, EXTR – Excessive Trading, FMAN – Fraud Manipulation, FMAP – Fraud Misappropriation, FMAR – Fraud Markups, FMRP – Fraud Misrepresentation, FOMS – Fraud Omission, IARS – IA/IA Agent Risk Score, OBA – Outside Business Activity, RBEX – Risk Based Targeting Exam, SAWY – Selling Away, SUIT - Suitability, SUPR - Supervision, SWTC – Improper Switching, UNAT – Unauthorized Trades, USEC – Unregistered Security.

The list of total complex examinations closed or referred to the General Counsel's Office during the reporting period will be filtered by those complex examinations closed or referred within 210 days. The measure will be calculated by dividing the number of complex examinations closed or referred to the General Counsel's office within 210 days by the total number of complex examinations closed or referred to the General Counsel's office during the reporting period.

Validity: The Division of Securities is the sole regulator of investment advisers with up to \$100 million of assets under management. Complex examinations include a review of books and records and may involve sales practice abuses or entities with higher risk scores. The division

believes resources should be focused on examinations of state-registered investment advisers to ensure they are in compliance with applicable laws and rules and examinations where there are or may be sales practice abuses. This furthers the agency's mission to promote a safe and sound financial marketplace.

Reliability: Information with respect to each examination is entered into the agency's Registration Enforcement and Licensing (REAL) system. Information will be retrieved from REAL using the Standard Query Language (SQL) Server Reporting Services (Report Manager). The agency will utilize the Report Manager to extract the data for each quarter and fiscal year end. These reports will be updated each quarter to reflect any entries made into REAL for prior periods. At the end of the fiscal year, Bureau of Enforcement staff will make final entries to REAL. REAL is the primary source for the capturing, computing, and reporting of the performance measures.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation Service/Budget

Entity: 43900570 – Securities Regulation

Measure: Average number of days to manually review an initial application for licensure and notify the applicant of a request for additional information

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology: The Administrative Procedures Act (APA, Section 120.60, Florida Statutes) requires state agencies that process applications for licensure to notify applicants of any deficiencies in the application within 30 days of receipt of the application. This measure reflects the average number of days to manually review an initial application for registration and notify the applicant of a request for additional information or documents necessary to complete the application. The measure is determined by the following methodology:

1. Count the number of initial applications that were manually reviewed where the applicant was notified of a request for additional information during the fiscal year.
2. Count the number of days for each manually reviewed initial application from the received date to the date the applicant was notified of a request for additional information.
3. Total the number of days from Step 2.
4. Divide the total number of days by the total number of manually reviewed initial applications requiring notifications for additional information to determine the average number of days.

Validity: This measure helps to ensure the Division's timely review of all manually reviewed initial applications and compliance with state law. This furthers the agency's mission to provide quick, responsive service to entities and individuals applying to offer investment products and services in, to, or from Florida.

Reliability: The Division tracks manually reviewed initial applications in the agency's Registration Enforcement and Licensing (REAL) system. Information will be retrieved from REAL using the Standard Query Language (SQL) Server Reporting Services (Report Manager). The agency will utilize the Report Manager to extract the data for each quarter and fiscal year end.

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Financial Services

Program: Financial Services Commission – Office of Financial Regulation Service/Budget

Entity: 43900570 – Securities Regulation

Measure: Number of industry and/or consumer outreach events the Division of Securities participated in during the fiscal year

Action (check one):

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology: This measure will identify the number of industry and/or consumer outreach events in which members of the Division of Securities host or participate. Outreach events may include, but not be limited to, sharing industry market and regulatory trends to industries and consumers related to those areas registered and regulated by the Division. The outreach may also include providing consumer educational information to help consumers navigate the complex financial services products and services offered by professionals regulated by the Division.

The measure will be calculated based on the number of industry and/or consumer outreach events where at least one member of the Division of Securities team provides a presentation to an industry or consumer group designed to educate and share valuable information.

Validity: An agenda will be retained in electronic format for documentation of the outreach. A PowerPoint presentation, if provided, will also be retained in electronic format for documentation of the outreach.

Reliability: The Division of Securities will have agendas and specific meeting topics to submit as part of the documentation for meeting this metric. Employee names will be included to document the outreach was conducted by a member of the Division.

Associated Activity Contributing to Performance Measures – LRPP Exhibit V

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LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

43900530 - Safety and Soundness of State Banking System

Measure Number	Approved Performance Measures for FY 2023-24		Associated Activities Title
1	Percentage of state financial institutions examined within the last 18 and 36 months, as required by S. 655.045, F.S.		<p>Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness</p> <p>Examine and enforce laws regarding international financial institutions to ensure safety and soundness</p>
2	Percentage of state financial institutions rating OFR high performing		<p>Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness</p> <p>Examine and enforce laws regarding international financial institutions to ensure safety and soundness</p>
3	New Measure: Number of outreach events OFR Division of Financial Institutions participated in during the fiscal year		<p>Examine and enforce laws regarding banks, trusts and credit unions to ensure safety and soundness.</p> <p>Examine and enforce laws regarding international financial institutions to ensure safety and soundness</p>

43900540 - Financial Investigations		
Measure Number	Approved Performance Measures for FY 2023-24	Associated Activities Title
1	Percentage of investigations accepted by prosecutors or OFR Legal Counsel for enforcement that result in action being taken	Conduct financial investigations into allegations of fraudulent activity
2	Percentage of priority investigations accepted by prosecutors or OFR Legal Counsel for enforcement action within 12 months of case opening	Conduct financial investigations into allegations of fraudulent activity
3	New Measure: Percentage of preliminary investigations completed or upgraded to formal investigation within 90 days of case opening	Conduct financial investigations into allegations of fraudulent activity
4	New Measure: Percentage of formal investigations completed or referred for enforcement action within management established time frames based on case complexity	Conduct financial investigations into allegations of fraudulent activity

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures

43900560 - Finance Regulation

Measure Number	Approved Performance Measures for FY 2023-24		Associated Activities Title
1	Percentage of license applications processed within Administrative Procedure Act requirements		Evaluate and process applications for licensure as a financial services entity
2	Percentage of money service businesses examined within statutory timeframes per S.560.109, F.S.		Examine and regulate money service businesses to ensure regulatory compliance
3	New Measure: Percentage of complex examinations that are completed or referred to the Office of General Counsel within 330 days		Examinations of non-depository financial service companies to determine compliance with regulations
			Examine and regulate money service businesses to ensure regulatory compliance
4	New Measure: Average number of days to manually review an initial application for licensure and notify the applicant of a request for additional information		Evaluate and process applications for licensure as a financial services entity.
5	New Measure: Number of industry and/or consumer outreach events the Division of Consumer Finance participated in during the fiscal year		Examinations of non-depository financial service companies to determine compliance with regulations
			Examine and regulate money service businesses to ensure regulatory compliance

43900570 - Securities Regulation

Measure Number	Approved Performance Measures for FY 2023-24		Associated Activities Title
1	The number of complex securities examinations completed.		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance
2	Percentage of license applications processed within Administrative Procedure Act requirements		Evaluate and process application for registration as a securities firm, branch, and/or individuals.
3	New Measure: Percentage of complex examinations that are completed or referred to the Office of General Counsel within 210 days		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance
4	New Measure: Average number of days to manually review an initial application for licensure and notify the applicant of a request for additional information		Evaluate and process application for registration as a securities firm, branch, and/or individuals
5	New Measure: Number of industry and/or consumer outreach events the Division of Securities participated in during the fiscal year		Regulate Securities Firms, Branches and Individuals, and review appropriateness of securities offerings to ensure regulatory compliance
			Evaluate and process application for registration as a securities firm, branch, and/or individuals

LRPP Agency-Level Unit Cost Summary-LRPP Exhibit VI

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FINANCIAL SERVICES, DEPARTMENT OF		FISCAL YEAR 2022-23			
SECTION I: BUDGET		OPERATING	FIXED CAPITAL OUTLAY		
TOTAL ALL FUNDS GENERAL APPROPRIATIONS ACT		432,623,973	44,615,000		
ADJUSTMENTS TO GENERAL APPROPRIATIONS ACT (Supplementals, Vetoes, Budget Amendments, etc.)		73,787,841	-10,073,838		
FINAL BUDGET FOR AGENCY		506,411,814	34,541,162		
SECTION II: ACTIVITIES * MEASURES		Number of Units	(1) Unit Cost	(2) Expenditures (Allocated)	(3) FCO
Executive Direction, Administrative Support and Information Technology (2)					34,541,162
Provide Analysis On Securities Held For Deposit And Qualified Public Depositories * Number of analyses performed on the financial condition of qualified public depositories and custodians, and securities held for regulatory collateral deposit.		5,206	85.06	442,834	
Process Transactions, Account Changes And Audit Functions * Number of account actions taken on regulatory collateral deposit accounts.		66,783	16.48	1,100,490	
Investment Of Public Funds * Average Dollar Volume of Funds Invested		60,700,000,000	0.00	964,661	
Provide Cash Management Services * Number of cash management consultation services.		20	137,800.20	2,756,004	
Receive Funds, Process Payment Of Warrants And Provide Account And Reconciliation Services * Number of financial management/accounting transactions processed and reports produced.		2,980,000	0.72	2,152,417	
Administer The State Supplemental Deferred Compensation Plan * Number of Participant account actions processed by the Bureau of Deferred Compensation.		1,708,438	1.09	1,869,493	
Accounting And Reporting Of State Funds * State Accounts Managed in the Florida Accounting Information Reporting System.		36,230	128.69	4,662,406	
Migrate Current Accounts Payable Procedures To Electronic Commerce * Payments issued electronically to settle claims against the state.		10,106,375	0.09	860,198	
Conduct Pre-audits Of Selected Accounts Payable * Vendor payment requests that are pre-audited for compliance with statutes and contract requirements		320,866	24.83	7,967,381	
Process State Employees Payroll * Payroll payments issued		3,164,089	0.69	2,198,274	
Conduct Post-audits Of Payroll * Post-audits completed of state agencies payroll payments to determine compliance with statutes		7	13,581.14	95,068	
Conduct Fiscal Integrity Investigations * Fiscal integrity investigations completed to investigate allegations or suspicions of fraud, waste or abuse.		21	42,735.43	897,444	
Article V - Clerk Of The Courts * NA		21	15,576.05	327,097	
Collect Unclaimed Property * Accounts reported by holders of unclaimed property.		3,095,341	1.16	3,580,709	
Process And Payment Of Unclaimed Property * Payments processed for claims of unclaimed property.		491,226	7.68	3,771,663	
License The Fire Protection Industry * Number of entity requests for licenses, permits and certificates processed within statutorily mandated time frames.		8,180	80.63	659,560	
Perform Fire Safety Inspections * Number of inspections of fire code compliance completed.		14,792	330.11	4,883,400	
Review Construction Plans For Fire Code Compliance * Number of construction plans reviewed.		437	1,554.65	679,381	
Perform Boiler Inspections * Number of boiler inspections completed by department inspectors.		1,011	722.06	729,999	
Investigate Fires Accidental, Arson And Other * Total number of closed fire investigations involving economic or physical loss.		1,870	11,667.90	21,818,976	
Provide State, Local And Business Professional Training And Education * Number of classroom contact hours provided by the Florida State Fire College.		187,054	15.30	2,862,184	
Provide State, Local And Business Professional Standards, Testing And Statutory Compliance * Number of examinations administered.		10,422	125.97	1,312,840	
Provide Forensic Laboratory Services * Number of evidence items and photographic images processed.		150,241	8.21	1,234,163	
Fire Incident Reporting * Number of total incidents reported to the Florida Fire Incident Reporting System.		2,831,651	0.12	343,700	
Provide Adjusting Services On State Workers' Compensation Claims * Number of workers' compensation claims worked.		16,121	2,433.82	39,235,559	
Provide Adjusting Services On State Liability Claims * Number of liability claims worked.		5,780	2,388.37	13,804,787	
Process Property Claims On State Owned Buildings (structure And Contents) * Number of state property loss/damage claims worked.		1,388	1,756.14	2,437,525	
Provide Risk Services Training And Consultation * Number of agency loss prevention staff trained during the fiscal year.		1,403	1,546.76	2,170,105	
Rehabilitate And/Or Liquidate Financially Impaired Insurance Companies * Number of insurance companies in receivership during the year.		15	51,676.60	775,149	
Review Applications For Licensure (qualifications) * Number of applications for licensure processed.		187,957	15.32	2,879,706	
Administer Examinations And Issue Licenses * Number of examinations administered and licenses authorized.		82,692	20.74	1,714,840	
Administer The Appointment Process From Employers And Insurers * Number of appointment actions processed.		2,674,936	0.29	770,251	
Administration Of Education Requirements (pre Licensure And Continuing Education) * Number of applicants and licensees required to comply with education requirements.		379,789	1.23	468,434	
Investigate Agents And Agencies * Number of agent and agency investigations completed.		2,683	2,138.13	5,736,611	
Investigate Insurance Fraud (general) * Number of insurance fraud investigations completed (not including workers- compensation).		1,072	25,275.57	27,095,408	
Investigate Workers' Compensation Insurance Fraud * Number of workers' compensation insurance fraud investigations completed.		382	10,805.32	4,127,631	
Respond To Consumer Request For Assistance * Number of consumer requests and informational inquiries handled.		58,447	74.95	4,380,563	
Provide Consumer Education Activities * Number of visits to the Consumer Services website.		436,809	1.45	632,710	
Answer Consumer Telephone Calls * Number of telephone calls answered through the consumer helpline.		85,067	57.74	4,911,911	
Examine And Regulate Licensees In The Funeral & Cemetery Business (chapter 497) To Ensure Regulatory Compliance * Number of examinations and inspections completed.		2,055	1,436.11	2,951,210	
Monitor And Audit Workers' Compensation Insurers To Ensure Benefit Payments * Number of claims reviewed annually.		96,721	48.29	4,670,362	
Verify That Employers Comply With Workers' Compensation Laws * Number of employer investigations conducted.		24,703	628.26	15,519,806	
Facilitate The Informal Resolution Of Disputes With Injured Workers, Employers And Insurance Carriers * Number of injured workers that obtained one or more benefits due to intervention by the Employee Assistance Office.		489	10,908.25	5,334,132	
Provide Reimbursement For Workers' Compensation Claims Paid By Insurance Carriers On Employees Hired With Preexisting Conditions * Number of reimbursement requests (SDF-2) audited.		907	1,522.17	1,380,609	
Collection Of Assessments From Workers' Compensation Insurance Providers * Amount of assessment dollars collected.		66,314,280	0.01	706,261	
Data Collection, Dissemination, And Archival * Number of records successfully entered into the division's databases.		5,605,246	0.72	4,044,233	
Reimbursement Disputes * Number of petitions resolved annually		9,762	182.41	1,780,682	
Public Assistance Fraud Investigations * Number of public assistance fraud investigations conducted.		2,270	3,616.51	8,209,469	
Approve And License Entities To Conduct Insurance Business. * Number of Certificates of Authority (COAs) processed.		45	23,610.98	1,062,494	
Conduct And Direct Market Conduct Examinations. * Number of examinations and investigations completed for licensed companies and unlicensed entities		228	15,383.12	3,507,352	
Conduct Financial Reviews And Examinations. * Number of financial reviews and examinations completed.		8,439	2,401.65	20,267,498	
Review And Approve Rate And Form Filings. * Number of rate and forms review completed.		11,280	872.12	9,837,501	
Examine And Regulate Financial Services Companies To Ensure Regulatory Compliance. * Examinations of non-depository financial service companies to determine compliance with regulations.		329	14,415.69	4,742,762	
Evaluate And Process Applications For Licensure As A Financial Services Entity. * Applications processed or evaluated for licensure or registration as a non-depository financial services entity.		22,193	110.16	2,444,842	
Examine And Enforce Laws Regarding Banks, Trusts, And Credit Unions To Ensure Safety And Soundness. * Number of domestic financial institutions examined to ensure safety and soundness.		99	120,385.24	11,918,139	
Examine And Enforce Laws Regarding International Financial Institutions To Ensure Safety And Soundness. * Number of international financial institutions examined to ensure safety and soundness.		8	104,538.63	836,309	
Conduct Financial Investigations Into Allegations Of Fraudulent Activity. * Number of financial investigations into allegations of fraudulent activity.		156	30,122.31	4,699,081	
Examine And Regulate Money Services Businesses To Ensure Regulatory Compliance * Examinations of money services businesses conducted to determine compliance with regulations.		92	60,060.60	5,525,575	
Examine And Regulate Securities Firms, Branches To Ensure Regulatory Compliance. * Conduct examinations of securities firms and branches.		173	31,766.51	5,495,606	
Evaluate And Process Applications For Registration As A Securities Firm, Branch, And/Or Individual. * Securities applications processed for registration of firms, branches, and/or individuals.		74,757	32.74	2,447,200	
TOTAL				296,692,295	34,541,162
SECTION III: RECONCILIATION TO BUDGET					
PASS THROUGHS					
TRANSFER - STATE AGENCIES					
AID TO LOCAL GOVERNMENTS					
PAYMENT OF PENSIONS, BENEFITS AND CLAIMS				3,042,000	
OTHER				97,329,053	
REVERSIONS				109,348,410	159,343
TOTAL BUDGET FOR AGENCY (Total Activities + Pass Throughs + Reversions) - Should equal Section I above. (4)				506,411,758	34,700,505

SCHEDULE XI/EXHIBIT VI: AGENCY-LEVEL UNIT COST SUMMARY

(1) Some activity unit costs may be overstated due to the allocation of double budgeted items.

(2) Expenditures associated with Executive Direction, Administrative Support and Information Technology have been allocated based on FTE. Other allocation methodologies could result in significantly different unit costs per activity.

(3) Information for FCO depicts amounts for current year appropriations only. Additional information and systems are needed to develop meaningful FCO unit costs.

(4) Final Budget for Agency and Total Budget for Agency may not equal due to rounding.

 SECTION III - PASS THROUGH ACTIVITY ISSUE CODES SELECTED:

TRANSFER-STATE AGENCIES ACTIVITY ISSUE CODES SELECTED:

1-8:

AID TO LOCAL GOVERNMENTS ACTIVITY ISSUE CODES SELECTED:

1-8:

 AUDIT #1: THE FOLLOWING STATEWIDE ACTIVITIES (ACT0010 THROUGH ACT0490) HAVE AN OUTPUT STANDARD
 (RECORD TYPE 5) AND SHOULD NOT:

*** NO ACTIVITIES FOUND ***

 AUDIT #2: THE FCO ACTIVITY (ACT0210) CONTAINS EXPENDITURES IN AN OPERATING CATEGORY AND SHOULD NOT:
 (NOTE: THIS ACTIVITY IS ROLLED INTO EXECUTIVE DIRECTION, ADMINISTRATIVE SUPPORT AND INFORMATION
 TECHNOLOGY)

*** NO OPERATING CATEGORIES FOUND ***

 AUDIT #3: THE ACTIVITIES LISTED IN AUDIT #3 DO NOT HAVE AN ASSOCIATED OUTPUT STANDARD. IN ADDITION, THE
 ACTIVITIES WERE NOT IDENTIFIED AS A TRANSFER-STATE AGENCIES, AS AID TO LOCAL GOVERNMENTS, OR A PAYMENT OF
 PENSIONS, BENEFITS AND CLAIMS (ACT0430). ACTIVITIES LISTED HERE SHOULD REPRESENT TRANSFERS/PASS THROUGH
 THAT ARE NOT REPRESENTED BY THOSE ABOVE OR ADMINISTRATIVE COSTS THAT ARE UNIQUE TO THE AGENCY AND
 ARE NOT APPROPRIATE TO BE ALLOCATED TO ALL OTHER ACTIVITIES.

BE	PC	CODE	TITLE	EXPENDITURES	FCO
43500400	1205000000	ACT1020	HOLOCAUST VICTIMS ASSISTANCE	304,006	
43010400	1602000000	ACT1040	INSURANCE CONSUMER ADVOCATE	663,719	
43010500	1603000000	ACT1050	INFORMATION TECHNOLOGY - FLAIR	16,115,185	
43010100	1602000000	ACT1060	MY SAFE FLORIDA HOMES	13,678,560	
43200100	1601000000	ACT2010	PASS THROUGH FROM PRISON INDUSTRY	302,645	
43200100	1601000000	ACT2140	CONDUCT POST-AUDITS OF MAJOR	317,829	
43200300	1603000000	ACT2180	FLORIDA ACCOUNTING INFORMATION	40,608,994	
43200100	1601000000	ACT2195	PASS THROUGH FLORIDA CLERKS OF	2,223,459	
43300200	1202000000	ACT3250	CONSTRUCTION MATERIALS MINING	690,475	
43300400	1202000000	ACT3430	PASS-THROUGH GRANTS AND AIDS	1,419,444	
43300500	1202000000	ACT3440	PASS-THROUGH GRANTS AND AIDS LOCAL	798,911	
43300500	1202000000	ACT3530	PASS THROUGH - TRANSFER TO	2,000,000	
43700200	1205000000	ACT3610	MAINTENANCE AND REPAIR	293,147	
43400100	1601000000	ACT4150	PURCHASE OF EXCESS INSURANCE	11,153,549	
43400100	1601000000	ACT5510	HURRICANES AND OTHER NATURAL	3,375,351	

43600100	1102020000	ACT6010	TRANSFER TO 1ST DISTRICT COURT OF	2,040,090
43900110	1204000000	ACT9150	HURRICANE RATE/RISK MODEL	1,093,689
43600100	1102020000	ACT9940	TRANSFER TO THE UNIVERSITY OF	250,000

AUDIT #4: TOTALS FROM SECTION I AND SECTIONS II + III:

DEPARTMENT: 43	EXPENDITURES	FCO
FINAL BUDGET FOR AGENCY (SECTION I):	506,411,814	34,541,162
TOTAL BUDGET FOR AGENCY (SECTIONS II + III):	506,411,758	34,700,505
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DIFFERENCE:	56	159,343-
(MAY NOT EQUAL DUE TO ROUNDING)	=====	=====

*FCO difference is due to the 159,343 reverted in category 080990 in budget entity 43300400.

Glossary of Terms and Acronyms

AARMR – American Association of Residential Mortgage Regulators – a non-profit association of state regulators of mortgage lenders and mortgage brokers. This organization, in conjunction with the Conference of State Bank Supervisors (CSBS), owns and manages the Nationwide Mortgage Licensing System (NMLS)

AARP – American Association of Retired Persons – a non-governmental organization

Activity – a set of transactions within a budget entity that translates inputs into outputs using resources in response to a business requirement. Sequences of activities in logical combinations form services. Unit cost information is determined using the outputs of activities

AFM – Area Financial Manager

AML – Anti-money laundering

APA – Administrative Procedures Act, Chapter 120, Florida Statutes

Baseline data – indicators of a state agency’s current performance level, pursuant to guidelines established by the Executive Office of the Governor in consultation with legislative appropriations and appropriate substantive committees

BFI – Bureau of Financial Investigations, a criminal justice agency housed within the Office of Financial Regulation

BR – Board Resolution of a financial institution

BRR – Bureau of Regulatory Review-Finance

BSA – Bank Secrecy Act of 1970 – requires financial institutions to keep records of cash purchases of negotiable instruments and file reports of such cash purchases of more than \$10,000 daily to detect and prevent money laundering

Budget entity – a unit or function at the lowest level to which funds are specifically appropriated in the appropriations act. “Budget entity” and “service” have the same meaning

C&D – Cease and Desist Order – formal enforcement order issued after notice and opportunity for hearing, requiring a person to terminate unlawful practices

CFE – Certified Fraud Examiner – designation given by the Association of Certified Fraud Examiners which denotes proven expertise in fraud prevention, detection and deterrence

CFPB – Consumer Financial Protection Bureau established under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 – a federal agency which will hold primary responsibility for enforcing federal laws and regulating consumer protection in the United States

CFTC – Commodities Futures Trading Commission – independent agency of the United States government that regulates futures and option markets

Check casher – a person who receives compensation for exchanging currency for payment instruments

CFO – Chief Financial Officer

CL – Commitment Letter

CRD – Central Registration Depository – computerized database that provides information on securities dealers, sales representatives, and supervisory personnel. This national database is compiled from application forms, exchange-developed tests, reported enforcement actions, and related information. The Financial Industry Regulatory Authority (FINRA) owns the CRD system and its facilities, operating them on behalf of state and federal regulators and other users

CSBS – Conference of State Bank Supervisors – national organization of state banking regulators. This organization, in conjunction with the American Association of Residential Mortgage Regulators (AARMR), owns and manages the Nationwide Mortgage Licensing System (NMLS)

Consumer finance company – company **that** loans to consumers in an amount less than \$25,000 with maximum interest rates between 18% and 30% per annum

Correspondent mortgage lender – company permitted to broker and make mortgage loans, and service loans for others for a limited time period. They are authorized to originate mortgage loans and close loans in their name, and may broker mortgage loans to other lenders

Consumer collection agency – **company that collects or attempts** to collect consumer debts, which are owed or due to another person. They may also collect third party commercial debts as long as less than one-half of the collection revenue is from the collection of commercial claims

Commercial collection agency – company that collects or solicits collections on commercial claims owed or due to another person

De novo bank – a newly chartered bank

DFI – Division of Financial Institutions within the Office of Financial Regulation

DFS – Department of Financial Services – provides administrative and information systems support to the Office of Financial Regulation

Dodd-Frank Act – Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

DOGI – Division of Financial Institutions' Database of General Information

DOR – Document of Resolution

DPP – Deferred Presentment Provider – an entity that engages in deferred presentment transactions (commonly referred to as payday loans) and is registered under Part II or Part III of the Money Transmitter Code and has filed a declaration of intent with the Office

EOG – Executive Office of the Governor

Estimated Expenditures – includes the amount estimated to be expended during the current fiscal year. These amounts will be computer generated based on the current year appropriations adjusted for vetoes and special appropriations bills

FAC – Florida Administrative Code

Fannie Mae – Federal Nation Mortgage Association – a government sponsored enterprise founded in 1938 (publicly traded company since 1968) to expand the secondary mortgage market

FDIC – Federal Deposit Insurance Corporation – independent deposit insurance agency created by Congress in 1933 to maintain stability and public confidence in the nation's banking system

FHFA – Federal Housing Finance Agency – the regulator and conservator of Fannie Mae (Federal Nation Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation) and the regulator of the 12 Federal Home Loan Banks

FINRA – Financial Industry Regulatory Authority, formerly known as the National Association of Securities Dealers (NASD) – a Self-Regulatory Organization (SRO) of broker/dealers. All securities firms, stockbrokers, and registered representatives doing business with the American public must register with FINRA

Freddie Mac – Federal Home Loan Mortgage Corporation – public government sponsored enterprise created in 1970 to expand the secondary market for mortgages

FS – Florida Statutes

FSAIF – Florida Seniors Against Investment Fraud – made possible in part from a grant by the Investment Protection Trust. This is a statewide outreach program, developed by Seniors vs. Crime and the Florida Office of Financial Regulation, created to help Florida's seniors avoid becoming the victims of financial fraud. The program's primary goals are to educate Florida seniors over the age of 50 about investment fraud and to help Florida seniors avoid being victimized

FSC – Financial Services Commission – composed of the Governor, the Attorney General, the Chief Financial Officer, and the Commissioner of Agriculture

FSOC – Financial Stability Oversight Council – created under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 to identify and respond to emerging risks throughout the financial system

FTC – Federal Trade Commission – independent agency of the United States government established in 1914 to promote consumer protection and eliminate and prevent harmful anti-competitive business practices

FTE – Full Time Equivalent

FY – Fiscal Year

GAA – General Appropriations Act

GAO – Government Accountability Office – the audit, evaluation and investigative arm of the US Congress

GDP – Gross Domestic Product – all goods and services produced or exchanged

GR – General Revenue Fund

HOPE NOW Alliance – an alliance of housing counselors, mortgage servicers, investors, and other mortgage market participants to maximize outreach to efforts to at-risk homeowners and help them stay in their homes

HUD – Federal Department of Housing and Urban Development

IA – Investment adviser – individual or firm who, for compensation, engages in the business of advising others as to the value of securities or as to the advisability of investing in, purchasing or selling securities

IARD – Investment Adviser Registration Depository – computerized database which provides information on investment adviser firms, investment adviser representatives, and supervisory personnel. This national database is owned by the FINRA, and its facilities are operated on behalf of state and federal regulators and other users

IG – Inspector General

Indicator – a single quantitative or qualitative statement that reports information about the nature of a condition, entity or activity. This term is used commonly as a synonym for the word “measure”

Information technology resources – includes data processing-related hardware, software, services, telecommunications, supplies, personnel, facility resources, maintenance, and training

Input – see Performance measure

Investment advisers – individuals who give advice about securities including stocks, bonds, mutual funds, and annuities. They may use a variety of titles including investment manager, investment counsel, asset manager, wealth manager, and portfolio manager. They provide ongoing management of investments based on the client’s objectives, typically with the client giving discretionary authority to make decisions without having to get prior approval for each transaction. Generally, an investment adviser’s compensation is considered to be a “fee”

IPT – Investor Protection Trust – a nonprofit organization devoted to investor education. Its primary mission is to provide independent, objective information needed by consumers to make informed investment decisions and serves as an independent source of non-commercial investor education materials

IT – Information Technology

LBC – Legislative Budget Commission – a standing joint committee of the Legislature. The Commission was created to: review and approve/disapprove agency requests to amend original approved budgets; review agency spending plans; and take other actions related to the fiscal matters of the state, as authorized in statute. It is composed of 14 members appointed by the President of the Senate and by the Speaker of the House of Representatives to two-year terms, running from the organization of one Legislature to the organization of the next Legislature

LBR – Legislative Budget Request – a request to the Legislature, filed pursuant to section 216.023, Florida Statutes, or supplemental detailed requests filed with the Legislature, for the amounts of money an agency or branch of government believes will be needed to perform the functions that it is authorized, or which it is requesting authorization by law, to perform

Loan modification – a permanent change in one or more of the mortgagor’s loan terms

Loan originator – an individual who, directly or indirectly, solicits or offers to solicit a mortgage loan, accepts or offers to accept an application for a mortgage loan, negotiates or offers to negotiate the terms or conditions of a new or existing mortgage loan on behalf of a borrower or lender, processes a mortgage loan application, or negotiates or offers to negotiate the sale of an existing mortgage loan to a non-institutional investor for compensation or gain

Loan servicing – the collection for an investor of periodic payments of principal, interest, taxes and insurance in accordance with the terms of a note or mortgage

LUA – Letter of Understanding and Agreement

LRPP – Long-Range Program Plan – a plan developed on an annual basis by each state agency that is policy-based, priority-driven, accountable, and developed through careful examination and justification of all programs and their associated costs. Each plan is developed by examining the needs of agency customers and clients and proposing programs and associated costs to address those needs based on state priorities as established by law, the agency mission, and legislative authorization. The plan provides the framework and context for preparing the legislative budget request and includes performance indicators for evaluating the impact of programs and agency performance

Money transmitter – a person who sends funds, either by wire, facsimile, electronic transfer, courier or other means

Mortgage broker – a person conducting loan originator activities through one or more licensed loan originators employed by the mortgage broker or as independent contractors to the mortgage broker

Mortgage brokerage business – a company that arranges mortgage loans for a borrower, accepts loan applications, and negotiates terms and conditions of a mortgage loan on behalf of

a lender on real estate located in Florida. A mortgage broker business may only use licensed mortgage brokers to solicit or negotiate loans on its behalf

Mortgage lender – a company that brokers, makes, and services loans for others on Florida real estate. They function similarly to a correspondent mortgage lender; however, they may sell loans to non-institutional investors and service loans indefinitely for consumers

MOU – Memorandum of Understanding

MSB – Money Services Business – any person located or doing business in the State who acts as a payment instrument seller, foreign currency exchanger, check casher or money transmitter

Narrative – justification for each service and activity is required at the program component detail level. Explanation, in many instances, will be required to provide a full understanding of how the dollar requirements were computed

NASAA – North American Securities Administrators Association – the organization of US state and Canadian provincial and territorial securities regulators

NASCUS – National Association of Credit Union Supervisors – an association of professional regulators made up of the 47 state governmental agencies that charter, regulate and examine state-chartered credit unions

NASD – National Association of Securities Dealers – now known as the Financial Industry Regulatory Association (FINRA)

NCUA – National Credit Union Association – independent federal agency that regulates, charters and supervises federal credit unions. NCUA operates and manages the National Credit Union Share Insurance Fund

NMLS – Nationwide Mortgage Licensing System – national mortgage licensing system being developed by the Conference of State Bank Supervisors (CSBS) and American Association of Residential Mortgage Regulators (AARMR). Use of the system is required under federal law and is intended to provide uniform license applications and reporting requirements for State licensed loan originators; provide a comprehensive licensing and supervisory database; improve the flow of information to and between regulators; provide increased accountability and tracking of loan originators; enhance consumer protection; and support anti-fraud measures

Non-recurring – expenditure or revenue which is not expected to be needed or available after the current fiscal year

NSMIA – National Securities Market Improvement Act of 1996

OCC – Office of Comptroller of the Currency – charters, regulates and supervises all national banks and federal savings associations, as well as branches and agencies of foreign banks

OCO – Operating Capital Outlay

OIR – Office of Insurance Regulation

OFR – Office of Financial Regulation

OPB – Office of Policy and Budget, Executive Office of the Governor

OPS – Other Personal Services

OTS – Office of Thrift Supervision – now part of the Office of Comptroller of the Currency

Outcome – see Performance measure

Output – see Performance measure

Outsourcing – describes situations where the state retains responsibility for the service, but contracts outside of state government for its delivery. Outsourcing includes everything from contracting for minor administration tasks to contracting for major portions of activities or services which support the agency mission

Payment instrument seller – a company qualified to do business in this state that sells or issues checks, drafts, warrants, money orders, traveler’s checks, electronic instruments, other instruments, payment of money of monetary value whether or not negotiable

Payday lenders – common name for companies registered as Deferred Presentment Providers under Part IV of Chapter 560, Florida Statutes

Performance measure – a quantitative or qualitative indicator used to assess state agency performance

- Input means the quantities of resources used to produce goods or services and the demand for those goods and services
- Outcome means an indicator of the actual impact or public benefit of a service
- Output means the actual service or product delivered by a state agency

Policy area – is a grouping of related activities to meet the needs of customers or clients which reflects major statewide priorities. Policy areas summarize data at a statewide level by using the first two digits of the ten-digit LAS/PBS program component code. Data collection will sum across state agencies when using this statewide code

Privatization – occurs when the state relinquishes its responsibility or maintains some partnership type of role in the delivery of an activity or service

Program – a set of activities undertaken in accordance with a plan of action organized to realize identifiable goals based on legislative authorization (a program can consist of single or multiple services). For purposes of budget development, programs are identified in the General Appropriations Act by a title that begins with the word “Program.” In some instances, a program consists of several services, and in other cases the program has no services delineated within it; the service is the program in these cases. The LAS/PBS code is used for purposes of both program identification and service identification. “Service” is a “budget entity” for purposes of the LRPP

Program component – an aggregation of generally related objectives which, because of their special character, related workload and interrelated output, can logically be considered an entity for purposes of organization, management, accounting, reporting, and budgeting

REAL System – Regulatory Enforcement and Licensing System – a comprehensive system which provides OFR with an integrated financial regulatory management system by combining core processes for fiscal, licensing, investigations, examination, legal and complaint functions.

Reliability – the extent to which the measuring procedure yields the same results on repeated trials and data are complete and sufficiently error free for the intended use

S.A.F.E. Mortgage Licensing Act – Secure and Fair Enforcement in Mortgage Licensing Act of 2008 – major federal housing reform legislation (Public Law 110-289) designed to prevent foreclosures, stabilize the declining housing market, and reform the government-sponsored enterprises Fannie Mae and Freddie Mac

SBA – State Board of Administration – manages the pension funds for current and retired Florida employees, as well as school districts and state and local government entities. The SBA is governed by the Board of Trustees, made up of the governor, chief financial officer and attorney general

SEC – United States Securities and Exchange Commission – federal agency which holds primary responsibility for enforcing the federal securities laws and regulating the securities industry, the nation’s stock and options exchanges, and other electronic securities markets in the United States

Service – see Budget Entity

SRO – self regulatory organization – an organization that exercises some degree of regulatory authority over an industry or profession

Standard – the level of performance of an outcome or output

SWOT – Strengths, Weaknesses, Opportunities and Threats

TCS – Trends and Conditions Statement

TF – Trust Fund

Unit cost – the average total cost of producing a single unit of output – goods and services for a specific agency activity

USA PATRIOT Act – Unitng and Strengthening America by Providing Appropriate Tools Required to Interrupt and Obstruct Terrorism Act

Validity – the appropriateness of the measuring instrument in relation to the purpose for which it is being used

WA – Written Agreement