



*Dodd-Frank legislation has substantially changed how financial institutions will be supervised. As the duties of the Office of Thrift Supervision (OTS) are absorbed by the Office of the Comptroller of the Currency (OCC), regulatory requirements will lead to more rigorous examinations. Additionally, the creation of the Consumer Financial Protection Bureau (CFPB) will bring new regulatory challenges.*

Congress gave the CFPB both an unprecedented level of power and clear “marching orders” to oversee consumer compliance for all financial institutions with assets of more than \$10 billion — this single event has the potential to dramatically change how these banks will be supervised. It is clear that the previous approach of supervising compliance with existing consumer-focused laws and regulations will no longer be the industry norm; there is now unprecedented ongoing change and greater scrutiny.

In the current regulatory environment, financial institutions must ensure they have effective compliance management governance, systems, polices and self-assessments that are both comprehensive in scope and effective to identify potential areas of non-compliance; providing management the opportunity to implement corrective measures. Failure to identify and manage non-compliance areas before examinations could result in increased regulatory oversight, such as enforcement actions and civil money penalties.

**A&M offers regulatory focused risk analyses, management assistance and strategic evaluations for compliance laws, regulations and issues.**

### REGULATORY COMPLIANCE SERVICE OFFERINGS

Compliance Assessment	BSA / AML, USA PATRIOT Act	Overdraft Programs Risk Analysis	Other Regulatory Issues	Customer Complaint Management
<ul style="list-style-type: none"> <li>• Compliance management program development and enhancement</li> <li>• Fair lending and unfair or deceptive acts or practices analysis</li> <li>• Strategic planning and advice</li> <li>• Pre-examination and pre-acquisition review</li> </ul>	<ul style="list-style-type: none"> <li>• Provide risk assessments, independent testing and training</li> <li>• Develop and enhance compliance programs</li> <li>• Perform a gap analysis of programs and compliance with applicable BSA / AML, USA PATRIOT Act, OFAC laws and regulations</li> <li>• Assist with upgrades of technology, including selection and installation of “Know Your Customer,” OFAC compliance and transaction monitoring systems</li> <li>• Regulatory pre-examination review and planning</li> </ul>	<ul style="list-style-type: none"> <li>• Provide an independent review of overdraft plans focusing on disclosures, publications and customer financial education materials (among other things)</li> <li>• Evaluate overdraft practices against industry best practices, including an assessment of fees, transaction clearing policies and the reporting of consumer transaction history</li> </ul>	<ul style="list-style-type: none"> <li>• Home Mortgage Disclosure Act and Flood Disaster Protection Act testing</li> <li>• Community Reinvestment Act self-assessments</li> <li>• Regulatory directed restitution oversight</li> <li>• Customer ombudsman design and implementation</li> <li>• Customized compliance training</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate strengths and opportunities in current complaint management process</li> <li>• Develop policies and procedures consistent with ISO 10002 and create process templates</li> <li>• Develop web-based processes to route consumer complaints</li> <li>• Assist with customer satisfaction programs and customer education programs</li> <li>• Provide tools and process to identify systemic risk based on complaint data</li> <li>• Provide training for staff members and lines of business</li> </ul>

## WHY CHOOSE A&M?

Alvarez & Marsal (A&M) has assembled a team of former senior regulators and experienced bank professionals to help financial institutions navigate the ever-changing regulatory landscape with best practices.

- Senior financial industry regulatory professionals each with more than 35 years of experience
- Proven experience with healthy and troubled institutions, business units, executive leadership and boards
- Comprehensive approach to regulatory relations, compliance and risk management
- Our regulatory team has access to professionals in other A&M advisory practices to comprehensively address all ongoing needs

## SUCCESS STORIES

### Multibillion-Dollar Bank BSA / AML

A multibillion-dollar bank with a national customer base had not received regulatory correspondence regarding BSA / AML or OFAC issues in many years. The bank had elevated risk exposure due to several third-party processors, an online channel and newer products with reloadable natures. A&M performed an evaluation of the client's BSA / AML program and discovered instances that could lead to regulatory action. Our recommendations included best practices to improve efficiency and reduce risk, as well as strengthening documentation through adoption of standard operating procedures. The bank subsequently established these new procedures, strengthened monitoring and controls, and created a SAR tracking report.

### National Bank Overdraft Protection Plan

A national bank with several hundred branches operating in many states was required by formal agreement to provide restitution to affected overdraft protection customers. A&M was retained as an independent third party to monitor the bank's compliance and provide a report confirming compliance. We also tested reporting requirements to consumer credit agencies. A&M identified an issue with the multifaceted reimbursement calculation that saved the client more than \$2 million. Our report found the bank's actions and procedures reasonable and effective and, subsequently, regulators retroactively terminated the C&D order.

### National Payment Processor

A national third-party payment processor serving 400 locations with over 2.5 million active accounts had an agreement with a bank to process MasterCard transactions. The bank's regulator requested procedural changes relating to UDAP, Regulation E and other Overdraft Protection issues. A&M performed a risk assessment and then evaluated training, marketing, customer education materials and customer complaints. Our review noted numerous technical violations, which were corrected before the report's issuance. A&M also made several recommendations to reduce risk for process, procedures and consumer disclosures.

### Community Bank Fair Lending

A community bank was notified by regulators for possible pricing discrepancies with their consumer loan portfolio. A&M was retained to evaluate compliance with Fair Lending laws and regulations involving regression analyses on several types of consumer loans and we found no disparate treatment. We also reviewed the bank's overall compliance program. A&M reported specific recommendations relating to Fair Lending, Truth in Lending and the bank's Overdraft Protection Program, where increased training and process improvement was warranted. The client successfully implemented most of our recommendations.

## ABOUT ALVAREZ & MARSAL

Alvarez & Marsal (A&M) is a global professional services firm specializing in turnaround and interim management, performance improvement and business advisory services. A&M delivers specialist operational, consulting and industry expertise to management and investors seeking to accelerate performance, overcome challenges and maximize value across the corporate and investment lifecycles. Founded in 1983, the firm is known for its distinctive restructuring heritage, hands-on approach and relentless focus on execution and results.

For more information, visit:  
[www.alvarezandmarsal.com](http://www.alvarezandmarsal.com)

## CONTACT

### Ed Schreiber

Managing Director, Salt Lake City  
+1 207.408.4288  
[eschreiber@alvarezandmarsal.com](mailto:eschreiber@alvarezandmarsal.com)

### Craig Stone

Senior Director, Houston  
+1 713.859.2303  
[cstone@alvarezandmarsal.com](mailto:cstone@alvarezandmarsal.com)

### Samuel Golden

Managing Director, Houston  
+1 713.221.3922  
[sgolden@alvarezandmarsal.com](mailto:sgolden@alvarezandmarsal.com)



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