

## WASHINGTON STATE DEPARTMENT OF PERSONNEL

### Specification for Class of

FINANCIAL EXAMINER 3 (13320)

**Abolished Effective July 1, 2007**

#### CLASS SERIES CONCEPT

The Financial Examiner is a professional series that performs analysis of financial data, documents or statements to assess the soundness and viability of the financial institutions or financial service companies or issuers, or compliance with federal or state laws. Positions in this series may specialize in one or more of the following areas:

**Applications/Registrations:** Incumbents analyze financial statements and materials from financial institutions, financial services companies or issuers, or associated persons for charters, registrations, licenses, or exemptions from registration or amendments to existing charters, registrations, licenses or exemptions and compliance with regulatory standards including safety and soundness.

**Examinations:** Generally incumbents perform site visits to financial institutions or financial services companies or issuers to evaluate adequacy of operational or management methods and conduct a risk analysis to determine compliance with regulatory standards including safety and soundness.

**Enforcement:** Incumbents analyze, investigate, and prepare to take action against institutions, companies issuers, or persons violating the laws relating to financial institutions, financial service companies, issuers, and related persons for non-compliance with regulatory standards including safety and soundness.

#### COMPETENCIES

The Department of Financial Institutions competency framework identifies and defines the professional, business, and technical skills required for each class in the series. The professional and business competencies incorporate communication, personal management, interpersonal, leadership, organizational, management, and stakeholder skills.

- A basic level of competency requires the incumbent to know general terms, concepts, processes, and objectives of the competency and be able to apply the competency to common tasks.
- An intermediate level of competency requires the incumbent to be able to apply the competency consistently to perform common tasks.
- An accomplished level of competency requires the incumbent to be able to use the competency consistently to perform complex tasks requiring creativity and judgment.

Required competency levels are applied to the technical requirements of a class in that an incumbent must be able to perform a specific task with a basic understanding and achievement, or intermediate level of achievement, or accomplished level of achievement. The required competency levels exemplify the level of work described in the definition, distinguishing characteristics, and typical duties.

These competencies are intended to a) provide supporting information for allocation decisions, b) provide guidance for career development planning, c) provide a framework for performance expectations and d) provide common elements for selection.

## Financial Examiner 3

This series is written so that each higher level incorporates the previous level.

### **FINANCIAL EXAMINER 3**

**Definition:** Independently conducts comprehensive analysis, or portions of a more complex analysis or analysis of more complex financial institutions or financial services companies or issuers (as defined below) for safety and soundness and/or compliance with law.

**Distinguishing Characteristics:** This is the independent level of the class series where assignments are performed with limited direction. Incumbents perform more complex work involving numerous and difficult legal, technical, and factual issues or analyze more complex institutions. Incumbents demonstrate a high degree of technical and general competency in one or more of the function areas of applications/registrations, examinations, or enforcement.

For the purposes of this specification, complex work generally means:

1. work having a high degree of political sensitivity;
2. work in which a mistake could have a high cost to the agency and to the public;
3. work involving novel issues not adequately covered by existing written procedures or manuals and therefore, requiring the development of new techniques and work methods and the exercise of a high degree of judgment, or
4. work involving problem institutions.

Factors suggesting that particular work is complex include:

1. the financial institution, financial services company, or issuer that is the subject of the work:
  - a. is involved in broad range of financial and business activities,
  - b. is involved in one or more activity which involves higher than normal degree of risk and may be a nontraditional activity;
  - c. has a complex capital or organizational structure,
  - d. has a large asset base, or
  - e. is regulated solely by the department; or
2. the work includes
  - a. analysis prepared in anticipation of hearing or trial and the financial examiner preparing the analysis may be required to testify as an expert witness presenting and defending his or her analysis;
  - b. making an assessment of the relative culpability of two or more targets for violation of law in a business enterprise consisting of businesses of several types over various periods of time,
  - c. requires separate analysis of the finances of particular components of the enterprise for particular periods of time in order to support theories of the case concerning the scheme or schemes employed, the knowledge of the various participants over time of those schemes, and the scope, object, and means of any conspiracies relating to the violations of law, or
  - d. analysis and assessment involving multiple subsidiaries or affiliates operating in different business segments such as insurance, securities brokerage or real estate.

#### Typical Work

#### **GENERAL AND TECHNICAL COMPETENCIES**

**BASIC:** Must have knowledge of general terms, concepts, processes, and objectives of the competency and some application of competency to common tasks.

**INTERMEDIATE:** Must apply the competency consistently to perform common tasks.

**ACCOMPLISHED:** Must use the competency consistently to perform complex tasks requiring creativity and judgment.

## **GENERAL COMPETENCIES:**

**Communications:** Concise and effective interactions between other individuals as well as internal and external organizations. Communications includes a basic competency in media relations; and, accomplished levels of competency for listening, presentation, oral, written, and facilitation skills.

**Self or life management:** Accomplished levels of competency are required for ethics, assertiveness, stress and time management, and personal presentation.

**Interpersonal Skills:** Intermediate levels of competency are required for conflict management, partnering, and networking; and, accomplished levels of competency are required for teamwork, diplomacy, diversity and negotiating and influencing.

**Leadership:** Providing direction and guidance to others as well as facilitating structure and teamwork. Basic levels of competency are required for internal change management and political savvy; intermediate levels of competencies are required for team building and coaching, and, an accomplished level of competency for decisiveness.

**Organizational:** Planning, evaluation, and understanding the parameters in which the organization operates as well as the factors which impact the organization. A basic level of competency is required for performance measurement, improvement, and strategic planning; intermediate levels of competency are required for vision, organizational awareness, and external awareness; and, an accomplished level of competency is required for customer focus.

**Management:** Daily operations and support of the organization. Basic levels of competency are required for technology management; an intermediate level of competency is required for process management; and, accomplished levels of competency are required for analytical thinking, creative thinking; and problem solving.

**Stakeholder communication and development:** Accomplished levels of competencies are required to determine needs analysis and service delivery. An Intermediate level of competency is required for outreach activities.

## **TECHNICAL COMPETENCIES:**

### **Legal, Safety and Soundness, or Compliance Analysis**

An intermediate level of competency is required for the following:

Takes action against illegal financial service providers; Takes Prompt Corrective Actions which result from not meeting net worth requirements, capital analysis and mandatory regulatory action, binding or net worth analysis; Approves special applications or waivers of requirements; Reviews financial institutions or service providers or issuers for compliance with regulatory privacy provisions; Registers debenture companies and high-risk applicants in compliance with state and federal statutes; Examines large, complex units for safety and soundness using the Large State Nonmember Bank Supervision Program; Examine debenture companies and high-risk applicants for compliance with state and federal statutes, and Escrow Companies involved in real estate financing and contract collections for safety and soundness and compliance; Examines for compliance with sub-prime lending or payday lending guidelines, participation in SBA 7(a) Loan Guaranty Program, asset securitization and associated risks.

An accomplished level of competency is required for the following:

As examiner in charge independently conducts the most complex analysis of the most complex financial institutions, service providers or issuers for safety and soundness, financial stability and/or compliance with applicable state and federal laws and industry standards; Conducts risk-focused examinations and develops strategies for assessing and controlling risks; Detects weaknesses in financial institution policies

and practices; Assesses management's capacity to run a financial institution or issuer; Recognizes and evaluates weaknesses in an institution's or issuer's business and strategic plans (its ability to manage long term strategic goals); Recognizes weaknesses in internal controls of an institution; Evaluates a financial institution's overall asset quality and associated controls; Analyzes sound lending criteria (for commercial, consumer and real estate loans) and assess adequacy of loan documentation; Assesses compliance with marketing, disclosure and accounting issues related to the sale of non-deposit investment products (NDIP); Assesses the risk involved with merchant banking activities; Interprets and apply applicable laws, rules, and standards; Reviews for compliance with mortgage industry regulations including Home Owners Protection Act (HOEPA), Fair Credit Reporting Act (FRCA), and Real Estate Settlement Procedures Act; Conduct off-site reviews, disciplinary reviews and background checks.

### **Communication**

An intermediate level of competency is required for the following:

Conducts effective interviews and interrogations and document findings in a comprehensive and accurate memorandum, covering relevant topics; Effectively presents testimony (including expert testimony), documentary evidence and demonstrative evidence in a hearing or trial; Initiate, negotiate and drafts regulatory actions (MOU's, Supervisory Agreements, Directives, Cease and Desist Orders and Enforcement actions) and changes to applications; May act as Program Administrator for national or regional Coordinated Review Programs or participate on national committees for planning, policy development and teaching or training purposes.

An accomplished level of competency is required for the following:

Prepares concise, comprehensive, and accurate reports of examinations, reviews of applications, or investigations outlining deficiencies, concerns and recommend solutions or results of financial record reconstruction and analysis; Meets with affected parties concerning legal and/or procedural problems; Works effectively with other regulators in enforcement, examination, coordinated review of applications and joint projects with prosecutors and law enforcement on enforcement matters; Conducts effective outreach or technical assistance sessions with registrants or potential registrants; Provides technical assistance to regulated entities; May participate in Coordinated Examination and Review Programs as a lead examiner.

### **Data Collection and Analysis**

An intermediate level of competency is required for the following:

Investigates for predatory lending practices, such as loan flipping, engaging in fraud or deception to conceal the loan obligation, etc.; Analyzes complex fraudulent transactions or practices for violations (including market manipulation and excessive markups); Conducts a forensic accounting review or analysis of complex financial transactions; Develops examination software; Analyzes computer systems for evidence of crime using computer forensics; Conducts Information Systems and Technology (IS & T) exams; Reviews electronic banking and other transactional web sites.

An accomplished level of competency is required for the following tasks:

Performs statistical sampling; Uses specialized software including examination specific software, software for analysis of financial transactions and accounts, and software for investigation management, and software to produce visual aids for litigation.

### **Financial Analysis**

An intermediate level of competency is required for the following tasks:

Analyzes complex financial accounting data and reports; Analyzes risks associated with off-balance sheet activities in financial institutions or issuers; Evaluates the adequacy of an institution's asset/liability management processes; Reviews hedging activities in financial institutions or financial service providers or issuers; Evaluates Eurodollar transactions.

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An accomplished level of competency is required for the following tasks:

Assesses an institution's or issuer's quantity and trend of earnings and other factors that may affect the sustainability of earnings or ability to pay obligations; Interprets financial ratio trends; Assesses the current level and prospective sources of liquidity compared to funding needs and risk profile of the financial institution or issuer; Evaluates the adequacy of an institution's capital compared to the risk structure or issuer's finance plan; Reconstructs and analyzes various types of financial records; Analyzes an institution or account's investment portfolio and investment strategies and assesses whether the portfolio meets appropriate objectives including safety and adequate control of risk; Appraises investments and collateral; Evaluates the impact of a S Corp corporate structure on a financial institutions or financial services providers or issuers.

Other duties as required.

### Knowledge

Knowledge of financial organization, practices and internal controls of financial institutions or financial services companies; state and federal statutes and rules applicable to financial institutions or financial services companies or issuers; Understand the roles of state and federal regulators and of self-regulatory organizations in enforcing those laws; court decisions, and regulatory opinions applicable to federal and state financial institutions or financial services companies or issuers; the relationship of Washington statutes and regulations to uniform legislation or model rules and NASAA guidelines and to federal statutes and regulations and the statutes and regulations of other states; Federal Financial Crimes and Consumer Protection Laws; financial institution's information systems software and hardware and examination techniques and internal controls; economic principles and theoretical principles and practices of auditing and accounting (GAAP); the impact of the broadening of regulatory functions on financial institutions or financial services companies or issuers; and the financial holding company provisions allowed by federal regulations.

### Minimum Qualifications

A Bachelor's degree in finance, business administration, economics, or related field including at least 12 semester or 20 quarter hours of accounting, finance or economics and four years of professional experience examining financial institutions or financial services companies or issuers on behalf of a state or federal regulatory body, or financial Self-regulatory institution or program, or professional experience working for a financial institution or financial services company in the areas of lending, operations, analysis of loan or securities portfolios, auditing, or any combination of these.

OR

### Eighteen months as a Financial Examiner 2.

A Master's degree in qualifying field or graduation from a specialized banking school gained through an accredited college or university (i.e., Pacific Coast Banking School or equivalent) or certification as a "Certified Financial Examiner" from the Society of Financial Examiners or Washington State qualification as a Certified Public Accountant may substitute for one year of the required experience.

Qualifying experience will substitute, year for year, for education, providing the required 12 semester or 20 quarter hours of accounting, finance or economics course work has been completed.

### Definition of Terms

"Financial institution or financial services company or issuer" includes commercial banks, alien banks, trust companies and departments, savings banks, saving and loan associations, credit unions, credit union service organizations, consumer loan companies, mortgage brokers, escrow agents, check

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cashers, and check sellers, securities broker-dealers, investment advisers; issuers of securities, franchises, business opportunities, commodity investments; or other persons or entities regulated by Department of Financial Institutions and their holding companies, subsidiaries, and other affiliates.

Federal regulatory bodies include the Federal Deposit Insurance Corporation, Federal Reserve Board, Comptroller of the Currency, Office of Thrift Supervision, National Credit Union Administration, and Securities and Exchange Commission. Self-Regulatory Institutions include the National Association of Securities Dealers and the New York Stock Exchange.

Revised 5-1-63

Revised definition, minimum qualifications, and title change (formerly Bank Examiner 3): 9-14-84

Revised minimum qualifications: (emergency basis 11-9-84; permanent basis 12-14-84)

Revised definition and minimum qualifications: 3-12-93

Revised definition, minimum qualifications, general revision, and title change (formerly Bank Senior Analyst) and merge Savings & Loan Senior Analyst: 5-15-98

Revised definition and minimum qualifications: 11-19-99

Revised title (formerly Financial Examiner Senior), definition, distinguishing qualifications, minimum qualifications, and salary: 11-9-01