



Office of the State Bank Commissioner

Regulatory Mailing

RM2003-1

TO: All Kansas State-Chartered Banks & Trust Companies
FROM: Franklin W. Nelson, Bank Commissioner
DATE: February 14, 2003
RE: Electronic Banking Risk Management Seminars; IRS Information

Enclosed please find the following information:

I. Electronic Banking Risk Management Seminars

This agency, in conjunction with the Conference of State Bank Supervisors and the Nebraska Banking Department, is offering an Electronic Banking Risk Management Seminar. This seminar is targeted to help the non-technical employees of the bank. We encourage you to review the enclosed program and hope you find this seminar beneficial to your bank.

II. IRS Offshore Voluntary Compliance Initiative

IRS officials recently visited our office and asked if we would disseminate information concerning a Compliance Initiative they are undertaking. Please read the attached one-page explanation of the initiative, and take any action you may deem appropriate to notify your customers. The IRS is also running an awareness campaign through other media sources such as newspaper, television, etc. The deadline for individuals to voluntarily comply and tell the IRS of these offshore accounts is April 15.

Dear Kansas Banker:

The Kansas Office of the State Bank Commissioner, in conjunction with the Nebraska Banking Department and the Conference of State Bank Supervisors, is pleased to announce two one-day **Electronic Banking Risk Management Seminars** designed specifically for *non-technical* bank CEOs and executive staff. These seminars will be available at two locations:

March 4 – Overland Park, KS, Sheraton Overland Park Hotel

March 6 – Lincoln, NE, Embassy Suites Hotel

E-Banking presents unique new risks that we all need to understand and address. This seminar is a valuable and timely opportunity for you and your executive staff to get a handle on managing these risks and preparing for an exam in this important operational area. I highly recommend this program that was developed and coordinated by the Conference of State Bank Supervisors.

I also emphasize that the goal is *NOT* to scare you with horror stories about the risks and liability of e-banking. Quite the opposite. It is in the best interests of you and us as regulators to have an informed and involved executive staff dealing with these issues. This program will provide you with the knowledge and tools to help you understand and manage the inherent risks of e-banking and to prepare for an exam so that you are more comfortable in working with your IT staff and the regulators.

Check out the attached agenda. I think you will agree that the topics covered are just what you, as a *non-techie* executive, need to be familiar with so you can improve your oversight of this important function in your bank.

We are pleased to have Carl Allen and Dan White lead this seminar. Both gentlemen are nationally known experts on e-banking who have developed and taught courses for state and federal regulators in addition to speaking at industry meetings and consulting with numerous financial service firms. Their high energy and informative session will give you and your executive staff a concrete understanding of issues your bank must deal with.

I have enclosed a Registration Form and a Fact Sheet on both seminar locations.

Please call me with any questions or comments.

Sincerely,

Franklin W. Nelson
Bank Commissioner

EDUCATION FOUNDATION OF STATE BANK SUPERVISORS
Fact Sheet



School: Electronic Banking Risk Management Seminar
When: March 4, 2003
Where: Sheraton Overland Park Hotel at the Convention Center
6100 College Blvd.
Overland Park, KS 66211
Room Rate: \$139

MAKE YOUR RESERVATIONS TODAY!

Reservations: 866-837-4214

Hotel: (913) 234-2100

Fax: (913) 234-2121

The seminar starts at 9 a.m. on Tuesday, March 4 and adjourns at 3:00 p.m. The attire is business casual. The Sheraton Overland Park is located in the heart of the College Boulevard business corridor, just minutes from your business destination. Sprint's world headquarters campus, Yellow Freight, Universal Underwriters and Corporate Woods are all just five-minutes away. Our central location also places you in the middle of the Kansas City metro area. The Country Club Plaza, downtown Kansas City, and the Truman Sports Complex are within 20 minutes of the Sheraton and are all easily reached via I-435.



Electronic Banking Risk Management Seminar -- *What community banking executives need to know to prepare for an exam!*

Program Focus:	This executive program is designed for banking CEOs, CIOs, and CFOs. It will assist the executive and management attendee to quickly understand risk management and security principles, the applied exam procedures, the tools to use, the methods to review and the process to put into practice when they return. Two recognized industry experts who have provided e-banking consulting for the FDIC, FRB and CSBS examiner programs will present the seminar. Walk away with a simple to use program book and guide validated by leading practices to prepare for an e-banking exam.
Program Agenda	<ul style="list-style-type: none"> •Registration and continental breakfast - 8:00 a.m.– 9:00 a.m. •Opening – CSBS •What Keeps You Awake at Night – email results •What We Tell the Examiners •Business and IT Risks and Leading Practices •Luncheon Presentation – “Examining an E-Bank” •Applying Exam Procedures •The 20 Questions to Ask When you Return •Wrap up and Final Q&A • Adjourn – 3:00 p.m.
Who Should Attend:	<ul style="list-style-type: none"> • Executives including the CEO, COO, CFO, CIO • VP and Other Senior Management • Banking Owners and Board Members
Program Material:	<p>Program fee includes:</p> <ul style="list-style-type: none"> • Program book • Leading practices suggestions • Legal issues and examples • Guide to follow upon your return • Web sites with tools and methods
What You Will Learn:	<ul style="list-style-type: none"> • Identify the key business and IT items to focus on for an exam • Understand what the examiner will look for and require • Review the 20 questions to ask when you return • Determine the real risks and what to do about each • Understand other Community Banking executives concerns • Review audit, security and IT e-banking leading practices • Determine where your e-banking branches are really located • Understand where your e-banking network starts and ends • Review e-banking outsourcing, contract and other legal issues • Determine if cyber insurance applies to e-banking • Walk away with an interpreted list of words and terms • Receive suggestions on where to find economical resources
Price:	\$ 295 CSBS members, \$395 CSBS non-members



Electronic Banking Risk Management Seminar

March 4, 2003
Sheraton Overland Park Hotel
6100 College Blvd.
Overland Park, KS 66211
(913) 234-2100

March 6, 2003
Embassy Suites
1040 P Street
Lincoln, Nebraska
(402) 474-1111

Please see the attached Fact Sheet for hotel details Registration Form

This executive program is designed for banking CEO's, CIO's, and CFO's. It will assist the executive and management attendee to quickly understand risk management and security principles, the applied exam procedures, and tools and methods to put into practice when they return. Two recognized industry experts who have provided e-banking consulting for the FDIC, FRB and CSBS examiner programs will present the seminar. Walk away with a simple to use guide to prepare for an e-banking exam. Attire is business casual.

Full Name (type or print) _____
Badge Name: (first or nickname) _____
Title: _____
Bank Name: _____
Address: _____
City, State, Zip: _____
Participant's Phone: _____ Participant's Fax: _____
Participant's E-Mail: _____

_____ **OVERLAND PARK, KS SEMINAR**

_____ **LINCOLN, NE SEMINAR**

Registration Fee is \$295 member/\$395 non-member

Payment Method:

Check Enclosed (Make check payable to Education Foundation of State Bank Supervisors)

Please bill me: _____

Card # _____ **Expiration date:** _____

Name on card _____ **Signature:** _____

Meeting #4100-1342

Attention: Marcella Windley

The Education Foundation of State Bank Supervisors

1155 Connecticut Avenue, NW, Suite 500, Washington, DC 20036

(800) 886-2727 Fax: (202) 296-1928 -- E-mail: mwindley@csbs.org

Make your room reservation directly with the hotel today.

IRS UNVEILS OFFSHORE VOLUNTARY COMPLIANCE INITIATIVE; CHANCE FOR 'CREDIT-CARD ABUSERS' TO CLEAR UP THEIR TAX LIABILITIES

Internal Revenue Service officials have announced the launch of an initiative aimed at bringing taxpayers who used "offshore" payment cards or other offshore financial arrangements to hide their income back into compliance with tax law.

Under the Offshore Voluntary Compliance Initiative, eligible taxpayers who step forward will not face civil fraud and information return penalties. However, taxpayers will still have to pay back taxes, interest and certain accuracy or delinquency penalties.

The Initiative reflects an attempt to bring taxpayers back into compliance quickly while simultaneously gathering more information about the promoters of these offshore schemes. As part of the request to participate, the taxpayer must provide full details on those who promoted or solicited the offshore financial arrangement. The IRS will use this information to pursue promoters.

Under the Initiative, eligible taxpayers will have to file or amend their returns and pay interest and certain civil penalties, as well as the tax. For example, a taxpayer who understated his income to avoid \$100,000 in taxes in 1999 would wind up paying \$149,319 to the government. This includes the tax liability plus \$29,319 in interest and an additional accuracy-related penalty of \$20,000. If a taxpayer did not step forward, his tax liability generally would include the civil fraud penalty of \$75,000, and therefore higher interest of \$42,758. The total amount due would be \$217,758, without considering probable additional civil penalties for failure to file certain information returns.

To apply for the Initiative, taxpayers must notify the IRS in writing and provide their name, taxpayer identification number, current address, daytime phone number and certain promoter information. The last day a taxpayer can apply is April 15, 2003.

Written requests for the Voluntary Compliance Initiative can be sent to:

Regular Mail National Offshore Voluntary Compliance Initiative Coordinator
 P.O. Box 480
 Bensalem, PA, 19020

Overnight/
Special Delivery National Offshore Voluntary Compliance Initiative Coordinator
 11601 Roosevelt Blvd.
 Philadelphia, PA 19154
 DP S6005

Those seeking information by telephone should call: 215-516-3537 (not toll-free). In addition, a special e-mail address, VCI@irs.gov, has been set up for taxpayer inquiries. More information on the Initiative can be found on the IRS Web site at www.irs.gov.