

# Safety and Soundness:

“The Top 10”

# 10. Timely and Accurate Regulatory Reports

- Call Reports
- Quarterly Reports
- Permissible Investment Reports
- Changes of Control
- Changes in Executive Officers and Directors

**Bottom Line: Regulators don't like surprises!**

# 9. Disaster Recovery Plans and Tests



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- Is it reasonable?
  - Feasibility
  - As with everything, risk-based
- Does it work?
  - Testing
  - Updating based on testing

# 8. Bank Accounts



**National City**

Now a part of



# 8. Bank Accounts

- Maintaining banking relationships
- New opportunities with consolidation
- Watch for concentration risk

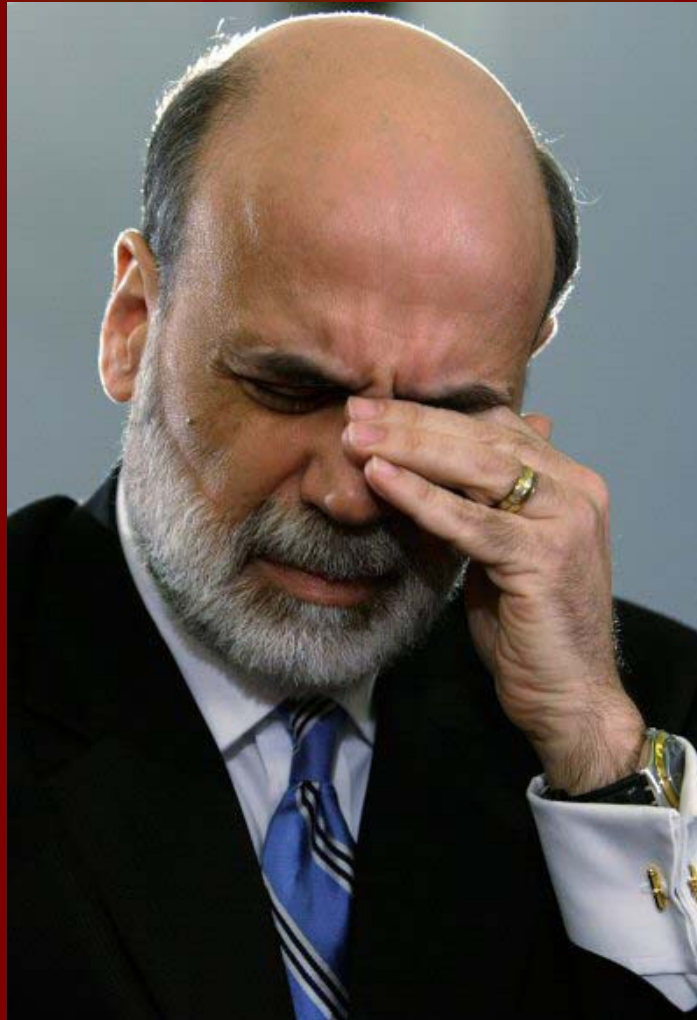
# 7. Anti-Money Laundering Issues

- Monitoring and reporting
  - 31 CFR 103.125 – is your compliance program adequately tied to the automated data processing system?
- Timely & accurate reports – SARs, CTRs, FBARs
  - Narratives on SARs
  - Documentation of non-cash transactions over \$10,000
  - Annual agent list – 31 CFR 103.41(d)

# 6. Anti-Money Laundering Policies

- Risk assessment
- Do policies tie in with program?
- Are practices in writing?
- What policy do agents have and follow?
- Responding to law enforcement requests
  - Does policy address?
  - Who handles requests?

# 5. Financial Stresses



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- Companies laying off in wrong areas
  - Impact of: accounting, sales, compliance
- Lower volumes
- Access to credit



# 4. Operating Losses

- Revenues down + agent losses
- Expenses stagnant or increasing =
- Operating losses



# 3. Net Worth

- Losses impacting capital
- Intangible impairment write-downs
- Some companies in danger of no longer meeting net worth requirements
- Difficulty in raising new capital



## 2. Paying Agents



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- Many companies have still not performed adequate due diligence on foreign paying agents
  - Licenses for foreign jurisdictions
  - Receive annual audits
  - Periodic visits
  - Review & update contracts
- Potential dangers of keeping large amounts on deposit with foreign paying agents

# 1. Domestic Agents



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- Training of agents & employees
- AML risk
- Agent receivables & losses