

The Organizational Ombudsman

Institutionalizing Accountability, Transparency, and Responsibility: Rebuilding Investor Trust and Protecting Financial Markets

The Organizational Ombudsman (OO) provides the means to rapidly institutionalize needed oversight and improvement into the financial services community in an at-least revenue neutral manner and thus protect the significant interests of the American taxpayer in the ethical operation of financial markets.

By requiring the regulated community to deploy OO programs, the SEC would create an unobtrusive but impactful means of oversight. This structure would provide the most effective process for assuring the discovery and self-correction of ineffective or unethical behavior (including fraud, malfeasance, and abuse of power) while providing an additional backstop for public awareness and regulatory action, as appropriate.

Designed on principles of confidentiality, neutrality, independence, and informality, OO programs create value by assisting organizational members of all levels, to raise, analyze, resolve, and escalate (or not...) issues in the most appropriate manner for the individual and the institution.

The organizational ombudsman is a low-cost, high-impact mechanism that:

- Increases operational efficiency;
- Lowers the costs of formal disputing;
- Advances ethical and compliant behavior; and
- Supplements existing formal processes.

Ombuds from different industries have demonstrated significant positive ROI for the host institution. This value is created in numerous ways, including decreased disputing costs, management time savings, enhanced productivity and an increase in usage and performance of already operating programs such as ethics, compliance, etc. Thus, this highly effective tool is neither costly nor burdensome, but is in fact supplementing and efficient.

Ombuds programs could be fully operational in the investment and banking communities in a matter of months, providing significant cost savings, superior creative problem-solving, and expanded communications — the essential attributes needed for financial institutions to overcome the current challenges.

As these improvements become visible to investors and depositors, along with the heightened compliance and increased transparency brought about by ombuds activity, the essential process of rebuilding trust in the financial services

and banking communities via accountability, in the largest sense of the word, will begin.