

# PRIVACY IMPACT ASSESSMENT

## Financial Advisory Services – Marketing & Sales Loan Assets III

Stifel, Nicolaus & Company, Inc.

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FDIC External Services

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## System Overview

The FDIC maintains stability and public confidence in the nation's financial system by insuring deposits, examining and supervising financial institutions (FIs), and managing receiverships. The FDIC Division of Resolutions and Receiverships (DRR) is responsible for resolving failed or failing FDIC-insured depository FIs, which include among other important responsibilities, effectively and efficiently managing and disposing assets held by the FIs.

FDIC DRR has contracted the financial advisory services of Stifel, Nicolaus & Company, Inc. (Stifel) to support the overall disposition of assigned assets from failing or failed FDIC-insured depository FIs which include financial analysis, valuation, and marketing and sales. Depending on the situation surrounding one or more failed or failing FIs, the FDIC may require the contractor to be involved in pre-failure financial advisory tasks, post-failure advisory task, or both pre-failure and post-failure advisory tasks.

In a pre-failure scenario, the assigned assets are derived from one or more failing FIs which may ultimately not fail. The associated task areas for pre-failure services may include reviewing and analyzing initial loan level files and any related imaged loan documents, preparing a summary report advising the FDIC with recommendations on liquidation strategies to include options such as structured sales with or without leverage and/or cash options, and continue ongoing surveillance of the assigned assets.

Upon completion of pre-failure services, the FI may ultimately fail and its assets assigned to FDIC receivership. If the FDIC decides to implement one or more of the recommended strategies set forth by Stifel, the contractor would transition to post-failure services. Post-failure activities may include reviewing information regarding the inventory of the assigned assets and preliminary aggregation of the portfolio; recommending the scope/sample size of the loan data reviews and due diligence information; obtaining asset due diligence information from documentation provided by FDIC needed to market the assigned assets to potential bidders; recommending a best execution strategy to the FDIC based on the loan data review and due diligence results; advising FDIC on the continued uses of its partnership structure and making recommendations for other potential structures; and executing marketing and sales campaigns.

## Personally Identifiable Information (PII) – Stifel

Stifel collects personally identifiable information (PII) that may include: full name; date of birth; Social Security number (SSN); employment status, history, or information; home address; phone number(s); email address; financial information; vehicle identifiers; legal documents, records, or notes; and military status and/or records.

## Purpose & Use of Information – Stifel

Stifel personnel utilize the assigned asset data described above in order to provide the FDIC with financial valuation reports and advice concerning a failing or failed FI's

loan assets. Stifel assesses current market conditions regarding loan assets and provides a range of values and disposition strategies for each class of loans in their valuation reports. These assessments are utilized by the FDIC to resolve loan assets in a manner that is most cost-effective for the Deposit Insurance Fund (DIF) Reserve.

In addition to conducting valuations of loan assets and making recommendations for other potential structures, Stifel may be tasked with executing marketing and sales campaigns for the assigned assets. After the closing of a failed FI, the FDIC may decide to implement one or more of the recommended strategies set forth by Stifel after approval from the FDIC Oversight Manager. Stifel receives asset due diligence information from documentation provided by FDIC in order to market the assigned assets via the FDIC's secure web-based system. Stifel facilitates access to this system for potential bidders to view the loan level data in order to submit bids via FDIC-granted permissions. The investors send bids, which do not contain PII, in the form of Excel spreadsheets via email to Stifel. Stifel, as the financial advisor, decides the most suitable bid and sends the investor data to the FDIC. After approval by the FDIC, the loan sale is executed.

## Sources of Information – Stifel

### **Collected from the FDIC's secure web-based system and secure email:**

Authorized FDIC/DRR BIS staff upload failing/failed bank data, which may contain some or all of the PII specified above, to an internal FDIC SharePoint site. From there, the FDIC DRR FAMB Capital Markets Group retrieves the data from the SharePoint site and provides Stifel with the assigned asset data in the form of electronic imaged loan files with read-only access on the FDIC's secure web-based system into Stifel's dedicated folder. The information is derived digitally and stored on Stifel's dedicated file servers during analysis.

In some cases, if Stifel staff requests additional/supplemental valuation information, the FDIC may respond by providing additional information (which may contain PII) via the FDIC's secure web-based system, or in certain instances, via secure email.

**Collection of bids from potential investors:** Stifel facilitates access to FDIC's secure web-based system for potential bidders to view the loan level data in order to submit bids via FDIC-granted permissions. The investors send bids, which do not contain PII, in the form of Excel spreadsheets via email to Stifel.

## Notice & Consent

Individuals do not have the opportunity to "opt out" of providing their data and/or consenting to particular uses of their information. FDIC/DRR has a primary responsibility for resolving failed FDIC-insured depository institutions, including the liquidation of assets in receivership. As the sensitive PII from borrowers/customers of failed or failing FIs is derived from bank records in FDIC receivership, individuals do not have an opportunity to opt out or provide consent for the use of the data. The data derived from bank records in FDIC receivership is necessary to help make underwriting decisions, such as whether an applicant is creditworthy and should receive a loan, as well as resolving assets in a manner that is most cost-effective for

the DIF Reserve and determining the consideration offered to the potential investor, as applicable.

## Access to Data – Stifel

**Stifel Staff, Subcontractors, and/or Systems:** Authorized Stifel staff who perform work on behalf of the FDIC have access to asset portfolio data, which may contain PII as specified above, in order to provide valuation assessments and advice regarding FI loan and non-loan assets. Stifel staff who may have access to PII include: Manager of Mortgage, Co-Manager of Mortgage, Senior Analyst and Analyst for purposes of making valuation decisions and helping prepare reports and Financial Analysts for report analysis and preparation.

**FDIC Personnel and/or FDIC Systems/Applications:** Stifel shares their completed valuation reports and final loan data files (which may contain any of the PII specified above) with the FDIC via its secure web-based system.

FDIC/DRR FAMB staff has access to the final valuation reports and supporting data files provided by Stifel via the FDIC's secure web-based system. Authorized FDIC/DRR personnel post the final reports in a secure FDIC/DRR SharePoint site. These reports are utilized by FDIC/DRR for purposes such as resolving loan assets in a manner that is most cost-effective, or determining the consideration offered to the potential investor by the FDIC as applicable.

**Other Non-FDIC Entities/Parties and/or Non-FDIC Systems/Applications:** After the closing of a failed FI, the FDIC may decide to implement one or more of the recommended strategies set forth by Stifel, which may include executing the marketing and sales campaign of assigned assets after approval by the FDIC Oversight Manager. Stifel receives asset due diligence information from documentation provided by the FDIC in order to market the assigned assets via the FDIC's secure web-based system. Stifel facilitates access to this system for potential bidders to view the loan level data, which may contain PII as specified above, in order to submit bids via FDIC-granted permissions. The investors send bids, which do not contain PII, in the form of Excel spreadsheets via email to Stifel. Stifel, as the financial advisor, decides the most suitable bid and sends the investor data to the FDIC. After approval by the FDIC, the loan sale is executed.

## Data Sharing

**Other Systems that Share or Have Access to Data in the System:**

System Name	System Description	Type of Information Processed
N/A	N/A	N/A

## Data Accuracy – Stifel

Data is collected directly from failed/failing FIs and acquiring institutions. As such, the FDIC and its vendors rely on the FIs to provide accurate data.

Stifel works with FDIC to verify the integrity of the data before and in conjunction with inputting it into the system or using it to support the project.

As necessary, Stifel's Manager of Mortgage checks the data for completeness by reviewing the information, verifying whether or not certain documents or data is missing, and as feasible, updating this data when required.

## Data Security – Stifel

Stifel has gone through the security review required by the FDIC's Outsourced Information Service Provider Assessment Methodology to determine and verify their having appropriate physical, technical, and administration security measures to safeguard FDIC-provided PII and other sensitive data.

The FDIC conducts background investigations on key Stifel personnel and other applicable personnel prior to their beginning work on the contract.

Stifel is subject to periodic compliance reviews by FDIC. Per the contract, scheduled and unannounced inspections and assessments of Stifel's facilities, personnel, hardware, software, and their security and privacy practices are conducted by one of the following: the FDIC information technology staff, the FDIC Inspector General, or the U.S. General Accountability Office (GAO). These inspections may be conducted either by phone, electronically, or in-person, on both a pre-award basis and throughout the term of the contract or task order, to ensure and verify compliance with FDIC IT security and privacy requirements.

Within FDIC, Stifel's Program Manager/Data Owner, Technical Monitors, Oversight Manager, and Information Security Manager are collectively responsible for assuring proper use of the data. In addition, it is every FDIC user's responsibility to abide by FDIC data protection rules which are outlined in the FDIC's Information Security and Privacy Awareness training course which all employees take annually and certify that they will abide by the corporation's Rules of Behavior for data protection.

Additionally, Stifel is responsible for assuring proper use of the data. Policies and procedures have been established to delineate this responsibility, and Stifel has designated the Managing Director to have overall accountability for ensuring the proper handling of data by Stifel personnel who have access to the data. All Stifel personnel with access to the data are responsible for protecting privacy and abiding by the terms of their FDIC Confidentiality and Non-Disclosure Agreements, as well as Stifel's corporate policies for data protection. Access to certain data may be limited, depending on the nature and type of data.

Stifel must comply with the Incident Response and Incident Monitoring contractual requirement.

## System of Records Notice (SORN)

Stifel operates under the FDIC Privacy Act SORN 30-64-0013, *Insured Financial Institution Liquidation Records*.

## Contact Us

To learn more about the FDIC's Privacy Program, please visit:

<http://www.fdic.gov/about/privacy/>.

If you have a privacy-related question or request, email [Privacy@fdic.gov](mailto:Privacy@fdic.gov) or one of the [FDIC Privacy Program Contacts](#). You may also mail your privacy question or request to the FDIC Privacy Program at the following address: 3501 Fairfax Drive, Arlington, VA 22226.

