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Aligning Alliant

Ritchie helps credit union adjust to new regulation in post-financial crisis world

BY ROY STROM

Law Bulletin staff writer

Meredith Emerson Ritchie got her first courtroom experience as an intern at a small radio station in Waukegan.

Covering cases and writing stories from the Lake County Courthouse was a thrill for the Hamilton College junior pursuing a broadcast journalism career in the mid-1980s.

But her first law job — a paralegal for a solo practitioner in Chicago — was a result of the tough reality facing even the most ambitious broadcast journalists: You don't start your career in a big city.

The Chicago legal community provides myriad opportunities, though, and Ritchie has made the most of them.

She has worked in private practice at personal-injury firms, where she also was defense counsel for a Fortune 500 oil company. She's held jobs at the Cook County state's attorney's office and in state government. And she has worked in corporate legal departments including global consulting giant Accenture.

"I would have never predicted 23 years ago out of law school that I'd be doing what I'm doing now," Ritchie said. "But all of the different experiences led up to this. They enabled me to do my job really well right now."

Today, she is vice president, general counsel and chief ethics and compliance officer at Alliant

Credit Union, the Chicago-based financial cooperative that she joined in 2007. Founded in 1935 by United Airlines employees, Alliant has grown to the sixth-largest credit union in the nation with more than \$8 billion in assets and 280,000 member-owners at the end of 2013.

The head of a three-lawyer department, Ritchie is helping the credit union respond to an increase in regulation — which may soon become even more extensive for Alliant — that resulted from the 2008 financial crisis.

And in another high-focus area for financial institutions, Ritchie played a central role preparing Alliant for the impact of any potential cyber crime or data theft.

While credit unions generally are not said to have played much of a role in causing the financial crisis, they nevertheless must respond to the heightened regulatory regime brought on by it.

For Alliant, that means more frequent and in-depth visits by the National Credit Union Association, a federal regulator that provides insurance on deposits similar to what the Federal Deposit Insurance Corp. provides for banks. Alliant's primary regulator on a state level is the Department of Financial and Professional Responsibility.

The NCUA's budget has increased from \$159 million in 2008 to \$268 million for 2014.

"We're up to our eyeballs in



Meredith Emerson Ritchie

Vice President, General Counsel and Chief Ethics and Compliance Officer, Alliant Credit Union

- Location: Chicago
- Size: \$8.2 billion in assets in 2013; 280,000 member-owners
- Law department: Three lawyers
- Age: 49
- Law school: DePaul University College of Law, 1991
- Organizations: Board of managers, The Chicago Bar Association; board of directors, Coalition of Women's Initiatives in Law; member, American Bar Association; vice chairman of the operations subcommittee of the ABA Credit Union Committee; board of directors, Alliant Credit Union Foundation; adviser, The Women, Influence & Power in Law Network
- Interests: Travel, reading (particularly biographies and autobiographies) and speaking French

regulation," said Lee P. Schafer, Alliant's senior vice president for corporate affairs, whom Ritchie reports to. "And a lot of new regulation."

To respond to that increase, Ritchie hired a veteran Securities and Exchange Commission lawyer in January. She also hired an outside compliance agency to supplement Alliant's legal team.

The third-party compliance vendor, PolicyWorks, interacts directly with Alliant employees to review matters such as advertising material for financial products. It frees up Alliant's attorneys to continue working on what Schafer called "highly valued, strategic" legal work.

Ritchie said Alliant's marketing team benefits from fast service while the company's lawyers get a slight reprieve from one of the hallmarks of a small legal team: multiple, varied matters competing for your time.

"You kind of have to be a jack-of-all-trades and be flexible," Ritchie said. "Because we're not all specialized, you have to be ready at a moment's notice to go in another direction."

Another example of the increase in regulation post-2008 is the newly created Consumer Financial Protection Bureau. The regulator directly supervises financial organizations with more than \$10 billion in assets — a number Schafer said Alliant expects to reach in the next three to five years.

Schafer said Ritchie has taken the lead planning for the impact — financial and otherwise — that will result from that new regulatory oversight. One attribute that will help Ritchie in that regard, Schafer said, is her ability to "form powerful relationships" — both with her internal clients and others outside of Alliant, including regulators.

"She is a strong relationship builder and really leverages those relationships," Schafer said.

Ritchie said: "We have an excellent rapport and relationship with our regulators because we've always done things the right way. ... But things are getting more and more complex."

The same can be said in the world of cyber security.

As theft of financial data and personal information becomes more commonplace, Ritchie advised Alliant's management to protect itself with a cyber liability insurance contract.

The contract, which Ritchie said "is really so that people can sleep at night," could reimburse

Alliant for the cost of legal counsel, public relations professionals, member notifications and other expenses associated with member data falling into the wrong hands, often due to hacking.

Ritchie hired Angela R. Elbert — a Neal, Gerber & Eisenberg LLP partner — to negotiate the policy, which has become more popular as cyber breaches like the headline-grabber at Target Corp. affect more individuals.

“For those folks who aren’t yet buying it, they’ll be buying it soon. It’s a very growing market,” Elbert said.

That Ritchie spotted the credit union’s need for such a policy was an example of a strength Elbert pointed out: “She understands the business of her client and protects them zealously,” Elbert said.

Ritchie typically hires outside counsel for “over-the-shoulder” help on specific questions or projects such as the cyber liability policy. While she said Alliant has a minimal amount of

litigation, she recently hired Valorem Law Group on an alternative-fee basis. Valorem received a set monthly payment during the course of the litigation and a bonus for a successful outcome.

“It was really (about) budget (and) wanting to keep costs under control,” Ritchie said of hiring a firm that rejects the billable hour. “And having worked the other way — under a straight hourly (arrangement) — I wanted to try something different. ... I think it ended up being advantageous for them and for us.”

Nicole Nehama Auerbach is a Valorem partner and a founder of the Coalition of Women’s Initiatives — which Ritchie has led in its outreach to law departments. Auerbach represented Alliant in its case seeking coverage over a disputed insurance policy.

Auerbach and the defense agreed to forego depositions, interrogatories and document requests. The parties focused on

getting the federal court’s interpretation of the insurance policy.

“We went from complaint to cross-motions for summary judgment,” Auerbach said, adding the judgment was favorable to Alliant.

“It was on the earlier side of alternative fees being acknowledged or accepted. It showed tremendous foresight and willingness to do things in a different way. They (Alliant) were very proactive in crafting an agreement that would fit their needs for this case.”

Originally from Glencoe, Ritchie attended New Trier High School. After graduating from Hamilton College in upstate New York with a major in comparative literature, she moved to Chicago, choosing to live with a high school friend rather than pursue a broadcast career in a small southern city.

She attended DePaul University College of Law while working as a paralegal and began her legal career with positions at two personal-injury firms.

From there, she became a Cook County prosecutor in the child support enforcement division for three years before moving to the Illinois Department of Public Aid.

After spending four years negotiating contracts to pay for the cost of enforcing child support agreements between some state’s attorney’s offices and the state of Illinois, Ritchie moved to the Illinois Department of Central Management Services. There, she was in charge of overseeing and enforcing government procurement policies.

She came to Alliant in 2007 from Accenture, where she handled government procurement for clients.

One of her favorite aspects of working at Alliant is providing hands-on legal counsel to guide the company’s business strategy.

“Legal counsel today can’t just say, ‘yes or no,’” she said. “You’ve got to say, ‘Here are some other solutions for you. This is the option I like best.’”