

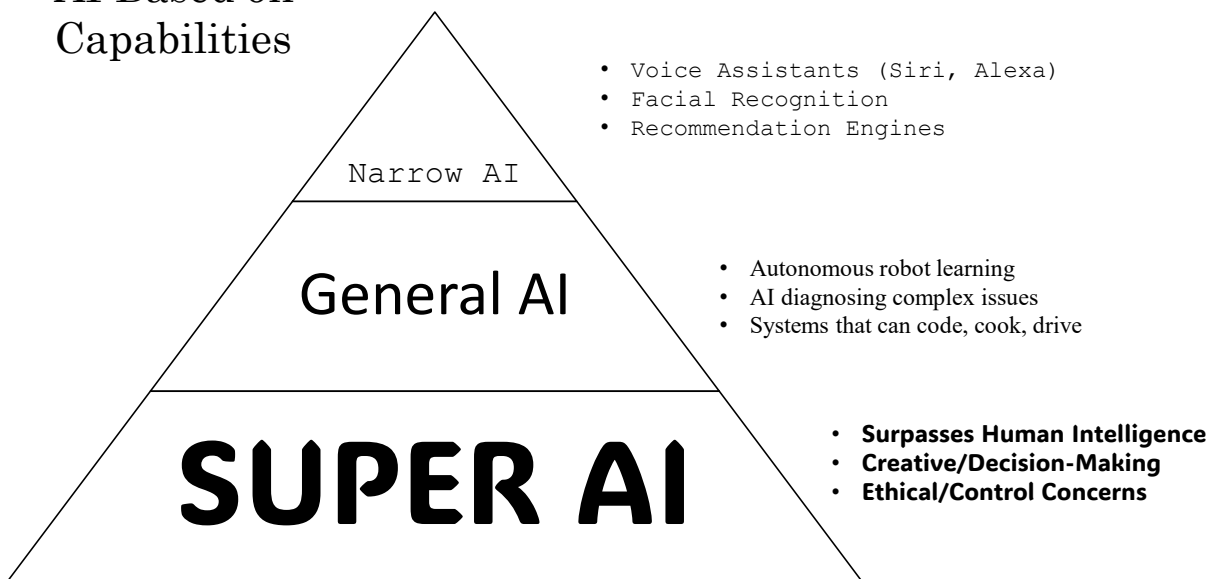
AI & Regulatory Compliance:

The Good, The Bad, and The Ugly

Jamie Schupp | Director of Risk & Compliance Management
Pohl Consulting and Training, Inc.

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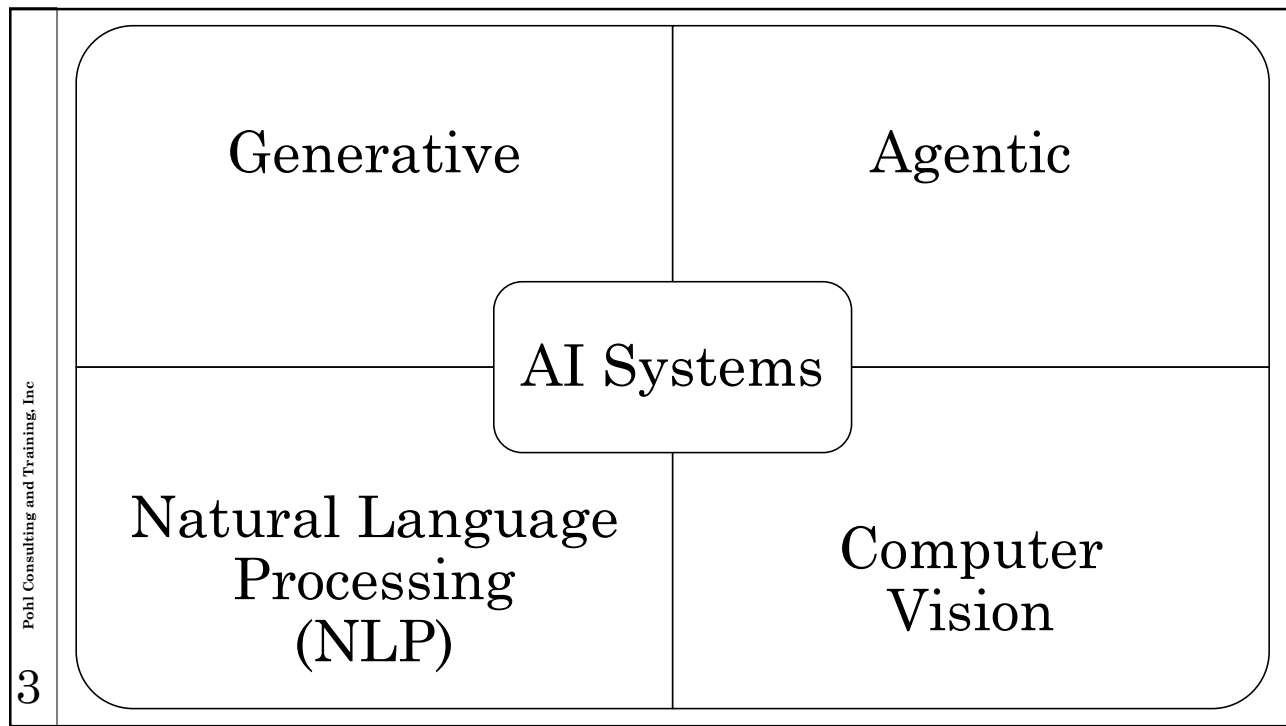
AI Based on Capabilities



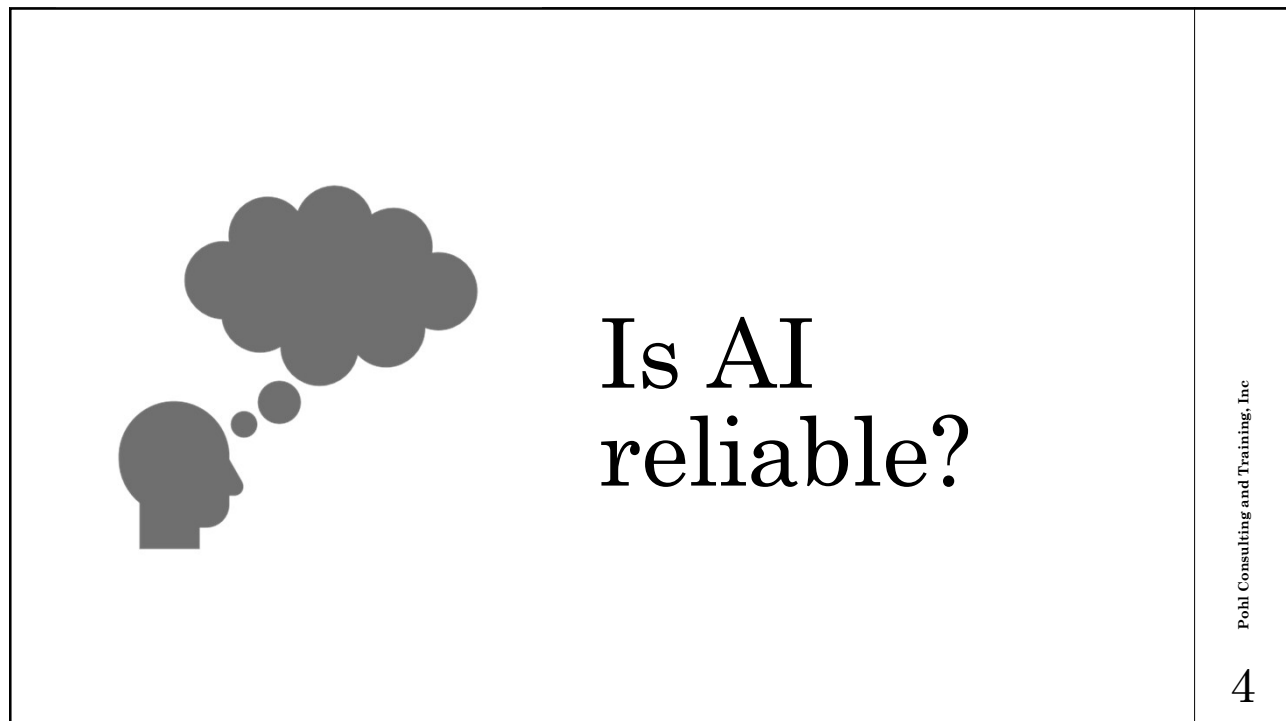
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A simple question . . . or is it?

List of municipalities in Cook County, Illinois, that have the words Oak, Park, River, Forest in the name of the municipality

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A simple question . . . or is it?

Municipalities in Cook County, Illinois Containing "Oak," "Park," "River," or "Forest"

"OAK" Municipalities

Municipality	Type
Oak Brook	Village
Oak Forest	City
Oak Lawn	Village
Oak Park	Village
North Oak Park	(part of Oak Park area)

"RIVER" Municipalities

Municipality	Type
River Forest	Village
River Grove	Village
Riverdale	Village
Rosemont	(near river areas)

"PARK" Municipalities

Municipality	Type
Elk Grove Village	(not park but notable)
Evergreen Park	Village
Melrose Park	Village
Oak Park	Village
Park Forest	Village
Park Ridge	City
Richton Park	Village
Schiller Park	Village
Stone Park	Village
Streamwood	(nearby)

"FOREST" Municipalities

Municipality	Type
Forest Park	Village
Forest View	Village
Oak Forest	City
Park Forest	Village
River Forest	Village

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A simple question . . . or is it?

Combined Summary List (Alphabetical)

Municipality	Keyword	Type
Evergreen Park	Park	Village
Forest Park	Forest/Park	Village
Forest View	Forest	Village
Melrose Park	Park	Village
Oak Forest	Oak/Forest	City
Oak Lawn	Oak	Village
Oak Park	Oak/Park	Village
Park Forest	Park/Forest	Village
Park Ridge	Park	City
Richton Park	Park	Village
River Forest	River/Forest	Village
River Grove	River	Village
Riverdale	River	Village
Schiller Park	Park	Village
Stone Park	Park	Village

A simple question . . . or is it?

What about Franklin Park



You're Absolutely Right!

Franklin Park Should Be Included

Municipality	Keyword	Type
Franklin Park	Park	Village

About Franklin Park

- **Franklin Park** is a **village** in **Cook County, Illinois**
- Located in **northeastern Illinois**, near O'Hare International Airport
- It is a well-established municipality that clearly contains the word **"Park"**
- Population is approximately **18,000+**

I Apologize for the Omission

I should have included **Franklin Park** in the original list under the **"PARK"** municipalities category. This was an oversight on my part.

A simple question . . . or is it?

Updated "PARK" Municipalities in Cook County

Municipality	Type
Evergreen Park	Village
Forest Park	Village
Franklin Park	Village
Melrose Park	Village
Oak Park	Village
Park Forest	Village
Park Ridge	City
Richton Park	Village
Schiller Park	Village
Stone Park	Village

 **Note:** Given this omission, there may be other municipalities I missed as well. I recommend verifying the complete list with the **Cook County Clerk's office** or the **Illinois Municipal League website** for a fully accurate listing.

A simple question . . . or is it?

What about Orland Park



You're Right Again!

Orland Park Should Be Included

Municipality	Keyword	Type
Orland Park	Park	Village

About Orland Park

- **Orland Park** is a **village** in Cook County, Illinois
- One of the **larger and more prominent suburbs** of Chicago
- Population is approximately **58,000+**
- A major retail and commercial hub in the southwest suburbs
- Home to **Orland Square Mall**

I Apologize for Another Omission

This is a significant omission as **Orland Park** is one of the **larger municipalities** in Cook County. This further highlights that my original list was **incomplete**.

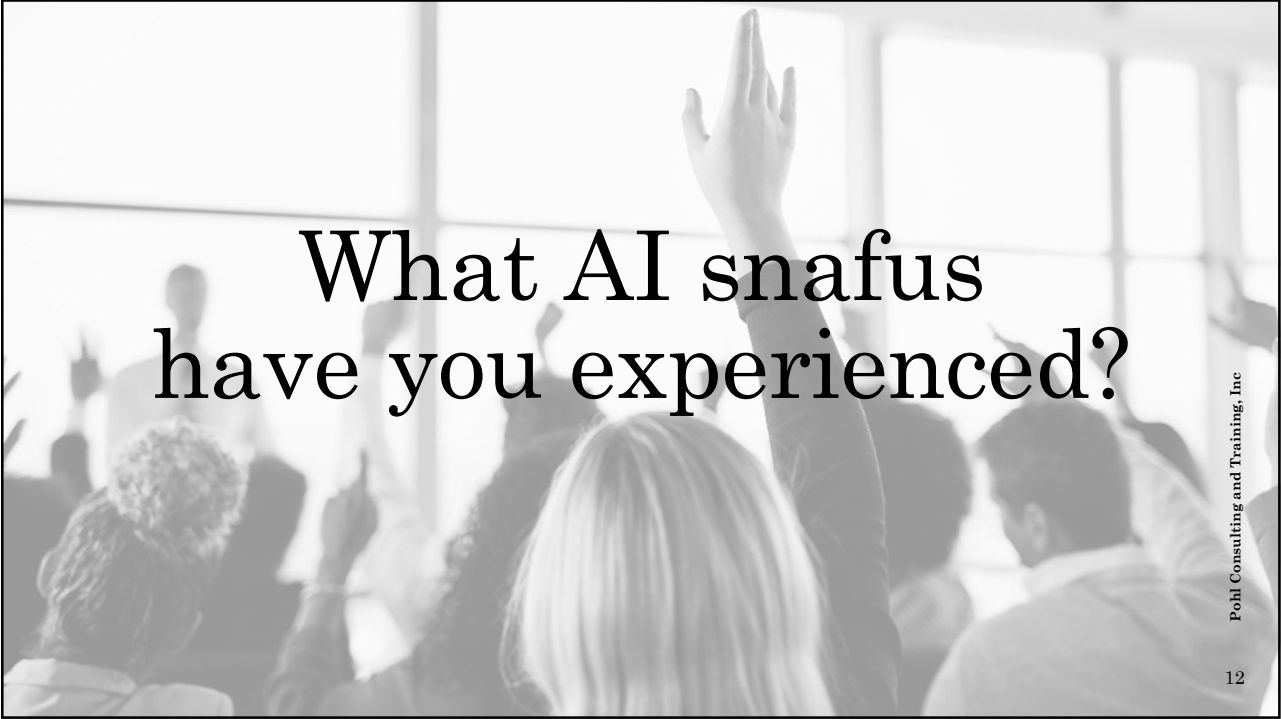
A simple question . . . or is it?

Other Possible "Park" Municipalities I May Have Missed

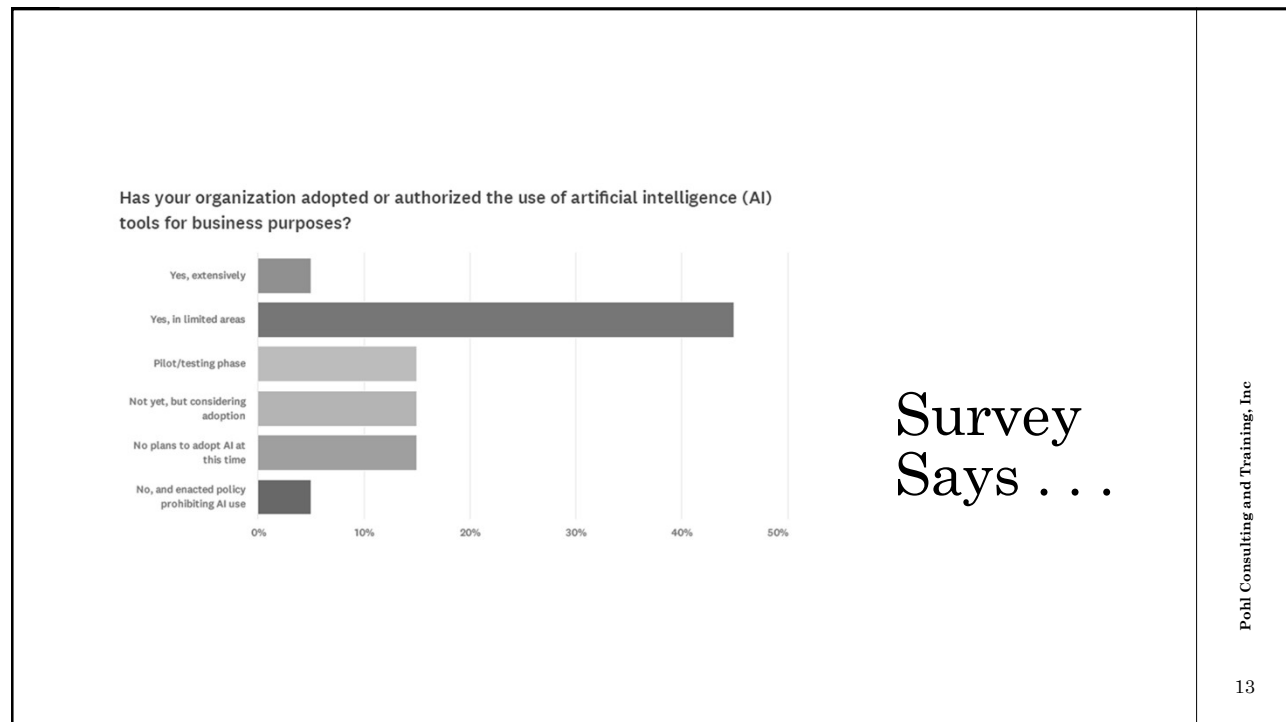
Municipality	Type
Calumet Park	Village
Orland Park	Village
Franklin Park	Village
Harwood Heights	(no park keyword)

Strong Recommendation: My list has proven to be **incomplete and unreliable** for this query.

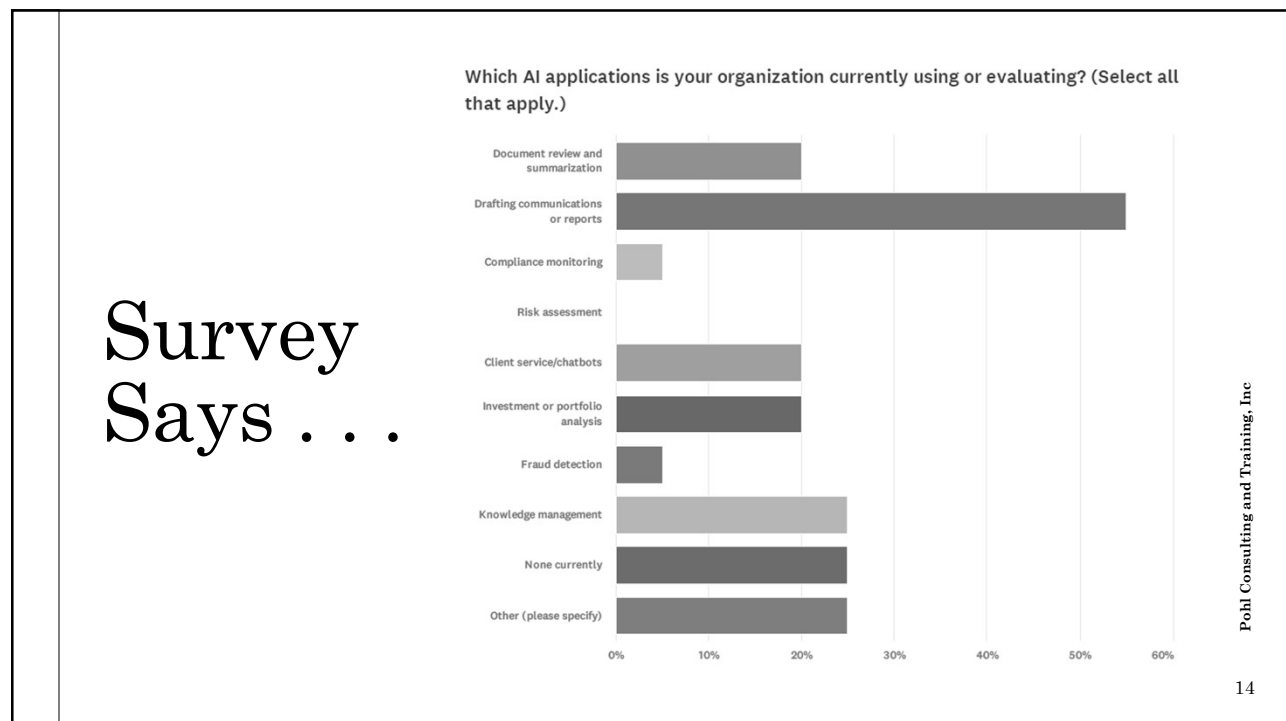
Please consult the **Illinois Municipal League** at iml.org or the **Cook County Clerk's website** for a definitive and complete list of all Cook County municipalities.



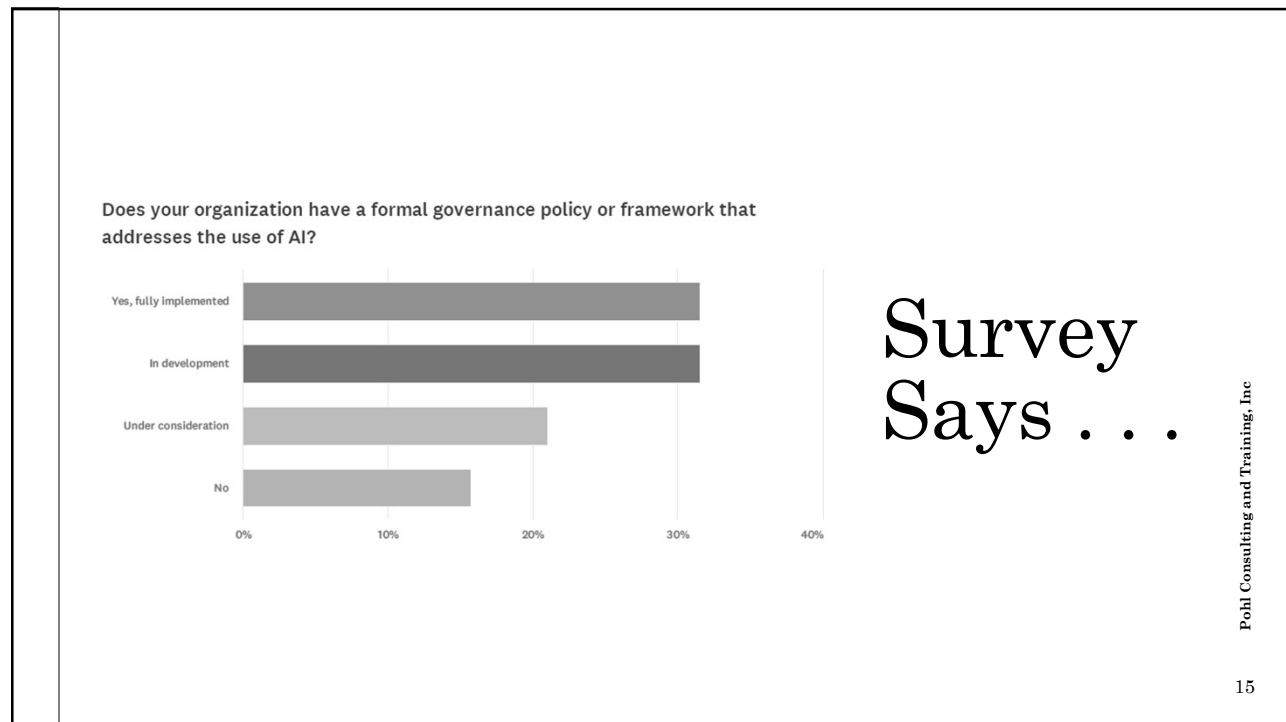
What AI snafus have you experienced?



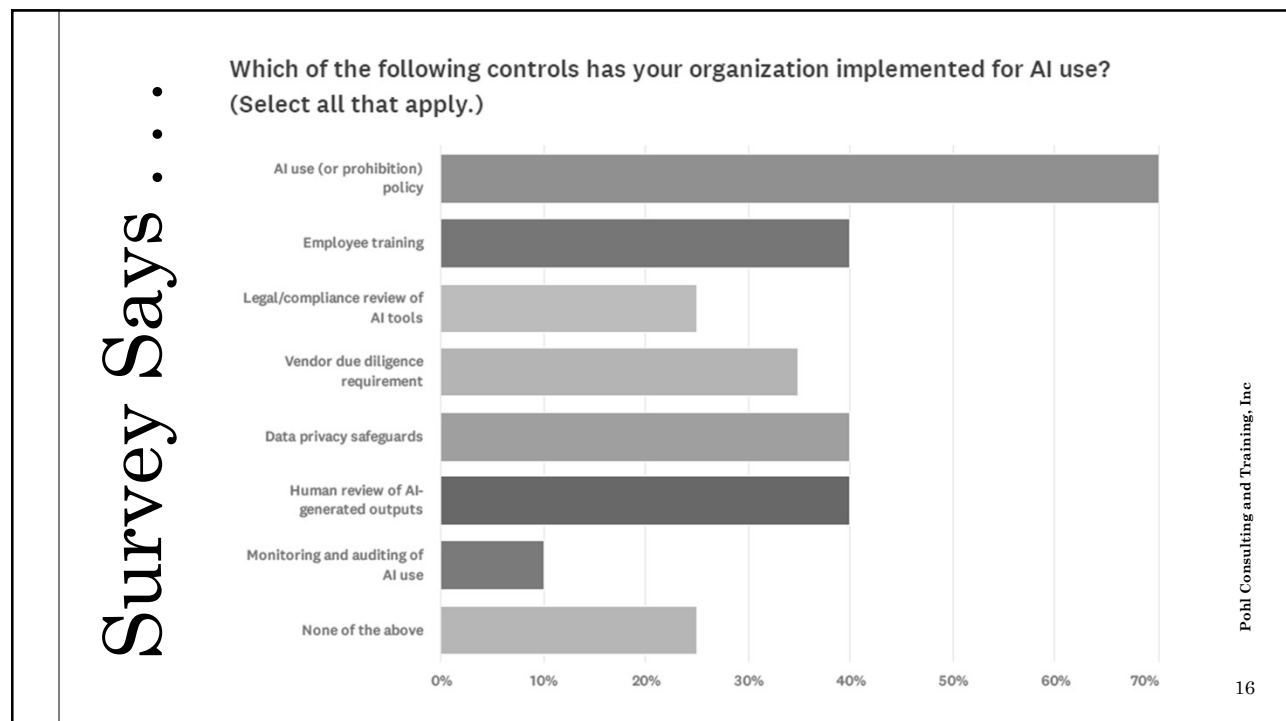
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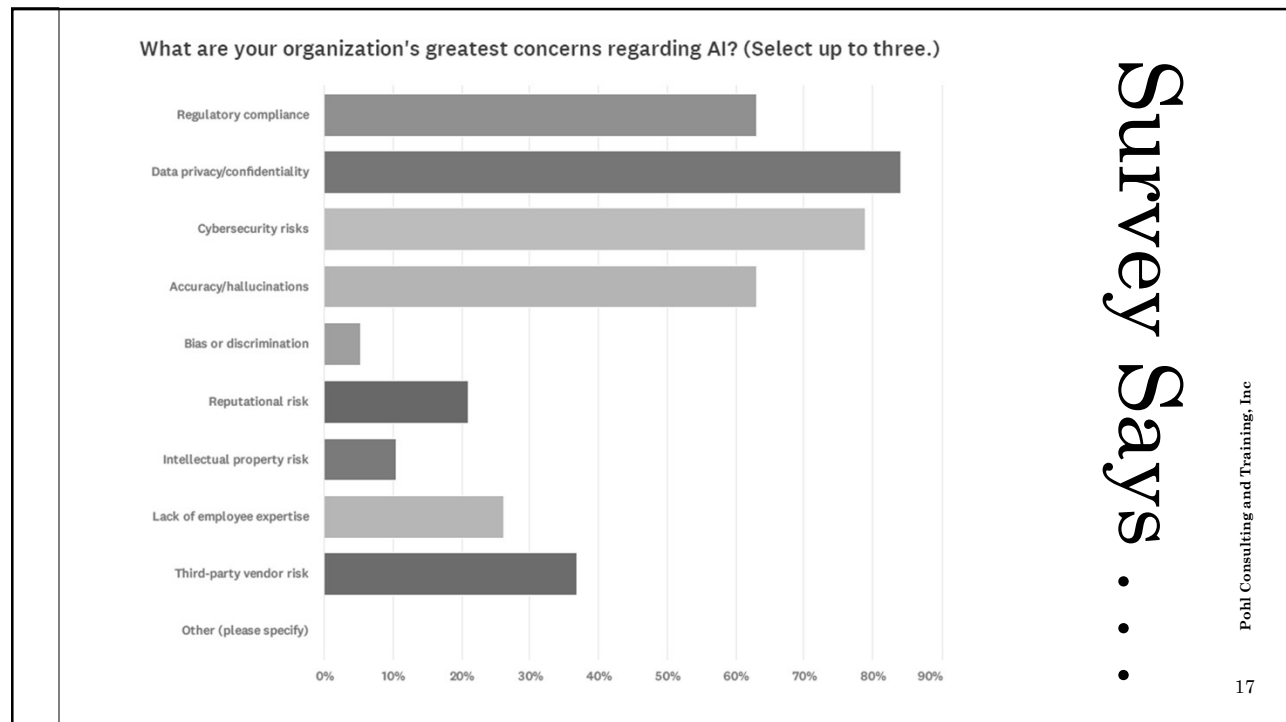
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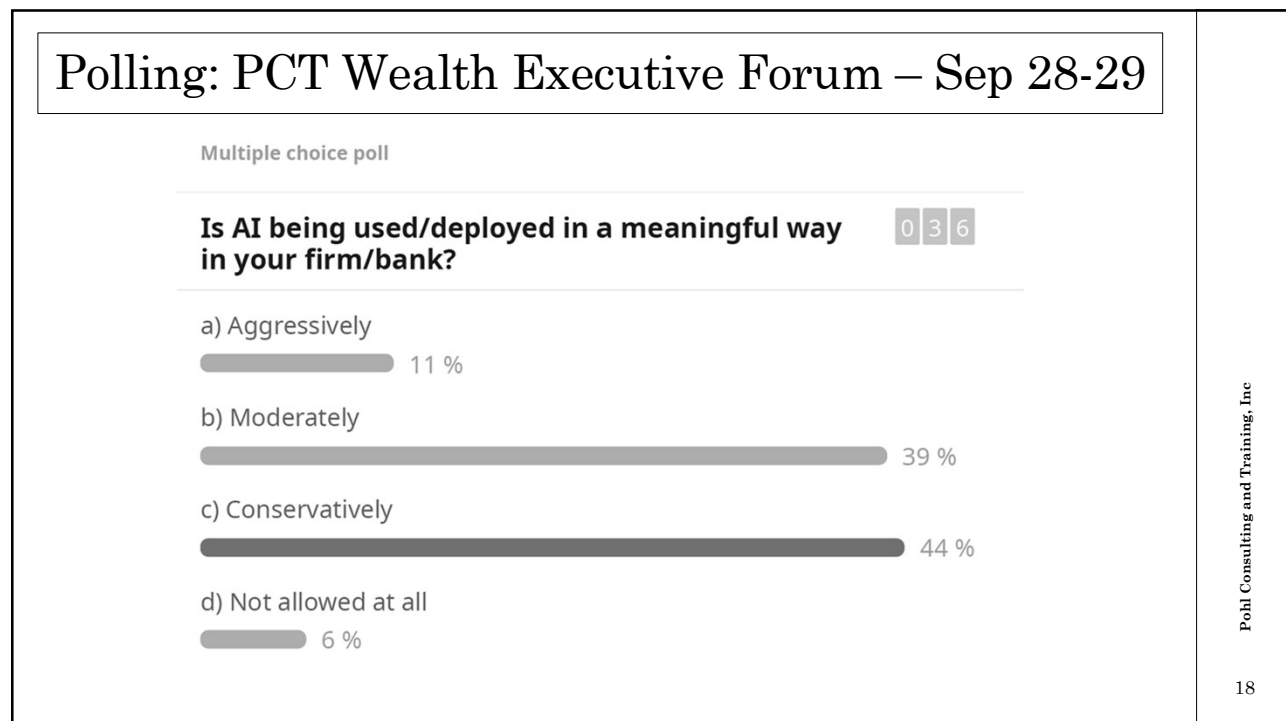
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Polling: PCT Wealth Executive Forum – Sep 28-29

Multiple choice poll

Does your Trust policy address AI usage?

0 3 6

a) Yes



b) No



c) No, but Working on it



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Polling: PCT Wealth Executive Forum – Sep 28-29

Multiple choice poll

Are you using AI for AML/ BSA compliance and transaction monitoring?

0 3 5

a) No



b) Yes: Transaction Monitoring



c) Yes: AML / BSA onboarding



d) Yes: AML / BSA ongoing administration



e) Yes to b-d



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Pohl Consulting and Training, Inc	What AI Thinks Are Regulatory Concerns	
	Area	Regulatory concern
	AI marketing	False or unsubstantiated claims about what an AI system can do
	"AI washing"	Claiming to use AI, or claiming capabilities that don't actually exist
	Bias/discrimination	Claims about whether AI systems are free of racial, gender, or other bias
	Consumer fraud	AI used to facilitate deceptive schemes or misleading business opportunities
	Financial services	Misrepresentations about AI-driven investment or trading
	AI safety	Representations about the reliability or effectiveness of AI-enabled systems
	Privacy/data	How AI systems collect, use, or disclose personal information
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PRESS RELEASES

CSBS Announces AI Supervisory Framework

September 16, 2026 | [Download PDF](#)

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Washington, D.C. – The Conference of State Bank Supervisors (CSBS) today released a new supervisory resource to support state examiners in assessing the use and risks of artificial intelligence (AI) at state-chartered banks and state-licensed nonbank financial institutions. The publicly released framework also helps provide clarity to regulated financial institutions on the general approach, types of questions, and the information that a state examiner may request regarding the institution's AI-based products, services, and tools.

"The use of AI provides a powerful new tool for financial institutions to improve services, protect consumers, and increase operating efficiency. While any new technology can present risks, the CSBS AI Supervisory Framework provides a principles-based approach to governance intended to help financial institutions explore and implement AI with additional confidence," said CSBS President and CEO Brandon Millhorn.

The CSBS AI Supervisory Framework provides state examiners with a discretionary tool to identify and understand AI at financial institutions, assess associated risks, and determine when a deeper review may be appropriate using existing supervisory resources. It is designed to consider each institution's size, complexity, risk profile, and use of AI. The framework is based on leading AI risk management resources, including the National Institute of Standards and Technology's AI Risk Management Framework, the Cyber Risk Institute's Financial Services AI Risk Management

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September 16, 2020

Washington, D.C. – The use of AI provides a powerful new tool for financial institutions to improve services, protect consumers, and increase operating efficiency. While any new technology can present risks, the **CSBS AI Supervisory Framework provides a principles-based approach to governance intended to help financial institutions explore and implement AI with additional confidence,** said CSBS President and CEO Brandon Milhorn.

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September 16, 2020

PRESS RELEASES
CSBS Establishes Artificial Intelligence Advisory Group

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Purpose & Background

- Helps examiners **assess how institutions use AI** and the governance/risk management around that use
- Applies to **both bank and nonbank institutions**
- Applied **proportionately** based on institution's size, complexity, risk profile, and AI usage
- Based on existing public guidance — **does not create new legal/supervisory requirements**
- Examiner judgment** determines depth and focus of review



Artificial Intelligence Supervisory Framework
Core Examiner Guide

Conference of State Bank Supervisors
Version 1.0
Approval Date: August 13, 2020

Guide Contents

- Considerations and Background 2
- Overview 3
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- Third Party and Vendor Review 8
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- Operational Risk Review 8

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Continuum of Risk-Based Supervision
CSBS

Artificial Intelligence Supervisory Framework
Core Examiner Guide

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Initial Scoping

- Use AI? If so, on what?
- Identified AI systems, tools, models, and use cases?
- Customer-facing? Supports/influences decisions?
- 3rd party vendors embedding AI?
- Generative AI / large language models used?
- Use cases are differentiated by risk, impact, or required level of review?
- Customer, consumer, confidential, or sensitive information goes through AI?

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Topics of Examination

- Governance
- Inventory
- Vendor products/services
- Change-management documentation
- Generative AI
- TPRM and model validation/testing/monitoring
- Consumer-facing
- Contract terms
- Audit and compliance

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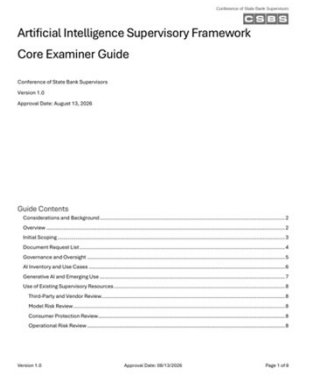
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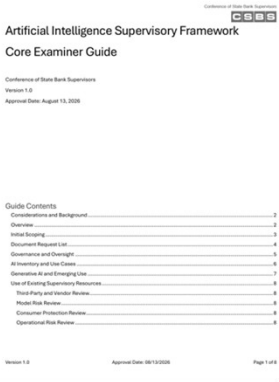
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	<u>Generative AI & Emerging Uses</u> • Distinguish public, private, internally deployed, and vendor-provided GenAI tools • GenAI business purposes • Control data used in GenAI tools • Review and oversight of AI-generated outputs • GenAI risks • Monitor, update, or restrict emerging AI use as capabilities and risks evolve • GenAI with limited human direction?	Pohl Consulting and Training, Inc 27
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<u>Existing Supervisory Resources</u> • TPRM/Vendor Review • Model Risk Review • Consumer Protection Review • Operational Risk Review • Treat AI as integrated with – not separate from – existing risk-management programs • No new legal obligations/supervisory requirements		Pohl Consulting and Training, Inc 28
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AI USE CASE RISK-TIERING WORKSHEET

A tool to help financial institutions and state regulators assess risk in AI use cases

Tier 1 — Low risk	Internal use, human-reviewed outputs, limited consumer impact, limited data sensitivity, and low potential harm from errors or outages
Tier 2 — Moderate risk	Consumer-facing or decision-support role, moderate data sensitivity, exception-based human oversight, or moderate potential harm from errors or outages.
Tier 3 — High risk	Use cases involving direct consumer outcomes, sensitive personal data, limited human review, significant operational reliance, or material potential harm from errors or outages.

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THANK YOU!

Jamie Schupp

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