

WASHINGTON STATE DEPARTMENT OF PERSONNEL

Specification for Class of

FINANCIAL EXAMINER 4 (13325)

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.

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

FINANCIAL EXAMINER 4

Definition: Independently conducts advanced comprehensive analysis or portions of an analysis of financial institutions or financial services companies or issuers (as defined below) of any size or complexity.

Distinguishing Characteristics: This is the advanced level of the series; assignments are performed independently. Incumbents perform the most complex work, most politically sensitive situations, or analyze institutions with significant problems requiring depth of experience to adequately perform the analysis. Assignments may include a working knowledge of functional regulation spanning interdivisional and interagency expertise. Incumbents demonstrate the highest degree of technical and general competencies.

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: Balancing personal and professional characteristics appropriately to meet the demands of the workplace. This area includes accomplished levels of competency for ethics, assertiveness, stress and time management; and personal presentation.

Interpersonal Skills: Quality, scope, and savvy involved in individual and group dealings. Accomplished levels of competency are required for conflict management, teamwork, diplomacy, diversity, partnering, networking and negotiating and influencing.

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

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

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

Stakeholder communication and development: Assess stakeholder needs and accommodate those needs in the products and services that are offered. An intermediate level of competency is required for outreach activities; and, accomplished levels of competencies are required to determine needs analysis, service delivery, message development, product knowledge and message packaging.

TECHNICAL COMPETENCIES:

An accomplished level of competency is required for the following:

Legal, Safety and Soundness, or Compliance Analysis

As examiner in charge independently conducts the most complex analysis or most politically sensitive situations, or analyzes institutions with significant problems requiring depth of experience to adequately perform the 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; Interprets and apply applicable laws, rules, and standards; Conducts risk-focused examinations and develops strategies for assessing and controlling risks; Detects weaknesses in policies and practices, business or strategic plans; or internal controls; Assesses management's capacity; Evaluates asset quality and associated controls; Reviews for compliance with regulatory privacy provisions; Analyzes sound lending criteria (for commercial, consumer and real estate loans) and assesses adequacy of loan documentation; Assesses compliance with marketing, disclosure and accounting issues related to the sale of non-deposit investment products; Assesses the risk involved with merchant banking activities; Reviews for compliance with mortgage industry regulations including Home Owners Protection Act (HOEPA), Fair

Credit Reporting Act (FRCA), and Real Estate Settlement Procedures Act; Conducts off-site reviews, disciplinary reviews and background checks; Reviews for interdivisional or departmental issues; 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; Assesses compliance with marketing, disclosure and accounting issues related to the sale of non-deposit investment products; Assesses the risk involved with merchant banking activities;

Communication

Prepares concise, comprehensive, and accurate reports of examinations reviews of application, or investigations outlining deficiencies, concerns and recommends solutions; Discusses legal and/or procedural issues with affected parties; Prepares accurate reports setting forth the results of financial record reconstruction and analysis; Conducts effective interviews and interrogations and document that interview or interrogation in a comprehensive and accurate memorandum, covering relevant topics, and dealing effectively with opposing counsel; Effectively presents testimony (including expert testimony), documentary evidence and demonstrative evidence in a hearing or trial; Initiates, negotiates and drafts regulatory actions (MOU's, Supervisory Agreements, Directives, Cease and Desist Orders and Enforcement actions) and changes to applications; 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; Participates in Coordinated Examination and Review Programs as a lead examiner; 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.

Data Collection and Analysis

Performs statistical sampling; 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; 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; 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;

Financial Analysis

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; Analyzes complex financial accounting data and reports; Interprets financial ratio trends; Examines and solves difficult financial problems; Analyzes risks associated with off-balance sheet activities in financial institutions or issuers; 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 adequacy of an institution's asset/liability management processes by analyzing the institution's exposure to changing interest rate environments; Reviews hedging activities in financial institutions or financial service providers or

Financial Examiner 4

issuers; Evaluates Eurodollar transactions; 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 six-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

Two years as a Financial Examiner 3.

It is desirable that candidates at this level have obtained the following certifications and/or education. Graduation from a specialized banking school gained through an accredited college or university (i.e., Pacific Coast Banking School or equivalent), certification as:

- "Certified Financial Examiner" from the Society of Financial Examiners, or
- "Certified Fraud Examiner" from the Association of Certified Fraud Examiners recognized by the court system as "expert witness" or
- "Certified Public Accountant" or
- "Chartered Financial Analyst" from the Association for Investment Management and Research; or
- Other credentials that would allow the examiner to perform advanced analysis or examination, or to testify as an expert witness in a hearing or trial on matters relating to the department's application, examination, or enforcement activities.

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

As used in this Specification, the phrase "financial institution or financial services company" 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 cashers, and check sellers, securities broker-dealers, investment advisers,

Financial Examiner 4

issuers of securities, other persons or entities regulated by the 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.

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