



Compliance and Operational Services for Online Lenders

VP Compliance Services, LLC

October 2014





Company Overview

VP Compliance Services (VPCS) is a leading provider of compliance and operational services to online lenders nationwide. Our service offerings support a broad spectrum of credit-related financial services including state and federal regulatory compliance, program operations, lender audit programs, policy and procedure development and testing, vendor reviews, fractional compliance staffing and lender compliance risk assessments.

Our Mission

To decrease regulatory and operational risk for our lending clients by implementing compliance management systems, oversight, and business continuity for each loan or payment processing program.

Our Services

- Regulatory & Compliance Services
- Compliance Audits and Reviews
- Customized Policies and Procedures
- Hands on Compliance Training & Testing, Staffing
- Vendor Audits, Training and Selection
- Fractional Compliance Staffing

VPCS works with various clients in the consumer lending space.

VPCS' clients are:

State and Nationally Licensed Lenders

Sovereign Nation Lenders

National and Regional Banks

Credit Card Issuers

Payment Processors (ODFI & TPPP)





Third Party Vendor Management

Experience in Vendor Management

EVP Credit and Collections Washington Mutual

Vendor Management and Responsibility

- 50 call center vendors worldwide
- 150 collection law firms
- 20 skip trace vendors
- 75 consumer credit counseling agencies
- 25 national debt buyers

Regulatory Compliance Liaison

- CFPB
- FTC
- FDIC
- OCC
- OTS

* Received only ***Outstanding*** rating by the OCC for the development and implementation of its third party vendor compliance management program – used by regulator as example for other national lenders (BofA, CapOne, Chase, Wells Fargo, MBNA, and more)

Vendor Management – Why it's Important

Vendors = Call Centers (sales, service, letter, collections) & Debt Buyers

- CFPB – commentary on the CFPB's opinion that 3rd party vendors are an extension your organization. A lender can't rely on the following:
 - Vendor indemnification (we're covered?)
 - Vendor internal compliance programs
 - Vendor training programs
 - Vendor self reporting (regulator inquiries, fines & penalties, regulator and BBB complaints, and more)
 - Vendor's other clients (just because they do business withdoesn't mean their compliant)
- 3rd Party Vendors are most likely your weakest compliance link
 - Constant oversight is imperative

Where are online lenders deficient

- Must do:
 - Partner with a law firm for legal guidance, policies, licensing, and legal representation
 - Consider partnering with third party compliance firm for procedures, testing and compliance program oversight
- Most lenders don't do:
 - Lack knowledge and skill to operationalize legal guidance and policies
 - Lack personnel and policy to effectively evaluate prospective vendors
 - Have ineffective policies, procedures, and controls to effectively manage vendors (full time roles for qualified compliance professionals)

Existing Vendor Oversight and Audit Gaps

- Must Perform Audits and Frequency:
 - Recommended (risk score your vendors)
 - High Risk – Quarterly (combined on-site and remote)
 - Low Risk – Annually
- Must Perform Oversight (existing vendors):
 - Review existing vendors never qualified
 - Call Centers
 - Marketing Vendors
 - Credit Bureaus (credit, fraud, etc...)
 - Letter Vendors
 - Collection Vendors
 - Anyone that retains customer information
 - More

Vendor Oversight Sample (Audit Chart)

| Program Aspect | MO | Q1 | Q2 | Q3 | Q4 | YR |
|--------------------------------------|----|----|----|----|----|----|
| Vendor Call Center Operations | | | | | | |
| Overall Servicing Process | | | | | | X |
| Service Call Monitoring | | | X | | X | |
| Collections Call Monitoring | X | | | | | |
| Settlement Parameters | X | | | | | |
| Employee Training | | X | X | X | X | |
| Monitoring Reports | X | | | | | |
| Monitoring Forms | | | X | | | |
| TCPA | | X | | | | |
| CAN/SPAM | | X | | | | |
| TILA Scripting | | | | X | | |

More Audits

Lead Generation

Payment Processing

Change Management

Complaint Resolution

Customer Identity

SCRA

Underwriting

Information Security

Marketing

Privacy

Record Retention

Compliance Management System-Annual

Prospective Vendor “Do you really know them?”

- What to ask a vendor to provide
 - Profile, methodology, audited financials, references, certifications (PCI, SAS70, SSAE16), industry affiliations, etc.
- They sent you the information requested, now what?
 - Must be a reason behind each piece of information requested
 - Develop scorecard to rate each vendor response
 - Licenses, insurance, bondings
 - Scripts, training, & call monitoring
 - Information security (physical and ...)
 - New hire background checks and drug screening
- Background checks
 - Don't rely on personal or business references
 - Detailed background check of principles, company, and all associated companies
 - Bank account check (personal and business)
- If in receipt of a CID, you must be able to produce documentation on due diligence performed on a vendor prior to hiring them

I don't have Resources or Plan to Perform

- Where to get help
 - Your retained law firm
 - VP Compliance Services performs these services today
 - Hire one or more full time compliance professionals
 - Independent compliance consultants

How Does Your Vendor Compliance Program Measure Up?

Contact

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* Manages a team of 15 Regulatory Compliance Professionals