



CASE STUDY

Improving Email Supervision for Broker Dealers.



Ready for a Partner?
How Trustpoint's experts
can help simplify your
supervisory obligations.

Outline:

In 2018, total monetary sanctions ordered by FINRA (fines, restitution and disgorgement) were \$124 million. Total sanctions ordered in prior years were \$150 million in 2017, \$207 million in 2016, and \$193 million in 2015. Broker dealers of all sizes face increasing scrutiny over their anti-money laundering and supervisions failure to meet Bank Secrecy Act requirements.

The Challenge.

Supervision departments are staffed for day-to-day volume, not the demand placed by regulators and email fluctuations. Additionally, these teams are expensive to maintain and better suited to cross-functional tasks.

"As we stated in our Report on FINRA Examination Findings released earlier this month, FINRA continues to find problems with the adequacy of some firms' overall AML programs, including allocation of AML monitoring responsibilities, data integrity in AML automated surveillance systems, and firm resources for AML programs," according to Susan Schroeder, head of FINRA's enforcement division.

The Solution.

Trustpoint.One works with Legal, Compliance, Sales Supervision and IT teams to develop custom workflows within their archive platform, CA DLP/ SMARSH/PROOFPOINT, to meet review requirements. In addition, clients migrating to a new platform have to report with statistical confidence that the efficacy attained in the old archive will match the new archive.

We can rapidly assemble a dedicated, flexible review team of contract attorney reviewers to perform an initial review of the client's emails. Since financial service firms need the review team to maintain a very high level of security and confidentiality, all review team members are fully vetted and housed under strict "clean room" conditions in a review center cleared by the client's information security department.

Engagements can consist of some or all of the following services:

- **Due Diligence Review of Legacy Emails** – Due to acquisition or backlog. This can range from a few thousand to millions of emails.
- **Retrospective Review of Client's Business Units** – Review of emails for potential compliance policy violations, spread over multiple business service lines.
- **Improving the Efficacy of the Supervisory System** – Trustpoint works with clients both to improve the supervisory system and to validate the accuracy of its own review, which can include "check the checker" ("C2C") exercises, an independent review using "test" emails covering a number of policy refinements, and a direct efficacy review of statistical samples of emails to determine whether the document reflects a "true positive" hit or a "false positive" hit for revised policy incident language.

- **Ongoing Maintenance** – Trustpoint has been retained to assist supervision teams with daily mail sweeps. This allows the client to maintain its internal team while also having support for the spikes that naturally occur with email traffic.

By leveraging its expertise in managing large projects and developing efficient workflows with its capacity to assemble and train large, flexible, "on demand - as needed" attorney review teams, Trustpoint is able to help its client satisfy their regulatory demands in a cost-effective manner.

Since Trustpoint is privately held, it can offer multiple flexible, transparent and predictable billing arrangements (per document, fixed, hourly, a la carte, or other alternative fee arrangements, or a mixture of same) designed to meet each client's unique financial circumstances. We promise to work "on time, on budget" with adherence to a predictable schedule. Our goal is to provide clients with a positive Legal ROI.