

MEMORANDUM

To: Subscribers to *Bank Operations and Administration Desk Reference*

From: Ed Pace, Senior Vice President, Sheshunoff Information Services, Inc.

Subject: Highlights

CONTACT THE AUTHOR

Your author invites a two-way dialogue with subscribers. His email address is eepace@gmail.com. Please include a telephone number in your email. If you have subscription problems or would like information on another Sheshunoff product, please call client services at 1-800-456-2340. We also invite you to visit our website at www.sheshunoff.com.

THIS QUARTER'S SUPPORT PAPERS AND NEWSLETTERS

Support papers and newsletters are independent of your manuals and should be filed separately. We are sending you six independent papers this quarter:

- **White Paper: Identity Theft and Pretext Calling.** This white paper explains in detail the various forms identity theft might take, and it does the same for people calling the bank trying to get information about bank customers. This paper should be copied and sent to all your supervisors. It should be used to train bank employees in what to do when a customer alleges identity theft and what to do when a person on the other end of the phone is asking for information that cannot be released over the phone. Please note that the last seven pages of this white paper is an affidavit that should be completed when a customer alleges identity theft.
- **White Paper: Conducting Fraud Investigations.** All banks occasionally face a need for an internal fraud or theft investigation. When faced with this situation the job absolutely must be done correctly. In this white paper we tell you how to conduct, manage, and control internal investigations.
- **HR Management Newsletter.** This is a semi-annual newsletter that reports on recent issues and happenings that relate to human resources management.
- **Legal and Regulatory Compliance Newsletter.** This is a recurring newsletter that reports on compliance and regulatory matters that cross our desks between updates.
- **Court Cases Newsletter.** This is also a recurring newsletter. It is based on bank court cases that were reported in the literature in the recent past.
- **Recommended Board Activities, Fourth Quarter 2008.** To help you comply with regulatory requirements we send you each quarter recommended agenda topics; then we place supporting papers on the CD. Here is a listing of this quarter's support papers on the CD:
 - Annual Review of Correspondent Banks
 - Strategic Planning Guidance
 - Financial Planning Guidance

THIS QUARTER'S CHANGES TO THE MANUAL

- **Interest Rate Futures.** We updated the charts in Chapter 11 that predicts interest rate futures. We also updated our charts in this chapter that show 15 years of selected historical interest rates.
- **ID Theft Red Flags and Address Changes.** We added a section to Chapter 21 that describes the regulatory requirement placed on banks titled, *ID Theft Red Flags and Address Changes*. Then we added a more detailed chapter on identity theft and pretext calling (see new Chapter 24). Due to its length, this is a CD-only chapter.
- **Model HR Job Descriptions.** This quarter we are adding a new CD-only Chapter 30A, *Model Job Descriptions*. This new chapter contains about 60 model job descriptions.
- **Planning.** To help you with this year's budgeting, financial planning and strategic planning we made the following major changes to Part VI in your manual:
 - First we revised Chapter 37. This chapter explains how a bank's staff goes about developing a strategic plan for a community bank.
 - Then we revised our model strategic plan (see revised Chapter 38). We suggest you copy this chapter onto a computer hard drive using a name of your choice then continuously modify each of the sections and paragraphs of the model until you have a strategic plan for your bank. Done correctly, the first draft is a preliminary strategic plan, each new draft becomes an interim plan, and the final draft is the strategic plan for the year. There is no simpler way to write a strategic plan for a community bank.
 - We also revised Chapter 39. The previous edition of this chapter contained two exhibits that were out of date and could not be updated, so we made a few minor changes in the chapter and eliminated the exhibits.
 - And finally we revised Chapter 40. This chapter explains how a bank goes about developing practical financial and capital planning documents. Whether your bank writes a strategic plan for next year or not, it most assuredly should prepare a financial plan and a budget that are practical and internally consistent. Chapter 17 explains how to develop a budget and required no changes this year. We revised Chapter 18A to show you more clearly how to prepare a practical financial plan.

YOUR CD

Feel free to copy and then customize to your use the files on the CD. These files are in Microsoft Word® and Excel® formats. Among these files are (1) all the chapters in the manual, (2) previous issues of white papers and newsletters, and (3) the following support folders:

- Board Support Papers (These papers offer commentary and guidance for the board.)
- Compliance Papers (These papers contain compliance reference material written in lay language.)
- Excel Files (These spreadsheets work in conjunction with models that appear either in the manual or on the CD.)

Instructions for filing your update are on the following page.

FILING INSTRUCTIONS

Remove Current Pages

5/08 title page through xxxviii
1-i through 1-8
Old Chapter 4, 4-i through 4-32
Old Chapter 8A, 8A-i through 8A-10
9-i through 9-2
Old Chapter 11, 11-i through 11-8
Old Chapter 21, 21-i through 21-vi
Old Chapter 24, 24-i and 24-ii
None
Old Chapter 37, 37-i through 37-18
Old Chapter 38, 38-i through 38-24
Old Chapter 39, 39-i through 39-42
Old Chapter 40, 40-i through 40-8

Replace with Updated Pages

9/08 title page through l
1-i through 1-8
Revised Chapter 4, 4-i through 4-32
Revised Chapter 8A, 8A-i through 8A-10
9-i through 9-2
Revised Chapter 11, 11-i through 11-8
Revised Chapter 21, 21-i through 21-vi
Revised Chapter 24, 24-i and 24-ii
New Chapter 30A, 30A-i and 30A-ii
Revised Chapter 37, 37-i through 37-14
Revised Chapter 38, 38-i through 38-24
Revised Chapter 39, 39-i through 39-12
Revised Chapter 40, 40-i through 40-8