Comptroller's Report of Operations—FY 2002

Contents

Comptroller of the Currency

The Office of the Comptroller of the Currency (OCC) is responsible for the licensing, regulation and supervision of all of the nation's federally chartered (national) banks. The OCC promotes a safe and sound banking system by requiring that national banks adhere to sound banking and management principles and that they comply with the law. The OCC's mission is carried out through a nationwide staff of bank examiners and other professional and support personnel who examine and supervise national banks and federally licensed branches and agencies of foreign banks. As of December 31, 2002, there were about 2,100 national banks and 51 federal branches and agencies, representing about 26 percent of the number of all insured commercial banks in the United States and 55 percent of the total assets of the banking system.

The Comptroller also serves as a director of the Federal Deposit Insurance Corporation, the Federal Financial Institutions Examination Council, and the Neighborhood Reinvestment Corporation.

The Comptroller's personal staff directs, coordinates, and manages the day-to-day operations of the Comptroller's office; oversees projects of special interest to the Comptroller; and serves as liaison with OCC staff and the staffs of other regulatory agencies.

Executive Committee

The OCC's Executive Committee provides advice and counsel to the Comptroller in managing the operations of the agency, and the Committee approves policy and project initiatives and the associated use of agency resources. The Executive Committee is comprised of the:

- Comptroller;
- First Senior Deputy Comptroller and Chief Counsel;
- Senior Deputy Comptroller and Chief National Bank Examiner;
- Senior Deputy Comptroller for Large Bank Supervision;
- Ombudsman;
- Senior Deputy Comptroller for Mid-Size/Community Bank Supervision;
- Senior Deputy Comptroller for International and Economic Affairs;
- Senior Deputy Comptroller for Management and Chief Financial Officer;
- Chief of Staff and the Senior Deputy Comptroller for Public Affairs (acting); and
- Chief Information Officer.

First Senior Deputy Comptroller and Chief Counsel

In 2002, the first senior deputy comptroller and chief counsel (chief counsel) continued the function of advising the Comptroller on legal matters arising from the administration of laws, rulings, and regulations governing national banks. The chief counsel was responsible for directing the legal functions in and for the OCC, including writing and interpreting legislation; responding to requests for interpretations of statutes, regulations, and rulings; defending the Comptroller's actions challenged in administrative and judicial proceedings; supporting the bank supervisory efforts of the office; and representing the OCC in all legal matters. These duties were carried out through two deputy chief counsels and two assistant chief counsels. The deputy chief counsels were responsible for overseeing Administrative and Internal Law, Bank Activities and Structure, Community and Consumer Law, Enforcement and Compliance, Legislative and Regulatory Activities, Litigation, Securities and Corporate Practices, and the six district counsels.

The chief counsel in 2002 advised the Comptroller on policy matters involving corporate activities and had responsibility for overseeing the OCC's licensing functions. The Comptroller delegated authority for deciding all corporate applications, including charters, mergers and acquisitions, conversions, and operating subsidiaries of national banks, to the chief counsel. These responsibilities were carried out through the deputy comptroller for Licensing, the Licensing Operations division, with licensing units in each of the OCC's six district offices, and the Licensing Policy and Systems division.

The chief counsel also advised the Comptroller on matters involving community affairs and had responsibility for overseeing the OCC's community affairs activities, including approval of national bank community development investments. These responsibilities were carried out through the deputy comptroller for Community Affairs, the Community Development division, the District Community Affairs division, and the Outreach and Information Management division.

Chief of Staff and Senior Deputy Comptroller for Public Affairs (Acting)

Along with his duties in direct support of the Comptroller, the chief of staff is responsible for overseeing the Web Content unit, Program and Management Accountability division, and the Workplace Fairness and Alternative Resolutions division.

In addition the chief of staff serves as the acting senior deputy comptroller for Public Affairs, who is responsible for overseeing internal and external communications activities. The senior deputy comptroller is charged with bringing an external perspective to agency issues and works closely with the senior agency officials to identify issues and activities that need to be communicated inside and outside the agency. In addition, the senior deputy comptroller provides advice and counsel to the Comptroller and executive committee on media relations and communications activities and policies.

Specific responsibilities of the senior deputy comptroller for Public Affairs include the following: overseeing regular outreach efforts to foster and develop relationships with the constituencies involved in banking; tracking legislative developments and responding to congressional inquiries and requests for support; directing the preparation and dissemination of information to help bankers, examiners, community organizations, and the general public understand the national banking system, the OCC's supervisory activities, and related issues; ensuring fair and easy access to the agency's public information; coordinating internal communications; and managing news media relations for the agency.

Senior Deputy Comptroller and Chief National Bank Examiner

The senior deputy comptroller and chief national bank examiner is responsible for formulating and disseminating the OCC's supervision policies to promote national banks' safety and soundness and compliance with laws and regulations. The department issues policy, guidance, and examination procedures related to national banks' asset management, bank technology, capital markets, credit, and consumer and community compliance activities. The department also assists in providing specialized training and examination support to OCC examiners. The senior deputy and chief national bank examiner is responsible for coordinating OCC participation in Federal Financial Institutions Examination Council (FFIEC) activities and its task forces.

Senior Deputy Comptroller for International and Economic Affairs

The senior deputy comptroller for International and Economic Affairs is responsible for managing the agency's economic research and analysis program; providing expert advice to examiners in the assessment of banks' risk measurement methods; providing model development and support for bank supervision work; providing policy advice based on economic analysis and research on the risks in the banking industry; maintaining and developing capital regulations and interpretations; assessing international banking risks; and formulating policies and procedures for the supervision and examination of federal branches and agencies of foreign banks. The senior deputy comptroller is responsible for coordinating OCC participation on the Basel Committee on Banking Supervision. These activities are carried out through the International Banking and Finance, Financial Analysis, Capital Policy, Risk Analysis, and Policy Analysis divisions.

Senior Deputy Comptroller for Large Bank Supervision

The senior bank comptroller for Large Bank Supervision is responsible for examinations and other supervision activities in the largest national banks and in the OCC's London office. This position was established effective October 2001. Specific responsibilities of the senior deputy comptroller for Large Bank Supervision include directing programs for the examination and regulation of large national banks to promote the continuing existence of a safe, sound, and competitive national banking system. The senior bank comptroller for Large Bank Supervision is responsible for directing the examination, supervision, and analysis of the largest national banks, which account for about 83 percent of the nation's national banking assets.

Senior Deputy Comptroller for Management and Chief Financial Officer

The senior deputy comptroller (SDC) for Management and chief financial officer is responsible for efficiently and effectively deploying the management functions of the OCC. In this capacity the SDC is assisted by deputy comptrollers that oversee the functional areas of Workforce Effectiveness, Financial Management, Management Services, and Continuing Education. In 2002, the SDC focused on continuing efforts to strengthen OCC's financial management and internal controls and modernize OCC's financial management and related systems.

Senior Deputy Comptroller for Mid-Size/Community Bank Supervision

The senior deputy comptroller for Mid-Size/Community Bank Supervision is responsible for examinations and other supervision activities in the OCC's six districts, the Supervision Operations and Special Supervision/Fraud departments, and the newly formed Mid-Size and Credit Card Bank Supervision department. The senior deputy comptroller for Mid-Size/Community Bank Supervision is also a member of the OCC's Committee on Bank Supervision, which oversees the Compliance and Technology department. Specific responsibilities of the senior deputy comptroller for Mid-Size/Community Bank Supervision include directing programs for the examination and regulation of nationally chartered mid size banks, credit card banks, community banks, and federal branches of foreign banks to promote the continuing existence of a safe, sound, and competitive national banking system. The senior deputy comptroller for Mid-Size/Community Bank Supervision was responsible during 2002 for directing the examination, supervision, and analysis of about 2,100 national banks and about 52 federal branches and agencies of foreign banks in the United States accounting for about 56 percent of the nation's banking assets. Supervision of national trust companies, bank data processing servicers, and bank data software vendors is also the responsibility of the senior deputy comptroller for Mid-Size/Community Bank Supervision.

Chief Information Officer

As the senior Information Technology (IT) official, the chief information officer (CIO) is the advisor to the OCC executive staff regarding IT investments and solutions, and their impact on business programs and goals. The CIO has primary responsibility to direct, manage, and maintain the agency's technology infrastructure and information systems. As the co-chair of the Investment Review Board, the CIO oversees the Capital Planning Program. She recommends and provides oversight for the agency's capital investments to ensure that cost, schedule, and performance are on target and that projects are vital to the agency's mission and strategic objectives.

As a member of the Treasury CIO Council, the CIO represents the OCC on all IT issues and has a working/liaison relationship with the Office of Management and Budget on the IT-related portions of the President's Management Agenda. The CIO has also maintained partnerships with other federal financial regulators to ensure OCC's technology architecture continues to support consistency and best practices in infrastructure, security, customer service, data management, and information systems development.

The CIO and IT staff have working relationships with other Treasury bureaus and federal agencies and serve on committees that investigate, develop and provide technology solutions that enable financial economies of scale and efficiency of services for the OCC. The IT staff has developed strong standards and guidance to continue to implement technology solutions to meet the legislative and regulatory mandates in support of the examination and supervision of national banks. The IT staff supports more than 200 OCC systems and oversees the agency's technology infrastructure.

Ombudsman

The ombudsman is responsible for overseeing the national bank appeals process and the Customer Assistance Group. The national bank appeals process allows national banks to seek further review of disputes that the bank and the supervisory office cannot resolve through informal discussions. The Customer Assistance Group reviews and processes complaints received from customers of national banks. The ombudsman also acts as liaison between the OCC and anyone with unresolved problems in dealing with the OCC regarding its regulatory activities.

Office of the First Senior Deputy Comptroller and Chief Counsel

In 2002, the first senior deputy comptroller and chief counsel (chief counsel) continued the function of advising the Comptroller on legal matters arising from the administration of laws, rulings, and regulations governing national banks. The chief counsel was responsible for directing the legal functions in and for the OCC, including writing and interpreting legislation; responding to requests for interpretations of statutes, regulations, and rulings; defending the Comptroller's actions challenged in administrative and judicial proceedings; supporting the bank supervisory efforts of the office; and representing the OCC in all legal matters. These duties were carried out through two deputy chief counsels and two assistant chief counsels. The deputy chief counsels were responsible for overseeing Administrative and Internal Law, Bank Activities and Structure, Community and Consumer Law, Enforcement and Compliance, Legislative and Regulatory Activities, Litigation, Securities and Corporate Practices, and the six district counsels.

The chief counsel in 2002 advised the Comptroller on policy matters involving corporate activities and had responsibility for overseeing the OCC's licensing functions. The Comptroller delegated authority for deciding all corporate applications, including charters, mergers and acquisitions, conversions, and operating subsidiaries of national banks, to the chief counsel. These responsibilities were carried out through the deputy comptroller for Licensing, the Licensing Operations division, with licensing units in each of the OCC's six district offices, and the Licensing Policy and Systems division.

The chief counsel also advised the Comptroller on matters involving community affairs and had responsibility for overseeing the OCC's community affairs activities, including approval of national bank community development investments. These responsibilities were carried out through the deputy comptroller for Community Affairs, the Community Development division, the District Community Affairs division, and the Outreach and Information Management division.

Assistant Chief Counsel

The assistant chief counsel responsible for electronic banking issues coordinated the legal work in OCC on those issue. He provided counsel on electronic bank activities including consulting services, security of bank systems, use of service providers, the establishment and control of relationships with third parties, and data processing services. The assistant chief counsel also assisted in developing and implementing the OCC's Continuity of Management Plan; participated in the establishment and issuance of regulations and supervisory policy related to Internet banking and e-commerce; and spoke at various seminars, conferences and courses on electronic banking issues.

The assistant chief counsel responsible for privacy issues provided counsel on legal and operational issues relating to the privacy rules implementing Title V of the Gramm-Leach-Bliley Act, as well as provisions of the Fair Credit Reporting Act. The assistant chief counsel worked closely with supervision to develop appropriate responses to violations found in the initial round of privacy notices and detected during the first round of examinations. The assistant chief counsel participated in interagency working groups on a number of privacy-related issues: formulating a new proposed rule on affiliate-information sharing under the FCRA; providing guidance to banks on identity theft issues; assisting the Department of the Treasury in designing and drafting a privacy study mandated by Title V of the Gramm–Leach–Bliley Act; assisting the Department of the Treasury in formulating a response to the European Union privacy directive as applied to US financial institutions; and crafting consistent responses to written and verbal inquiries to the agencies about the application of the privacy rule. The assistant chief counsel represented the agency in panel discussions at a number of seminars and conferences on financial privacy.

Law Department

1. Administrative and Internal Law Division

The Administrative and Internal Law division (AIL) has specialized experience in a number of legal areas associated with the OCC's administrative functions, including equal employment opportunity, compensation and benefits, personnel matters, labor relations, acquisitions and procurement, leasing, licensing agreements, finance, travel, the Freedom of Information Act, the Privacy Act of 1974, information, and ethics. AIL provides legal advice in these areas to units throughout the OCC. The division, in conjunction with the district legal staffs, also administers the OCC's ethics program and the law department's attorney recruiting program. In 2002, the Department of the Treasury recognized the OCC's ethics program as one of the best in the Department. Among other things, the division also provided legal advice on the establishment of the on-line corporate application process and on district restructuring, made presentations on the Americans with Disabilities Act and various labor relations issues, and drafted a white paper on establishing internal record systems.

2. Bank Activities and Structure Division

The Bank Activities and Structure division (BAS) provides legal advice on corporate structure matters such as chartering national banks, branching, main office designations and relocations, operating subsidiaries, financial subsidiaries, and investments in other entities, mergers and acquisitions, interstate operations, management interlocks, and changes in bank control. The division also advises on issues relating to general bank powers and activities, electronic banking, special purpose banks, lending limits, leasing activities, loans to insiders, affiliate transactions, bank premises, other real estate owned, and problem banks. These questions arise under banking laws such as the National Bank Act, Gramm–Leach–Bliley Act, Riegle–Neal Interstate Banking and Branching Efficiency Act, Federal Reserve Act, Federal Deposit Insurance Act, FDIC Improvement Act, Bank Holding Company Act, Bank Merger Act, Change in Bank Control Act, Depository Institution Management Interlocks Act, the Financial Institutions Reform, Recovery, and Enforcement Act, and others.

BAS provides legal advice and service on these topics to clients within the OCC, such as Licensing, Large Bank Supervision, Mid-Size/Community Bank Supervision, units supervised by the Chief National Bank Examiner, International Banking and Finance, and Special Supervision/Fraud. It also provides advisory services to national banks, the banking bar, other banking regulators, and the public. In developing its legal positions, the division works closely with other Law Department units, including the OCC's district legal staffs.

Highlights of BAS work in 2002 included drafting a summary of the Federal Reserve's newly issued Regulation W governing affiliate transactions for the use of OCC examiners; making panel presentations at an OCC Law Department continuing legal education program; providing legal advice to Licensing Policy & Systems on revisions to various booklets of the *Comptroller's Licensing Manual*; providing legal assistance for issuance of a revised edition of *A Guide to Tribal Ownership of a National Bank*; and working with Licensing Policy and Systems to develop licensing applications for branches and main office relocations that can be submitted electronically. Legal opinions were issued on diverse topics including finder activities, the OCC's pilot lending limit program under 12 CFR 32.7 and other lending limits questions, providing of credit card loss notification and credit monitoring services as activities that are incidental to banking, and purchasing transferable state tax credits. In addition, the division spent a significant amount of time providing legal support for the supervision and resolution of problem banks.

3. Community and Consumer Law Division

The Community and Consumer Law division (CCL) is responsible for providing legal interpretations and other advice on matters relating to consumer protection, the fair lending laws, and community reinvestment. CCL also is responsible for providing legal advice on issues relating to national bank community development investments, including investments in community development corporations. CCL also participates actively in numerous internal and interagency working groups and task forces relating to consumer compliance, community development, and similar issues.

The division advises other units within the OCC, including Licensing, Compliance Operations, Community Development, Congressional Liaison, and examination staff, on issues arising under such laws as the Truth in Lending Act, the Electronic Fund Transfer Act, the Expedited

Funds Availability Act, the Equal Credit Opportunity Act, the Community Reinvestment Act, and the National Bank Act. In addition, CCL prepares and reviews a wide range of written materials, including regulations, memoranda, correspondence, legislation, decisions on corporate applications, speeches, Congressional testimony, OCC issuances, enforcement documents, and examination procedures.

In 2002, the division focused considerable attention upon OCC enforcement of the Federal Trade Commission Act's prohibition against unfair or deceptive acts or practices. CCL prepared an advisory letter to national banks on unfair or deceptive practices, and provided legal support to enforcement actions that alleged violations of this prohibition. The division also provided legal support to other enforcement activities that raised fair lending or consumer protection issues, including matters involving payday lending operations. Similarly, CCL provided legal advice and assistance on a number of Licensing matters raising Community Reinvestment Act, fair lending, or consumer protection concerns, as well as charter proposals for community development banks, and continued to support ongoing regulatory projects relating to the Fair Credit Reporting Act, the Community Reinvestment Act, and other laws, including National Bank Act provisions authorizing public welfare investments. The division also prepared a number of OCC bulletins to apprise national banks and examiners of developments under consumer protection laws such as the Truth in Lending Act, the Home Mortgage Disclosure Act, the Home Ownership and Equity Protection Act, and the Real Estate Settlement Procedures Act.

4. Congressional Liaison Division

The Congressional Liaison division is responsible for the OCC's relations with members of Congress, and congressional committees, subcommittees, and staff.

The division provides analysis and advice to the Comptroller and senior OCC policymakers on congressional activities that affect or could affect the OCC, the national banking system, or the financial services marketplace. It also offers guidance on potential congressional reaction to OCC actions.

As part of its responsibilities, the division maintains regular contact with congressional members, committees, subcommittees, and staff to promote effective communication and ensure that OCC's interests are represented.

The division is the focal point of congressional inquiries, including requests for testimony, staff studies, or other support. It assists in the preparation of testimony, comments, briefings, and staff studies relating to congressional actions, as well as responses to constituent inquiries. The division provides any other necessary liaison and information services relating to congressional and legislative matters.

5. District Counsel

In addition to its Washington attorneys, the law department includes a district counsel and legal staff in each of the OCC's six district offices. Each district counsel's staff consists of four to six attorneys plus support personnel. The district counsel and their attorneys serve as the OCC's frontline legal advisors, working directly with bank examiners in the field, assistant deputy comptrollers in Bank Supervision Operations, district licensing staff, and the district deputy comptrollers. District attorneys also advise large- and mid-size-bank examination teams and deputy comptrollers for the large and mid-size banks within the same geographic areas. They advise these clients on virtually the entire spectrum of banking law issues, frequently dealing with questions that arise during bank examinations and require prompt resolution. District attorneys also respond to telephone and written inquiries from banks, the banking bar, and the general public. During 2002, district attorneys frequently provided advice to banking companies on the most significant aspects of the national bank charter and how particular structures or transactions could be undertaken to solve operational, legal, or financial obstacles to the lawful exercise of the powers of a national bank or to better service customers in particular markets.

District attorneys provide legal support on all types of enforcement matters, including informal and formal agency actions against banks, individuals, and other institution-affiliated parties. District attorneys often serve with Washington attorneys on working groups on particular topics, and work jointly with Washington attorneys on complex assignments that arise in their districts. In addition, the district legal offices administer the OCC's ethics and financial disclosure requirements for their respective district and Large Bank teams, conduct legal training programs for examiners, and speak to bankers at district and Large Bank outreach meetings. During the first three quarters of 2002, the district counsel offices prepared a variety of significant enforcement actions, corporate opinions, and legal advisory letters.

6. Enforcement and Compliance Division

The Enforcement and Compliance (E&C) division, in conjunction with the districts, conducts investigations, recommends administrative actions, and litigates those actions on behalf of the OCC in administrative proceedings. E&C is responsible for nondelegated actions against banks, bank insiders, and other institution-affiliated parties, while the OCC's districts are responsible for delegated actions. E&C may defend these actions if they are challenged in U.S. courts of appeals. E&C also defends challenges to temporary cease-and-desist orders and suspensions that have been filed in district court.

The division provides advice on enforcement and compliance issues to senior OCC officials. In conjunction with the offshore banking and fraud unit in the Special Supervision/Fraud division, E&C issued a total of ten alerts from January 1, 2002 to September 30, 2002. E&C also supports criminal law enforcement agencies by, for example, working closely with the interagency Bank

Fraud Working Group (BFWG), chaired by the Department of Justice (DOJ), and participating in OCC's National Anti-Money-Laundering Group. The OCC continued to participate in a number of interagency groups focused on combating money laundering, including the Bank Secrecy Act Advisory Group.

From January 1, 2002, to September 30, 2002, the OCC issued nine cease-and-desist orders against individuals and other institution-affiliated parties, including four restitution orders. During that same period, the OCC assessed 40 civil money penalties (CMPs) against individuals, totaling $294,000, and issued 14 letters of reprimand and 83 supervisory letters to bank insiders. In addition, the OCC issued 24 removal and prohibition orders.

From January 1, 2002, to September 30, 2002, the OCC issued 17 cease-and-desist orders and assessed one civil money penalty against banks. In addition, the OCC issued 37 formal agreements, 19 memoranda of understanding, and eight commitment letters against banks. The OCC also issued two temporary cease-and-desist orders and issued three prompt corrective action directives pursuant to 12 USC 1831o. A comprehensive listing and description of the noteworthy formal enforcement actions taken by the OCC in the first half of 2002 appears in the September issue of the *Quarterly Journal*, "Special Supervision/Fraud and Enforcement Activities." For July 1, 2002, to September 30, 2002, see the same section below in this issue. In addition, E&C continued its Fast Track Enforcement Program (initiated in 1996), which helps ensure that bank insiders and employees who have committed criminal acts involving banks, but who are not being criminally prosecuted, are prohibited from working in the banking system. From July 1, 2002, to September 30, 2002, the Fast Track program resulted in 14 prohibition orders, two of which included restitution orders.

7. Legislative and Regulatory Activities Division

The staff of the Legislative and Regulatory Activities division (LRA) is responsible for the following areas of the law department's work: drafting the OCC's regulations, providing legal support for the agency's legislative work, providing legal advice on international banking issues relating to foreign banks' operations in the United States and the foreign operations of national banks, preparing legal opinions on the applicability of state law to national banks, and providing legal advice on issues relating to national banks' regulatory capital requirements.

Significant regulations issued by the OCC through the end of fiscal year 2002 include a final rule pertaining to the electronic activities of national banks, which facilitates national banks' use of new technologies to conduct business. The rule includes provisions addressing national banks' exercise of their federally authorized powers—including the power to act as finder--through electronic means; the location, for purposes of the national banking laws, of a national bank that engages in activities through electronic means; and the disclosures required when a national bank provides its customers with access to other service providers through hyperlinks in the bank's Web site or other shared, electronic "space."

The OCC also issued a final rule a final rule establishing consumer protection and safety and soundness requirements for debt cancellation contracts and debt suspension agreements. The regulation codifies the OCC's longstanding position that these arrangements are permissible banking products. It establishes safeguards and standardized disclosure requirements designed to protect against consumer confusion. It also prohibits certain potentially abusive potentially abusive practices and establishes certain safety and soundness standards for national banks that offer these products.

The division's legislative work included extensive analysis of the effect of the Sarbanes–Oxley Act of 2002 on national banks. This new law includes provisions that are designed to improve the corporate governance, financial disclosures and auditing relationships of companies, including banking organizations, that have a class of securities registered or that are required to file reports under the Securities Exchange Act of 1934.

In the international area, LRA participated in preparing a Joint Agency Statement on Parallel-Owned Banking Organizations. The statement, which was issued together with the Federal Reserve Board, the FDIC, and the OTS, discusses the characteristics of parallel-owned banking organizations, reviews potential risks associated with these banking organizations, and sets forth the agencies' approach to supervision of those risks. It also provides information on the licensing process for proposals involving parallel-owned banking organizations. In addition, we assisted in the preparation of the Basel Electronic Working Group's October 2002 paper "Management and Supervision of Cross-Border Electronic Banking Activities." The paper identified banks' risk management responsibilities with respect to cross-border electronic banking and contained refinements to the risk management principles concerning these responsibilities.

In fiscal year 2002, LRA worked on a number of projects designed to clarify either the scope of permissible national bank activities or the extent to which various types of state laws apply to national banks and their subsidiaries. The former category included preparing letters concluding that certain fees charged by particular national banks, including so-called "on us" check cashing fees and not sufficient funds (NSF) fees satisfied the requirements of the OCC's regulations at 12 CFR 7.4002 and were therefore authorized for those banks. The latter category included letters opining, based on the governing statute and our regulations, that state law limitations and restrictions, including licensing requirements, do not apply to national bank operating subsidiaries and a letter confirming that national bank subsidiaries, like their parent banks, may export their home state interest rates under 12 USC 85.

Finally, in March 2002, the OCC released its second opinion letter addressing whether a state's insurance sales laws were preempted pursuant to the insurance preemption standards established by section 104 of the Gramm–Leach–Bliley Act (GLBA). Section 104 establishes several different preemption standards, depending on the type of activity at issue. The opinion analyzed the Section 104 standards for insurance sales, solicitation, and cross-marketing activities and concluded that certain provisions of the Massachusetts Consumer Protection Act Relative to the Sale of Insurance by Banks were preempted.

8. Litigation Division

The Litigation division represents the OCC in court under a statutory grant of independent litigating authority. The division also works closely with the U.S. Department of Justice and with U.S. attorneys on matters of mutual interest. In 2002, the division represented the OCC or prepared *amicus* briefs in several cases relating to bank powers, federal preemption of state law, OCC enforcement actions, Title VII actions, and the liability of the OCC and its officials arising from the OCC's placement of national banks into receivership. The Litigation division serves as counsel to the Comptroller of the Currency in contested administrative enforcement actions. The division also participates in overseeing the Office of Financial Institutions Adjudication, which employs the administrative law judges who issue initial decisions on enforcement actions initiated by the financial institution regulatory agencies.

The Litigation division prepares decisions on requests from private litigants for access to non-public OCC information under 12 CFR Part 4, subpart C. On occasion, the division appears in court to oppose motions to compel a national bank to produce OCC examination reports, suspicious activity reports, and other confidential documents. The division also serves as counsel to the OCC in administrative proceedings brought by OCC employees and job applicants before the Equal Employment Opportunity Commission and the Merit Systems Protection Board. On a daily basis, the Litigation division gives advice within and outside the OCC on a wide range of subjects including corporate applications, interpretive letters, memoranda prepared by other law department units, proposed enforcement actions, resolutions of problem banks, personnel issues, employee garnishments, and indemnification.

9. Securities and Corporate Practices Division

The Securities and Corporate Practices division (SCP) provides legal counsel to the OCC and advises the public on federal banking and securities laws related to bank powers, securities activities, annuities and insurance, bank derivative activities, bank fiduciary matters, bank corporate activities, and bank investments.

From January 1 through September 30, 2002, SCP prepared or participated in the issuance of several significant opinions and interpretations in a variety of areas, such as permissible activities; investment securities; derivatives; hedging; and fiduciary activities including collective investment funds. SCP contributed to development of OCC's "Insurance Activities" handbook booklet providing bankers and examiners with legal guidance and other information on the risks, controls, and supervision of national banks' insurance activities. SCP also participated in drafting the OCC's final rule on debt cancellation contracts and debt suspension agreements and is handling interpretive requests arising under this new regulation.

SCP also administers and enforces the federal securities laws affecting national banks with publicly traded securities, including the Securities Exchange Act of 1934, and the OCC's related disclosure regulations at 12 CFR part 11. The division enforces the OCC's securities offering disclosure rules (12 CFR part 16), which govern national banks' public and private offers and sales of their securities, and is responsible for the OCC's enforcement program to assure national bank compliance with federal securities laws applicable to bank municipal and government securities dealers, bank transfer agents, and other bank securities activities. SCP reviews securities offering disclosures, proxy materials, periodic reports, and other reports filed with the OCC under the Comptroller's securities disclosure rules and merger application procedures. The division also contributes to the Securities and Exchange Commission's (SEC's) enforcement and disclosure review responsibilities by arranging for the SEC to review bank examination reports and work papers in SEC enforcement cases, providing information on national bank subsidiaries of bank holding companies filing securities disclosures with the Securities and Exchange Commission's (SEC), and referring potential violations.

Licensing Department

The Licensing department establishes policies and procedures for OCC's decentralized analysis of and decisions on corporate applications involving national banks. Corporate structure changes requiring OCC approval include new bank charters, conversions to the national charter, federal branches and agencies, business combinations, corporate reorganizations, changes in control, operating subsidiaries, branches, relocations and capital and subordinated debt issues. Most licensing requests are reviewed in the licensing units located in the OCC's district offices and the Large Bank Licensing unit, in Washington, DC, and decided by the Licensing Managers in those locations. Applications or related matters that raise especially complex or novel policy, supervisory, or legal issues are forwarded to the department's headquarters in Washington for analysis and then for decision by senior management. The department also develops and maintains information systems and deploys advanced technology to promote efficiency, quality, consistency in licensing operations, and responsive service to applicants.

The department is divided into two divisions: Licensing Operations and Licensing Policy and Systems. The Licensing Operations division performs all application analysis within a single division comprised of district, large bank and headquarters operations. The Licensing Policy and Systems division develops and implements general policies and procedures and develops and maintains the Licensing database for the licensing activities of the OCC.

Publication of Decisions

Decisions that represent new or changed policy or present issues of general interest to the public or the banking industry are published monthly in the OCC publication, *Interpretations and Actions*. In addition, summaries of important corporate decisions for the previous quarter are published in each issue of the *Quarterly Journal*.

Application Volume and Decision Results

Table 1 summarizes corporate application activity for the year ending September 30, 2002. During this period, a total of 1,770 applications were filed with the OCC, decreasing from 1,932 for the same period in 2001. Declines occurred primarily in the number of applications for branches, reorganizations, mergers and charters, while there were increases in relocations and fiduciary powers applications. In addition, the increase in the number of after-the-fact notices equaled the decline in subsidiary applications.

In 2002, the OCC decided 1,554 applications. Of these decisions, the OCC issued 1 denial and 59 conditional approvals. This compares to 2 denials and 71 conditional approvals of 1,828 decisions in 2001.

Table 1—Corporate application activity for the year ending September 30, 2002

	Applications received		2002 Decisions			
	2001	2002	Approved	Conditionally approved[1]	Denied	Total 2002 Decisions
Branches	1,070	966	893	2	0	895
Capital / sub debt	157	148	83	8	0	91
Change in Bank Control	20	12	11	0	1	12
Charters	46	29	2	28	0	30
Conversions[2]	18	21	10	8	0	18
Federal Branches	0	4	0	0	0	0
Fiduciary Powers	27	39	13	0	0	13
Mergers[3]	109	84	73	4	0	77
Relocations	192	226	214	2	0	216
Reorganizations	167	128	114	4	0	118
Stock appraisals	2	1	2	0	0	2
Subsidiaries[4]	124	112	79	3	0	82
Total	**1,932**	**1,770**	**1,494**	**59**	**1**	**1,554**

Note: This chart reflects corporate application activity for the fiscal years ending September 30, 2001, and 2002.

Source: Licensing Department, Comptroller of the Currency

[1]On April 14, 2000, the Licensing department issued guidance imposing special conditional approval for all bank charters requiring the OCC to be notified before a significant deviation or change in the operating plan during the first three years of operation.

[2]Conversions to national bank charters

[3]Mergers include failure transactions when the national bank is the resulting institution.

[4]This count does not include 99 after-the-fact notices received in 2001 and 111 after-the-fact notices received in 2002.

Processing Timeliness

One measure of OCC's effectiveness in processing corporate applications is the percentage of applications processed within target time frames. Processing timeliness varies with the volume and complexity of applications. These, in turn, vary with economic conditions and changes in banking law. Table 2 shows the time frame performance for the applications processed by the OCC in 2001 and for the first nine months of 2002 (excluding after-the-fact notices for subsidiaries). The OCC generally meets target time frames for all application types. Deviations from these targets are primarily the result of application complexity and OCC's need to obtain additional information.

The OCC's regulation governing all corporate applications, 12 CFR 5, establishes an expedited review process for certain applications from banks that are well capitalized, have a CAMELS rating of 1 or 2, have a Community Reinvestment Act rating of satisfactory or better, and are not subject to an OCC formal enforcement action. [CAMELS is a composite rating based on an assessment of a bank's capital, asset quality, management, earnings, liquidity, and sensitivity to market risk.] In addition, some routine transactions no longer require OCC approval.

The OCC's time frame performance for application processing has been relatively consistent at approximately 96 percent for the last four years.

Table 2—OCC Licensing actions and timeliness for the years ending September 30, 2001 and 2002

		2001			2002		
			Within target			Within target	
Application type	Target time frames in days[1]	Number of decisions	Number	%	Number of decisions	Number	%
Branches	45 / 60	1,065	1,046	98.2%	895	875	97.8%
Capital / sub debt	30 / 45	105	102	97.1%	91	84	92.3%
Change in Bank Control	NA / 60	19	19	100.0%	12	12	100.0%
Charters[2]	49	31	63.3%	30	19	63.3%	
Conversions	30 / 90	18	14	78.8%	18	11	61.1%
Federal branches	NA / 120	0	0	N/A	0	0	N/A
Fiduciary powers	30 / 45	15	13	86.7%	13	13	100.0%
Mergers	45 / 60	111	99	89.2%	77	70	90.9%
Relocations	45 / 60	196	194	99.0%	216	214	99.1%
Reorganizations	45 / 60	161	155	96.3%	118	110	93.2%
Stock appraisals	NA / 90	2	2	100.0%	2	2	100.0%
Subsidiaries	30 / 60	87	78	89.7%	82	74	90.2%
Total		**1,828**	**1,753**	**95.9%**	**1,554**	**1,484**	**95.5%**

Note: Most decisions (97 percent in 2001 and 96 percent YTD 2002) were decided in the district offices, International Banking and Finance, and Large Bank Licensing under delegated authority. Decisions include approvals, conditional approvals, and denials.

Source: Licensing Department, Comptroller of the Currency

[1]Those filings that qualify for the "expedited review" process are subject to the shorter of the time frames listed. The longer time frame is the standard benchmark for more complex applications. New time frames commenced in 1997 with the adoption of the revised Part 5. The target time frame may be extended if the OCC needs additional information to reach a decision, permits additional time for public comment, or processes a group of related filings as one transaction.

[2]For independent charter applications, the target time frame is 120 days. For holding-company-sponsored applications, the target time frame is 45 days for applications eligible for expedited review, and 90 days for all others.

Licensing Policy and Systems Division

The Licensing Policy and Systems (LP&S) division develops and implements general policies and procedures for the licensing activities of the OCC. The division takes the lead in developing new sections for and coordinating revisions to the *Comptroller's Licensing Manual;* develops systems and reporting capabilities for the department; and maintains systems and databases, such as the Corporate Activities Information System, and the Institution Database. As part of systems maintenance, the division continues its ongoing efforts to introduce new systems and technology to improve the licensing function. LP&S also develops and conducts internal and external communication activities, and provides training for licensing staff and guidance for field examination work in connection with licensing activities.

In the first nine months of 2002, LP&S continued to define policies and to improve upon previously developed systems. Significant policy and systems projects included the following.

Policy

During 2002, LP&S revised and published on the OCC's Web site 11 booklets from the *Comptroller's Licensing Manual* series in an electronic version. Going forward, all booklets will be published on OCC's Web site rather than in printed format. The Licensing Manual contains information on corporate applications, such as charter and merger applications, and other policies and procedures on corporate changes sought by national banks. By providing a frequently revised Licensing Manual on line the OCC can better meet the needs of national banks, interested parties, and staff for reliable and easily accessible guidance.

LP&S issued an updated "A Guide to Tribal Ownership of a National Bank" that summarizes guidance about how federal banking law and regulations apply in Indian Country. This booklet identifies important considerations for tribes pursuing tribal ownership of a national bank. The revised guide contains expanded policy and procedural discussions and additional reference materials, and resource contacts.

Beginning January 1, 2002, the OCC, pursuant to section 327 of the Uniting and Strengthening America by Providing the Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), added a new evaluation factor to its review of mergers filed pursuant to 12 USC 1828(c). This section of the act requires the OCC to take into consideration the effectiveness of any insured depository institution involved in the proposed merger transaction in combating money-laundering activities, including overseas activities. The OCC implemented this evaluative factor without creating additional burden to applicant banks.

During the year, LP&S revised Licensing policy for new bank charters by removing the three-year limitation for a 12 USC 1818 condition requiring a bank to notify the OCC and obtain OCC's written determination of nonobjection before it initiates any significant deviation from its business plan or operations. The condition is now perpetual. The condition is also available for other filings if the OCC determines it is warranted. The condition is imposed to control supervisory risk that arises from a significant deviation that may adversely affect the risk profile of a bank.

In 2001, the OCC began processing the first corporate reorganization applications authorized pursuant to the American Homeownership and Economic Opportunity Act of 2000 (AHEOA), permitting national banks to more readily reorganize into a BHC structure or merge with nonbank affiliates or subsidiaries. These parts of AHEOA became 12 USC 215a–2 and 215a–3. In 2002, the OCC received a steady influx of applicants seeking to effect corporate reorganizations under the OCC's less burdensome streamlined procedures for these transaction types. LP&S also instituted policies and provided guidelines for implementing 215a–2 and 215a–3.

LP&S issued guidance to establish policies and procedures that allow organizers of proposed national banks to raise capital prior to the OCC's decision on whether to grant preliminary conditional approval. Organizing groups are cautioned about the potential risks of raising capital earlier in the chartering process. The risks include the affects of any material changes to the registration statement that may delay the bank's ability to raise capital, increase organizational costs, and adversely impact the reputation risk of the proposed bank.

LP&S issued expanded guidance on the qualifications and experience for proposed executive officers and directors of new national banks. The guidance emphasizes that the OCC grants a charter only when a proposed senior management team is considered strong.

The division coordinated with other banking regulators to achieve effective licensing processes and support common interests resulting in the publication of the new "Interagency Charter and Insurance Application" and a revision to the "Interagency Bank Merger Act Application."

LP&S continued to work closely with the FDIC to resolve differences in connection with charter and deposit insurance applications and to develop joint application processes. The division also provided information to potential applicants about the OCC's corporate processes and obtained first-hand feedback to improve those processes.

Systems

LP&S made significant progress during the first nine months of 2002 in developing and implementing key aspects of "e-Corp," the future electronic corporate application processing system that will replace OCC's current data and application systems. Progress in 2002 resulted in the initiation of pilot testing of the branch and relocation applications by a select group of banks.

LP&S provided licensing and structure information to respond to congressional and public inquiries. Additionally, LP&S continued to provide the OCC's Communications division with licensing and structure information to respond to requests made under the Freedom of Information Act.

Licensing Operations Division

The Licensing Operations division analyzes all domestic and international licensing applications. Licensing Operations is comprised of staff located in each of the OCC's six district offices and the OCC's Washington office. The district licensing units have decision authority for the majority of applications filed with the OCC. Applications that raise significant policy, supervisory, or legal issues usually are decided in the Washington office. The division provides recommendations to OCC senior management with respect to the disposition of these applications. In addition to analyzing licensing applications, the division conducts bank stock appraisals upon request from shareholders dissenting to mergers or consolidations involving national banks.

Service Quality

Licensing Operations uses a survey to monitor the quality of service provided to banks filing licensing applications. The survey requests ratings for five service categories and a rating for overall service. The OCC sends a survey to each applicant, except for large banks and a few mid-size banks, which, due to application volume, are surveyed on a quarterly basis. Applicants are asked to rate the OCC's quality of service on a scale of 1 to 5, with 1 being outstanding and 5 being significantly deficient. For the first 9 months of 2002, 99 percent of the applicants responding to the licensing survey gave the OCC excellent overall marks (ratings of 1 or 2) for the way their applications were processed.

The average rating for each of six service categories follows, for the first nine months of 2002 (January 1–September 30, 2002):

Service category	Rating
Timeliness of decision	1.19
Appropriateness of filing location/contact person	1.27
Knowledge of OCC contact	1.21
Professionalism of OCC staff	1.15
Quality of written guidance (added in 2000)	1.33
Overall rating of service	1.20

These ratings are comparable to those for 2001.

Timeliness of decisions on applications is an important determinant of efficiency in Licensing Operations and is another measure used to monitor performance. Time frame performance overall was excellent, and unchanged from last year, with approximately 96 percent of all licensing applications decided within established time frames. Applications that were not decided within established time frames were generally those that raised substantive legal or policy issues, such as electronic banking, interstate banking or other significant, unique or precedent-setting activities, and applications that were the subject of adverse public comments, raised anti-competitive issues, or had the potential to adversely affect historic properties.

Outreach Activities

The Licensing staff devoted a significant amount of time to outreach activities during the first nine months of 2002. This included meeting with applicants and applicant groups to discuss the application process, provide guidance, answer questions, and, when necessary, seek additional information on specific applications. Various groups heard presentations discussing the OCC's licensing process and providing an overview of licensing trends. Presentations included updates on changes in laws and regulations, discussions of the application process, the state of national banking system, and chartering activity.

Community Reinvestment Act

Consistent with 12 CFR Part 5, the OCC's procedures for handling Community Reinvestment Act (CRA) issues in applications, including how adverse comments from the public would be handled, are detailed in the "Public Involvement" booklet (April 1998) in the *Comptroller's Corporate Manual*.

During the first nine months of 2002, the OCC received adverse comments from the public on one CRA-covered application. The OCC also reviewed and publicly addressed CRA issues raised in one other application.

The decisions on applications presenting CRA issues, listed in Table 3, were published in the OCC's monthly *Interpretations and Actions* and are also available on the OCC's Web site.

Table 3—List of applications presenting Community Reinvestment Act issues decided in the nine months, ending September 30, 2002

Bank, city, state	Interpretations and Actions	Document number
Charter One Bank, NA, Cleveland, OH	April 2002	Corporate Decision No. 2002–06
First Union National Bank, Charlotte, NC	April 2002	CRA Decision No. 111

Change in Bank Control Act

The Change in Bank Control Act of 1978 (CBCA) requires that parties who wish to acquire control of a national bank through purchase, assignment, transfer, or pledge, or other disposition of voting stock notify the OCC in writing 60 days prior to the proposed acquisition (unless a filing is required under the Bank Merger Act or the Bank Holding Company Act). Any party acquiring 25 percent or more of a class of voting securities of a national bank must file a change in bank control notice. In addition, if any party acquires 10 percent or more (but less than 25 percent), that party must file a change in bank control notice under certain conditions. The acquiring party must also publish an announcement of the proposed change in control to allow for public comment.

The CBCA gives the OCC the authority to disapprove changes in control of national banks. The OCC's objective in its administration of the CBCA is to enhance and maintain public confidence in the national banking system by preventing identifiable, serious, adverse effects resulting from anti-competitive combinations or inadequate financial support and unsuitable management in national banks. The OCC reviews each notice to acquire control of a national bank and disapproves transactions that could have serious harmful effects. If the notice is disapproved, the disapproval letter contains a statement of the basis for disapproval. The OCC's CBCA activity is reflected in Table 4. As reflected in the table, the OCC received 10 change in bank control notices in the first nine months of 2002. During this period, the OCC acted on 10 notices (three which were received in 2001), one of which was disapproved. Three notices were pending decision at the end of the period.

Table 4—Change in Bank Control Act[1], 1988–September 30, 2002

Year	Received	Acted on	Not disapproved	Disapproved	Withdrawn
1/1–9/30/02	10	10	9	1	0
2001	18	17	17	0	0
2000	16	9	8	1	3
1999	13	13	13	0	1
1998	17	12	11	1	5
1997	24	24	24	0	0
1996	17	15	13	0	2
1995	15	16	16	0	0
1994	15	16	15	1	0
1993	28	30	21	5	4
1992	30	29	21	4	4
1991	20	15	6	6	3
1990	31	42	32	5	5
1989	55	55	48	3	4
1988	45	42	34	4	4

[1]Notices processed with disposition

Source: Licensing Department, Comptroller of the Currency

Community Affairs Department

During 2002, the Community Affairs department (CA) implemented the six core services identified the previous year. CA's mission and core services are:

1. *Mission:* Community Affairs supports the OCC's mission to ensure a safe and sound banking system by helping national banks to be leaders in providing community development financing and retail services to underserved communities and consumers.

2. *Core services:* Community Affairs achieves this mission by providing the following core services:

- Consultation with national banks on community development activities
- Accessibility of National Bank Community Development Investments (part 24)
- Information and Policy Services
- Community Relations and Interagency Coordination
- Opportunities database
- Examination support

A focus on delivering tools to examiners was maintained throughout the year. Staff developed tools for compliance examiners to use when conducting CRA examinations, including a database of investment funds approved under part 24 and a database of investment, lending, and service opportunities that provide extensive performance context information.

Staff organized 20 outreach meetings for the Comptroller and/or senior staff on issues such as community development, payday loans, predatory lending, and access to financial services. The department also organized a community development tour for the Comptroller and senior OCC officials in Kansas City, KS, hosted by the Neighborhood Reinvestment Corporation (NRC). The tour provided valuable information about partnerships between nonprofit community development corporations and national banks.

CA staff arranged for Comptroller John D. Hawke, Jr. to deliver the keynote address at OCC/ABA community development conference in March, and for First Senior Deputy Comptroller and Chief Counsel Julie L. Williams to deliver the keynote address at the Local Initiatives Support Corporation's annual staff conference in April.

The Minority Business Development Agency (MBDA) established a steering committee of representatives across government, non-profit and private enterprise for the purpose of developing recommended solutions to long-standing barriers for minority small businesses. CA staff supported these efforts by chairing a subcommittee of the group.

Community Development Division

The Community Development division (CDD) provides expert advice to senior management and OCC staff on community and economic development policies and procedures for national banks. In addition, the division develops guidance and publications that help banks increase the availability of financial services in underserved markets and profitable investments in those markets. CDD provides technical assistance and advice to national banks seeking to make CD investments or establish CD focus banks and also administers the Community Development Investment authority (12 CFR part 24). The Part 24 authority allows banks to make equity and debt investments that support affordable housing and commercial development, start-up and small business growth, activities that revitalize or stabilize a government-designated area, and other activities that supplement or enhance banks' traditional lending.

In 2002, the OCC approved 154 national bank investments under the Part 24 investment authority for a total of $890 million. These bank investments help to leverage funding from community partners for a total of $2.9 billion that supported affordable housing, small businesses, and redevelopment projects in low- and moderate-income and government-targeted areas. Also available on the OCC's Web site is the new Part 24/CD investments resource directory that provides articles from bankers and their CD partners on a variety of investment topics, including banks' use of the federal initiative on New Markets Tax Credits.

The division coordinated the production of two editions of the CD newsletter. The first focused on Community Development Financial Institutions and CD Banks. The second focused on Banks and Economic Development in Rural America. (http://www.occ.treas.gov/cdd/resource.htm) In addition a resource directory on CDFIs and CD Banks as well as one on Rural Development Banking were unveiled on the OCC's Web site at http://www.occ.treas.gov/cdd/cdresourcedir.htm and http://www.occ.treas.gov/cdd/Rural.htm.

The division also coordinated the activities of the OCC's interdepartmental working group on Native American issues and sponsored an interagency meeting with banks and tribal members to identify ways of improving the delivery of financial services in Indian Country. Division staff also led a workshop on Native American-owned national banks at the Tribal Economic Summit held in Phoenix in September.

District Community Affairs Division

The District Community Affairs division supports the mission of CA through the activities of the Community Affairs Officers (CAOs) assigned to each of the OCC's districts. The CAOs render technical assistance to national banks making the transition from being evaluated under the small bank CRA performance criteria to being evaluated under the lending, investment, and service tests; and to banks wishing to maintain or improve performance under these tests.

The CAOs provide information and technical assistance on community development and related issues to OCC staff and national bankers. Through research, the CAOs provide information on community development organizations, programs, and strategies that banks could use to make qualified investments, community development loans, and to provide community development services.

During 2002 the CAOs provided bank consultation services, on more than 200 occasions, to national banks seeking guidance on issues ranging from community development lending and investment opportunities in small rural areas and affluent suburbs to the difference between investments made under 12 CFR 24 compared to those that meet the definition of a "qualified investment" under the Community Reinvestment Act regulation. The CAOs also provided consultation services, on more than 140 occasions, to examiners seeking performance context information for use in CRA examinations and guidance on community development issues. Additionally, the CAOs also participated in over 30 outreach meetings for bankers where they discussed community and economic development issues.

Outreach and Information Management Division

Outreach and Information Management (O&IM) staff coordinated the implementation and marketing of several conferences during 2002. Staff acted as the lead liaison for the American Bankers Association Conference, co-sponsored by the OCC, coordinating all aspects of the conference. The Conference was held March 17–19, 2002, in Baltimore, MD.

In addition, O&IM worked on the implementation of the OCC sponsored Hispanic Banking Forum in Chicago, IL, on July 31, 2002. The event provided bankers with an opportunity to learn more about the demographics and banking needs of the Hispanic population in the Chicago area. O&IM staff also coordinated OCC's participation at the National Bankers Association Conference.

O&IM staff made publication enhancements to CA's Community Developments newsletter, the *2002 Directory of National Bank Community Development Investments*, and the CA brochure. The staff continue to market CA's products and services to appropriate audiences. The staff developed state-of-the-art marketing materials and distributed the information through various media resources. In addition, O&IM began to implement compliance with Section 508 of the Rehabilitation Act of 1973, as amended, to ensure that the information deployed on their Internet pages was accessible to all Americans, regardless of disability.

2002 Significant Legal, Licensing, and Community Development Precedents

Permissible Activities

General Activities

Branching

- ***Riegle–Neal Act interstate merger.*** Affirming the court below, the U.S. Court of Appeals for the Eighth Circuit held that the OCC's determination that the merger of a Missouri bank with a Kansas bank complied with Riegle–Neal's "minimum age" provisions for the merging banks and was entitled to deference. Riegle–Neal allows states to prohibit mergers between in-state and out-of-state banks, which have been in existence for less than five years. Missouri adopted such a law. However, the court agreed with the OCC that the Missouri law did not apply because the surviving bank's main office was in Kansas. OCC filed an amicus brief. TeamBank, N.A. *v.* McClure, 279 F.3d 614 (8th Circuit 2002).

Consulting and Financial Advice

- ***Credit card registration and notification services.*** A national bank operating subsidiary may engage in credit card registration and notification services. The subsidiary would also provide other services including a price protection service, a referral service for customers to third parties who offer extended warranty programs for various products, a free credit report annually, a newsletter containing consumer credit suggestions, and reimbursement for locksmith services. Conditional Approval No. 535 (June 21, 2002).

- ***Employee benefit, compensation advisory and human resource services***. A national bank operating subsidiary may provide employee benefit, compensation advisory and related administrative services, and other human resources services to the bank's business customers and other businesses in the bank's market area. Corporate Decision No. 2002–2 (January 9, 2002).

- ***Loss notification and credit monitoring services***. A national bank may provide its customers with credit card loss notification services. This letter also approves, for the first time, providing credit scores, credit reports, and credit monitoring services to customers. It also approves providing customers with access to their Social Security, medical, and motor vehicle records as activities that are incidental to banking. Interpretive Letter No. 944 (August 12, 2002).

Corporate Governance

- ***Reverse stock split.*** Consistent with 12 CFR 7.2000(b) and 7.2023, a national bank in Alabama may elect the corporate governance provisions of Alabama law and complete a reverse stock split in accordance with those provisions. Conditional Approval No. 541 (July 30, 2002).

- ***Share exchange.*** A national bank may effect a share exchange to become a subsidiary of a bank holding company pursuant to 12 USC 215a–2 and 12 CFR 7.2000, by offering most shareholders holding company stock, but providing cash to out-of-state residents, to avoid costs associated with registering its stock under the Securities Act of 1933. Corporate Decision No. 2002–08 (May 15, 2002).

Finder Activities

- ***Automotive roadside assistance programs.*** A national bank may acquire operating subsidiaries that operate and administer automotive roadside assistance programs and that that provide credit card registration and notification services. The bank can administer and operate auto roadside assistance programs for third parties as permissible finder activities; and can administer and operate a separate roadside assistance program, made available to its credit card customers, as an incidental activity that is convenient and useful to the administration and operation of the programs for third parties. Conditional Approval No. 535 (June 21, 2002).

Leasing

- ***Purchase of off-lease equipment.*** National bank may purchase from lessors and resell, as principal, off-lease equipment. Alternatively, it may act as agent for such lessors in selling the equipment. The letter finds that these activities are part of the business of banking and authorized under 12 USC 24(Seventh), 12 USC 24(Tenth), and 12 CFR Part 23. Interpretive Letter No. 953 (December 4, 2002).

Lending

- ***Lending limit for bank premises.*** A national bank may make a loan to an unrelated borrower that exceeds the bank's lending limit when the borrower will use the proceeds to construct a new premises building for the bank. The limitations on loans and investments for bank premises contained in 12 USC 371d take precedence over the general lending limits in 12 USC 84. Interpretive Letter No. 950 (December 18, 2002).

- ***Lending limit pilot program.*** A loan to finance land development or construction, whether secured by the real property or not, does not qualify for the lending limit pilot program in 12 CFR 32.7. Interpretive Letter No. 942 (June 11, 2002).

- ***Offshore operating subsidiary.*** A national bank may establish an offshore operating subsidiary that will facilitate the funding of the bank's domestic mortgage lending operations. The subsidiary's books and records must be maintained in the United States and be accessible to the OCC. Conditional Approval No. 536 (June 21, 2002).

Other Activities

- ***Purchasing and selling transferable state tax credits.*** A national bank is authorized under 12 USC 24(Seventh) to purchase and resell, as principal, transferable state tax credits. This is a financial intermediary activity and therefore part of the business of banking. Interpretive Letter No. 948 (October 23, 2002).

Compliance

- ***Community Reinvestment Act.*** A national bank's contribution to the Louisiana National Guard's Job Challenge Program may be a qualified investment for Community Reinvestment Act (CRA) purposes. The contribution would sponsor a low- or moderate-income local student's participation in the program, a skill-training program that selected students may enter after successful completion of the National Guard's Youth Challenge Program. Such a contribution would have a primary purpose of community development under the CRA rules because it supports a community service targeted to low- and moderate-income individuals, and would benefit the bank's assessment area. OCC Letter (September 11, 2002).

- ***Unfair or deceptive acts or practices.*** In evaluating whether a national bank or its operating subsidiary has engaged in unfair or deceptive acts or practices, the OCC will utilize the legal standards that have been developed under the Federal Trade Commission Act. Potentially unfair or deceptive acts or practices also may raise issues under the Truth in Lending Act, the Equal Credit Opportunity Act, and other laws. National banks and their operating subsidiaries should take affirmative steps to avoid the legal and reputation risks that would ensue from engaging in unfair or deceptive acts or practices. OCC Advisory Letter 2002–3 (March 22, 2002).

Fiduciary Activities

- ***Collective investment trust withdrawals.*** A national bank, as trustee, may allow participant withdrawals from a collective investment fund solely at the bank's discretion, or when a participant becomes ineligible to continue as a participant in the fund. 12 CFR 9.18 does not mandate the frequency of admissions and withdrawals from collective investment funds. OCC Interpretive Letter No. 936 (May 22, 2002).

Preemption

- ***ATM fees.*** Two national banks and a savings and loan association brought suit challenging municipal ordinances prohibiting banks from charging ATM (automated teller machine) fees to non-depositors. After obtaining preliminary injunctive relief from the regulations, the banks obtained permanent injunctive relief from the district court. A panel of the U.S. Court of Appeals for the Ninth Circuit affirmed, holding that, as for national banks, the National Bank Act and the OCC's regulations preempted the ordinances. A rehearing petition filed by the City and County of San Francisco was denied. OCC filed an amicus brief with the Ninth Circuit. Bank of America, et al. *v.* City and County of San Francisco, 309 F. 3d 551 (9th Circuit 2002).

- ***Applicability of state laws to national bank operating subsidiaries.*** The OCC has issued a number of letters addressing the applicability of state laws with respect to activities conducted in national bank operating subsidiaries. These letters confirm that a particular subsidiary of a national bank is subject to the OCC's examination and supervision pursuant to 12 CFR 5.34(e)(3); explain that, under 12 CFR 7.4006, state laws apply to national bank operating subsidiaries to the same extent that those laws apply to the national bank itself; and conclude that state restrictions or conditions, including licensing requirements, do not apply to the national bank operating subsidiary. Letters were issued to appropriate state regulatory authorities (or to the bank or its counsel) with respect to laws in eight states and one city including: Pennsylvania, Michigan, New Hampshire, Connecticut, Rhode Island, Iowa, Louisiana, Maine, and the City of Las Vegas, Nevada.

- ***Contacts from state officials.*** Applicability of state laws to national banks and their operating subsidiaries—and the authority to enforce those laws—raise complex issues of both federal preemption and the statutory authority of the OCC as the supervisor and regulator of national banks. Because of the complexity of these issues, national banks should consult with the OCC if they are contacted by state officials seeking information that may constitute an attempt to exercise visitorial or enforcement powers over the bank. State officials are also encouraged to contact the OCC if they have information indicating that a national bank may be violating federal or applicable state law or if they seek information from a national bank. OCC Advisory Letter 2002–9 (November 25, 2002).

- ***Exportation of interest rates by national bank operating subsidiaries.*** The OCC issued a letter confirming that a national bank operating subsidiary may export interest rates pursuant to 12 USC 85 under the same terms and conditions applicable to its parent national bank. Letter from Julie L. Williams to Costas Avrakatos, Esq., Kirkpatrick & Lockhart. OCC Interpretive Letter 954 (December 16, 2002).

- ***Insurance law under the Gramm–Leach–Bliley Act, Massachusetts.*** The OCC published its opinion that certain provisions of the Massachusetts Consumer Protection Act Relative to the Sale of Insurance by Banks are preempted under insurance preemption standards established by section 104 of the Gramm–Leach–Bliley Act. Specifically, federal law preempts the provisions of Massachusetts law that purport to prohibit: (1) non-licensed bank personnel from referring a prospective customer to a licensed insurance agent or broker except upon an inquiry initiated by the customer; (2) a bank from compensating an employee for such a referral; and (3) a bank from telling a loan applicant that insurance products are available through the bank until the application is approved and, in the case of a loan secured by a mortgage on real property, until after the customer has accepted the bank's written commitment to extend credit. Preemption Determination, *Federal Register*, 67 *Fed. Reg*. 13405 (March 22, 2002). The Massachusetts Insurance Commissioner filed a petition in the First Circuit seeking review of that OCC preemption letter. The court dismissed the petition, holding that the dispute between the OCC and the commissioner was insufficient to create a justiciable case or controversy and should be deemed to fall outside the scope of the statutory provisions for judicial review. Bowler *v.* Hawke, 320 F.3d 59 (1st Circuit 2003).

- ***Insurance law under the Gramm–Leach–Bliley Act, West Virginia.*** The State of West Virginia and the State Insurance Commissioner filed a petition with the U.S. Court of Appeals for the Fourth Circuit seeking a review of an OCC Preemption Determination opining that certain provisions of the West Virginia Insurance Sales Consumer Protection Act are preempted by the National Bank Act. In an unpublished opinion, a majority of the panel held that the petitioners had standing to bring the suit, that the OCC had implicit authority under the Gramm–Leach–Bliley Act to issue its preemption opinion, and that the statutes were preempted by the National Bank Act. One of the judges dissented on the ground that the petition presented no justiciable case or controversy. Petitioners filed a petition for rehearing, which the OCC was ordered to answer, and which was ultimately denied. Cline *v.* Hawke, 51 Fed. Appx. 392 (4th Circuit 2002).

- ***Mandatory disclosures to credit card holders.*** A U.S. District Court held that the National Bank Act preempts California laws requiring compliance with certain combinations of warnings to credit card holders regarding the possible consequences of paying only the minimum amount each month. OCC filed an amicus brief. American Bankers Association *v.* Lockyer, 239 F. Supp.2d 1000, 2002 WL 31941511 (E.D. Cal. 2002).

- ***Not sufficient funds (NSF) fees.*** A national bank has authority, pursuant to 12 USC 24(Seventh) and 12 CFR 7.4002, to charge NSF fees where the fee resulted, in part, from the bank's policy of posting checks in order from the highest to the lowest amount. Letter from Julie L. Williams to John D. Wright, Vice President and Assistant General Counsel, Wells Fargo Bank (April 15, 2002).

- ***"On us" check cashing fees.*** A national banks has authority, pursuant to 12 USC 24(Seventh) and 12 CFR 7.4002, to charge fees for the service of cashing checks drawn the bank and payable to non-accountholders of the bank. Letter from Julie L. Williams to John H. Huffstutler, Esq., Associate General Counsel, Bank of America Legal Department (October 8, 2002); and Letter from Julie L. Williams to J. Thomas Cardwell, Esquire, Akerman, Senterfitt & Eidson, P.A. (April 4, 2002).

- ***"On us" check cashing fees.*** National banks may charge a non-accountholder a convenience fee for using a bank teller to cash an "on us" check. An "on us" check is a check drawn on the bank by one of the bank's customers. The fee is essentially compensating the bank for making cash immediately available to the payee; otherwise the payee would have to wait for the check to clear through the payment system. A U.S. District Court, with which the OCC filed an amicus brief, held that the National Bank Act, specifically 12 USC 24 (Seventh), preempts state law prohibiting the charging of fees for cashing on-us checks. Bank of America *v.* Sorrell, Case No. 1:02 CV 1518 (GET) (N.D. Ga.). Earlier, another U.S. District Court issued a similar ruling as to a Texas state law prohibition on these fees. Wells Fargo *v.* James, Case No. 01–CA–538–JRN (W.D. Tex.), aff'd 321 F.3d 488, 5th Circuit No. 01–51298 (2003). The OCC participated as amicus in that litigation as well.

Securities Activities

Derivatives

- ***Cash-settled options and forwards on equity securities.*** A national bank may engage in cash-settled options and forwards on equity securities if part of the bank's customer-driven, non-proprietary financial intermediation business and if the bank has in place an appropriate risk management and measurement process for its derivative and hedging activities. OCC Interpretive Letter No. 949 (September 19, 2002).

- ***Electricity derivative and hedging activities.*** A national bank may conduct customer-driven, cash-settled derivatives business based on electricity prices, and related hedging activities, as an extension of its existing energy-related commodities derivatives business, if the OCC is satisfied that it has an appropriate risk management process for its electricity derivative and hedging activities. OCC Interpretive Letter No. 937 (June 27, 2002).

- ***Edge Corporation's holding of equity securities for hedging.*** OCC's limit on a national bank's holding of equity securities for hedging purposes, to 5 percent of a class of stock of any one issuer, does not include securities held by the bank's Edge corporation subsidiary. OCC Interpretive Letter No. 924 (January 2, 2002).

- ***Foreign branch membership in the London Clearinghouse.*** A national bank, via its London branch, may join the London Clearinghouse as a SwapClear Member to clear interest derivative contracts. OCC Interpretive Letter No. 929 (February 11, 2002).

- ***Hedging risks from bank permissible, customer-driven derivative transactions.*** A national bank with an OCC-approved hedging program may execute cash- and physically settled equity derivative transactions, and use below investment grade bonds to hedge risks arising from permissible derivative transactions done in accordance with the program. A national bank may hedge risks arising from a hedge that remain when a counterparty terminates the underlying hedged transaction. In limited circumstances a national bank may cross-hedge its equity derivatives (i.e., use one security or a basket of securities to hedge the risk arising from a transaction with another, different security, with similar characteristics). OCC Interpretive Letter No. 935 (May 14, 2002).

Technology and Electronic Activities

- ***Advisory services regarding electronic transactional services.*** A national bank operating subsidiary may provide advisory and consulting services to customers who use the bank's electronic retail or wholesale transactional services; the advice would cover hardware, software, and other technologies necessary to use those services. The subsidiary may also provide advisory and consulting services to business customers on the hardware, software, and other technology necessary to enable those customers to process for themselves banking, economic, and financial information. Corporate Decision No. 2002–11 (June 28, 2002)

- ***Computer and telecommunication equipment leasing.*** A national bank operating subsidiary may conduct computer and telecommunication equipment leasing activities, including ancillary activities. The ancillary activities include the acquisition of equipment for lease, delivery and installation of leased equipment, sales of off-lease equipment, other occasional sales of equipment, arranging for maintenance contracts, and certain website development services. Corporate Decision No. 2002–13 (July 31, 2002).

Electronic Commerce

- ***Participation in a stored value payment system.*** A national bank operating subsidiary may invest in a joint venture that will develop and market a stored value system and pursue future opportunities involving stored value. The stored value program will initially focus on payroll distribution for employees without bank accounts, however, the joint venture will also develop and market stored value programs for merchants and others. Conditional Approval No. 568 (December 31, 2002)

- ***Provision of electronic payment initiation products.*** A national bank may expand the activities of a company in which it holds a non-controlling interest so that the bank could use the company's certification authority network system to provide electronic payment initiation products to commercial buyers and sellers. These electronic payment initiation products will allow trading parties with no previous trading relationship to complete on-line purchases or trades and simultaneously arrange for payments through their existing banking relationships. The proposed system is a business-to-bank payment initiation service, not an interbank payment system. Corporate Decision No. 2002–4 (February 18, 2002).

Investments[1]

- ***Acquisition of preferred stock of an unaffiliated company.*** A national bank has authority to acquire and hold the preferred stock of an unaffiliated company, pursuant to its authority to discount and negotiate evidences of debt, where the preferred stock is in substance a debt obligation of the issuer. The bank acquired the preferred stock as partial consideration for the disposition of a loan portfolio to the company. The bank's existing holdings represent less than 5 percent of the bank's capital and surplus and are within applicable prudential standards and regulatory limits. OCC Interpretive Letter No. 941 (June 11, 2002).

- ***Convertible bonds.*** A federal branch's purchases of bonds convertible into equity are permissible investments under Part 1 if the bonds are the credit equivalent of investment grade and marketable. A national bank may purchase bonds convertible into equity where it does not exercise the conversion feature. OCC Interpretive Letter No. 930 (March 11, 2002)

- ***Fannie Mae and Freddie Mac perpetual preferred stock.*** A national bank may invest in perpetual preferred stock issued by Fannie Mae and Freddie Mac without limit, subject to safety and soundness considerations. OCC Interpretive Letter No. 931 (March 15, 2002)

- ***Investments in partnership with Native American Nations.*** National bank's community development corporation (CDC) subsidiary may provide financial support and financial services to assist economic development efforts of Native American Nations directed toward low- and moderate-income communities. Specific proposed activities of the CDC include: (1) providing financial literacy services; (2) buying, selling, and leasing real estate, for example, in partnership with local housing authorities; and (3) providing, servicing, and maintaining ATMs and ATM and debit cards. Approval of Bank's Self-Certification (December 20, 2002), "National Bank Community Development Investments 2002 Directory."

- ***Limited interests in private investment funds.*** A national bank may acquire for limited periods of time, limited interests in private investment funds for which it serves as investment manager, as a way to structure its compensation. Because the bank's ownership of limited equity interests in the funds it advises is restricted to a context where the holding is integral to facilitating a recognized bank-permissible activity, such holdings are permissible as an incident to the bank-permissible investment management activities. OCC Interpretive Letter No. 940 (May 24, 2002)

[1] For investments in partnerships, note that subsidiaries of national banks may become general partners, but national banks may not.

- ***Purchase of shares in CDC subsidiary of affiliated national bank.*** Four affiliated national banks may each purchase shares in an existing community development corporation (CDC) subsidiary that previously had been formed and capitalized by a fifth affiliated national bank. As a result of the new investments, the CDC subsidiary expanded its products and services to the states that the new shareholders served. Approval of Banks' Self-Certifications (January 30, 2002; January 31, 2002; May 9, 2002; and May 9, 2002), "National Bank Community Development Investments 2002 Directory."

- ***Use of new markets tax credits.*** National bank may invest in wholly owned subsidiary that, in turn, makes an investment in a fund that is certified by the U.S. Department of the Treasury as a "community development entity." The fund will provide debt and equity financing for retail, office, commercial, distribution, industrial mixed-use, and community facility projects in targeted low- and moderate-income areas. The fund is anticipated to earn federal new markets tax credits that will be usable by the bank and other investors. Approval of Bank's Self-Certification (August 28, 2002), "National Bank Community Development Investments 2002 Directory."

- ***Various activities of CDC subsidiary.*** A national bank's community development corporation (CDC) subsidiary may conduct various community and economic development activities that primarily benefit low- and moderate-income individuals, low- and moderate-income areas, or other areas targeted for redevelopment by local, state, federal, or tribal governments. The approved activities of the CDC include:

    1. providing financing to a corporation that owns and operates a charter school, funded by the state, that educates "at-risk" students, who are primarily low- and moderate-income and have exhibited behavioral or drug problems in other schools;

    2. providing financing at reduced rates to low- and moderate-income families that received subsidies under state and federal government programs for the purchase of their first homes;

    3. investing in an entity that renovated a commercial building leased to a state government agency that provides training to unemployed low- and moderate-income individuals and assists them in finding employment;

    4. financing the education of a medical student who had committed to work after graduation for a facility that provides medical services to low-income families;

    5. providing working capital for a convenience and hardware store in a low- and moderate-income community; and

6. investing in a fund that provides financing for developing and operating affordable housing and is anticipated to earn federal low-income housing tax credits that will be usable by the bank.

   Approval of Bank's Prior Approval Requests and Self-Certifications (April 16, 2002; May 3, 2002; May 3, 2002; July 18, 2002; September 23, 2002; and September 23, 2002), "National Bank Community Development Investments 2002 Directory."

Enforcement Actions

- ***Dismissal of Bivens suit for damages against OCC officials.*** A U.S. District Court dismissed a suit brought by the former owner and COB of a closed national bank against nine OCC officials, including the Comptroller, arising from the supervision and ultimate closure of a troubled national bank. The dismissal was based on the court's determination that OCC examiners enjoy absolute immunity from suit. On appeal, a panel of the U.S. Court of Appeals for the Eighth Circuit upheld the dismissal, but on the ground that Bivens actions cannot be brought in the first place against OCC employees performing bank regulatory and supervisory functions. Sinclair *v.* Hawke, __ F.3d __, 2003 WL 23150 (8th Circuit 2003)

- ***OCC and foreign bank regulator cooperate in investigation***. In January 2002, the OCC and the bank's home-country regulator assessed separate civil money penalties of $10 million each against the bank and its federal branches in New York City. After a lengthy investigation, the OCC, with the cooperation of the home-country regulator, uncovered a series of questionable transactions at the branch, extending back several years, that resulted in significant losses to the New York branch and included several that showed preferential treatment to certain customers of the New York branch who had personal relationships with some members of the New York branch's prior management. The OCC issued a cease and desist order, by consent, which required the bank's federal branches to: develop procedures to guard against fraud; provide for adequate customer due diligence, using an independent third party to verify compliance; and cease doing business with 34 specific individuals and companies, and affiliated entities. The consent order also requires the federal branches to take numerous other actions to strengthen the bank's internal anti-fraud protections. In August, September and October, the OCC issued enforcement actions against six individuals affiliated with the federal branch located in New York City. The individual enforcement actions included four prohibition actions, two personal cease-and-desist orders and four civil money penalties. In the Matter of Bank of China, and various, Enforcement Actions Nos. 2002–1 (January 17, 2002), 2002–122 (August 23, 2002), 2002–116 (September 3, 2002), 2002–117 (September 3, 2002), 2002–115 (September 23, 2002), 2002–118 (October 31, 2002), 2002–119 (October 31, 2002).

- ***Orderly resolution of a federal branch of an Argentinean bank.*** On March 11, 2002, the OCC issued a consent cease-and-desist order against the New York City branch of an Argentinean bank. The viability of this federal branch was threatened in early 2002 by the Argentinean financial crisis, during which the Argentine government had frozen all payments by banks doing business in Argentina. Although the New York branch of the bank was not directly affected by that order, its ability to receive funds transfers from its head office was severely impaired. The order issued by the OCC required the branch to marshal its assets, improve its liquidity and seek to restructure its third-party liabilities or, alternatively, to carry out a contingency plan to wind down its affairs and carry out an orderly liquidation. The branch and its head office complied with the order and engaged in successful negotiations to restructure its liabilities. The branch repaid its creditors or transferred liabilities to the head office, with the agreement of the creditors. The liquidation was subsequently completed and the federal branch closed on January 30, 2003. The OCC was able to achieve an orderly resolution of the branch and avert the possibility the branch may have been forced to default on it obligations as a result of the crisis in Argentina. In the Matter of Banco de Galicia y Buenos Aires, S.A., Enforcement Action No. 2002–24 (March 11, 2002).

- ***Payday lending.*** In October 2002, the OCC issued cease-and-desist orders and assessed civil money penalties of $325,000 by consent to a payday lending company and a national bank. The company agreed to terminate its payday lending activities through the bank and to cease providing services to any other national bank without the prior approval of the OCC. The OCC took the actions based on the company's failure to safeguard 641 customer loan files, in violation of several laws and regulations. Both the company and the bank engaged in numerous unsafe or unsound practices in their payday lending actives as well, including excessive credit exceptions. The bank agreed to terminate its business with the company, to conduct a thorough review of its loan files and contact any customer whose file was lost. In the Matter of ACE Cash Express, Inc., Enforcement Action 2002–92 (October 25, 2002). In the Matter of Goleta National Bank, Enforcement Actions Nos. 2002–93 (October 28, 2002), 2002–110 (October 30, 2002).

- ***Recapitalization and revamping strategic plan of failing bank.*** On September 4, 2002, the OCC issued a prompt corrective action directive to a bank that became critically undercapitalized as a result of the numerous loan losses. Among other things, the OCC's directive required immediate recapitalization of the bank, submission of viable strategic plans, and placed several restrictions on the bank's use of brokered deposits. The bank subsequently recapitalized and committed to address its deficiencies. In the Matter of First National Bank of Northern Kentucky, Enforcement Action No. 2002–90 (September 4, 2002).

- ***Unfair or deceptive acts and practices.*** A national bank signed a formal agreement that required the bank to correct certain credit card marketing practices that the OCC identified as deceptive in violation of section 5 of the Federal Trade Commission Act. The OCC charged that, among other deceptive practices, the bank failed to adequately disclose to consumers that they were highly likely to receive accounts with substantially less initial available credit than implied by the advertised range of credit lines, in violation of the Act. Agreement By and Between First National Bank, Fort Pierre, South Dakota, and the Office of the Comptroller of the Currency, Enforcement Action No. 2002–61 (July 18, 2002).

Regulations

- ***Capital equivalency deposits.*** On June 12, 2002, the OCC adopted a final rule that amended its regulation regarding the capital equivalency deposits (CED) that foreign banks with federal branches or agencies must establish and maintain. The rule revised certain requirements regarding CED deposit arrangements to increase flexibility for, and reduce burden on, certain federal branches and agencies, based on a supervisory assessment of the risks presented by the particular institution. 67 *Fed. Reg*. 41,619 (June 19, 2002).

- ***Capital; Leverage and Risk-Based Capital Guidelines Capital Maintenance: Nonfinancial Equity Investments (Merchant Banking).*** The OCC, FRB, and FDIC issued a joint final rule increasing the capital requirements for certain merchant banking investments. The new requirements affect national banks' investments in small business investment companies and investments authorized pursuant to the Federal Reserve Board's Regulation K. 67 *Fed. Reg*. 3784 (January 25, 2002).

- ***Debt cancellation contracts.*** The OCC issued a final rule establishing consumer protection and safety and soundness requirements for debt cancellation contracts and debt suspension agreements. The regulation clarifies that its provisions, and not the federal insurance regulations or state law, governs national banks that provide these products. 67 *Fed. Reg*. 58962 (September 19, 2002).

- ***Deposit production offices.*** The OCC, the Federal Reserve Board, and the FDIC issued a joint final rule updating their deposit production office regulations to conform with amendments to the statutory definition of "interstate branch" made by section 106 of the Gramm–Leach–Bliley Act. 67 *Fed. Reg*. 38844 (June 6, 2002).

- ***Electronic banking.*** The OCC issued a final rule revising its rules to facilitate national banks' use of new technologies to conduct business. The rule includes provisions addressing national banks' exercise of their federally authorized powers—including the power to act as finder—through electronic means; the location, for purposes of the national banking laws, of a national bank that engages in activities through electronic means; and the disclosures required when a national bank provides its customers with access to other service providers through hyperlinks in the bank's website or other shared, electronic "space." 67 *Fed. Reg*. 34992 (May 17, 2002).

- ***Risk-Based Capital Standards: Claims on Securities Firms.*** The OCC, the Federal Reserve Board, the FDIC, and the OTS issued a joint final rule revising the regulatory capital treatment of claims on securities firms. 67 *Fed. Reg*. 16971 (April 9, 2002).

International

- ***Parallel bank joint advisory.*** On April 23, 2002, the OCC issued a Joint Agency Statement on Parallel-Owned Banking Organizations. The statement, which was issued together with the Federal Reserve Board, the FDIC, and the OTS, discusses the characteristics of parallel-owned banking organizations, reviews potential risks associated with these banking organizations, and sets forth the agencies' approach to supervision of those risks. It also provides information on the licensing process for proposals involving parallel-owned banking organizations. *See* OCC Bulletin No. 2002–14 (April 23, 2002) (transmitting the Joint Agency Statement).

- ***Frequently Asked Questions About the CED Requirements for Federal Branches.*** In February 2002, the OCC issued a document responding to the Frequently Asked Questions About the Capital Equivalency Deposit (CED) Requirements for Federal Branches and provided this information to the foreign banks that operate federal branches and agencies in the United States. This document provides detailed information on the CED and how it should be computed and deposited. It also describes two changes that were made to ease the burden on federal branches agencies. First, the administrative burdens of maintaining the CED account were reduced for the low-risk branch and agency operations. Second, the OCC determined that the liabilities of a branch's international banking facility (IBF) should be excluded from the branch's liabilities for purposes of the CED on the basis that the IBF was the equivalent of a separate office of the foreign bank. In addition to sending letters to each foreign bank, the OCC announced these changes in a news release, *see* NR 2002–16 (March 4, 2002), and amended its rules as necessary to incorporate the new burden reduction initiatives, *see* 67 *Fed. Reg*. 41619 (June 19, 2002).

Chief National Bank Examiner Department

The Chief National Bank Examiner department, headed by the senior deputy comptroller and chief national bank examiner and comprised of the Core Policy, Credit Risk, and Risk Evaluation departments, formulates and disseminates the OCC's supervision policies to promote national banks' safety and soundness and compliance with laws and regulations. The department issues policy, guidance, and examination procedures related to national banks' asset management, capital markets, and credit activities. The department assists in providing specialized training and examination support to OCC examiners. The department also coordinates OCC participation in Federal Financial Institutions Examination Council (FFIEC) activities and its task forces.

Core Policy Department

The Core Policy department is the focal point for the OCC's core policy platforms that govern how the OCC supervises banks. These core policies and activities include the OCC's supervision by risk philosophy and its supporting systems and core examination procedures for large and community banks; policies related to corporate governance; bank operations; and accounting, reporting, and disclosure requirements for national banks. The deputy comptroller for Core Policy chairs the Supervision Policy Committee, and other forums for obtaining input on supervision.

The department consists of two divisions: the Core Policy Development division and the Office of the Chief Accountant.

Core Policy Development Division

Core Policy Development establishes risk-focused policies and standards for the supervision of national banks. The group administers the supervision by risk process; develops and coordinates OCC supervision policy issuances and publications; and develops and distributes automated tools and models used in the examination process.

The risk-focused supervisory process includes a three-level supervision process, consisting of core knowledge, core assessment, and expanded procedures for specific bank activity. The benefits of this effort include: the enhancement of bank safety and soundness through greater integration of supervision by risk into the examination process; a more efficient deployment of OCC resources, while continuing to minimize industry burden; and increased efficiency and consistency through use of a risk-based examination approach. Supervisory topics under this division's responsibility include issues pertaining to corporate governance, bank operations, bank insurance activities, audit programs and internal control systems, and overall bank supervision and risk management processes.

Office of the Chief Accountant

The Office of the Chief Accountant coordinates accounting and financial reporting issues, interprets, and develops guidance on generally accepted accounting principles related to banking, and identifies emerging accounting issues. Through representation on the FFIEC's Task Force on Reports, the office jointly develops changes, instructions, and interpretations for interagency bank reports, such as the Consolidated Reports of Condition and Income (call report). The office also participates on the Basel Committee on Banking Supervision to seek harmonization of international accounting and disclosure standards. Further, the financial information requirements of the Securities Exchange Act of 1933, as it applies to national banks under 12 CFR 11 and 12 CFR 16 are administered by the office. The office's objectives are accomplished through staff located at headquarters and district locations. Training is provided to examiners and others as necessary.

Credit Risk Department

The Credit Risk department is responsible for identifying and analyzing emerging issues and trends that affect bank lending activities and credit risk in the national banking system, as well as developing policy guidance to address these issues. The department sponsors the National Credit Committee and the Retail Credit Committee. The membership of these committees consists of field examiners directly involved in the supervision of community and large banks as well as economists and community development lending specialists. These committees assist the division in identifying emerging credit risks and supporting policy development initiatives. The department also conducts an annual survey of credit underwriting practices.

The Credit Risk department continued to be actively involved in advancing sound credit risk management principles both domestically and internationally. The department formulates industry advisories and policy guidance for bankers and examiners. During 2002, the department issued for comment interagency guidance on credit card account management and loss allowance practices. The Credit Risk department also contributed to the ongoing development of a new Basel Capital Accord and to the interagency efforts of U.S. regulators to develop implementation standards for the proposed Accord. The Credit Risk department identifies training needs for field staff and assisted with the development of a revised core credit curriculum.

The department also provides substantial staff assistance in support of district and Large Bank Supervision priorities by participating in on-site examinations of credit risk/loan portfolio management; leading shared national credit teams; and implementing KMV analytics, Credit Analytics JV, and the National Credit Tool to support systemic credit risk identification and monitoring.

Risk Evaluation Department

The deputy comptroller for Risk Evaluation chairs the OCC's National Risk Committee (NRC) and oversees the OCC's Risk Evaluation (REV) department as well as the Asset Management (AM) and Treasury and Market Risk (TMR) divisions.

National Risk Committee/Risk Evaluation Department

The National Risk Committee (NRC) identifies primary and emerging risks to the national banking system, stays abreast of evolving business practices and financial market issues, informs the OCC's executive committee of material risks facing the national banking system, and makes recommendations as to appropriate supervisory responses. The NRC also coordinates District Risk Committee (DRC) initiatives and communicates risk issues and OCC supervisory efforts to the Executive Committee and OCC examiners.

NRC members include DRC chairpersons and senior representatives from key areas across the OCC. Full committee meetings are quarterly, with monthly meetings of a senior steering committee. The Risk Evaluation department is responsible for supporting NRC initiatives. In addition to administering regular NRC meetings, the division assists in the analysis of systemic safety and soundness issues. Toward that goal, the REV department maintains a "radar screen" of issues that are sources of risk to the safety and soundness of the national banking system. This radar screen is used in NRC discussions with the Executive Committee, and transmitted to OCC examiners.

The Risk Evaluation department also assists in the NRC's regular briefings to inform the OCC's executive committee of material risks facing the national banking system. Some of the major issues addressed by the NRC during 2002 included the condition of the banking industry, the quality of credit underwriting and risk management practices, domestic and international macroeconomic trends, emerging technologies and data security risks, interest rate risks, securitization activities and residual valuation risks, and liquidity risks. The NRC also made recommendations on the appropriate supervisory actions to take in response to these issues, and monitored and reported on the OCC's supervisory efforts to respond to such risks.

As an accompaniment to the regular executive committee briefings, the REV department distributes periodic memos to examiners on key economic and systemic risk issues. Specific issues analyses and OCC responses are available to OCC examiners on the agency's intranet. For external audiences, REV established and maintains an extensive outreach program and public speaking schedule. Audiences included domestic and international commercial bankers, as well as domestic and international regulators.

National initiatives are coordinated with OCC district initiatives through REV's ongoing relationship with District Risk Committees. These efforts are undertaken to ensure consistent and efficient responses to emerging risk issues, to encourage the sharing of ideas throughout the OCC, and also to serve as a resource to district risk committees.

The "Canary Project" began in 1999 in response to the Comptroller's request that the OCC's diverse early warning tools be inventoried, enhanced, and organized into a productive early warning system that could be consistently applied nationwide. Risk Evaluation coordinated this effort. Community Bank Canary was launched in early 2000, and its primary purpose is to identify banks with potentially high or complex amounts of financial risk. This system is now being expanded to encompass mid-sized banks and corporations. There are five sets of tools available to aid in this analysis:

1) Financial risk measures and benchmarks have been established for credit risk, interest rate risk, and liquidity risk.[1] The financial measures are leading indicators of risk taking that are designed to be concise and intuitive. These measures are referred to as "static" measures because they refer to a bank's financial risk position at a given point in time. Static benchmarks identify banks with potentially high financial risk positions. Evaluating banks' financial positions relative to the benchmarks facilitates early warning analysis by highlighting banks that may need additional supervisory analysis or attention to ensure bank risk management processes are commensurate with levels of risk.

2) For each financial risk measure, a rate of change (ROC) measure has also been calculated. ROC measures focus attention on rapid movement off of a material starting point, rather than focus solely on a static position. This measure helps to identify those banks moving rapidly toward a financial risk position, but is only calculated for those banks already at a meaningful starting point.

3) Predictive models will assist examiners in assessing the future effects of changing economic conditions that may affect the bank and help examiners to estimate a bank's credit risk, forecast future bank performance, and look for rising external risk that may affect bank earnings. The peer group risk model is designed to project the potential impact of different economic scenarios on a bank's loan portfolio and estimate future earnings for similar loan-based peer groups.

4) External models include links to KMV reports and the Federal Deposit Insurance Corporation's (FDIC's) SCOR (statistical CAMELS offsite ratings), which, using 13 financial ratios, seeks to forecast composite and component ratings and assigns a probability that the institution's CAMELS ratings will be downgraded.

[1] The measures are calculated from call report data.

5) Several research tools are complements to the quantitative measures and internal models to assist examiners in assessing credit risk. The loan concentration tool is used to produce a list of all the loan concentrations in a bank by NAIC (National Association of Insurance Commissioners) code as of its last examination and can also produce a list of banks with concentrations in a selected NAIC code. The commercial real estate Web site contains analysis, data, and forecasts on national and local commercial real estate markets and analyses on real estate investment trusts. The Market Spillover database enables examiners to investigate the direct and indirect linkages between an individual bank and the local, regional, national, global, or electronic markets in which it operates.

6) Market barometers are indicators that provide a broad sense of liquidity in the capital markets, perceptions on credit risk, and a general view of public confidence. Specifically, these indicators include trends in U.S. corporate debt spreads, emerging market debt spreads, equity market trends, interest rate swap spreads, and short-term money market spreads. Income and consumption data are also available. New barometers will be added and others removed over time as the environment changes.

Recognizing that a different "Canary" system was needed for large banks, we started work on "Large Bank Canary" in the second quarter of 2000 with the assistance of several large bank teams, and implemented it in the second quarter of 2001. Its components are similar to "Community Bank Canary." For the large bank population, static benchmarks have been developed for financial risk measures of the 5 financial risks, strategic risk, and securitization activities. A separate historical data page contains balance sheet and income statement figures and ratios. In addition, summary "Canary" reports were created, and include a cover page with summary information from markets, models, and internal sources for all in the large bank program, and a financial snapshot with summary balance sheet and income statement items for each large bank.

The RE department also served on working groups to identify systemic risks and develop supervisory policies on national bank vulnerabilities to financial risks, as well as early warning systems to identify emerging risks in the banking system. The department also assisted with various efforts conducted by the Interagency Financial Markets Working Group.

Asset Management Division

The Asset Management division develops OCC policy for the supervision of national banks' asset management services. Financial services included under the umbrella of asset management are fiduciary and investment advisory services, retirement services, retail securities brokerage, and securities custody and transaction processing.

During the period January through September 2002 , the division worked on a variety of projects. The division completed and issued the "Custody Services" (January 2002) booklet and the "Personal Fiduciary Services" (August 2002) booklet of the *Comptroller's Handbook*. In addition, members of the division contributed to other booklets of the *Comptroller's Handbook* series including the "Insurance Activities" (June 2002) booklet and the "Community Bank Supervision" booklet. Asset Management staff spearheaded the effort to ensure appropriate minimum standards for new national trust banks. Staff also worked to develop asset management benchmarks, which are now included in the OCC's large bank Canary early warning tools.

Asset Management staff reviewed and commented on a number of new trust bank charter applications. In addition, staff supported the legal department with its responses to requests for interpretations dealing with asset management issues. Staff also responded to inquiries about the Gramm–Leach–Bliley Act and its impact on bank broker/dealer activities.

The Asset Management staff made presentations at industry meetings, programs, and seminars. Also, the division staff participated as instructors at OCC and FFIEC training programs. Through out the year, the division organized a number of topic-specific conference calls to share information with OCC field examiners and provided specialty training to asset management examiners. In September 2002, the division sponsored a meeting of 100 asset management examiners that featured both OCC and industry speakers.

Asset Management continues to communicate industry news to asset management examiners by periodically issuing the "Asset Management Digest" and maintaining the Asset Management intranet site. Staff members participated in asset management examinations of national banks, resolved consumer complaints, and responded to many inquiries from the industry.

Treasury and Market Risk Division

The Treasury and Market Risk division's (TMR's) primary responsibility is the determination of policy direction with respect to capital markets activities. This includes the OCC's supervisory efforts regarding risk management of interest rate exposures, liquidity positions, trading and dealing exposures (including derivatives and emerging market assets), securitization activities and mortgage banking. The TMR division accomplishes this through regular monitoring of institutions individually and systemically with regard to specific capital markets activities, by issuing examiner guidance in the form of handbook sections and banking bulletins, and by conducting internal training on related capital markets issues. TMR staff participate in mission-critical examinations and represent the OCC at numerous internal and external conferences, speaking about timely regulatory issues.

Highlights of the key accomplishments for TMR in 2002 include:

- *Direct supervision*. TMR staff actively participated in examinations involving securitization, interest rate risk, liquidity, and trading activities.

- *Interest rate risk and investment portfolio management*. TMR issued OCC 2002–19 Unsafe and Unsound Investment Portfolio Practices to alert banks to the potential risk to future earnings and capital from poor investment decisions. The guidance, which supplements OCC Bulleting 98–20, emphasizes the importance of maintaining prudent credit, interest rate, and liquidity risk management practices to control risk in the investment portfolio.

- *Capital Markets Examiner Specialty Skills Program on-the-job training (ESSP OJT).* TMR planned and coordinated the Capital Markets ESSP OJT program for 2002–2003. This program provides on-the-job training with an expert trainer for 10 examiners with the objective of building a pipeline of capital markets expertise. The program is designed to strengthen examiner skills in asset liability management by providing participants five to six exam opportunities at banks with increasing complexity.

- *Trading*. In 2002, TMR prepared the "Derivatives Fact Sheet," a comprehensive package of publicly distributed bank derivatives data and information each quarter. The distribution of this package of spreadsheets and narratives has proven to be a useful mechanism for increasing transparency with regard to bank derivatives and trading activities.

- *Securitization and mortgage banking*. Throughout 2002, TMR has participated in domestic and international efforts to address regulatory capital issues associated with securitization activities. TMR assisted other OCC divisions in developing and publishing four bulletins and attached guidance during the first half of 2002, including:

  — OCC Bulletin 2002–17, "Accrued Interest Receivable: Regulatory Capital and Accrued Interest Receivable Assets."
  — OCC Bulletin 2002–20, "Implicit Recourse in Asset Securitizations."
  — OCC Bulletin 2002–21, "Covenants Tied to Regulatory Actions."
  — OCC Bulletin 2002–22, "Interpretations of the Final Rule for Recourse, Direct Credit Substitutes and Residual Interests."

Throughout 2002, TMR continued efforts to monitor and evaluate the impact of asset securitization on bank safety and soundness. This effort included inter-agency on-the-job examiner training designed to develop and expand examiner technical skills in the area of securitization. TMR also sponsors a monthly inter-agency working group and internal securitization working group. Each group provides a forum to discuss supervisory issues and ensure consistent supervision. We also provide field examiners with various industry reports for the securitization market.

- *Training*. During 2002, TMR sponsored two training sessions for lead capital markets examiners responsible for supervising activities in national banks. These sessions enable us to share information with the capital market experts in the field and provide policy guidance as appropriate. TMR also provided specialized training in the areas of asset and liability management, interest rate risk modeling, and economic capital.

- *Outreach*. TMR staff represented the OCC at numerous external conferences on timely regulatory issues such as: derivatives trading, asset securitization, interest rate risk management, and liquidity risk management. Our participation in industry outreach activities provides us an effective mechanism to communicate directly with the banking industry on current capital markets issues. This helps us understand the issues and concerns of bankers and gives bankers the opportunity to learn about OCC hot topics.

Large Bank Supervision Department

The Large Bank Supervision department supervises all national bank subsidiaries of the following 24 companies: ABN AMRO North America, Inc; Bank of America Corporation; Bank One Corporation; Banknorth Group, Inc.; Barclays Global Investors; Charter One Financial, Inc.; Citigroup, Inc.; First Tennessee National Corporation; FleetBoston Financial Corporation; Hibernia Corporation; Huntington Bancshares, Inc.; J.P. Morgan Chase & Company; KeyCorp; MBNA Corporation; Mellon Financial Corporation; National City Corporation; National Commerce Financial Corporation; PNC Financial Services Group, Inc.; U.S. Bancorp; Union Bancal Corporation; Union Planters Corporation; Wachovia Corporation; Wells Fargo & Company; and Zions Bancorporation. As of September 30, 2001, these 22 holding companies held assets of $4.2 trillion. Under these companies are 119 national banks (including 21 national trust charters) with total assets of $2.9 trillion. These banks represent 82 percent of the total assets of the national banking system, but only 5 percent of the charters.

Three deputy comptrollers head the department, each managing a portfolio of banks and directly supervising examiners-in-charge of the respective institutions. The field examining staff is divided into four geographically based teams. These teams consist of field examiners who support the continuous supervision efforts in each bank. The department also maintains another team in London. That team provides examination and supervision support for European affiliates and branches of national banks. It plays a major role in monitoring developments in the European financial markets.

The department's philosophy of continuous supervision provides for assessing the condition and risk profile of the bank and taking appropriate supervisory and regulatory action when necessary. To implement this philosophy, supervisory strategies are developed annually for each large bank company and are updated quarterly. Strategies are continuous and relate closely to each company's condition, risk profile, economic factors, and marketplace developments. A major component of each strategy is the communication plan. This plan must maintain a strong, consistent, and frequent two-way dialogue with bank management and its board of directors. Areas of special supervisory emphasis in 2002 included supervisory initiatives in credit underwriting, allowance for loan and lease loss reserve adequacy, operational vulnerabilities, and management performance and board governance.

Committee on Bank Supervision

The Committee on Bank Supervision comprises the chief national bank examiner and the senior deputy comptrollers for Large Bank Supervision and Mid-Size/Community Bank Supervision. The committee was established to oversee the development and implementation of OCC's bank supervision policies and supervision-related training programs. The Compliance and the Technology departments report directly to the committee.

Compliance Department

The Compliance department is responsible for maintaining an effective compliance supervision program. The department establishes, maintains and implements supervision and examination policies and procedures governing community reinvestment, fair lending, anti-money laundering, Bank Secrecy Act reporting and record keeping, and consumer protection. A deputy comptroller heads the department and all compliance specialists report directly to the department. Front-line managers consist of one director and six assistant deputy comptrollers.

Several important initiatives were completed during 2002. Compliance continued its efforts to fully integrate compliance risk supervision into the OCC's ongoing supervision activities at national banks. Risk-based compliance initiatives were implemented across the national bank population. Examiners reviewed institutions to determine their progress in achieving full compliance with the privacy provisions. In addition, compliance continued to emphasize BSA/anti-money-laundering risks, so that national banks and federal branches are appropriately focused on risk identification and controls in these areas. The signing of the USA Patriot Act into law gives the OCC, and other departments and federal agencies, enhanced authority to identify and deter international money laundering. USA Patriot Act/anti-money laundering teleconferences were delivered to bankers and examiners. Enhancements to the CRA were also implemented. Lastly, Compliance continued work on a process to better utilize consumer complaint data compiled by the OCC's Customer Assistance Group.

Technology Department

The mission of the Technology department is to support the OCC's strategic objectives by assessing information technology-related risks to the national banking system, developing and issuing supervision policy guidance on information technology-related risks, facilitating efforts to integrate information technology-related risks in OCC supervision, ensuring accurate and consistent implementation of policies and procedures by field examiners, participating in the development of specialty-related training courses, and supervising the interagency Multi-District Data Processing Services (MDPS) and Shared Applications Review programs. The department does this through the Bank Technology and Bank Information Technology Operations divisions.

As part of efforts to assess information technology-related risks to the national banking system, the Bank Technology department advises senior OCC management and field examiners on information technology-related risks by compiling and analyzing information and data on technology-related activities. In addition, the Bank Technology department monitors industry developments by participating in industry-sponsored events. The department also manages the e-banking portion of the OCC's Web site and provides comprehensive technology information through the internal OCCnet to assist field examiners.

Bank Technology continued its efforts to integrate technology risk supervision into the OCC's ongoing activities at national banks by developing supervision policy guidance on information technology-related risks. As part of this effort, the Bank Technology division focuses on technology risks, including business continuity planning, electronic banking, technology outsourcing, information security, privacy, authentication, aggregation, Web-linking, and wireless. In 2002, the department worked collaboratively with other agencies on new guidance for bankers and examiners detailing GLBA 501(b) security expectations and internal enforcement guidelines and risks associated with third-party servicers. To raise industry awareness and to highlight the appropriate steps banks should take to effectively manage technology risk, the department's staff participated in numerous outreach activities.

Bank Technology facilitates efforts to integrate technology-related risk evaluation in OCC supervision and ensure the consistent implementation of policies and guidance by working with the districts' lead information technology experts and the large banks' bank information technology specialists. In addition, Bank Technology develops training programs on Internet banking and information technology-related risks, and examination of technology service providers for managers and field examiners. This includes in-depth training on specific technologies and risk management practices used by banks and technology service providers.

Bank Technology chairs the Electronic Banking Working Group, an inter-departmental group responsible for providing guidance to the industry and examiners; monitoring and analyzing risks in e-banking activities; ensuring OCC examiners have the right tools and training; supporting the OCC's leadership role in industry, interagency, and international efforts; and planning and prioritizing projects that involve significant inter-unit work. In addition, Bank Technology actively participates in the OCC's national risk committee (NRC), provides updates analyzing technology-related risks facing the industry, and recommends changes to the NRC "radar screen". Bank Technology also participates in other committees such as the OCC's supervision policy committee and also reviews technology-related risks associated with corporate applications from national banks or organizers seeking a national bank charter. Members of the Bank Technology department also participate in field examinations of banks and service providers that have information technology-intensive operations. Further, Bank Technology works with other units to respond to inquiries from Congress, General Accounting Office, Treasury Department, White House, and other executive agency offices. Bank Technology supports the Comptroller as chairman of the Basel Electronic Banking Group (EBG).

Several important interagency initiatives were completed during 2002. The department represented the OCC on the Federal Financial Institutions Examination Council's (FFIEC's) Information Technology Subcommittee and worked closely with other federal banking agencies to develop industry guidance and examination procedures. In 2002, Bank Technology led subcommittee projects that included the update of the 1996 FFIEC *Information Systems Handbook* (in two volumes), the risk-based prioritization of interagency examinations of Technology Service Providers, and the development of an Interagency Technology Event Communications Coordination Plan. In addition, Bank Technology participated in the 2002 FFIEC Symposium focusing on Business Continuity Planning, and the 2002 Interagency Technology Conference. Further, the department participated in and interagency working group that is developing a small entity 501(b) compliance guide.

The Bank Technology department also represents the OCC on Treasury's Federal Banking Information Infrastructure Committee (FBIIC) by working closely with other financial regulators, Treasury, and the Office of Homeland Security to establish secure communication facilities for FBIIC agencies; review continuity of operations plans of regulatory agencies; evaluate financial sector vulnerabilities; and coordinate communications. The division was a major contributor to the Interagency White Paper on Sound Practices to Strengthen the Resilience of the U.S. Financial System and, in collaboration with the other federal financial institution regulators, developed and implemented a policy to sponsor national banks to secure Government Emergency Telecommunications Service (GETS) telephone priority cards for key staff members to communicate in case of an emergency.

Ombudsman

In 2002, the ombudsman was responsible for overseeing the national bank appeals process and the Customer Assistance Group (CAG). The CAG reviews and processes complaints received from customers of national banks. The ombudsman functions independently, outside of bank supervision, and reports directly to the Comptroller.

The primary ongoing activities of the national bank appeals process included resolution of individual appeals from national banks, administration of the examination questionnaire process, and outreach activities. With the consent of the Comptroller, the ombudsman has the discretion to supersede any agency decision or action during the resolution of an appealable matter. The ombudsman often acted as a catalyst to spawn reviews of agency policies, processes, and procedures as a result of issues identified through his activities. The ombudsman also acted as liaison between the OCC and anyone with unresolved problems in dealing with the OCC regarding its regulatory activities.

The ombudsman also oversees the CAG. This group reviews and processes complaints received from customers of national banks. The office oversees a call center with trained compliance professionals and an advanced platform of equipment to enhance the group's ability to deliver responsive customer service. The CAG has adopted the philosophy of resolving as many cases as possible at the point of first contact. By facilitating communications between national banks and their customers, the CAG supports industry efforts to sustain a broad and satisfied customer base in a highly competitive financial services market. The group's constituents not only include customers of national banks, but also the national banks and OCC's bank supervision divisions.

Mid-Size/Community Bank Supervision Department

The Mid-Size/Community Bank Supervision department is responsible for direct supervision of mid-size and community national banks, credit card banks, federal branches and agencies, national trust companies, bank data processing servicers and bank data software vendors. During 2002, the OCC conducted 1,609 examinations focusing on the overall safety and soundness of national banks, federal branches and agencies. The OCC also conducted 767 compliance examinations, 459 Community Reinvestment Act examinations, 381 asset management examinations, and 166 examinations of bank data processing servicers, bank data software vendors and bank information systems operations.

Supervision Operations Department

The Supervision Operations department provides support to the Mid-Size/Community Bank Supervision department and other departments by administering various OCC systems, developing/analyzing management information reports, coordinating several agency-wide programs and special projects, and coordinating the Mid-Size/Community Bank Supervision policy-making process. The department includes three divisions: Supervisory Information, Special Projects and Programs, and Mid-Size/Community Bank Policy Coordination.

The Supervisory Information division administers major bank supervisory systems used by examining staff and develops management information reports and analyses on bank supervision-related matters. Analysts are assigned to administer the Examiner View application, which assists bank examiners in preparing for and conducting examinations of financial institutions, and electronically stores examination reports, working papers, and financial and supervisory information. The division also supports other major supervisory systems and many automated tools and models used by examiners in their daily examination processes. This includes a new ad hoc query tool, the Financial Institution Data Retrieval System (FINDRS), to be launched in 2003. Other division analysts in headquarters and the districts produce and disseminate a myriad of reports, analyses, early warning screens and filters used to assist in risk identification as well as assess bank supervision operations and resource usage.

The Special Projects and Programs division administers various programs that support bank supervision functions, including the uniform commission examination (UCE) program, the national bank examination services (NBES) contract program, and the international examinations program. During 2002, the UCE program tested 79 examiners on their readiness to be certified as a "commissioned" national bank examiner. The NBES contract program, which provides external experts to perform bank examination-related tasks on a contractual basis, was expanded to increase the number of highly skilled contractors in the areas of general bank examination, credit analysis, compliance, and bank information technology. The international examinations program provided support to approximately 55 examiners participating in 37 overseas examinations in 14 countries. The division also coordinates various ongoing and special projects to support the mid-size/community and large bank populations. Projects in 2002 included coordinating the review of new and revised policies and procedures, coordinating the midsize/community bank department's budget activities, and supporting the implementation of the OCC's budget reporting and tracking system.

During 2002, Mid-Size Policy Coordination oversaw quality assurance efforts in community banks, coordinated the review of policy issuances, and participated on various special projects.

Special Supervision/Fraud Department

The Special Supervision/Fraud division consists of problem bank and fraud specialists. The problem bank specialists supervise those national banks in critical condition, monitor failing banks, coordinate bank closings, and help determine OCC policy for the examination and enforcement of problem banks. Fraud specialists are located in each district and are also assigned to Large Banks. An external fraud specialist is also assigned to headquarters. They provide support and expertise on a wide variety of fraud-related issues.

The division's problem bank specialists are the focal point for managing the most critical bank situations in which potential for failure is high. An anticipatory approach is used in resolving these critical bank situations. The division deals with each bank individually, employing enforcement and administrative tools best suited to that bank's problems. The problem bank specialists approve the scope of examination activities, hold meetings with management and boards of directors, review corporate-related applications, and process reports of examination and correspondence for these banks.

The problem bank specialists also provide general advice and guidance on problem bank issues to district offices and other OCC units, and develop examination strategies to enhance OCC's relationship with problem banks. The division tracks district trends in problem banks and monitors for consistency of treatment. The problem bank specialists helped develop and teach the problem bank and failure management courses. The problem bank specialists frequently represent the OCC at meetings with foreign regulators who seek out specialized problem bank knowledge.

The division's fraud specialists serve as liaisons for field staff and management on fraud-related issues, and participate on examinations to provide expertise in complex investigations. They testify in court on examination and fraud findings or as expert witnesses. They advise district and large bank staff and conduct outreach meetings on various fraud topics. The fraud specialists also develop and maintain contacts with law enforcement organizations and other agencies.

Mid-Size and Credit Card Bank Supervision Department

The Mid-Size and Credit Card Bank Supervision department was established at the end of 2002. Supervisory responsibility for these two groups of banks had previously been divided among the six districts, based on their geographic location. The department is headed by a deputy comptroller, who is supported by two assistant deputy comptrollers for Mid-Size Banks and two assistant deputy comptrollers for Credit Card Banks.

At year-end 2002, the Mid-Size banking program consisted of 25 bank holding companies and their 73 subsidiary national banks with assets totaling $210 billion. Each mid-size banking company is assigned to a senior examiner, who develops and implements a supervisory strategy, including the annual full-scope examination process, as well as specialty and targeted examination activities in each company's national banks. Having one examiner assigned overall responsibility for continuous supervisory oversight of the company promotes ongoing communication with bank management, thereby enhancing the OCC's ability to promptly identify and address emerging issues and risks.

The Credit Card bank group includes 25 national banks that generally limit their business to the issuance of unsecured revolving lines of credit and related activities such as securitization and servicing of receivables. Their aggregate assets total approximately $5–6 billion. In recognition of the unique risks associated with this business line, a team of examiners with extensive retail credit experience is assigned supervise this group of banks on a full-time basis.

International and Economic Affairs Department

The Senior Deputy Comptroller for International and Economic Affairs is responsible for managing the agency's economic research and analysis program; providing expert advice to examiners in the assessment of banks' risk measurement methods; providing model development and support for bank supervision work; providing policy advice based on economic analysis and research on the risks in the banking industry; maintaining and developing capital regulations and interpretations; assessing international banking risks; and formulating policies and procedures for the supervision and examination of federal branches and agencies of foreign banks. The Senior Deputy Comptroller is responsible for coordinating OCC participation on the Basel Committee on Banking Supervision. These activities are carried out through the International Banking and Finance, Financial Analysis, Capital Policy, Risk Analysis, and Policy Analysis divisions.

Global Banking and Financial Analysis Department

The Global Banking and Financial Analysis department consists of two divisions: the International Banking and Finance and the Financial Analysis divisions.

International Banking and Finance Division

The International Banking and Finance (IB&F) division supports OCC supervision of the federal branches and agencies of foreign banks in the United States and serves as the focal point of OCC relationships with the international financial community and foreign supervisory organizations. The division provides policy advice and technical expertise and analysis to the OCC on international banking and financial matters, including foreign regulatory trends, country risk evaluation, and the evolution of foreign financial systems, institutions, and supervisory and regulatory processes.

IB&F supports OCC examiners and other staff engaged in domestic and international supervisory activities, as well as assists in the development and implementation of OCC banking supervisory and regulatory policies and procedures. IB&F completed an International Risk Identification Model in 2002 to assist examiners monitor international exposures and risk rank countries.

IB&F coordinates the Federal Branch program and OCC's participation on international working groups including the Basel Committee on Banking Supervision and the Joint Forum on Financial Conglomerates. The department also provides technical support to the Treasury Department on the G–7 summit process. IB&F coordinated OCC's participation on the Basel Electronic Banking Group and in 2002 this group issued sound practices guidance on cross-border E-Banking.

The division conducts analysis of global economic trends and provides applied financial and economic analysis of key issues that may affect banking industry performance and OCC supervisory policy and operations. The unit prepares the deputy comptroller's quarterly press conference on the condition of the banking industry and the OCC *Quarterly Journal* article on the condition of the banking industry.

As the OCC representative on the Interagency Country Exposure Review Committee (ICERC) of U.S. bank regulatory agencies, IB&F develops and analyzes risk in international lending, including the evaluation of transfer risk associated with exposures to countries experiencing difficulty servicing their external debt. Through IB&F, the OCC provides the permanent ICERC secretariat and rotates as chair of the ICERC every third year.

The IB&F staff acts as the secretariat to the OCC committee that considers requests from around the world to provide technical assistance including visits and training sessions, as well as, OCC staff participation on technical assistance missions in foreign countries.

Financial Analysis Division

The Financial Analysis division is responsible for analysis of bank condition and performance. This includes assessments of financial market developments, international influences, trade-related spillovers, nonbank industry developments, and regional and macroeconomic concerns. The division provides direct analytical support to the national risk committee, national credit committee, Large Bank senior staff and examiners-in-charge (EICs), and district staff.

The division develops and maintains information systems and tools necessary for the delivery of its analytical products. The primary systems include: the integrated banking information system—bank call report data, supervisory data on national banks, branch data, and holding company data; the economic information system—economic and financial data and graphics; nonbank industry and company data—and several tools and techniques to evaluate risks in the banking system as well as to assist examiners in their individual bank risk assessments.

The division provides economic, financial, and banking analysis to the assistant deputy comptrollers for community and midsize banks and the Large Bank EICs. The division produces regular reports on macroeconomic and regional economic trends, and reports on commercial real estate for use by examiners and national risk and national credit committees. The division staff provides extensive support to bank outreach meetings and to the special needs of the district and large bank staffs. The division is directly responsible for special in-depth industry studies in sectors with high bank-loan concentration and signs of weakness.

Capital Policy Division

The Capital Policy division identifies issues and develops policies to address risks to bank capital. This includes developing and maintaining capital regulations and interpretations as well as dividend, income, and expense policies. This work is often done in collaboration with other units of the OCC as well as other U.S. and international regulatory agencies.

The division ensures that capital policies are effectively communicated and implemented and provides technical assistance to examiners, bankers, and advisors on risk-based capital issues. The division also coordinates the work of the OCC's Capital Steering Committee.

In 2002, Capital Policy coordinated the OCC's contribution to the continuing efforts to revise the 1988 Basel Capital Accord and implemented changes in the OCC's risk-based capital regulations in coordination with the other banking agencies. The division also provided guidance and interpretations to examiners, banks, and the financial community with respect to innovative Tier 1 instruments, credit derivatives, securitizations and recourse issues, subprime and payday lending, and other risk-based capital issues.

The comprehensive revision of the 1988 Basel Capital Accord, the foundation for minimum capital requirements for international banks, is a global effort to align capital requirements more closely to credit, market, and operational risks. Capital Policy staff chaired or participated in several of the Basel Committee's capital working groups and task forces. In the second half of 2002, CAP provided staff support for the Quantitative Impact Study (QIS3) and significantly expanded the focus on domestic implementation of the pending Basel revisions.

The division was instrumental in finalizing two proposed interagency changes to the risk-based capital regulations. A final rule for non-financial equity investments published in January 2002 and a final rule on risk weights for securities firms was published in April 2002.

The OCC and the other banking agencies jointly issued several significant risk-based capital interpretations dealing with asset securitizations in May 2002. These issuances provided guidance and interpretations on implicit recourse, the new recourse and residual rule, and accrued interest receivable assets.

Policy Analysis Division

The Policy Analysis division conducts analysis and research that contribute to the development of OCC policy positions and to the understanding of the impact of policies on the performance of the banking industry.

The Policy Analysis Division work includes short-term analyses and longer-term research projects of public policy issues related to banking. The division prepared research papers, memorandum and briefing documents on the impact of technology on bank performance; the impact of predatory lending laws on credit availability, access to financial services by lower-income households, regulatory structure; deposit insurance reform; regulatory consolidation; and bank structure and charter choice. The division also provides statistical services to departments throughout the OCC, including survey design, sample selecting and data analysis. The Division supports the testimony process; prepares economic analyses of the effect of regulations on banks and other private sector entities; and analyzes and monitors OCC's Risk Analysis program. It also made contributions to the OCC's efforts to revise its assessment schedule and improve its forecasts of assessment revenue and continued work on alternative solutions to the inherent flaws in the current system for the funding of bank supervision.

Risk Analysis Division

The Risk Analysis division provides applied, sophisticated knowledge of quantitative economic modeling to bank examiners and policymakers in the OCC. The economists in the division provide direct support to examiners and policymakers on risk modeling, decision modeling, and modeling to detect compliance with fair lending laws. The outlet for this support is direct participation in exams, the construction of models and tools for use by examiners, consultation with examiners and policymakers, educational outreach and training of examiners, and written materials for use by examiners and policymakers. The provision of expertise by the division requires the pursuit of a research agenda that maintains and improves knowledge and skill in modeling. In 2002, the department spent a significant amount of time working on the Internal Ratings Based approach to be used under the proposed Basel Capital revision. The division comprises three units: Market Risk Modeling, Credit Risk Modeling, and Financial Access and Compliance.

Market Risk Modeling

The Market Risk Modeling unit's work deals both with market risk as the agency defines it (financial risk of the marked-to-market portion of the business—primarily the trading desk, including derivatives trading) and interest rate risk (market risk in the banking book, which is not marked-to-market). The major outlets for work in this area are examinations in which examiners are assisted in evaluating the adequacy of the sophisticated quantitative models used by banks. For example, a large part of the unit's work in recent years has been the evaluation of the risk measurement systems for bank trading desks, called value-at-risk models. The unit also performs exams to evaluate the models that banks build to price their over-the-counter derivatives or to value assets with a focus on evaluating models that banks build to estimate their exposure to interest-rate risk. For large banks, this means reviewing banks' own models. For community banks lacking their own models, the unit offers examiners a simple interest-rate-risk-benchmarking tool.

Credit Risk Modeling

The Credit Risk Modeling unit provides exam support on models used to make credit decisions, generally known as credit scoring, and models used to evaluate credit risk. Credit scoring, which is the use of statistical models to make decisions, has been a traditional outlet for the unit's services, and it continues to be a growing source of demand. That work encompasses the use of scoring in retail lending and in commercial lending, and has been a traditional outlet for the division's expertise. A growing portion of the division's attention is focused on models used to evaluate credit risk, including the portfolio credit models used in bank economic capital models. One specific type of portfolio credit model is the proposed internal risk-based approach to Basel risk-based capital reform. The unit is devoting great effort to preparing for the implementation of those changes.

Financial Access and Compliance

The Financial Access and Compliance unit provides specialized technical and analytical expertise in economics and statistics to assist the OCC in identification, characterization, and analysis of fair lending compliance risk in the national banking system. Economists are assigned to OCC examination teams to assist with evaluating banks' compliance with fair lending rules. The unit also conducts research to refine the statistical techniques and analysis used to support OCC examinations and to address OCC policy questions related to access to financial services.

Office of Management and Chief Financial Officer

Workforce Effectiveness Department

The Workforce Effectiveness department (WFE) delivers services in the areas of human resources operations, policy development and program integrity, organizational performance, compensation and benefits, workforce diversity, labor management relations, and consulting services on organizational performance.

Significant undertakings and accomplishments during 2002 included:

- In late 2001, the Comptroller announced OCC's inaugural Strategic Plan for Active Recruitment, Retention, and Career Development (SPARC). During 2002, the Employment and Diversity division played a key role in implementing SPARC. The division was instrumental in rolling out several initiatives including providing diversity awareness training to all managers; supporting the establishment of a new affinity group, the Hispanic Organization for Leadership and Advancement (HOLA); developing a strategic recruitment plan for entry-level bank examiners; piloting a mentoring program; and analyzing and presenting diversity data.

- Workforce Effectiveness provided resources to support the announcement by the Comptroller of the district-restructuring plan in September 2002. WFE staff members continue to engage in numerous activities such as serving on the district restructuring subcommittee and implementation team, managing preview trips and the relocation program for affected employees, arranging career transition assistance, developing a program to ensure that OCC employees are supported in making the personal decisions they must make relative to the restructure, responding to inquiries and providing on-going advice to managers and employees, analyzing employee preferences, planning and managing the buyout program, and conducting training.

- Resources were devoted to evaluating OCC's compensation and performance management programs. Compensation and Benefits and Employment Policy staff members assisted in planning and conducting focus groups with managers and employees throughout the organization for the purpose of receiving feedback on the programs. As a result, WFE recommended several modifications to the programs and staff members took steps to implement those approved by the Executive Committee. Compensation and Benefits continued to ensure comparability of OCC pay and benefits with the FIRREA community through the administration of the annual salary survey.

- The Employment Policy and Program Integrity division was instrumental in implementing enhancements to OCC's work-life programs. This included a new maxiflex program, which gives increased flexibility in scheduling work and allows for the accumulation of credit hours, and the creation of a leave bank. Responsibilities included writing updated policies and procedures; providing briefings to managers on aspects of the program; responding to questions and answers via the work life bulletin board; and developing tools to track and monitor credit hours.

- WFE, in collaboration with Continuing Education, prepared and presented to the Executive Committee a "State of Workforce" report. This report analyzed workforce demographics, expertise, efficiency, performance incentives, indicators of satisfaction, diversity, and costs to uncover the significant trends that will affect OCC's workforce in the coming years. It will serve as the foundation to develop a long-term human capital plan.

- In late 2002, OCC employees voted in favor of being represented by the National Treasury Employees Union. WFE began developing a labor relations program. Early steps included issuing guidance to managers and providing them with introductory labor relations training.

Financial Management Department

The mission of the Financial Management (FM) department is to provide leadership to promote the efficient management of OCC's resources and assets, quality financial services to customers based on their needs, and complete and useful financial information on OCC operations that fully supports financial and performance reporting.

During 2002 Financial Management accomplished the following:

- Operated $MART, a Joint Financial Management Improvement Program–compliant financial management and acquisitions management information system, for fiscal year 2002 beginning on October 1, 2001. Post-implementation production support included refining the design and controls for all automated interfaces and continued customer training.

- Enhanced the $MART Executive Desktop to provide OCC executives and managers with online accurate, timely and reliable financial and staffing information and posting a system-wide summary of the Monthly Financial Status Report for all employees following the presentation to the executive committee.

- Re-engineered the planning, budgeting, and program evaluation processes into an integrated program for the development of OCC's FY2003 budget.

- Formalized the process of tracking all necessary steps that need to be performed to meet the Secretary of the Treasury's three-day close goal. OCC was one of the earliest Treasury bureaus to meet the three-day close target.

- Implemented a nationwide audit program of randomly sampled documents for both travel reimbursement and time and attendance entry to enhance internal controls.

- Performed financial management ongoing operations in an efficient, accurate, and effective manner in compliance with federal, Treasury, and OCC requirements, resulting in an unqualified audit opinion with no material weaknesses for fiscal year 2002.

Management Services Department

The Management Services department provides a wide range of administrative services essential to the OCC. These include acquisition management; real estate management (leasing design, and construction); facilities management and security; informational services and management systems; supply and warehousing; conference planning; mail and messenger services; and records and forms management. Management Services also coordinates the OCC's program of partnerships with high school academies of finance across the country and runs the headquarters school volunteer program.

In 2002, Management Services focused on developing a comprehensive emergency management program to ensure the safety of OCC employees and the continuation of the OCC's critical functions in the event of an emergency or disaster affecting the normal operations of the bureau. A key component of the program was the development and implementation of a Continuity of Operations Plan (COOP), which earned laudatory comments from the Treasury Department and other external reviewers. The National Archives and Records Administration also gave special recognition to OCC for its outstanding Vital Records Program, another key component of emergency management.

During 2002, Management Services' significant undertakings and accomplishments include:

- The Security Services staff provided continuous support to the OCC's Contingency Planning Oversight Committee (CPOC) in developing and implementing the OCC's Continuity of Operations Plan (COOP). Multiple communications tools were established for managers and employees to use in case of emergency; alternate operating facilities were identified and equipped; templates were developed for senior deputy comptrollers to document critical functions, decisions and resources during emergencies; COOP awareness training was provided for all managers and employees; and the Security Services staff provided on-going assistance to other agencies in developing their COOP plans.

- Records Management staff, provided training to numerous federal agencies on vital records programs, at the request of the National Archives and Records Administration. The Archives recognized OCC's outstanding vital records program and its assistance to the federal community by giving OCC the award for the outstanding federal records program at the Archives' annual meeting in Washington, DC.

- Real Estate and Capital Assets has begun implementation of the recommended policies and procedures of the Real Estate Strategic Study that was completed in 2001. The OCC developed a 15-year strategic plan of the OCC's real estate portfolio and realized a savings of $1.75 million on leases negotiated in the 2002 fiscal year.

- In addition to overseeing the modernization and integration of the OCC's internal management systems, the Informational Services and Management Systems (IS&MS) unit led the effort to improve the Office of Management's stewardship of sensitive information. The OM Data Security Group developed guidance for OM employees and performed follow-up to ensure that requirements are well understood.

- The asset management module of $MART, the OCC's integrated management system, was brought on line in August 2002. The module helps OCC manage its real and personal property and creates an electronic record of OCC assets from the time of acquisition through disposal. The module will also enable OCC to standardize its physical inventory policies and procedures.

- The Real Estate and Capital Assets division completed the leasing, planning, design and construction for new field offices in Boston, MA, Charleston, WV, Cincinnati, OH, Miami, FL, St. Louis, MO, and Dallas, TX. Renovation services were also provided to several field offices and two district offices. The relocation of the Washington, DC, field office into Independence Square resulted in significant savings for the OCC.

- In support of the OCC's district restructuring initiative, space was obtained in Denver for the new Western District Office and plans were made for expanding space in the Southern District Office in Dallas and renovating space in the Central District Office in Chicago.

- Informational Services and Management Systems' library staff provided comprehensive library services to OCC employees. In addition to responding to 15 percent more requests than in the previous year, library staff answered reference requests in less than 24 hours 98 percent of the time, thus saving agency staff valuable time in obtaining critical research and information. The library also reduced OCC costs by reducing its print subscription outlays by 10 percent.

- Records Management launched a records management audit program, linked to the agency's management accountability effort. The audit program will help ensure that OCC programs comply with OCC and federal records policies and procedures. It is an important addition to the OCC's tools for internal control of critical documents and information.

- Management Services continued to focus on controlling costs. The Acquisition Management division saved more than $1.6 million this year on procurements valued at a little over $34 million. The savings were achieved through a combination of negotiations and effective use of competition.

- In March, 2002, Treasury formally recognized the OCC's leadership in the implementation of the Central Contractor Registration System (CCR) and CitiDirect. The CCR automatically provides the information necessary for vendors to be paid electronically and to file payment information for income tax reporting. CitiDirect is the automated system for reconciling and closing purchase card statements. The OCC was the first bureau to implement these systems and the first agency government wide to develop an electronic interface with the CCR and the Financial and Acquisition systems.
- Management Services units continued to enhance customer service by meeting or exceeding 90 percent of its customer service standards.

Continuing Education Department

The Continuing Education (CE) department provides a variety of services to meet the training and development needs of OCC employees. These services include consultation and instructional design, identifying knowledge gaps, internal courses developed by subject matter experts, self-study courses, vendor-based courses conducted at OCC sites, and numerous external training options. The Continuing Education department is led by the deputy comptroller for Continuing Education and is organized into two teams: Educational Program Development and Training Operations.

The Educational Program Development team, headed by the division director, is responsible for the development and maintenance of technical (examiner) and management/leadership courses. The team is comprised of technical, management, MIS designers; course administrators; and technology specialists. This group uses a variety of delivery methods, including computer-based training (CBT) on the intranet, interactive compact disks, and traditional classroom training. Team members work closely with other OCC departments to develop internal courses in response to identified training needs. When practical, they use off-the-shelf, vendor-based products to meet specific training needs. This team is also responsible for maintaining Continuing Education's intranet site, which includes the internal course request system, the external training program application, outside vendor information, training schedules, a resource library, and many pre-course materials.

The Training Operations team, headed by the division director, is responsible for identifying training courses and tools that meet employees' training needs. The team includes all district training officers and their staff, the Washington office and large bank training officers, and a management analyst. The training officers serve as primary contact for their serviced employees. They provide advice and counsel on available training courses, both internal and external; manage the internal and external course registration process; and communicate training policies and procedures to their customers. The Training Operations team also manages the Career

Development Initiative, a program that encourages support staff to pursue training, education, and developmental assignments that can help them advance in their careers. In addition, Training Operations manages the budget and acquisition process for all of CE.

Continuing Education manages the Opportunities Board and the Resource Alternatives group. The Opportunities Board is an agency-wide bulletin board used to solicit nominations for special projects and rotational assignments. This forum is designed to promote awareness of and access to developmental opportunities for all OCC employees. The Resource Alternatives group provides expertise for OCC initiatives and projects.

Accomplishments for 2002 include increased use of technology in the delivery and evaluation of training to OCC employees; replaced the old training administrations system; established the benchmark for OCC training curriculum design; and implemented quality assurance and customer service measures in all CE functions.

Chief of Staff and Public Affairs Department

Along with his duties in direct support of the Comptroller, the chief of staff is responsible for overseeing the Web Content unit, Program and Management Accountability division, and the Workplace Fairness and Alternative Resolutions division.

In addition the chief of staff serves as the acting senior deputy comptroller for Public Affairs, who is responsible for overseeing internal and external communications activities. The senior deputy comptroller for Public Affairs is charged with bringing an external perspective to agency issues and works closely with the senior agency officials to identify issues and activities that need to be communicated inside and outside the agency. In addition, the senior deputy comptroller provides advice and counsel to the Comptroller and executive committee on media relations and communications activities and policies.

Specific responsibilities of the senior deputy comptroller for Public Affairs include the following: overseeing regular outreach efforts to foster and develop relationships with the constituencies involved in banking; tracking legislative developments and responding to congressional inquiries and requests for support; directing the preparation and dissemination of information to help bankers, examiners, community organizations, and the general public understand the national banking system, the OCC's supervisory activities, and related issues; ensuring fair and easy access to the agency's public information; coordinating internal communications; and managing news media relations for the agency.

Web Content Unit

The chief of staff established the Web Content unit in 2002 to be the focal point for the content development and management of the agency's Web sites, including the Internet site, National BankNet extranet site for national banks, and the OCCnet intranet site for agency employees. The unit interprets Web content policy, plans strategies for Web expansion, and monitors Web quality and branding.

Program and Management Accountability Division

The Program and Management Accountability division (P&MA), headed by the director for Program and Management Accountability, comprises three units: Quality Management, Program Analysis, and the OIG/GAO Liaison function. The division's primary mission is to establish and maintain an internal control environment that achieves the following:

- Effectiveness and efficiency of operations
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations

An equally important ongoing objective is to provide all OCC managers with the guidance and support they require to identify and correct weaknesses in planning, controlling, and accounting for program operations and resources.

In doing so, the P&MA identifies major issues for review by the Comptroller and the chief of staff and oversees the necessary analysis to provide the context for decision options. Additionally, the division identifies major options or alternatives for the budget review process, develops multi-year plans for analysis of issues that will need decisions in future years, and reviews program performance and recommends ways to ensure more efficient use of OCC resources and the successful implementation of programs and policies.

Quality Management

- Ensure that management officials establish and maintain a set of product quality controls, management controls, and performance measures.

- Encourage organizational performance excellence through a regular program of quality management reviews, lesson learned reviews, and other continuous improvement activities and studies, as directed by the Comptroller.

Program Analysis

- Ensure OCC programs align with its strategic interests and priorities by analyzing OCC's budget and providing input into the strategic planning process.

- Evaluate the efficiency and effectiveness of programs and recommend alternatives or solutions.

OIG/GAO Liaison

- Serve as the liaison with the Department of the Treasury Office of the Inspector General (OIG) and the U.S. General Accounting Office (GAO).

- Provides authoritative and technical advice to senior management and OCC staff on audits and investigations.

Workplace Fairness and Alternative Resolutions Division

The Workplace Fairness and Alternative Resolutions (WFAR) director advises the Comptroller and executive committee members on overall EEO (equal employment opportunity) program objectives and plans. The WFAR division is responsible for assisting the Comptroller and the executive committee in establishing a workplace environment that capitalizes on fairness and encourages every employee to work towards her or his maximum potential. The WFAR manages four primary EEO components including (1) EEO/workplace fairness; (2) fair alternatives and innovative resolutions (FAIR) services; (3) EEO training and education; and (4) complaint management.

During fiscal year 2002, the WFAR division established some major program objectives, which were vital in forming a solid formation for EEO programs in the future. The WFAR director embarked on a marketing campaign, which promoted the new concept of workplace fairness and FAIR Services to OCC employees. Briefings to headquarters and district/field managers and employees on workplace fairness and FAIR Services were completed. The WFAR division distributed written information through articles, e-mails, brochures, pamphlets, open houses, and celebrations. The information communicated to employees through these various forums emphasized the importance of treating each other with respect, dignity, and removing barriers to equal opportunity.

EEO/Workplace Fairness

Major accomplishments included promoting a new EEO concept focusing on "workplace fairness" and the issuance a policy statement signed by the Comptroller encouraging managers and employees to support the new concept. WFAR continued to monitor and analyze the OCC's EEO program to ensure compliance with statutory, regulatory, and OCC policy requirements

FAIR (Fair Alternatives and Innovative Resolutions) Services

Another major program objective achieved was the launching of the FAIR services to address non-discrimination issues through alternative dispute resolution (ADR). The director, WFAR staff members, and the OCC's chief of staff conducted agency-wide briefings promoting the benefits of FAIR. Further, the WFAR division selected and trained OCC mediators to resolve EEO and workplace disputes.

EEO Training and Education

The division educated the workforce on how to use alternative dispute resolution (ADR) techniques to resolve workplace conflicts at the earliest stage, at the lowest possible level of management, and with the least cost in terms of time and money to the agency. The division is working closely with the Equal Employment Opportunity (EEO) Commission for the development of EEO training modules that will be implemented during the upcoming year.

Complaint Management

Through early preventive techniques, WFAR effectively reduced to the number of formal EEO complaints and increased the use of alternative dispute resolution (primarily mediation) to resolve EEO cases during the informal complaint stage. The WFAR director continued to provide quarterly status reports to the Comptroller, executive committee, and senior managers.

Public Affairs Department

Communications Division

The Communications division provides publishing, communications, and information services to the OCC. It supports the broader Public Affairs mission to inform internal and external audiences about the national banking system and the OCC's supervisory policies and activities. Communications provides a number of services in support of OCC's mission. The Communications division carries out its responsibilities through the following programs:

- Publishing Services unit provides editing services and publishes print and electronic material in support of the agency's mission.

- Internal Communications unit ensures that all OCC employees are aware of current policies and programs, and that major initiatives and messages are communicated on an agency-wide basis through "What's New at the OCC" postings on the intranet, the *SuperVisions* employee newsletter, and other vehicles.

- Disclosure Services and Administrative Operations unit is responsible for handling most requests for information through the Freedom of Information and Privacy acts. In addition, this unit operates the Public Information Room, certifies copies of bank documents, and oversees the agency's print budget, the annual publications printing plan for all print products, as well as the fulfillment and warehouse contract for print material.

- Publications and Media Design Services unit is responsible for working closely with agency departments to produce and design products for published materials and other multimedia presentations for the agency. This unit also oversees the printing of OCC material and ensures its distribution to national banks and other internal and external audiences.

Community Bank Activities Division

The Community Bank Activities division acts as the in-house contact point on regulatory matters concerning community banks. Community Bank Activities fulfills its responsibilities to community banks and to OCC personnel by:

- Serving as a conduit and clearinghouse for information on community bank issues.

- Facilitating internal, multi-level sharing of information on community bank activities.

- Identifying and providing additional services that add value to nationally chartered community banks.

- Identifying and addressing opportunities to reduce regulatory burden for community banks. As appropriate, Community Bank Activities makes recommendations for regulatory and supervisory changes.

Executive Communications

As the unit responsible for preparing the Comptroller's speeches and other written messages, Executive Communications coordinates appearances with event organizers, develops the content of individual speeches, and provides speechwriting assistance to other OCC officials. Executive Communications also develops other written products for the Comptroller and other OCC officials that are intended for large audiences.

Banking Relations

Banking Relations is the OCC's primary contact point for bankers, trade association executives, state bank supervisors, and other industry representatives on issues involving OCC policy. The unit builds and maintains bridges with these and other financial services industry stakeholders to facilitate an efficient, timely, and constructive exchange of information integral to OCC policy development and implementation.

Among other activities, Banking Relations:

- Directs, coordinates, and monitors non-supervisory outreach events involving OCC headquarters or field staff. These events include participation in seminars, meetings, conventions, banker-specific education programs, and other outreach initiatives involving participants from the financial services industry, including support for annual banker association visits to Washington.

- Develops, directs, coordinates, or manages outreach materials and facilities including National BankNet (the OCC's extranet for national banks), and various audio-visual and text-based materials, such as the "Value of the National Bank Charter" outreach package.

- Coordinates and monitors requests for OCC participation in industry events such as seminars, meetings, conventions, and banker-specific education programs.

- Plans and organizes sessions that bring together OCC senior managers with industry and trade association leaders to discuss banking industry trends, emerging issues, and other matters of mutual concern. One major initiative in this area is the "Meet the Comptroller" roundtables sponsored by Banking Relations.

Press Relations Division

Press Relations works to increase public awareness and understanding of the OCC and the national banking system by providing accurate, timely and comprehensive information to the public, primarily through the media. Press Relations prepares and issues press releases, organizes and conducts media briefings, responds to queries from the media in the United States and abroad, and arranges interviews for reporters with OCC officials. Press Relations also distributes news releases and other information through a subscription e-mail service that is available to anyone with access to the Internet.

Information Technology Services and Chief Information Officer

In 2002, Information Technology Services (ITS) continued to partner with the OCC's other business units to offer new technology alternatives and strategic activities to improve and integrate internal processes in support of the agency's mission.

The chief information officer (CIO) is a member of the Executive Committee (EC) and leads ITS. As the senior information technology (IT) official, the CIO is the advisor to OCC executive staff regarding IT investments and solutions and their impact on business programs and goals. The CIO represents OCC at the Department of the Treasury on all IT issues. ITS worked with other Treasury bureaus to provide technological and financial advantages on technology procurements for OCC. The CIO has also maintained partnerships with other federal financial regulators to ensure OCC's technology architecture continued to support consistency and best practices in infrastructure, customer services, and systems development.

The CIO supervises an administrative staff and three divisions (Customer Services, Information Services, and Network Services). The key responsibility of these units is to ensure reliable, timely access to information using the best practices of government and private industry.

Chief Information Officer

The CIO staff provides administrative support to the CIO and ITS divisions. A special projects manager and an executive assistant report directly to the CIO.

The executive assistant has primary coordination responsibility for the day-to-day operations of the department, and has direct reports including the special projects manager and team lead for the Policy, Planning, and Quality Assurance team, an IT human resources liaison, and budget personnel.

The Policy, Planning and Quality Assurance (PPQA) team mission is to oversee the OCC IT capital planning program, and to provide strategic and operational support to ITS management and staff. They act as an interface with Treasury as the OCC's IT liaison and with the business units on programs that support their technology investments. The team leads the development of policy, standards, and procedures to ensure that appropriate management controls are in place and that quality systems and customer-oriented technology services are provided.

The special projects manager reports directly to the CIO and has responsibility for information security and OCC business unit IT liaisons. The OCC computer incident response capability (CIRC) was formed according to the OMB A–130's dictate that each federal agency respond to security incidents in its immediate environment, and share information with other agencies regarding common vulnerabilities. The OCC CIRC also provides intrusion detection and virus protection.

2002 accomplishments include:

- *Computer security incident response*. As a result of an improved anti-virus program, improved intrusion detection capability and greater user awareness, there were no computer systems work interruptions in the agency because of malicious code or unauthorized access for all of fiscal year 2002. During fiscal year 2002, significant progress was made in overhauling and implementing a new three-tiered anti-virus program. Desktops, laptops, and file and print servers are now protected by Norton Anti-Virus.

- *Government Information Security Reform Act (GISRA) compliance and reporting*. All necessary reporting and compliance for GISRA for fiscal year 2002 to the Treasury Department CIO and OIG was completed fully and on time.

- *OCC Enterprise-Wide Information Security Program*. At the end of fiscal year 2002, a plan for implementing an OCC Enterprise-Wide Information Security Program was approved. A key element of the program is the naming of an information security administrator by each executive committee member to represent and act for them on matters of information security.

- *Security plans*. During fiscal year 2002 the Information Security staff completed security plans for all of OCC's major systems. There are three general support systems and nine major applications. The security plans included a technical certification statement and management accreditation statement for authorization to process.

- *Risk Assessment Program*. The Information Security staff developed a Risk Assessment Program for OCC's major systems to comply with OMB Circular A–130 and GISRA. Risk assessments were completed in fiscal year 2002 for the three general support systems. A statement of work for risk assessments for the nine major applications has been completed; those risk assessments are expected to be completed by July 31, 2003.

- *Information Security Awareness and Training Program*. The Information Security staff developed a Web-based Information Security Awareness and Training Program. It is a self-paced and self-certification program. All OCC employees and contractors are required to complete the computer security awareness and training annually.

Customer Services Division

The Customer Services division is the primary technology support unit for the Washington office and district and field offices. The structure of the division includes a special projects manager, six district teams, as well as headquarters and data center teams. At the data center are the national help desk and the depot maintenance program. The six district and headquarters teams coordinate all ITS activities and provide the first line of customer support.

The division's mission statement is to promote and support OCC-wide desktop services in a customer sensitive, cost effective, and timely manner. Efforts are focused on five critical areas of responsibility: customer outreach, technical support, implementation activities and PC hardware and software upgrades/replacements, office automation budget execution, and depot maintenance.

2002 accomplishments include:

- Upgraded all OCC personal computers in use to the Windows 2000 operating system.
- Recommended, tested, purchased, distributed, and maintained OCC desktop hardware and software and installed over 300 new Dell Desktop PCs.
- Negotiated and completed the purchase of 317 new desktop and 1,363 new laptop PCs to replace the OCC's exiting D300 desktop and CP/CPia laptops.
- Migrated to a new OCC-Wide Asset Management System.
- Performed over 200 office visits in 2002 during which customer service representatives covered topics ranging from introductory training on new products to obtaining feedback on new and emerging technologies. These visits also included addressing technology questions and addressing identified issues.
- Resolved over 38,000 IT issues for OCC staff. This is an average of 11 IT issues resolved for every OCC employee in 2002. Each customer service representative is responsible for approximately 60 OCC customers.

Information Services Division

The Information Services division is responsible for the development and maintenance of application systems used to support OCC business objectives. It also creates and maintains corporate data repositories and the standard OCC desktop configuration. Major responsibilities include introducing new technologies, maintaining existing applications, developing new applications, researching and customizing software, and providing cost-effective and efficient ways to meet customer technology needs.

The technical achievements of the IS division are a broad-based collection of systems, spanning multiple platforms and utilizing numerous technologies.

2002 accomplishments include:

- *Application development*. Infrastructure Development server administration was brought under the control of the Research and Desktop team within IS. The initiative commenced in 2001, but continued into fiscal year 2002. It was designed to standardize and facilitate activities in the development environment, while insulating the rest of OCC's server network.

- *IS Web Developer Training Program*. This program was established this year as a "roadmap" to provide structure and direction to IS staff interested in pursuing training and developmental assignments using Web and ".NET" technologies.
- *".NET" pilot projects*. .NET technology was identified as the development technology of the future for the division. As a result, several .NET projects were undertaken during this period to identify best practices and provide benchmarks.
- *OCC agency repository*. A full-featured, Web-based agency repository that meets operational data store (ODS) data management, documentation, and reporting needs was developed during this period. The agency repository provides for tracking information about data and relationships between objects of interest to OCC.
- *Operational Data Store Initiative*. The bank structure and supervision components of an operational data store (ODS) were designed and deployed according to a project plan approved by the Data Advisory Board in November of 2001. This project developed and deployed an ODS for virtually all bank structure and supervision data of interest to application users and analysts.
- *Section 508*. A Section 508 Working Group was created to identify technologies and develop procedures for meeting the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended.
- *VISTA (Vision Strategies Technologies Array)*. The IS strategic planning program continued to expand its influence over the strategic direction of the division. IS team leaders and staff developed documents describing new strategies and technologies. The technology utilization matrix (TUM), which identifies all of the tools in the current IS technology portfolio, was piloted as part of the OCC repository initiative. Product evaluation documents (PEDs) were developed by IS staff to further define the technology baseline and provide a point of reference for future technology adoption decisions.

Network Services Division

The Network Services division is responsible for maintaining reliable access to the agency's technology infrastructure. This infrastructure covers several components of OCC's technology architecture including database operations, local area networks, server and mainframe operations, and voice and data telecommunications services. The division is based at the data center facility in Landover, MD.

2002 accomplishments include:

- *Windows 2000*. The Windows 2000 project was a two-year effort that modernized personal computer software for all OCC employees, improved workstation security, and revamped remote access services with a single-sign-on solution.

- *OCC electronic mail system*. Network Operations completed a major upgrade of the OCC electronic mail system from Exchange 5.5 to Exchange 2000. Implementation of Exchange 2000 has major benefits: it utilizes multiple message databases for faster recovery time and better performance; it has a store-and-forward capability to reduce lost/bounced messages; it implements a single unified directory (Active Directory) to simplify management of user registration; and it supports enhanced Outlook Web Access. This new Web front-end will make Webmail function almost like Outlook.

- *Remote access*. In coordination with the Windows 2000 project, Network Services implemented a new, single-sign-on dial-in solution that allows employees to use their Windows 2000 password for dial-in authentication.

- IT Resumption Plan Network Services completed several important initiatives to improve the ability of IT and OCC to continue performing critical functions during an emergency:

    - Expanded the IT Recovery Plan to address a Washington, DC, regional disaster scenario.

    - Deployed over 300 Government Emergency Telecommunications Service (GETS) cards to key personnel and managers.

    - Worked with MCI and Public Affairs to establish a toll-free emergency access number to be used by employees to gain information during an emergency.

    - Completed five disaster recovery tests including recovery of the mainframe, NT server recovery, Exchange/electronic mail recovery, recovery of a field office server, and recovery of a district office/headquarters server.

Other Infrastructure Upgrades and Improvements

- Completed a major upgrade to the data center electrical system. The upgrade involved installation of a new uninterruptible power supply (UPS), replacement of 186 batteries, and installation of a fourth power distribution unit (PDU).

- Upgraded 22 data circuits from fractional T–1 (256kb) to full T–1 (1.5mb) speeds. The upgrades were implemented to improve network performance for large offices that were experiencing congestion on the slower lines.

- Moved three additional SQL (structured query language) servers to the storage area network (SAN). The use of the SAN in lieu of individual servers has simplified server administration and improved input/output (I/O) performance by over 100 percent.

- Upgraded DB2 (a relational database management software) to release 7 to assure the continued viability of the mainframe platform. The implementation was completed three weeks early and with no impact to users or developers.

Table 1—Comptrollers of the Currency, 1863 to the present

No.	Name	Dates of tenure		State
1	McCulloch, Hugh	May 9, 1863	Mar. 8, 1865	Indiana
2	Clarke, Freeman	Mar. 21, 1865	July 24, 1866	New York
3	Hulburd, Hiland R.	Feb. 1, 1865	Apr. 3, 1872	Ohio
4	Knox, John Jay	Apr. 25, 1872	Apr. 30, 1884	Minnesota
5	Cannon, Henry W.	May 12, 1884	Mar. 1, 1886	Minnesota
6	Trenholm, William L.	Apr. 20, 1886	Apr. 30, 1889	South Carolina
7	Lacey, Edward S.	May 1, 1889	June 30, 1892	Michigan
8	Hepburn, A. Barton	Aug. 2, 1892	Apr. 25, 1893	New York
9	Eckels, James H.	Apr. 26, 1893	Dec. 31, 1897	Illinois
10	Dawes, Charles G.	Jan. 1, 1898	Sept. 30, 1901	Illinois
11	Ridgely, William Barret	Oct. 1, 1901	Mar. 28, 1908	Illinois
12	Murray, Lawrence O.	Apr. 27, 1908	Apr. 27, 1913	New York
13	Williams, John Skelton	Feb. 2, 1914	Mar. 2, 1921	Virginia
14	Crissinger, D.R.	Mar. 17, 1921	Mar. 30, 1923	Ohio
15	Dawes, Henry M.	May 1, 1923	Dec. 17, 1924	Illinois
16	McIntosh, Joseph W.	Dec. 20, 1924	Nov. 20, 1928	Illinois
17	Pole, John W.	Nov. 21, 1928	Sept. 20, 1932	Ohio
18	O'Connor, J.F.T.	May 11, 1933	Apr. 16, 1938	California
19	Delano, Preston	Oct. 24, 1938	Feb. 15, 1953	Massachusetts
20	Gidney, Ray M.	Apr. 16, 1953	Nov. 15, 1961	Ohio
21	Saxon, James J.	Nov. 16, 1961	Nov. 15, 1966	Illinois
22	Camp, William B.	Nov. 16, 1966	Mar. 23, 1973	Texas
23	Smith, James E.	July 5, 1973	July 31, 1976	South Dakota
24	Heimann, John G.	July 21, 1977	May 15, 1981	New York
25	Conover, C.T.	Dec. 16, 1981	May 4, 1985	California
26	Clarke, Robert L.	Dec. 2, 1985	Feb. 29, 1992	Texas
27	Ludwig, Eugene A.	Apr. 5, 1993	Apr. 4, 1998	Pennsylvania
28	Hawke, John D., Jr.	Dec. 8, 1998	—	New York

Gallery of Comptrollers—140 Years

Hugh McCulloch

First Comptroller of the Currency, 1863–1865

Hugh McCulloch, president of the State Bank of Indiana, was appointed the first Comptroller of the Currency by President Lincoln. McCulloch, once a foe of national banking legislation, organized the agency and launched the national banking system. During McCulloch's 22 months in office, 868 national banks were chartered and no failures occurred. The first Comptroller recommended major changes in the banking law. The resulting National Banking Act of 1864 remains the foundation of the national banking system. McCulloch resigned to become Lincoln's Secretary of Treasury. He also served as Secretary of Treasury under President Arthur.

Freeman Clarke

Comptroller of the Currency, 1865–1866

Freeman Clarke, a successful businessman and one-term congressman from New York, was appointed Comptroller by President Lincoln. During his 16-month tenure, the national banking system continued its steady growth, with over 1,000 banks joining. The system also recorded its first bank failure on April 14, 1865, the day President Lincoln was assassinated. Clarke returned to New York politics after his resignation and later served two terms in Congress.

Hiland R. Hulburd

Comptroller of the Currency, 1867–1872

A member of the bar from Ohio, Hiland R. Hulburd was appointed deputy comptroller in August 1865. President Andrew Johnson appointed him Comptroller 18 months later. With Hulburd's support, legislation was enacted which allowed Comptrollers to call for reports of condition from the national banks at least five times a year without warning. The element of surprise greatly enhanced the reliability of the call reports. After his term as Comptroller, Hulburd pursued interests in the oil industry.

John Jay Knox

Comptroller of the Currency, 1872–1884

John Jay Knox, a banker and Treasury Department official, served as deputy comptroller for five years before being appointed Comptroller by President Grant. During his 12-year term, the use of "national" in the title of any banking institution other than a national bank was prohibited, and the corporate existence of national banks was extended, so that banks could operate for an additional 20 years without being rechartered. Knox's term was marked by the short but acute panic of 1873. He resigned to accept the presidency of a national bank in New York City.

Henry W. Cannon

Comptroller of the Currency, 1884–1886

Henry W. Cannon, a Minnesota banker, was named Comptroller by President Arthur. After only a few months in office, he was confronted by the financial panic of 1884. A nationwide crisis was averted because the New York Clearing House Association quickly extended credit to threatened banks. After Grover Cleveland was elected President of the United States, Cannon resigned and joined the national bank where former Comptroller Knox served as president. Cannon was later elected president of the Chase National Bank of New York. He became chairman of the board in 1904, and was succeeded as president by A. Barton Hepburn, another former Comptroller of the Currency.

William L. Trenholm

Comptroller of the Currency, 1886–1889

William L. Trenholm, a Confederate Army veteran, was the first Democrat and first Southerner to be appointed Comptroller. Placed in office by President Cleveland, he was known for the large number of changes he recommended in the banking laws. Some, such as the provision that banks could change name and location without an act of Congress, were adopted. Other recommendations influenced later legislation, including the Federal Reserve Act of 1913. Trenholm resigned to become president of a large insurance company and later served as president of a trust company.

Edward S. Lacey

Comptroller of the Currency, 1889–1892

Edward S. Lacey had been a banker for 25 years and served two terms as a congressman from Michigan before being selected as Comptroller by President Benjamin Harrison. His term was marked by the "monetary stringency" of 1890, a crisis caused by a dramatic contraction of the money supply after a period of expansion. Although confidence was restored by the extension of credit by eastern clearing houses and the Treasury Department, the crisis foreshadowed the more serious panic of 1893. Lacey resigned to become president of a large national bank in Chicago that he had organized.

A. Barton Hepburn

Comptroller of the Currency, 1892–1893

Barton Hepburn served as Comptroller for less than a year. He came to office from a varied and distinguished career. Hepburn had been a professor of mathematics, lawyer, superintendent of banking of the state of New York, and five-term member of the New York State Assembly. He also served as national bank examiner for New York City for three years before being appointed Comptroller by President Benjamin Harrison. An internationally recognized authority on financial and economic questions, Hepburn returned to banking when President Cleveland took office. He later succeeded Henry W. Cannon as president of the Chase National Bank.

James H. Eckels

Comptroller of the Currency, 1893–1897

James H. Eckels' appointment broke the precedent that only those with previous banking experience could serve as Comptroller. Eckels, a 35-year-old lawyer, was named Comptroller by President Cleveland. He made up in perseverance and skill what he lacked in experience. A month after Eckels took office, the country plunged into a deep financial crisis, the panic of 1893. His tireless efforts to restore confidence in the national banking system played an important role in bringing back the economic health of the nation. Eckels became president of a national bank in Chicago in 1898.

Charles G. Dawes

Comptroller of the Currency, 1898–1901

Appointed by President McKinley, Charles G. Dawes was, at 33, the youngest Comptroller of the Currency. During his term, the amount of capital required to charter a bank in a town with a population under 3,000 was reduced, which resulted in a dramatic increase in the number of small banks. During World War I, Dawes coordinated the procurement of supplies for the American Army in Europe. He later served as vice president of the United States, ambassador to Great Britain, and director of the Reconstruction Finance Corporation. In 1925, he was awarded the Nobel Peace Prize for the Dawes Loan Plan to Germany.

William B. Ridgely

Comptroller of the Currency, 1901–1908

William B. Ridgely engaged in mining, manufacturing, and banking in Illinois before President Theodore Roosevelt named him Comptroller. During his term, Congress passed legislation extending the corporate existence of the national banks for the second time. Ridgely resigned as Comptroller to accept the presidency of a national bank in Missouri, which had failed the previous year and was reorganized under his leadership. In 1909 he returned to private business in the East.

Lawrence O. Murray

Comptroller of the Currency, 1908–1913

Attorney Lawrence O. Murray had extensive government service prior to his appointment as Comptroller by President Theodore Roosevelt. During Murray's tenure, the size of the national banking system prompted Congress to authorize appointment of a second deputy comptroller. In the interim before Murray's successor took office, the Federal Reserve Act was passed. The act created 12 Federal Reserve Districts, with the Comptroller designating a district chief national bank examiner for each district under whom a corps of examiners and assistants worked. Examiners were to be compensated by salary and expenses rather than fees levied on the banks they examined.

John S. Williams

Comptroller of the Currency, 1914–1921

John S. Williams was a leading southern financier. He was appointed Comptroller by President Wilson after serving as assistant secretary of the Treasury. Williams was Comptroller throughout World War I. Under his leadership, the agency worked closely with the War Finance Corporation, which was established in 1918 to provide credit to businesses, including banks, to promote the war effort. During William's term, legislation was passed allowing the consolidation of two or more banks.

Daniel R. Crissinger

Comptroller of the Currency, 1921–1923

Born in a log cabin in Ohio, Daniel R. Crissinger was a lawyer, banker, and longtime friend of President Harding before he was appointed Comptroller. Legislation enacted during Crissinger's incumbency provided for a third deputy comptroller, extended the charters of national banks for 99 years, and authorized the Comptroller to employ additional examiners and to establish a corps of examiners in Washington headquarters. In June 1922, there were over 8,000 national banks, the largest number in the history of the national banking system. Crissinger resigned to become chairman of the Federal Reserve Board.

Henry M. Dawes

Comptroller of the Currency, 1923–1924

Henry M. Dawes, younger brother of the 10th Comptroller, was an Illinois banker and businessman when President Harding named him Comptroller. Although he held office for only 19 months, Dawes carried out a nationwide effort to gather recommendations from national bank officials and other experts for changes in the banking laws. With the assistance of a volunteer committee of national bankers, Dawes drafted proposals that were submitted to Congress. The Dawes recommendations resulted in the McFadden Act, enacted under his successor. Dawes returned to the oil industry after his term.

Joseph W. McIntosh

Comptroller of the Currency, 1924–1928

Joseph W. McIntosh, appointed Comptroller by President Coolidge, was a banker who had served with distinction in World War I. The passage of the McFadden Act in 1927 brought major changes to the national banking system. National banks could consolidate with state banks under certain conditions. They could establish branches under specified limitations, but only within the limits of the city or town of the parent bank. National bank charters became perpetual unless terminated by voluntary liquidation or receivership. McIntosh became a banker and businessman after his term as Comptroller.

John W. Pole

Comptroller of the Currency, 1928–1932

John W. Pole was a native of England. He was appointed a national bank examiner in 1915 and subsequently chief examiner for the Sixth Federal Reserve District. Pole was serving a chief national bank examiner of the United States when President Coolidge appointed him Comptroller. His administration witnessed the financial boom that led up to 1929 and the crash that followed. Pole advocated allowing more liberal branch banking to reduce the number of small, weak banks and as an alternative to the formulation of holding companies that were being organized on a large scale. Pole resigned to enter private business.

J.F.T. O'Connor

Comptroller of the Currency, 1933–1938

J.F.T. O'Connor, an attorney, was appointed Comptroller by President Franklin Roosevelt during the worst financial crisis in U.S. history. To O'Connor fell the tremendous task of disposing of the assets of national banks that were not allowed to reopen after the banking holiday and terminating receiverships of national banks. During his tenure, the Federal Deposit Insurance Corporation was established. Beginning in 1935, national bank notes were withdrawn from circulation. O'Connor was appointed a U.S. district judge in 1940.

Preston Delano

Comptroller of the Currency, 1938–1953

Preston Delano held office for 14 years, the longest term of any Comptroller. Delano was a businessman and investment counselor and was serving as governor of the Home Loan Bank Board when he was appointed Comptroller by President Franklin Roosevelt. He was responsible for preserving and stabilizing the national banks during wartime, when there was a vast increase in the volume of money needed for war expenditures and government debt rose substantially. Delano entered retirement after his resignation.

Ray M. Gidney

Comptroller of the Currency, 1953–1961

Ray M. Gidney was named Comptroller by President Eisenhower after a long and distinguished career in banking. He served as president of the Federal Reserve Bank of Cleveland prior to his appointment. Gidney was known for the quiet and competent manner in which he ran the Office of the Comptroller of the Currency. He resigned to accept a position with a large bank in Jacksonville, Florida.

James J. Saxon

Comptroller of the Currency, 1961–1966

James J. Saxon, a former Treasury Department official with legal and banking experience, was appointed by President Kennedy. In his first years as Comptroller, Saxon substantially changed the agency by expanding its legal and economic fs, undertaking a program to expand bank powers, and welcoming new banks and branches into the national banking system in contrast to the more restrictive practices of his immediate predecessors. Saxon created a system of regional comptrollers, each of whom exercised significant authority and autonomy. After his resignation, he returned to the practice of law.

William B. Camp

Comptroller of the Currency, 1966–1973

William B. Camp, a career national bank examiner, was appointed Comptroller by President Lyndon Johnson. During his term, a rapidly growing economy led to a dramatic increase in the assets held by national banks. The agency's remaining responsibility in the issue of currency—redeeming Federal Reserve notes—was transferred to the Treasurer of the United States. Camp is unique among Comptrollers: he was nominated by a president from one political party and renominated by a president, Richard Nixon, from another.

James E. Smith

Comptroller of the Currency, 1973–1976

James E. Smith was deputy under secretary of the Treasury before being named Comptroller by President Nixon. The explosive growth of banking in the 1960s and 1970s was changing the face of banking. In response, Smith led a review of the agency's examination practices, which changed the way the agency did business: more emphasis was placed on assessment of a bank's own policies, procedures, decisionmaking, and management information system, and the importance of training and career development for national bank examiners was recognized. After his resignation, Smith became a financial consultant.

John G. Heimann

Comptroller of the Currency, 1977–1981

John G. Heimann, an investment banker and former New York state supervisor of banking and commissioner of housing and community development, was appointed by President Carter. During his term he also served as first chairman of the Federal Financial Institutions Examination Council and acting chairman of the Federal Deposit Insurance Corporation. Heimann was an active participant in the reform effort that lifted the limits on, and differentials between, the interest rates that different types of financial institutions could pay to attract deposits. He returned to investment banking in 1981.

C. Todd Conover

Comptroller of the Currency, 1981–1985

C. Todd Conover, a California banking and management consultant, was named Comptroller by President Reagan. He presided over the agency during a period of dramatic change in financial services as deregulation increased competition and the services offered by banks. Under his guidance, national banks began to offer discount brokerage services and investment advice and underwrite certain kinds of insurance. Conover reduced the number of regional offices to six, increasing their staffs and authority. After his resignation, he returned to his bank consulting practice.

Robert L. Clarke

Comptroller of the Currency, 1985–1992

Robert L. Clarke, a Texas banking attorney, was named Comptroller by President Reagan. His tenure coincided with an era of extraordinary turbulence in financial institutions and the financial marketplace in the United States. Under Clarke, the agency strengthened its managerial and supervisory capabilities to deal with changes and stresses in the national banking system. Clarke led the effort to expand the national bank powers in order to better meet the competition from nonbank providers of financial services. His leadership helped to reduce the costs of bank failures and to restore the safety and soundness of the national banking system. He returned to the practice of law after his term as Comptroller.

Eugene A. Ludwig

Comptroller of the Currency, 1993–1998

President Bill Clinton selected Eugene A. Ludwig to become 27th Comptroller of the Currency in 1993. Before becoming Comptroller, Ludwig was an attorney in ashington, DC, specializing in intellectual property law, banking, and international As Comptroller, Ludwig led the agency through a period of substantial change, both within the financial marketplace as well as in the supervisory and examination practices of the agency. He improved safety and soundness supervision through adoption of supervision by risk—an approach that has been emulated by virtually every other supervisory agency in the U.S. and abroad. He spearheaded the Clinton Administration's efforts to modernize the banking industry by allowing banks to engage in a wide variety of new activities and to operate under a less burdensome set of rules and regulations. And he led the government's efforts to reform the Community Reinvestment Act and more vigorously enforce the fair lending laws. Ludwig's activities led to a tremendous increase in lending to—and investment in—America's low- and moderate-income communities. After his term as Comptroller, Ludwig became a financial consultant.

John D. Hawke, Jr.

Comptroller of the Currency, 1998–present

John D. Hawke, Jr. was sworn in as the 28th Comptroller of the Currency on December 8, 1998. After serving for 10 months under a recess appointment, he was sworn in for a full five-year term as Comptroller on October 13, 1999. The Comptroller of the Currency is the Administrator of National Banks. The Office of the Comptroller (OCC) supervises about 2,100 federally chartered commercial banks and about 51 federal branches and agencies of foreign banks in the United States comprising more than half of the assets of the commercial banking system. The Comptroller also serves as a director of the Federal Deposit Insurance Corporation, the Federal Financial Institutions Examination Council, and the Basel Committee on Banking Supervision.

Prior to his appointment as Comptroller, Hawke served for 3½ years as under secretary of the Treasury for Domestic Finance. In that capacity he oversaw the development of policy and legislation in the areas of financial institutions, debt management, and capital markets, and served as chairman of the Advanced Counterfeit Deterrence Steering Committee and as a member of the board of the Securities Investor Protection Corporation. Before joining Treasury, Hawke was a senior partner at the Washington, D.C., law firm of Arnold & Porter, which he first joined as an associate in 1962. At Arnold & Porter he headed the Financial Institutions practice, and from 1987 to 1995 he served as chairman of the firm. In 1975 he left the firm to serve as general counsel to the Board of Governors of the Federal Reserve System, returning in 1978.

Hawke was graduated from Yale University in 1954 with a bachelor of arts degree in English. From 1955 to 1957 he served on active duty with the U.S. Air Force. After graduating in 1960 from Columbia University School of Law, where he was editor-in-chief of the *Columbia Law Review*, Hawke was a law clerk for Judge E. Barrett Prettyman on the U.S. Court of Appeals for the District of Columbia Circuit. From 1961 to 1962 he served as counsel to the Select Subcommittee on Education in the House of Representatives.

From 1970 to 1987 Hawke taught courses on federal regulation of banking at the Georgetown University Law Center. He has also taught courses on bank acquisitions and financial regulation and serves as the chairman of the Board of Advisors of the Morin Center for Banking Law Studies at Boston University School of Law. In 1987 Hawke served as a member of a committee of inquiry appointed by the Chicago Mercantile Exchange to study the role of futures markets in connection with the stock market crash in October of that year.

Hawke has written extensively on matters relating to the regulation of financial institutions, and is the author of *Commentaries on Banking Regulation,* published in 1985. He was a founding member of the Shadow Financial Regulatory Committee, and served on the committee until joining Treasury in April 1995. Hawke is a member of the Cosmos Club, the Economic Club of Washington, and the Exchequer Club of Washington. Born in New York City on June 26, 1933, Hawke resides in Washington, DC. He was married in 1962 to the late Marie R. Hawke and has four adult children, Daniel, Caitlin, Anne, and Patrick, and two grandchildren, Spencer Patrick Hawke and Camerynn Marie Hawke.

Table 2—Senior Deputy and Deputy Comptrollers of the Currency, 1863 to the present

No.	Name	Dates of tenure		State
1	Howard, Samuel T.	May 9, 1863	Aug. 1, 1865	New York
2	Hulburd, Hiland R.	Aug. 1, 1865	Jan. 31, 1867	Ohio
3	Knox, John Jay	Mar. 12, 1867	Apr. 24, 1872	Minnesota
4	Langworthy, John S.	Aug. 8, 1872	Jan. 3, 1886	New York
5	Snyder, V.P.	Jan. 5, 1886	Jan. 3, 1887	New York
6	Abrahams, J.D.	Jan. 27, 1887	May 25, 1890	Virginia
7	Nixon, R.M.	Aug. 11, 1890	Mar. 16, 1893	Indiana
8	Tucker, Oliver P.	Apr. 7, 1893	Mar. 11, 1896	Kentucky
9	Coffin, George M.	Mar. 12, 1896	Aug. 31, 1898	South Carolina
10	Murray, Lawrence O.	Sept. 1, 1898	June 29, 1899	New York
11	Kane, Thomas P.	June 29, 1899	Mar. 2, 1923	District of Columbia
12	Fowler, Willis J.	July 1, 1908	Feb. 14, 1927	Indiana
13	McIntosh, Joseph W.	May 21, 1923	Dec. 19, 1924	Illinois
14	Collins, Charles W.	July 1, 1923	June 30, 1927	Illinois
15	Steams, E.W.	Jan. 6, 1925	Nov. 30, 1928	Virginia
16	Awalt, F.G.	July 1, 1927	Feb. 15, 1936	Maryland
17	Gough, E.H.	July 6, 1927	Oct. 16, 1941	Indiana
18	Proctor, John L.	Dec. 1, 1928	Jan. 23, 1933	Washington
19	Lyons, Gibbs	Jan. 24, 1933	Jan. 15, 1938	Georgia
20	Prentiss, William, Jr.	Feb. 24, 1936	Jan. 15, 1938	Georgia
21	Diggs, Marshall R.	Jan. 16, 1938	Sept. 30, 1938	Texas
22	Oppegard, G.J.	Jan. 16, 1938	Sept. 30, 1938	California
23	Upham, C.B.	Oct. 1, 1938	Dec. 31, 1948	Iowa
24	Mulroney, A.J.	May 1, 1939	Aug. 31, 1941	Iowa
25	McCandless, R.B.	July 7, 1941	Mar. 1, 1951	Iowa
26	Sedlacek, L.H.	Sept. 1, 1941	Sept. 30, 1944	Nebraska
27	Robertson, J.L.	Oct. 1, 1944	Feb. 17, 1952	Nebraska
28	Hudspeth, J.W.	Jan. 1, 1949	Aug. 31, 1950	Texas
29	Jennings, L.A.	Sept. 1, 1950	May 16, 1960	New York
30	Taylor, W.M.	Mar. 1, 1951	Apr. 1, 1962	Virginia
31	Garwood, G.W.	Feb. 18, 1952	Dec. 31, 1962	Colorado
32	Fleming, Chapman C.	Sept. 15, 1959	Aug. 31, 1962	Ohio
33	Haggard, Holis S.	May 16, 1960	Aug. 3, 1962	Missouri

Table 2—Senior Deputy and Deputy Comptrollers of the Currency, 1863 to the present (continued)

34	Camp, William B.	Apr. 2, 1962	Nov. 15, 1966	Texas
35	Redman, Clarence B.	Aug. 4, 1962	Oct. 26, 1963	Connecticut
36	Watson, Justin T.	Sept. 3, 1962	July 18, 1975	Ohio
37	Miller, Dean E.	Dec. 23, 1962	Oct. 22, 1990	Iowa
38	DeShazo, Thomas G.	Jan. 1, 1963	Mar. 3, 1978	Virginia
39	Egerston, R. Coleman	July 13, 1964	June 30, 1966	Iowa
40	Blanchard, Richard J.	Sept. 1, 1964	Sept. 26, 1975	Massachusetts
41	Park, Radcliffe	Sept. 1, 1964	June 1, 1967	Wisconsin
42	Faulstich, Albert J.	July 19, 1965	Oct. 26, 1974	Louisiana
43	Motter, David C.	July 1, 1966	Sept. 20, 1981	Ohio
44	Gwin, John D.	Feb. 21, 1967	Dec. 31, 1974	Mississippi
45	Howland, W.A., Jr.	July 5, 1973	Mar. 27, 1978	Georgia
46	Mullin, Robert A.	July 5, 1973	Sept. 8, 1978	Kansas
47	Ream, Joseph M.	Feb. 2, 1975	June 30, 1978	Pennsylvania
48	Bloom, Robert	Aug. 31, 1975	Feb. 28, 1978	New York
49	Chotard, Richard D.	Aug. 31, 1975	Nov. 25, 1977	Missouri
50	Hall, Charles B.	Aug. 31, 1975	Sept. 14, 1979	Pennsylvania
51	Jones, David H.	Aug. 31, 1975	Sept. 20, 1976	Texas
52	Murphy, C. Westbrook	Aug. 31, 1975	Dec. 30, 1977	Maryland
53	Selby, H. Joe	Aug. 31, 1975	Mar. 15, 1986	Texas
54	Homan, Paul W.	Mar. 27, 1978	Jan. 21, 1983	Nebraska
55	Keefe, James T.	Mar. 27, 1978	Sept. 18, 1981	Massachusetts
56	Muckenfuss, Cantwell F., III	Mar. 27, 1978	Oct. 1, 1981	Alabama
57	Wood, Billy C.	Nov. 7, 1978	Jan. 16, 1988	Texas
58	Longbrake, William A.	Nov. 8, 1978	July 9, 1982	Wisconsin
59	Odom, Lewis G., Jr.	Mar. 21, 1979	Nov. 16, 1980	Alabama
60	Martin, William E.	May 22, 1979	Apr. 4, 1983	Texas
61	Barefoot, Jo Ann	July 13, 1979	Sept. 5, 1982	Connecticut
62	Downey, John	Aug. 10, 1980	Aug. 2, 1986	Massachusetts
63	Lord, Charles E.	Apr. 13, 1981	Mar. 31, 1982	Connecticut
64	Bench, Robert R.	Mar. 21, 1982	Sept. 25, 1987	Massachusetts
65	Klinzing, Robert R.	Mar. 21, 1982	Aug. 21, 1983	Connecticut
66	Robertson, William L.	Mar. 21, 1982	Sept. 26, 1986	Texas
67	Arnold, Doyle L.	May 2, 1982	May 12, 1984	California

Table 2—Senior Deputy and Deputy Comptrollers of the Currency, 1863 to the present (continued)

68	Weiss, Steven J.	May 2, 1982	—	Pennsylvania
69	Stephens, Martha B.	June 1, 1982	Jan. 19, 1985	Georgia
70	Stirnweis, Craig M.	Sept. 19, 1982	May 1, 1986	Idaho
71	Hermann, Robert J.	Jan. 1, 1983	May 3, 1995	Illinois
72	Mancusi, Michael A.	Jan. 1, 1983	Feb. 17, 1986	Maryland
73	Marriott, Dean S.	Jan. 1, 1983	Jan. 3, 1997	Missouri
74	Poole, Clifton A., Jr.	Jan. 1, 1983	Oct. 3, 1994	North Carolina
75	Taylor, Thomas W.	Jan. 1, 1983	Jan. 16, 1990	Ohio
76	Boland, James E., Jr.	Feb. 7, 1983	Feb. 15, 1985	Pennsylvania
77	Fisher, Jerry	Apr. 17, 1983	Apr. 4, 1992	Delaware
78	Patriarca, Michael	July 10, 1983	Aug. 15, 1986	California
79	Wilson, Karen J.	July 17, 1983	July 3, 1997	New Jersey
80	Winstead, Bobby B.	Mar. 18, 1984	June 11, 1991	Texas
81	Chew, David L.	May 2, 1984	Feb. 2, 1985	District of Columbia
82	Walter, Judith A.	Apr. 24, 1985	Dec. 30, 1997	Indiana
83	Maguire, Francis E., Jr.	Jan. 9, 1986	Aug. 6, 1996	Virginia
84	Kraft, Peter C.	July 20, 1986	Sept. 15, 1991	California
85	Klinzing, Robert R.	Aug. 11, 1986	July 7, 1997	Connecticut
86	Hechinger, Deborah S.	Aug. 31, 1986	Sept. 14, 1987	District of Columbia
87	Norton, Gary W.	Sept. 3, 1986	Jan. 2, 1999	Missouri
88	Shepherd, J. Michael	Jan. 9, 1987	May 3, 1991	California
89	Rushton, Emory Wayne	Jan. 21, 1987	Sept. 20, 1989	Georgia
90	Fiechter, Jonathan	Mar. 4, 1987	Oct. 30, 1987	Pennsylvania
91	Stolte, William J.	Mar. 11, 1987	Mar. 21, 1992	New Jersey
92	Clock, Edwin H.	Feb. 29, 1988	Jan. 3, 1990	California
93	Krause, Susan F.	Mar. 30, 1988	Oct. 18, 1999	California
94	Coonley, Donald G.	June 29, 1988	May 31, 1996	Virginia
95	Blakely, Kevin M.	Oct. 12, 1988	Sept. 27, 1990	Illinois
96	Steinbrink, Stephen R.	Apr. 8, 1990	May 3, 1996	Nebraska
97	Lindhart, Ronald A.	Apr. 22, 1990	July 27, 1991	Florida
98	Hartzell, Jon K.	July 29, 1990	Dec. 5, 1995	California
99	Cross, Leonora S.	Nov. 4, 1990	Mar. 31, 1998	Utah
100	Finke, Fred D.	Nov. 4, 1990	—	Nebraska
101	Kamihachi, James D.	Nov. 6, 1990	Feb. 18, 2000	Washington

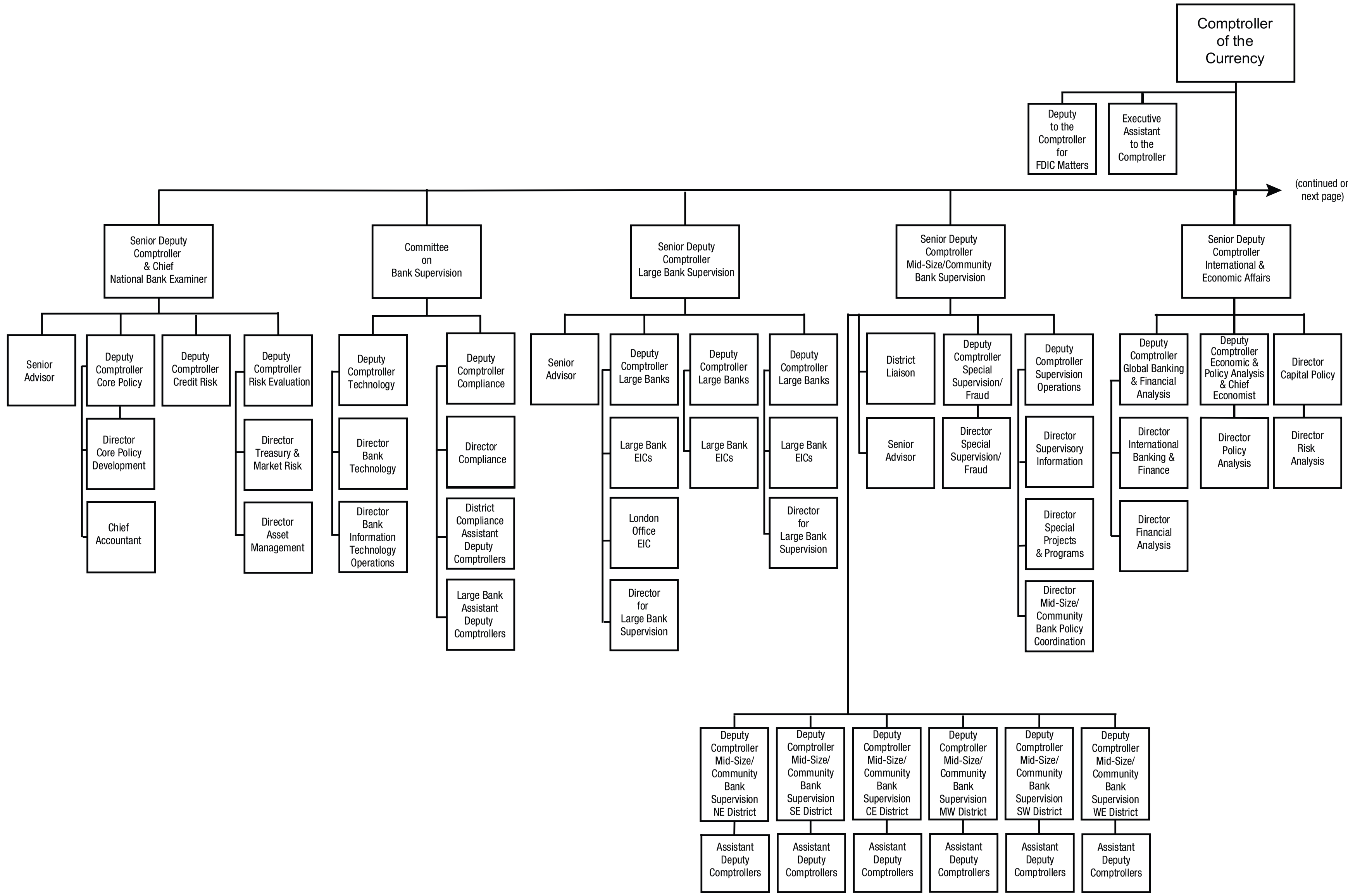
Table 2—Senior Deputy and Deputy Comptrollers of the Currency, 1863 to the present (continued)

102	Barton, Jimmy F.	July 14, 1991	May 1, 1994	Texas
103	Cross, Stephen M.	July 28, 1991	June 4, 1999	Virginia
104	Guerrina, Allan B.	Apr. 19, 1992	June 23, 1996	Virginia
105	Powers, John R.	Aug. 9, 1992	July 2, 1994	Illinois
106	Alt, Konrad S.	Sept. 5, 1993	Oct. 4, 1996	California
107	Harris, Douglas E.	May 20, 1994	June 21, 1996	New York
108	Williams, Julie L.	July 24, 1994	—	District of Columbia
109	Bailey, Kevin J.	Oct. 30, 1994	—	Pennsylvania
110	Sharpe, Ralph E.	Oct. 30, 1994	July 6, 1997	Virginia
111	Jee, Delora Ng	May 28, 1995	—	California
112	Britton, Leann G.	Jan. 7, 1996	May 17, 2002	Minnesota
113	Golden, Samuel P.	Mar. 31, 1996	—	Texas
114	Abbott, John M.	Apr. 1, 1996	May 26, 2000	Texas
115	Healey, Barbara C.	June 9, 1996	Jan. 3, 1998	New Jersey
116	Calhoun, Scott G.	Sept. 29, 1996	Aug. 30, 1997	New York
117	Roberts, Matthew	Oct. 7, 1996	Oct. 18, 1997	District of Columbia
118	Nebhut, David H.	Oct. 27, 1996	Apr. 26, 1998	Pennsylvania
119	Rushton, Emory Wayne	May 5, 1997	—	Georgia
120	Reid, Leonard F., Jr.	May 19, 1997	Feb. 15, 1998	District of Columbia
121	Robinson, John F.	June 1, 1997	June 14, 2002	Missouri
122	Bodnar, John A.	July 6, 1997	Jan. 3, 2002	New Jersey
123	Bransford, Archie L., Jr.	July 6, 1997	—	Michigan
124	Gibbons, David D.	July 6, 1997	—	New York
125	Gilland, Jerilyn	July 6, 1997	—	Texas
126	Jaedicke, Ann F.	July 6, 1997	—	Texas
127	Long, Timothy W.	July 6, 1997	—	North Dakota
128	Nishan, Mark A.	July 6, 1997	—	New York
129	Otto, Bert A.	July 6, 1997	—	Indiana
130	Roeder, Douglas W.	July 6, 1997	—	Indiana
131	Yohai, Steven M.	Feb. 17, 1998	Sept. 21, 2001	New York
132	Finister, William	Mar. 1, 1998	July 3, 2000	Louisiana
133	Hanley, Edward J.	Mar. 1, 1998	—	New York
134	Brosnan, Michael L.	Apr. 26, 1998	Aug. 24, 2002	Florida
135	Brown, Jeffrey A.	June 7, 1998	Aug. 2, 1998	Iowa

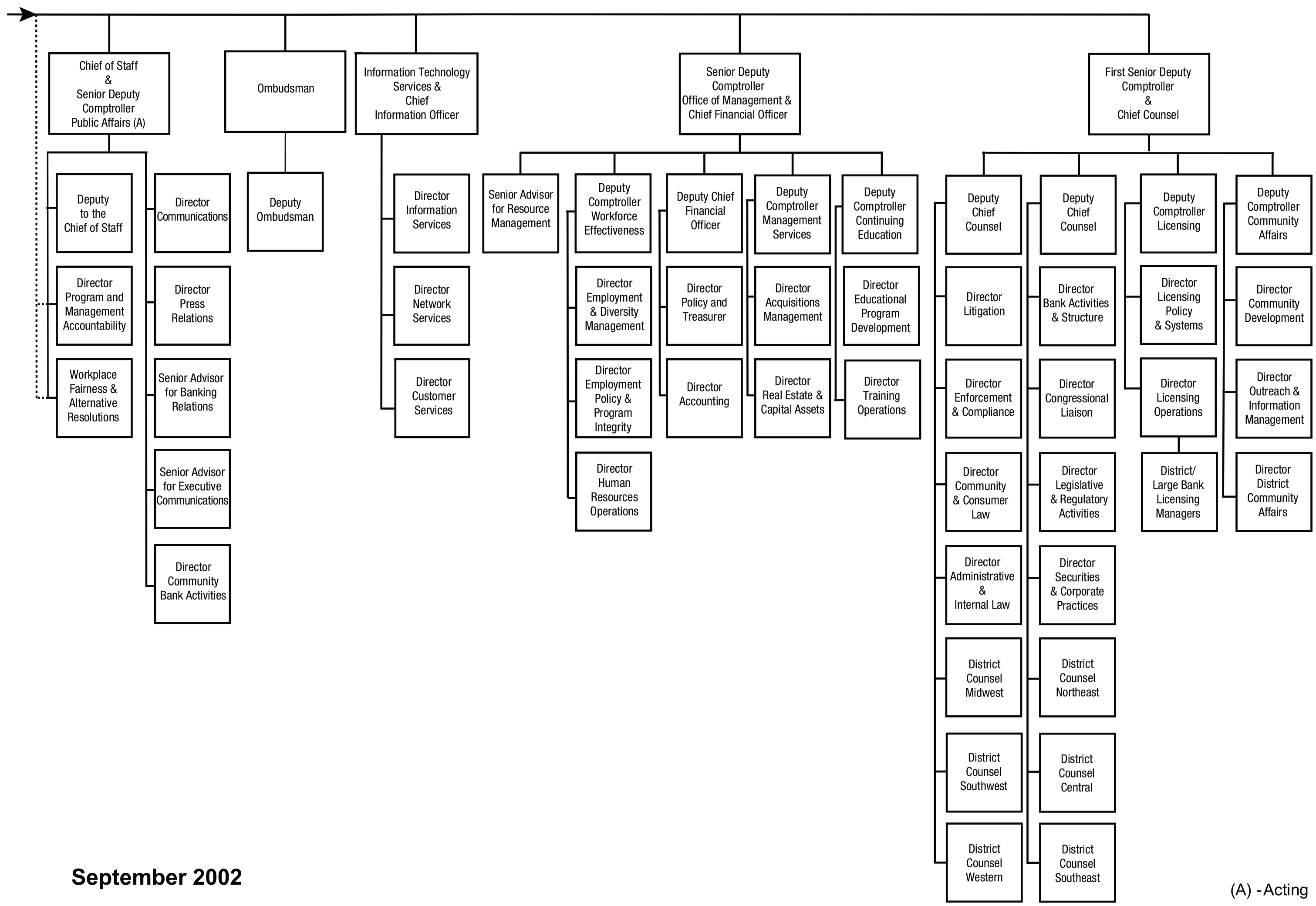
Table 2—Senior Deputy and Deputy Comptrollers of the Currency, 1863 to the present (continued)

136	Hammaker, David G.	June 7, 1998	—	Pennsylvania
137	McCue, Mary M.	July 20, 1998	Apr. 9, 1999	New Jersey
138	Sharpe, Ralph E.	Jan. 3, 1999	—	Michigan
139	Engel, Jeanne K.	Mar. 29, 1999	May 5, 2000	New Jersey
140	Wilcox, James A.	June 7, 1999	Aug. 10, 2001	New York
141	Kelly, Jennifer C.	Nov. 22, 1999	—	New York
142	O'Dell, Mark L.	Jan. 2, 2000	—	Colorado
143	Fiechter, Jonathan L.	Feb. 27, 2000	—	Pennsylvania
144	Alvarez Boyd, Anna	June 4, 2000	—	California
145	Stephens, Martha B.	July 30, 2000	—	Georgia
146	Wentzler, Nancy A.	Aug. 27, 2000	—	Pennsylvania
147	Natter, Raymond	Dec. 31, 2000	—	New York
148	Stipano, Daniel P.	Dec. 31, 2000	—	Virginia
149	Gentille, Paul R.	Jan. 14, 2001	—	California
150	Petitt, Cynthia T.	Jan. 14, 2001	—	South Dakota
151	Dailey, Grace E.	Dec. 16, 2001	—	Pennsylvania
152	Fletcher, Jackquelyn	Feb. 24, 2002	—	District of Columbia
153	Dick, Kathryn	Aug. 25, 2002	—	Minnesota
154	McPherson, James	Sep. 9, 2002	—	Georgia
155	Kolatch, Barry	Sep. 22, 2002	—	New York
156	Grunkemeyer, Barbara	Oct. 20, 2002	—	Massachusetts

Figure 1—Office of the Comptroller of the Currency organization chart



(continued from previous page)



September 2002

(A) - Acting