



Paul Felsch

FORMER CHIEF COMPLIANCE OFFICER
EDWARD JONES MUTUAL FUNDS

MORE ABOUT ME

What is the most interesting thing about you?

I have a Master of Fine Arts in creative writing, and when I'm not working, I enjoy reading, fishing, and snowboarding. I also played lacrosse a little in college and continue to play and coach the sport.

What would you love to learn to do?

Speak French. I took it in grade school and high school, and when I enrolled in it my freshman year of college, I despised the professor and gave up. It's one of my biggest regrets.

Q&A

THE SECRET SAUCE OF COMPLIANCE

What is your secret sauce for compliance?

Having a mindset of how mitigating risk and allowing the business to thrive don't have to be in conflict with one another. I think the role of Compliance is to help the company achieve its mission and purpose, and it does that by being the organization's designated point of consciousness for regulatory and ethical mindsets. Compliance is no doubt everyone's responsibility and should be top of mind for everyone. But the business also needs to be freed up to do its best thinking on its work, with Compliance helping the first-line-of-defense navigate an increasingly complex set of regulatory and ethical considerations that, if managed poorly, could jeopardize the company's mission.

What makes a GREAT compliance leader?

Listening! To direct reports. To people up-the-chain. To first-line peers and colleagues. To independent boards or auditors. To regulators. To colleagues.

Truly listening to what someone is saying and taking the Atticus Finch approach of really trying to put yourself in someone else's position to understand where they're coming from. So much can come from that — new information or ideas, affirmed ideas, or just basic strengthening of a relationship for the long term when people feel you've taken the time to understand them.

What is the work achievement that you're most proud of?

Two years into my time at Edward Jones, I was tasked with creating a comprehensive compliance program for Jones' first proprietary mutual fund, which included policies, procedures, and processes covering SEC, FINRA, IRS, and PATRIOT Act rules and regulations; as well as third-party compliance due diligence processes and frameworks and corresponding independent board reporting.

I had zero experience in these spaces and was just expected to figure it out. And I did (with the help and partnership of a lot of terrific people and organizations along the way). With that framework, we launched one fund at \$5B in AUM back in 2013, and the complex grew to a scale 12 funds with \$160B AUM and over 50 third-party service providers over the next 8 years, with multiple clean SEC exams along the way and \$1B+ in savings passed onto clients.

What does it mean to be an ethical company in 2022?

It means asking not just "can we do this?" but perhaps more importantly "should we do this?" And not just in regulated spaces. Ethics, in my view, really ought to permeate all aspects of an organization's culture and how an organization's people interact with one another and their customers. I think that means in the most basic and routine of ways and in the most ordinary of interactions, not just those that could get an organization into legal or regulatory trouble.

The challenges of a compliance officer are never-ending – how do you stay motivated?

At least in the compliance space, I've always felt like there's a cool angle to most things. Even the most seemingly mundane of tasks or projects I think can have a neat dimension to them if they're looked at in the right way. Sometimes that's not an easy sell to others, but it's what I use to motivate myself if I need a little boost.

Is technology and automation the answer to the understaffed compliance team?

Not necessarily. I think technology and automation can solve a lot, of course. So much of compliance work is logic-based, and when I think logic, I think mechanics, and when I think mechanics, I think machine/technology/etc. But at least right now, I'm not aware of any technology and automation that can replace fundamental human judgment and the real value compliance professionals bring -- which is being able to operate "in the grey" and work with people. So if you have a compliance staff that is just constantly being faced with a lot of tough, substantive decisions where the answers aren't clear, or if you just have underlying bad processes, technology or automation may not get you anywhere.

Why did you decide a career in compliance was right for you?

I love how compliance requires you to operate at all elevations in an organization, from the lofty and strategic to the technical and in-the-weeds. I also love how compliance requires you to understand all aspects of an organization — ops, BCP, cyber, product & service development, finance, legal, etc. You then throw in all of the relationships you have to navigate — it really seemed like a dynamic area to be in, and I think it can be overlooked or underrated as a place to find a career or evolve a career from.

THE RESULTS ARE IN

On LinkedIn we asked:

Employee retention is a key focus for a lot of companies this year - how is yours tackling the issue?

Above normal salary increases	10%
Additional bonuses	19%
Expedited promotions	4%
No change	67%

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