

MANAGING NON-WAGE GARNISHMENTS & LEVIES: LIMITING THE FINANCIAL RISK



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A UNIQUE CHALLENGE FOR BANKS—WITH COSTLY CONSEQUENCES

Banks are familiar with having to navigate heavily regulated and litigious environments. But even they can be challenged by the responsibility of handling legal service of process (SOP) documents for non-wage garnishments and levies.

Banks are served hundreds of thousands of third-party orders for non-wage garnishments and levies annually, primarily against the funds and other property held by the bank on behalf of their client.

Non-compliance, or failure to respond quickly, can expose a bank to financial liability. For example, a bank that does not respond to a non-wage garnishment within the short response time can be held liable for the entire debt for failing to respond to a court order. There is a significant risk that the bank’s client will withdraw funds from the bank before the funds are frozen, leaving the bank liable for the debt.

Service of non-wage garnishments and similar orders can represent a fishing expedition by plaintiff’s counsel. Many times, the plaintiff’s counsel in these actions have no knowledge of where a debtor’s funds may be located and will serve multiple banks in an attempt to find those funds. Banks must respond to these court orders even if the defendant is not a client of the bank.

Processing and complying with a stream of non-wage garnishments and levies can be complex, time-consuming, and costly. Because of the high volume of documents—and the critical importance of addressing them appropriately and in a timely manner—a faster, more accurate way to receive, route and respond to these requests can deliver large benefits..

IMPROVING COMPLIANCE AND REDUCING RISK THROUGH TECHNOLOGY

Technology, with its ability to address volume and the repetitive elements of the SOP documents, can play a huge part in crafting an effective SOP document processing system.

Banking sector experts have noted that the financial industry needs to make strategic investments in technological solutions for proactive risk management and cost avoidance. Deloitte’s 2018 Banking Industry Outlook, states that “technology resources at most banks are becoming difficult to manage, with a hodgepodge of systems, platforms, software, and tools. CIOs have to simultaneously ensure that new solutions sourced from multiple external vendors are integrated to maximize value creation, while minimizing internal disruption.” Deloitte’s 2019 report reiterates this point and adds “Banks’ success in digital transformation

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will ultimately depend on how strategy, technology, and operations work together across domains.”

Streamlining the processing of non-wage garnishments and levies—through the use of integrated technology—can help banks become more efficient in processing these time-sensitive legal matters. This reduces operational costs and ultimately reduces the risk of non-compliance.

USE CASE: HOW ONE BANK STREAMLINED ITS SOP PROCESS USING INTEGRATED TECHNOLOGY

The following use case demonstrates how CT’s integrated technology solutions supported one bank’s goal of streamlining operations to drive faster response times.

Bank A needed to improve the speed and accuracy of compliance with legal documents including non-wage garnishments and similar orders to freeze and release assets. The bank was manually routing these SOP to decentralized teams across the country, which was an error-prone process that was not scalable. An increasing volume of SOP demands exposed these inefficiencies and increased costs, due to the inability to timely respond.

Working with CT’s document experts, the bank mapped out their existing workflow, revealing gaps and inefficiencies. They then mapped out their ideal end-to-end solution, which combined use of CT’s integrated technology for faster delivery, a centralized team for improved efficiency and an internal SLA of 24 hours to reduce their risk of non-compliance. They implemented their end-to-end solution over the next year.

Since then, Bank A has experienced cost savings in the millions annually, with lower operational expense for internal management of these legal documents and improved ability to reconcile, track and report SOPs. This, in turn, increased overall efficiency and accuracy, and reduced response times and financial risk.

By accelerating CT’s delivery time, the bank legal operations team had time-sensitive SOP in their hands within 3.5 hours (on average) making them better equipped to meet their internal SLA of 24 hours.

WHAT TO LOOK FOR IN AN SOP SOLUTION PROVIDER

The accurate, reliable, and timely handling of SOP documents is critical in helping prevent default judgments and non-compliance. It is important that SOP solution providers exhibit certain capabilities necessary to effectively handle high volumes of SOP to comply with court orders:

➤ **Ability to handle complex workflows and delivery requirements quickly, securely, and accurately.**

Auditable tracking, notification, delivery and reminders ensure nothing falls through the cracks.



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- **Ongoing investment in new technologies**, including the use of AI and machine learning to improve speed and efficiency.
- **Integration with other internal tools**, such as matter management, payroll systems and home-grown systems.
- **Scalable SOP operations and systems**. Without scalability, SOP solutions can fail to adjust swiftly to spikes and ebbs in SOP levels and can risk exposing clients to insufficient capacity, in the case of document flow spikes or, alternatively, unnecessary fixed costs in the case of reduced flows.
- **Knowledgeable, in-person coverage** in every U.S. jurisdiction to ensure accurate intake of SOP.
- **Local service teams**, with an average tenure of 10 years, have strong relationships with regulatory agencies in all 50 states, D.C. and Puerto Rico.

LEARN MORE

As the nation’s leading Registered Agent, CT is expert in service protocols and infrastructure for accurate, timely SOP handling.

Learn more about the ways in which CT can help implement a process to manage service of process. Contact your representative or call 855-316-8948 (toll-free U.S.).

This information is not intended to provide legal advice or serve as a substitute for legal research to address specific situations.