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Southwest BSA & Financial Crimes Forum

Examiners from the Oklahoma State Banking Department attended the July 2009 Southwest BSA & Financial Crimes Forum. According to our BSA examiners, this was an extremely useful, informative, and well-run seminar.

Event hosts were the Department of the Treasury Criminal Investigation, the Federal Bureau of Investigation, and the International Association of Financial Crimes Investigators (IAFCI).

Presenters included Special Agents from the FBI and IRS; an Assistant United States Attorney; examiners from the Federal Reserve, FDIC, and OCC; an Oklahoma Highway Patrolman; and other personnel from Oklahoma agencies that investigate fraud. These presenters covered topics including criminal investigations involving money laundering, fraud, securities fraud, elder financial exploitation, counterfeiting, and identity theft.

Attendees—who included bankers, law enforcement, and regulators, among others—gained valuable insight into the processes used by perpetrators of crimes within the BSA category and left the forum with a heightened awareness of the vulnerability of financial institutions, individuals, and particularly our elderly to crime.

State Banking Department Examiners attending the forum were Roger Brock, Mike Faulkenberry, Deloris Finley, Ken Fisher, Daryl Jones, Kandace Natale, Laurie Ridgway, Terry Slagle, Melanie Sparks, Michael Truitt, Randy Willard, and Gwen Wright.

FFIEC Cash Flow Construction & Analysis from Federal Tax Returns

Senior Examiner Mike Faulkenberry attended a workshop hosted by the FFIEC at the FDIC's L. William Seidman Training Center. The purpose of the workshop was to teach examiners how to use tax returns and financial statements to help estimate a business or individual's ability to service debt. The specific objectives outlined in the course were to analyze business and individual financial statements to evaluate the resources available to pay loans, estimate and analyze cash flow for business and individual tax returns, and discuss tax fundamentals including how taxes influence cash flow and customers' operations.

The FFIEC workshop was well-organized, the instructor was extremely knowledgeable, and materials were valuable and well-presented. Faulkenberry said he would recommend this school to anyone interested in learning to perform a more in-depth cash flow analysis for a business or individual using only a tax return.

**When submitting
Board Meeting minutes
to the State Banking
Department, please disclose
the name of the city/town in
addition to the name of
your institution.**

Thank you!



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IT Vulnerability Forum

Doyle Jones, Mike Kellum, Carter Mathews, and Michael Truitt attended a week-long Information Systems Vulnerability Management School at the Federal Reserve in Chicago. The school utilized lecture, several case studies, and hands-on labs to illustrate a number of important topics. Topics of interest included:

- Identifying the role vulnerability management plays in safeguarding information assets
- Assessing the adequacy of patch management programs
- Evaluating the adequacy of organizational testing programs
- Recognizing key elements of incident response programs
- A review of various patch management, vulnerability scanning and penetration testing tools and their limitations.

This information should prove very useful in future Information Technology examinations in that it provided the examiners a better understanding of the role information systems vulnerability management plays in assessing a bank's overall IT risk.

UPCOMING EVENTS:

**OBA 2009 ANNUAL
WASHINGTON VISIT
SEPTEMBER 13-15**

**CBAO ANNUAL CONVENTION
OKLAHOMA CITY
SEPTEMBER 23-25**

Workshop on Community Bank Investments and Asset / Liability Strategies

Senior Examiners Daryl Jones and Doyle Jones attended the Workshop on Community Bank Investments and Asset/Liability co-sponsored by the University of South Carolina's Moore School of Business and the Graduate School of Banking at Colorado. This was a very informative workshop covering several important topics relevant to today's banking environment including:

- The Economic and Regulatory Environment
- Wholesale Funding Strategies
- Investment Security Evaluation and Selection
- Agency and Mortgage Backed Securities: which type is right for your bank?
- Municipal Securities: what to avoid and what is appropriate
- Interest Rate Risk Analytics and available tools
- Portfolio Analysis
- Using the Asset and Liability Model to make Pricing Decisions
- Contingency Funding Planning and Capital Strategies

Contingency funding planning in particular has become an area of concern for both regulators and banks in that those funding strategies have become broader and the reliance on traditional core funding is shrinking as an available source. Plus, for the first time, there have been bank closures heavily related to the funding and liquidity aspects of the institution.

Recent regulatory requirements have also promulgated the need for a significant level of understanding about Investment and Asset/Liability strategies by bankers and regulators alike.