

FINANCIAL & ENTERPRISE DATA ANALYTICS

Consumer Finance and Lending Consulting Services

The passage of the Dodd-Frank Act created the Consumer Financial Protection Bureau (“CFPB”), significantly increasing regulatory scrutiny over consumer finance activity, including mortgages, auto loans, student lending, debt collection, consumer reporting, and other consumer lending-related activities. Dodd-Frank provided regulators with new powers of inquiry and enforcement relating to both newly created regulations and long-standing fair lending rules.

FTI Consulting can help entities prepare for CFPB exams by proactively identifying and addressing potential concerns or by helping to respond to regulatory inquiries and defend alleged violations. We help clients provide timely, accurate, and forthcoming responses to regulatory inquiries which can facilitate quick and cost effective resolutions.

Who We Are

FTI Consulting is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory, and economic environment. With more than 4,200 professionals located in all major business centers throughout the world, we work closely with clients every day to anticipate, analyze, and overcome complex business challenges including regulatory inquiries and actions, investigations, litigation, data analysis, mergers and acquisitions, reputation management, and restructuring.

Our Financial Services Industry practice team consists of a wide range of experienced experts from seasoned litigation consultants to specialized consumer finance lending, bank regulatory, and investment banking professionals. Our team has the know-how and experience to add value and address client and regulator concerns.

FTI Consulting’s CFPB professionals are highly experienced in key consumer lending and servicing areas, including account and transaction reviews, restitution calculations, settlement negotiations, and remediation. Our team members have advised on investigations initiated by the U.S. Department of Justice, the Federal Reserve, the Office of the Comptroller of the Currency, the New York Department of Financial Services, and other federal and state regulators. Our professionals not only lead investigations in response to regulatory or board inquiries, but also serve as independent monitors of compliance remediation efforts and as trusted advisors in designing proactive compliance, governance, and risk management programs. We understand the changing financial services regulatory environment and help clients mitigate risk, ensure compliance, and effectively address and resolve regulatory inquiries.

What We Do

FTI Consulting has a long-standing track record of helping financial institutions navigate difficult challenges. Our CFPB

professionals include experienced litigation consultants, testifying experts, bank regulatory consultants, specialized technologists, and data analysts with innovative and effective technology tools and dedicated and scalable resources.

The following is a summary of CFPB related services most often requested by our clients:

Consumer Financial & Lending Consulting Services

Account Reviews - Our multi-disciplinary professional teams have extensive experience reviewing account opening documentation to determine appropriate account-specific criteria to be considered in any review / analysis. We have the capability to review electronic, imaged, or paper account-opening records, to identify accounts meeting specified criteria.

Transaction Reviews - Since many consumer inquiries touch on vast quantities of transactions, we have capabilities and experience in electronically reviewing billions of transactions to identify those that may trigger a reporting / analysis obligation or may raise compliance issues. Our professionals have experience reviewing credit card transactions, bank account fees, interest calculations, calculation / assessment of management fees, rebate / credit processing, among the areas of CFPB focus.

Restitution Calculations / Modeling and Settlement Negotiations

- Our professionals have extensive scenario modeling experience useful in evaluation of settlement proposals, as well as experience with direct discussions / negotiations with regulators or plaintiffs. FTI Consulting staff includes former enforcement officials who have worked on investigations initiated by the U.S. Department of Justice, the Federal Reserve,

the Office of the Comptroller of the Currency, the New York Department of Financial Services, and other federal and state regulators.

Deep Industry Experience

Examples of our relevant skills and experience include:

Whole Loan Acquisition – Developed and maintained credit guidelines for determining acceptable loans for acquisition. Negotiated all legal documents and agreements as they pertained to the purchase and sale of residential mortgage loans.

Securitization – Analyzed pools of mortgages to determine credit quality, prepayment assumptions, and investor interest and conducted Asset Backed Securitization (ABS) due diligence processes and executed ABS transactions as investment banker and underwriter's counsel.

Post Securitization – Conducted surveillance over deals to confirm the accuracy of trust reporting and to assist in the identification of the potential sale and acquisition of bonds. Performed collateral risk management and servicer oversight to identify opportunities to increase cash velocity and minimize loss severity across owned positions.

Cutting-Edge Proprietary Technology

Examples of our proprietary technology products include:

Ringtail® – World-class discovery management solution for management of and access to account opening and governing documents, underwriting guidelines, and loan files.

Loan Evaluation and Analytics Data Repository (LEADr) – Enables capture of 400+ data points regarding each account and loan, including results of more than 30 discrete tests that comprise decision criteria embedded in underwriting guidelines and facilitate specific responses to individualized allegations of defect.

Automated Response Tool – Automatically matches plaintiff's allegations with data points and test results captured in LEADr through account reviews or transactional data. Enables the matching of thousands of allegations to tests already evaluated during the primary account review process, effectively automatically creating consistent rebuttal responses to the majority of plaintiff's loan-level allegations.

Account / Loan Information Database (aLID) – Data warehouse designed to capture all information available about each account or loan to be analyzed, including information from the data sources, Loan Origination system (if available), loan data capture

or re-underwriting exercise (LEADr), loan defect allegations (ART), and loan performance information (performance status & pay-strings), with connectors directly to docs in Ringtail.

FTI Consulting's Financial Services Team is a Leader in Complex CFPB and Other Regulatory Investigations

Examples of FTI Consulting's CFPB experience include:

- Advance America, the nation's largest payday lender, was party to a class-action lawsuit brought by several named plaintiffs related to alleged violations of the California Deferred Deposit Transaction Law and the California Unfair Competition Law. FTI Consulting was retained as a data analysis expert to assess whether the data provided was adequate to support the assertion that the recorded fees charged never exceeded 15% of the recorded check value and that certain statements made by the Plaintiff were not substantiated by the data provided.
- American Express was sued in a class action alleging the inappropriate charging of insurance premiums to card members enrolled in air flight insurance programs. Defense of the case required FTI Consulting to collect and analyze more than 1.75 billion historical records of charge and insurance premium transactions to model the sensitivity of the historical premium billing program to various parameters.
- One of the world's largest mortgage origination and servicing organizations retained FTI Consulting to evaluate internal controls and help implement a formal enterprise risk management system in preparation for its initial examination by the CFPB. FTI Consulting custom-designed a risk assessment methodology and conducted risk assessments and control reviews, testing compliance and functionality of key operating areas throughout the organization. In addition, FTI Consulting assisted the client develop and implement consumer protection policies and practices, including compliance with Know Your Customer (KYC) provisions of Federal AML/BSA regulations.
- A major U.S. Bank retained FTI Consulting to help respond to a DOJ and NY DFS inquiry involving administrative fees charged on certain accounts according to standard schedule of fees in circumstances where non-standard fees had been negotiated and specified in customer account agreements. FTI Consulting professionals identified all accounts with subject fee language, reconstructed transactional histories for these accounts, recalculated fees in accordance with the contractual language, and calculated remediation amounts to be credited to accounts or refunded to customers.



CRITICAL THINKING
AT THE CRITICAL TIME™

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