



MODERNIZING THE ESCHEATMENT PROCESS FOR DORMANT ACCOUNTS

- ▶ Process Design & Optimization
- ▶ Risk Assessment and Modeling
- ▶ Technology Implementation

Improving the Way Work Gets Done™

Keeping Up With Rapidly Changing State Regulations

Faced with widening budget gaps and plummeting tax revenues brought on by a floundering economy, many state governments are targeting dormant accounts held by financial institutions across a range of industry sectors as a means of increasing state revenue. Some states are reducing account dormancy periods and instituting stricter guidelines for reporting unclaimed accounts, all in an effort to bolster funds received from the escheatment of these accounts.

Escheatment is the requirement that all unclaimed property be turned over to the state, with the specifics of when and how varying from one state to another. The process can begin with either the firm's receipt of a state notice for an escheatment audit or through a self-discovery of unclaimed property obligations. Considerable penalties result from non-compliance with state escheatment regulations, ranging from simple interest to the full value of the unclaimed property.

Firms need to have a proactive escheatment strategy in place that enables them to respond quickly, cost effectively and defensibly to changing regulations.

Paragon's Escheatment Risk Management Solution

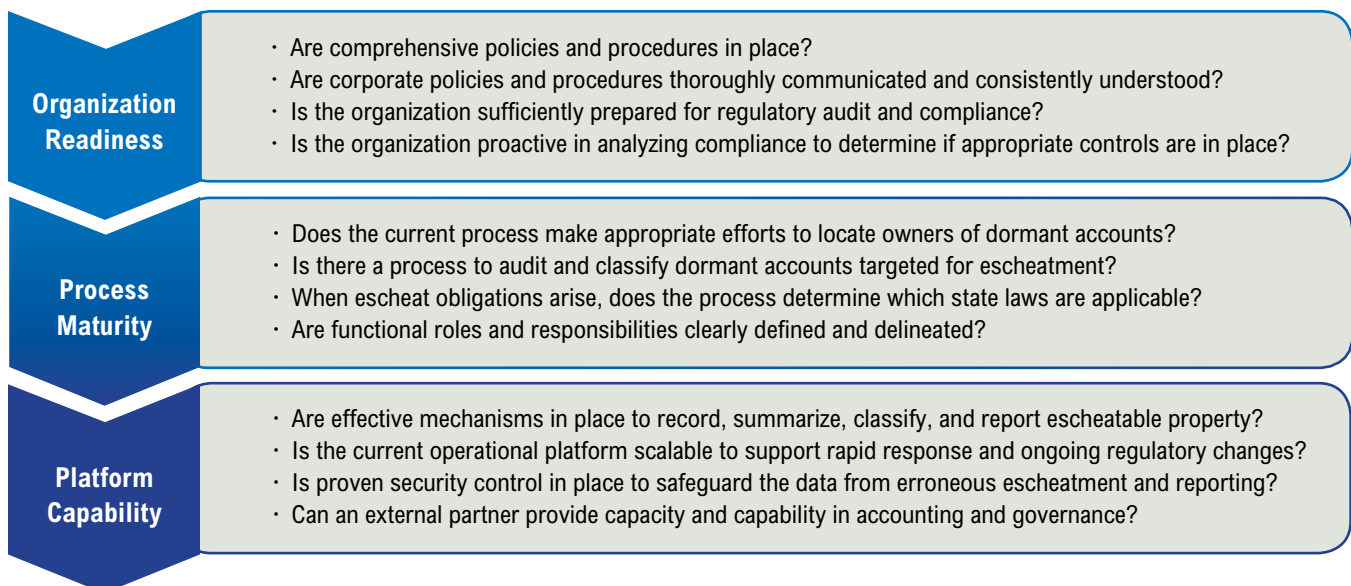
Paragon understands the unique corporate challenges financial services organizations face in this evolving regulatory environment, and helps clients design proactive, consistent and predictable processes to address these challenges. Our team has specialized experience working with financial institutions in the areas of strategy development, risk management and process optimization to:

- ▶ Diagnose immediate gaps from the current platform (i.e. people, process, tools, data, etc.)
- ▶ Analyze areas of highest risk from multiple perspectives to prioritize actions for risk mitigation
- ▶ Identify improvement opportunities associated with risk prevention and potential legal defense
- ▶ Define a continuous compliance effort for tuning processes and tools to optimize the overall compliance model

Our strengths center on our ability to help firms take stock of their efforts to date, quickly diagnose the current state, and develop a customized compliance strategy for the client that drives the program design and implementation and establishes a clear path for remediation.

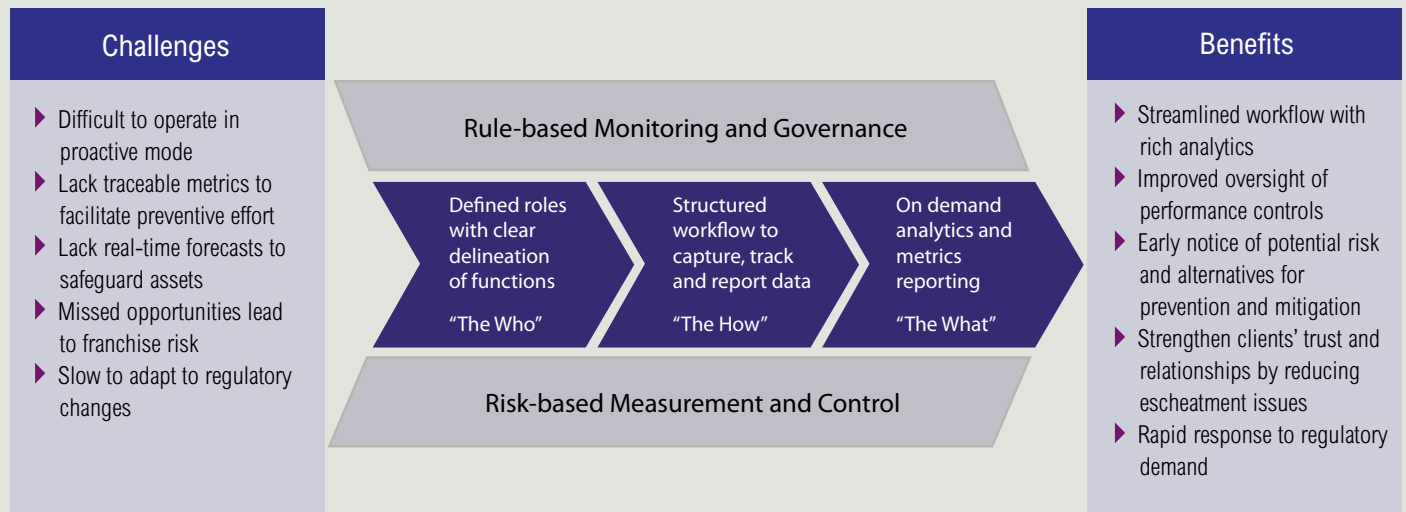
Paragon's Assessment Methodology

Through its experience, Paragon has designed process accelerators that optimize key process areas to provide an integrated compliance model with predictable risk and cost mitigated measures. Our integrated assessment approach includes accelerators for Organization Readiness, Process Maturity and Platform Capability, creating a holistic evaluation of the firm's capabilities.



Paragon's Program Approach

Paragon formulates an Escheatment Compliance Checklist to identify key areas required to minimize and mitigate escheatment exposure. As part of this process, Paragon will appraise the current challenges the organization is facing and establish the comprehensive policies and procedures that need to be in place to enable the firm to sufficiently meet those challenges. Paragon will then apply a rules-based monitoring and governance model that will define roles and functions, structure optimum workflow, and allow for the capture, tracking and reporting of data to provide on-demand metrics for risk-based measurement and control. The result will be an integrated and comprehensive approach to escheatment compliance risk management that will enable the firm to proactively and efficiently respond to regulatory demands.



Strategy Roadmap

Once the assessment is completed, Paragon uses proven templates and frameworks to develop a Strategy Roadmap that formulates an optimized future state environment. The custom-tailored roadmap includes future process flows, technology components and key functional requirements with a recommended path for implementation that considers risk, cost and transition.

Implement a Proactive Escheatment Compliance Strategy

Paragon defines the people, process and tools necessary to establish a customized, enterprise-wide and impact-based compliance program that optimizes the escheatment process. Contact us to learn how Paragon is **Improving the Way Work Gets Done™** with a unique program approach to help organizations reduce the risk and costs associated with traditional reactive methods of escheatment compliance.

Why Paragon?

- ▶ Deep knowledge of business challenges and appreciation of your organizational priorities
- ▶ Top down risk-based approach designed to identify and appropriately address compliance
- ▶ Impact-based focus to cover the full spectrum from strategy and governance through implementation based on your organization's distinct challenges and objectives

About Paragon

Paragon Solutions, a division of Paragon Computer Professionals, is a business and technology consulting firm that specializes in helping clients leverage information assets for better business results. The company does this through its vertical practices and specialized technology service lines that help clients optimize their operations for maximum return on investment.

Paragon's Financial Services practice addresses the needs of the banking, brokerage, capital markets and insurance sectors. Our technology solutions help firms respond and capitalize on industry change driven by competition, consolidation, convergence and regulation.

For more information, please visit the Paragon Web site at www.consultparagon.com

or call, 1.800.462.5582.

