



Jorge E. Sirgo Principal

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Education

- M.A., Regulatory Economics, University of Chicago
- B.A., Economics, University of Pennsylvania

Previous Employment

- Navigant Consulting, Inc.
- PricewaterhouseCoopers LLP
- KPMG Peat Marwick LLP, Consultant
- Federal Reserve Bank of Chicago

SUMMARY

Mr. Sirgo has over 12 years' experience providing economic and financial analysis utilizing econometric and statistical methods to address various business applications.

Mr. Sirgo works with clients to estimate the liability from future bodily injury claims. Mr. Sirgo prepares valuations of the population of claims pending against the company to project the cost to settle future claims, evaluate insurance recovery, and estimate reserves.

Mr. Sirgo's experience also includes statistical sampling to draw statistically valid estimates from large volumes of data. Mr. Sirgo has employed various sampling techniques to design, evaluate, and critique statistical samples in the determination of damages and validation of audits.

In addition, Mr. Sirgo has provided banks, thrifts and their non-bank financial services subsidiaries and affiliates with technical and managerial consulting services on a wide range of compliance-related issues relevant to mortgage banking.

PROJECT EXPERIENCE

Product Liability Estimation

- Estimated asbestos-related liabilities for several companies that manufactured, installed and/or distributed asbestos-containing products based on an epidemiological model of disease incidence and historical claims data to evaluate potential insurance recovery, establish reserves, and facilitate settlement discussions.
- Analyzed the claiming information for a population of claimants alleging that a company's products had contributed to lead poisoning. Produced an estimate of the valuation of these claims that formed the basis for the company's settlement.

Statistical Sampling

- Evaluated various sampling designs to evaluate whether or not a mortgage originator's lending practices were fraudulent including suggestions that borrower financial information was misrepresented and/or that unaffordable loans were made.
- Prepared various clients for the depositions of statisticians who have submitted expert reports relying upon statistical sampling techniques.
- Developed statistical sampling designs for litigation and general business consulting, including stratification, sample selection, and extrapolation. These techniques were also used to help companies comply with IRS standards of inventory accounting methods.
- Designed and implemented numerous samples to determine validity of payments for Medicare claims. Sample sizes were chosen using an optimization method that maximizes the accuracy of the study, given a certain cost of sampling. Standard statistical sampling estimators were used to determine dollar amount of claims that were validly paid.
- Designed and implemented several studies of stock basis for the merger of two corporations. In a universe comprising over 100 million shares and more than 20,000 shareholders, designed a statistically based sample to achieve a highly precise estimate with a sample of only 1,200 shareholders.
- Analyzed an audit of a survey for the US Department of Justice to determine the error rate of the Immigration and Naturalization Service in granting citizenship. Designed a stratified sample of the more than 1 million people who became citizens to determine what percentage were granted citizenship despite being statutorily barred.

Mortgage Banking Compliance-Related Issues

- Assessed the model used by a government-sponsored enterprise for estimating its general reserves. Part of the validation analyses of the institution's loan loss reserving methodology involved the review and assessment of its risk rating methodology. Offered specific recommendations for improvements in implementing the model and strengthening

controls.

- Provided technical and analytical support to the development of a Responsible Lending Risk Management Program for a large national mortgage lender. Assisted the Responsible Lending business unit with on-site due diligence reviews, reviewed and assessed their testing for federal and state high-cost lending compliance of its originating lenders.
- Performed model validation of a major mortgage lender's prepayment, retention, and model as part of a company-wide initiative to validate key models used for asset valuation and risk management. Identified key model risks associated with the lender's development and implementation of its models based on: (1) industry-accepted guidance; (2) general professional standards associated with model development, model maintenance, and model controls; and (3) a general understanding of model development and maintenance processes, and model controls, employed by other financial institutions. Offered specific recommendations to management to reduce/mitigate apparent model risks.
- Assisted with a fair lending compliance self-assessment for an originator of residential mortgage loans. Closely scrutinized the statistical validity of the lender's analysis of loan pricing, and assessed the scope, design, and effectiveness of the lender's current fair lending testing program relative to: (1) its compliance risk management objectives; (2) Interagency Fair Lending Examination Procedures; and (3) the fair lending testing programs of other lenders.
- Evaluated loan origination data to identify loans that do not conform to state high-cost laws and regulations. Calculated the refund that would cause these loans to no longer meet the criteria for a high-cost home loan under the state law or regulation.
- Designed a forensic review of several hundred loan files to identify potential indicia of fraud, violations of regulations or other wrong-doing. In addition to evaluating underwriting related issues, conducted a comprehensive review of mortgage pricing practices and targeted appraisal integrity reviews.

Econometric / Statistical Modeling

- Provided extensive econometric assistance for a fair lending discrimination class action lawsuit filed in federal district court. The allegations involved a leading national mortgage lender and involved more than 6 million borrowers.
- Performed a fair lending due diligence investigation that included the statistical analyses of loan underwriting decisions and loan pricing. These analyses enabled a bank considering the acquisition of one of the largest US mortgage brokers to identify whether or not disparate treatment issues were present.
- Analyzed loan origination data to assess steering risk factors for a leading national mortgage lender. Constructed an econometric model to investigate significant differences in the distribution of protected vs. non-protected class applicants in FHA loans vs. conventional loans controlling for borrowers with similar profiles.
- Maintained and updated a quarterly-based retail price monitoring system for a major mortgage lender. Modified statistical models that control for legitimate factors that may contribute to observed outcome differences, and produced automated testing for significance of any unexplained pricing disparities.
- Performed statistical analyses for a dispute involving the counts of collectable coins obtained from mint-sealed bags. Analyses included the critique of opposing experts and the development of original support for the client.
- Completed economic and statistical analyses to determine whether a bank's subsidiary's policies and practices resulted in racial disparities in the cost of mortgage credit paid to the subsidiary.
- Constructed an econometric model to carry out an evaluation of disparate treatment of protected classes with respect to loan underwriting from several banks within the Seventh District of the Federal Reserve System.

PUBLICATIONS

“Forecasting Mesothelioma: Improvements in the Nicholson Methodology Are Better Predictors of the Recent Past,” with Jessica Horewitz. *John Liner Review*, Vol. 23 No. 1. Spring 2009.

“Choosing Among Statistical Estimators,” with Jessica Pollner and Laura Schweitzer. *Compliance Today*, Volume 3, Number 5, May 2001.

“Achieving Meaningful Audit Results Despite Insufficient Sample Size,” with Jessica Pollner and Laura Schweitzer. *Report on Medicare Compliance*, Volume 10, Number 17, May 17, 2001.

“Evaluating RAT-STATS,” with Jessica Pollner and Laura Schweitzer. *Today’s Corporate Compliance*, Volume 2, Number 9, September 2000.