

LENDING AND CREDIT



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Practice Area

LENDING & CREDIT



ERS GROUP economists have appeared before the Department of Justice, the Federal Reserve Bank, and other regulatory agencies as experts on issues involving credit decisions. While in the past regulatory agencies have scrutinized lending and credit practices from a financial and fiduciary perspective, for over a decade they have increased efforts to investigate financial institutions' lending and credit decisions from an equal opportunity perspective. Our capabilities include:

- Objectively evaluating the neutrality of past lending and credit decisions.
- Clearly presenting analyses to regulatory agencies and courts.
- Appropriately determining alleged economic damages by class of loan or on a loan-by-loan basis.
- Periodically monitoring credit decisions in order to detect patterns that have an adverse impact on protected demographic groups.

REPRESENTATIVE ISSUES

DISCRIMINATION

ERS Group's approach emphasizes the need for statistical models to reflect actual lending practices, borrower populations, and market forces. Our models provide effective responses to investigations into lending discrimination charges, because they can describe realistic lender-borrower situations. The analyses we conduct help determine whether there is evidence to support allegations of discrimination based on age, race, ethnicity, gender, and low-to-moderate income buyer status. ERS Group has worked with companies to investigate allegations of redlining in the loan application process and to examine equal opportunity aspects of the loan or credit terms—including note rate, the annual percentage rate (APR), broker points, lender points, assignment of risk classifications, and differences in foreclosure rates by protected group status.

HMDA DATA AND REGULATORY COMPLIANCE

Institutions interested in anticipating the results of an audit of its lending practices use ERS Group to provide pre-audit analyses. ERS Group's analyses are designed to identify potential problems that need correcting as well as problems that require more complex statistical review. Ready access to national Bureau of Census data and publicly available loan data in combination with ERS Group's previous experience with lending cases ensures that the conclusions reached are statistically sound and reliable.

GEOGRAPHIC LENDING PATTERNS

ERS Group economists investigate whether demographic factors pertaining to loan recipients and non-recipients potentially affect the terms of lending agreements by geographic area.

SETTLEMENTS AND DAMAGE CALCULATIONS

ERS Group economists also prepare settlement estimates for mediation and trial preparation that incorporate customer and lender characteristics along with other relevant financial factors. Once a settlement or verdict is reached, ERS Group estimates economic damages for individuals and designs monitoring systems in compliance with consent decrees.

MONITORING

ERS Group economists and programmers have developed user-friendly software programs that monitor lending decisions and identify potential problem areas. Each system is customized to meet the compliance criteria and the specific institutional needs of the client. ERS Group economists also assist clients in their evaluation and adoption of off-the-shelf software products when appropriate.

Areas of Experience

Labor and Employment
Lending and Credit
Expert Witness Testimony

EDUCATION

Ph.D., Oregon State University, Agricultural and Resource Economics, 1987
M.A., University of Arizona, Agricultural Economics, 1981
B.A., Hamilton-Kirkland College, Literature, 1977

MEMBERSHIPS

American Economic Association
American Agricultural Economics Association
National Association for Forensic Economics (NAFE)
President, Tallahassee Rowing Club

PRESENTATIONS

Interpreting Data, Avoiding Enforcement Actions and Preparing for Litigation - HMDA Data Analysis and Measure of Damages, *National Corporate Counsel Forum on HMDA*, November 2005

Compensation Self Analysis, National Industry Liaison Group (NILG) meeting, August 2005

Analyzed "bait and switch" claims in *Pierceall v. Ameriquest Mortgage and Ameriquest Capital Company*

Conducted HMDA data analysis for major prime and sub-prime lending institutions

Monitored promotion, pay, and evaluation processes for Lawrence Livermore National Laboratories in accordance with court ordered settlement

Analyzed pay, promotion and performance data in *Burden, et al., v. Larry G. Massanari, Acting Commissioner, Social Security Administration*

Conducted statistical analyses of skills assessment tests for teachers in the State of New York in *Guilino v. The Board of Education of the City School District of the City of New York; and the New York State Education Department*



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LEADERS

Sharon Kelly is a Director of ERS Group and manages the Labor and Employment practice area. Her work focuses on econometric analysis of employment and credit decisions. She uses applications of statistical techniques to determine how compensation, promotion, termination, and other employment practices relate to gender, race, age, and ethnic origin. In addition, she analyzes lending practices for financial institutions. She also estimates economic damages and analyzes wage and hour claims. Dr. Kelly has testified in state and federal district courts and has been deposed on numerous occasions. She has conducted seminars for the Equal Employment Opportunity Commission (EEOC) and the National Association of Public Sector Equal Opportunity Officers (NAPSEO) on the use of statistics in analyzing employment practices and estimating economic damages. Dr. Kelly has been an adjunct professor at The Florida State University. She served as an international economist for the U.S. Department of Agriculture and is past Director of the International Institute of Fisheries Economics and Trade.



Areas of Experience

Labor and Employment
Lending and Credit
Expert Witness Testimony

EDUCATION

Ph.D., Florida State University, Economics, 1992
M.S., Florida State University, Economics, 1985
B.A., University of Central Florida, Economics and Political Science, 1981

MEMBERSHIPS

American Economic Association
National Association of Forensic Economics

PUBLICATIONS

"Recent Developments in the Analysis of Employment Practices" *Contemporary Studies in Economics and Financial Analysis*, Elsevier, 2005



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LEADERS

Janet Thornton is a Director and has been with ERS Group since 1986. She specializes in analyzing employment and credit decisions and has testified as an expert witness in federal court and administrative hearings. She has prepared economic and statistical analyses involving allegations of gender, race, ethnicity, and age discrimination in a variety of employment practices including selection, termination, and compensation, as well as Fair Labor Standards Act compliance. Dr. Thornton has prepared analyses for employers both proactively and in response to litigation and OFCCP audits. Her expertise in the analysis of lending practices has led her to design monitoring software, and she is also responsible for the acquisition of Census and alternative source data, including data on interest rates and other mortgage lending information. Dr. Thornton has been an adjunct professor of quantitative methods and statistics at Florida State University. She has also published in the *Journal of Legal Economics* and the *Journal of Forensic Economics* and is a frequent presenter at ERS Group seminars.

Designed stratified survey of over 20,000 employees in a class action matter

Designed customized statistical analyses of promotions and compensation for *Cooper v. Southern Company*, *Georgia Power Company*

Conducted statistical analyses of testing, promotion and pay in *Rhodes et al., v. Cracker Barrel*

Analyzed over a million auto contracts in several auto finance cases

Developed monitoring software for several mortgage companies



Areas of Experience

Econometrics
Labor Economics
International Monetary Systems
Natural Resources Economics

EDUCATION

Ph.D., Florida State University, Economics, 1991
M.A., Florida State University, Economics, 1980
B.A., Tehran College of Insurance, Economics, 1975

MEMBERSHIPS

American Economic Association
American Statistical Association

PUBLICATIONS

"Use of Exact and Asymptotic Tests in Labor Discrimination Cases" *Proceedings of the American Statistical Association*, Business and Economic Statistics Section, 1994

Provided economic damages to Georgia Legislature for wrongful imprisonment of Clarence Harrison as part of Emory University's Innocent Project

Provided methodological and statistical review of opposing experts' reports in *Yarborough, et al. v. Lockheed Martin*

Investigated promotion patterns in *Simon Levy v. FDIC*

Designed computer based monitoring system for Budget Finance Corporation for statistical analyses and forecast of loan prices

Designed and built a stipulated common database for both parties in *Adbullah, et al. v. The Coca-Cola Company*

Provided numerous statistical analyses and reports in Wage and Hour matters



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LEADERS

Dr. Borhani is a Principal and leads the West Coast Labor and Employment office. Since joining ERS Group in 1987, Dr. Borhani's work has included statistical and economic analysis in large class action cases involving claims of discrimination in employment, housing, and mortgage lending. His work has also included analysis of employment issues under the Fair Labor Standards Act, and analysis of pricing issues in antitrust litigation.

Dr. Borhani has testified as an expert witness in court and other judicial settings. He has also presented various research papers at the American Statistical Association and American Economic Association meetings and has published in the *Proceedings of the American Statistical Association*. Dr. Borhani has taught statistics as an adjunct professor at Florida State University. He has also been a regular guest lecturer in a graduate course on economic and statistical consulting at the Economics Department of Florida State University.

