

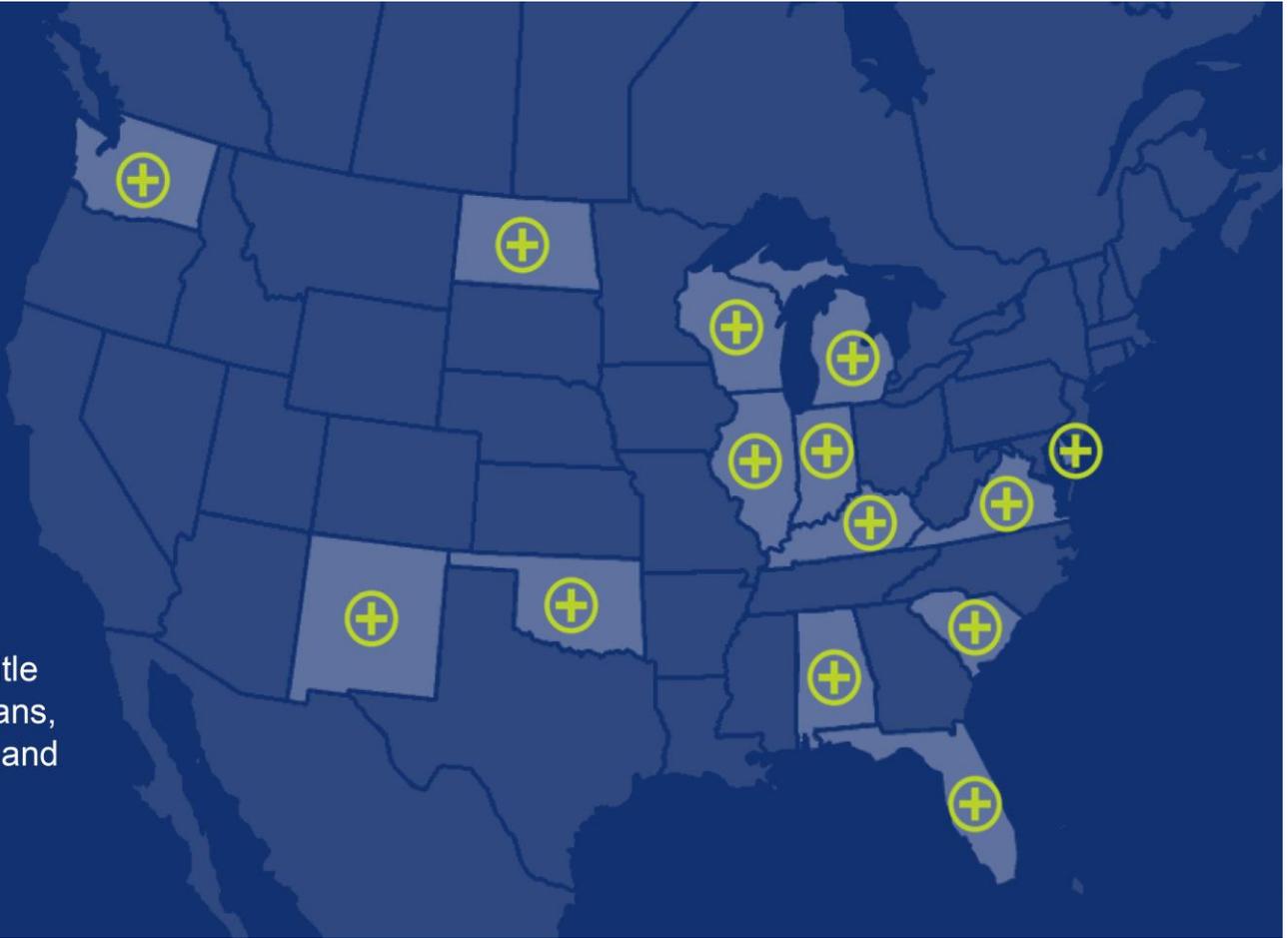
**Nevada Assembly  
Commerce and Labor**



# Who is Veritec Solutions?

## Our Partners

Veritec supports 17 programs in 14 states for regulation of Auto-Title Loans, Consumer Installment Loans, Mortgage Loans, Payday Loans, and Workers Compensation Fraud.



# What is Driving Reform Around the Country?

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- Payday, Installment, Title lending are merging and morphing to avoid specific regulatory requirements
- Consumers borrowing more than they can reasonably afford or re-pay on payday
- Consumers borrowing simultaneously from multiple lenders
- Consumers extending or “rolling” their loans indefinitely while incurring new fees every 2 to 4 weeks – Debt amounts are not sustainable
- Growth in small dollar alternatives
- Innovation: Peer to peer, social network lending, etc...

# The Florida Model

- In 2001, the State of Florida passed a comprehensive payday loan reform law that enacted several key restrictions:
- Florida consumers are limited to one loan outstanding at any given time and the maximum amount that can be borrowed is 500.00.
- Florida lenders are prohibited to roll or extend any loan that is made.
- If a consumer can not repay their loan, a Florida consumer may enter into a grace period where the lender arranges a repayment plan and the consumer is prohibited from borrowing any additional funds during this time.
- At the completion of any loan that is paid in full, a consumer must wait 24 hours before they can enter into a new loan.

# What Can Be Done To Address These Issues?

- Nevada can implement a single, statewide regulatory platform system that will ensure all existing and future lending laws are fully enforced
- In 14 states, Veritec's regulatory enforcement database platform provides real-time enforcement of consumer protections at point of sale
- The system requires lenders to submit information on the regulated loan transaction to the statewide compliance system for approval prior to execution of a loan
- The system provides state-of-the-art technology to the regulatory agency to **stop** any out of compliance activity from occurring before the loan is issued
- The system monitors the **entire** market in real-time to immediately address market disruption, changes and risk that will impact both consumers and the economy.
- It has changed the way we regulate from “look-back” to “look at”

# What is the Regulatory Benefit?

- Compliance system enables up-to-date monitoring of transaction activity and identification of suspicious activity
- Every licensed lender receives exactly the same timely, accurate determination of compliance before executing a loan
- Field examinations utilize compliance system for comparison to physical records and identification of non-compliant activity
- Regulator tools and audit reports provide the agencies data analysis to identify suspicious activity, fraud, abuse. These tools also provide a more efficient audit process, with the opportunity to lower the overall cost of monitoring the industry
- Only licensed providers have access to the compliance system making unlicensed activity easier to identify and enforce
- Privacy is a top priority. Consumer and business information is maintained in a manner that ensures their privacy and is protected from unauthorized access.



Veritec's regulatory platform VISER captures, evaluates and enforces transaction-level activity in real-time. The system can be configured to a state's regulatory environment to support various levels of compliance; think of a stoplight.

***Stops – Transactions that do not conform to established laws and regulations.***

Our point of sale regulatory database stops regulatory violations in real-time before they happen, reducing costs on remediation while helping to enforce important consumer protections. Our system also notifies the licensee of why their submission fails to meet regulatory requirement and/or may be fraudulent at the point of sale.

***Warns – Transactions that may violate regulatory guidelines.***

Noncompliant and/or fraudulent transactions can cost consumers thousands and put consumers and businesses at risk. The system can be implemented to warn licensees of suspicious activities holding them for further evaluation. Every decision is recorded in real-time and made ready for immediate review by the regulatory agency responsible. The system can be customized to elevate certain risks and provide immediate warning to regulatory authorities.

***Verifies – Transactions that reside within all established laws and regulations.***

Transactions that fulfill all of the necessary requirements and abide by applicable laws and regulations set forth are immediately identified as eligible. Transactions are not stopped and there are minimal warnings at the point of sale. This environment is desirable for regulatory agencies who are dealing with low risk transactions, but still require efficient oversight accomplished at the lowest regulatory cost possible.

*The speed and efficiency of a real-time, point of sale regulatory database allows the state to enable 100% compliance with minimal burden to licensee business processes.*

# Why Capture 100% in Real-time?

- Total market transparency on every product, every transaction
- Identify non-compliance activity, consumer detriment immediately
  - *For example: fees in violation, non-compliant loan extensions terms*
- Significant reduction in overall compliance cost
- Substantially reduce need for on-site visits
- Compliance for “enforced environment” is 100%
- Immediate access to current market information and macro-economic trends for policy considerations
- Proportional to licensee activity (larger pay more, smaller pay less)
  - Reduce paper / manual communications with Licensees
  - Eliminate compilation of manual reports / surveys
  - Scalability to add / remove products as required by legislative activity

# Veritec's Story

- Founded in 2001, Veritec successfully deployed and currently manages statewide centralized payday lending regulatory database applications for fourteen (14) States as well as additional programs such as Installment Loan, Auto Title Loan, Anti-Predatory Loan and an Anti-Fraud Check Cashing Database in support of our State Regulatory Partners..
- 2006 to present: Illinois Predatory Lending Pilot Program: The State of Illinois sought to create a regulatory system that allows brokers, originators, credit counselors, title insurance companies and closing agents to enter mortgage application information online. Based upon standards developed by the Illinois Department of Financial and Professional Regulation, the database analyzes the information and issue a recommendation for or against credit counseling and is the repository for additional information from counselors and closing agents.
- 2009 to present: Illinois Consumer Installment Loan Act (“CILA”): The State of Illinois sought the development, implementation and management of a title-secured loan consumer database. Veritec worked closely with the State Regulator to create the Database Solution which enables Licensees to maintain compliance with the CILA Rule Amendments and as a method of verification that a title-secured loan is compliant in loan amount and gross monthly income determinations.
- 2014 to present: Florida Check Cashing Database: In Florida, Veritec developed and operates a fully-hosted, state-wide Check Cashing Database that enables State regulators and law enforcement agencies to target and identify persons involved in illicit activities in the check cashing industry
- 2015 to present: Rollout of our VISER regulatory oversight platform: The Veritec Interactive Solution for enforcement and reporting that incorporates best-practice examination reporting and examination enforcement capabilities based on experience gained from many state programs that we support

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**Thank You!**