



Comptroller of the Currency
Administrator of National Banks

US Department of the Treasury

Office of the Comptroller of the Currency

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List of Acronyms

ACH: Automated clearinghouse	FISMA: Federal Information Security Management Act
AICPA: American Institute of Certified Public Accountants	FM: Financial Management Department
BIT: Bank Information Technology	FMFIA: Federal Managers' Financial Integrity Act
BSA/AML: Bank Secrecy Act/Anti-Money Laundering	GAAP: Generally accepted accounting principles
CAG: Customer Assistance Group	GAO: Government Accountability Office
CDO: Collateralized Debt Obligations	HSPD: Homeland Security Presidential Directive
CDFI: Community development financial institution	IT: Information Technology
CFR: Code of Federal Regulations	ITS: Information Technology Services
CMP: Civil money penalty	OCC: Office of the Comptroller of the Currency
CRA: Community Reinvestment Act	OMB: Office of Management and Budget
CRE: Commercial real estate	UNICEF: United Nations Children's Fund
FASAB: Federal Accounting Standards Advisory Board	OPM: Office of Personnel Management
FDIC: Federal Deposit Insurance Corporation	OTS: Office of Thrift Supervision
FECA: Federal Employees' Compensation Act	SFAS: Statement of Financial Accounting Standards
FFMIA: Federal Financial Management Improvement Act	SIV: Structured investment vehicle
FinCEN: Financial Crimes Enforcement Network	SFFAS: Statement of Federal Financial Accounting Standards
	USC: United States Code
	WaMu: Washington Mutual

Index

A

accounting principles, generally accepted, in U.S. (GAAP), 49, 58, 69, 72
Activities Permissible for a National Bank: 2007, 33
Alt-A mortgages, 2, 14
American Institute of Certified Public Accountants (AICPA), 65, 71
American Securitization Forum, 18, 24
anti-money laundering, 26, 34
asset-backed commercial paper, 1, 14
assessments, 46, 49-53, 59-60, 66-67, 79
asset management, 17, 22, 49, 51
assets, national banks, ii, 7, 9, 14, 20, 52
assets, OCC, 45, 49-50, 54, 58-60, 63, 66, 69
Assistant Deputy Comptrollers (ADC), 11-12, 30
assurance statement, 43, 45, 78
Archivist Achievement Award, 41
automated clearinghouse, 28

B

balance sheets, banks, 7, 9, 15
balance sheets, OCC, 49, 50, 54, 59-60, 64
balanced scorecard, 46, 48-49
Bank Activities and Structure Division, 27
Bank of America, 1, 13
bank failures, 1, 4, 8-9, 35
Banking Relations Division, 26, 44
Bank Secrecy Act (BSA), 26, 34
bank supervision school, 22
bank technology, 5, 22
Basel Committee on Banking Supervision, 2, 18, 20-21
Basel II, 18, 21, 25, 33
Bear Stearns, 1
Bloom, Thomas R., 2, 45-46
Blueprint for a Modernized Financial Regulatory Structure, 33
Blysm, Michael, 23
bonds, U.S. Treasury, 51-52, 59-61
Bureau of Engraving and Printing, 40

C

Calhoun, James, 12
CAMELS rating, 75
Capital One Financial Corp., 13
capital markets, 5, 9, 19, 22
cease and desist orders, 34, 35
Change in Bank Control Act (CBCA), 37
change in bank control, 33, 36-37
Chief Financial Officer, letter from, 45-46

Chief National Bank Examiner, Office of the, 43
Chief of Staff and Public Affairs, 29, 44
Circular A-123, OMB, 45-46, 78
civil money penalties, 34-35, 49, 59-60
Civil Service Retirement System (CSRS), 52, 60-61
collateralized debt obligations (CDO), 2-3, 14, 17-18
compliance policy, 11-12, 22-23, 26-27, 38, 75
commercial and retail lending, 22-23
commercial real estate (CRE) concentrations, 1-3, 11-12, 14-15, 25
Commonwealth National Bank, 30
community banking, 1, 5, 11-12, 15
Committee on Bank Supervision, 39
Community Affairs, 5, 26-27, 38
community bank directors workshop program, 44
Computer Incident Response Center, 41
community development, 26-27, 38
Community Reinvestment Act (CRA), 19, 26, 38, 75
Complaint Referral Express, 29
consumer complaints, 5, 11, 20, 27-29, 42-43, 75, 79
consumer protection, 2, 5, 20, 23, 26, 28 38
contingency plan, banks', 14
contingency plan, OCC, 50-51, 53, 66
Continuity of Operations Plan, 41-42, 78
conversions, 35-37
Cook, Johnna, 23
corporate reorganizations, 35
Countrywide, 1
credit card lending, 2
credit card disclosures, 27
"credit crunch," 1, 3, 7, 19, 24, 48
Customer Assistance Group, 28-29, 38-39, 78

D

"dashboards," 25
de novo bank charter, 30, 35
derivative transactions, 33
Dugan, John C., *photos*, 1-2, 20, 26

E

economic and financial analysis, 11, 23
Economics Department, 27, 43
electronic payment systems, 19
Emergency Management Program, 42
enforcement actions, 17, 34-35
Enterprise Governance (EG) unit, 42-43, 79
equal employment opportunity, 40
equity, bank, 7-8
erroneous payments, 76-77
Erroneous Payments and Recovery Act of 2001, 77, 79
Examiners-in-Charge (EIC), 11, 13

External Outreach and Minority Affairs, 30, 44
Executive Committee, 2-3

F

Fair and Accurate Credit Transactions Act of 2003 (FACT), 19, 33
fair lending, 5, 11, 18, 25-27
Fannie Mae, 1
Fast Track Enforcement Program, 35
fees, application, 30
Freddie Mac, 1
Federal Accounting Standards Advisory Board (FASAB), 59, 61
Federal Branches and Agencies Program, 21
Federal Deposit Insurance Act, 17
Federal Deposit Insurance Corporation (FDIC), 4, 9, 31
Federal Employees' Compensation Act (FECA), 65
Federal Employees Group Life Insurance (FEGLI), 61, 67
Federal Employees Health Benefits (FEHB), 61, 67
Federal Employees Retirement System (FERS), 52, 61
Federal Financial Institutions Examination Council (FFIEC), 29
Federal Financial Management Improvement Act (FFMIA), 73, 78
Federal Housing Administration, 16
Federal Information Security Management Act, 41
Federal Managers' Financial Integrity Act (FMFIA), 71, 78
Federal Reserve System (FRS), 19
Federal Thrift Savings Plan (TSP), 61
Federal Trade Commission (FTC), 18-20, 34
fidelity insurance, 31
fiduciary powers, 33, 36-37
Financial Action Task Force (FATF), 20
Financial and Banking Information Infrastructure Committee, 20, 42
Financial Crimes Enforcement Network (FinCEN), 34
Financial Institutions Reform, Recovery, and Enforcement Act of 1989, 40
Financial Management, 45-79
Financial Stability Forum, 17
financial literacy, 18, 38, 44
financial statements, 31, 33, 45, 49, 54, 58-59, 61, 69, 70-73, 79
financial statements, notes to, 45, 58
Fink, Jonathan, 27-28
First National Bank of Davenport, *inside back cover*
First National Bank of Philadelphia, *inside back cover*
foreclosures, 1, 9, 11, 16, 19, 24, 38
foreclosure counseling, 18, 29, 44
formal agreements, 35
fraud, 22, 27, 38, 78
Freedom of Information Act requests, 44

funds transfer activities, 27
furniture replacement, 51, 66

G

Gallup Q12 employee engagement survey, 47-48
General Fund of the U.S. Treasury, 49-50, 60
General Services Administration, 42
Greenway, Tim, 13
gift cards, 29, 44
Global Banking and Financial Analysis Department, 23, 25
"golden parachute" payments, 27
Government Accountability Office (GAO), 43, 72, 74, 79

H

Hattix, Larry, 38
HelpWithMyBank.gov, 29, 39, 44
home equity lending, 1, 11, 16, 38
Homeland Security, Department of, 20, 42
Home Mortgage Disclosure Act, 25-26
HOPE for Homeowners, 16
HOPE NOW Alliance, 18, 24
horizontal reviews, 1, 11, 25
Housing and Economic Recovery Act, 16, 18-19
Housing Stabilization and Homeownership Retention Act of 2008, 16

I

identity theft, 18-19
Improper Payments Information Act of 2002 (IPIA), 76-77, 79
Independent Auditor's Report, 45, 49, 69-74
IndyMac Bank, 1
"Information Security Concept of Operations," 41
information technology, 5, 22, 31, 33, 38-41, 51, 66
Information Technology Services (ITS), 40-41
insider transactions, 27, 34
Interagency Minority Depository Institutions National Conference, 30
Internal Revenue Service, 61
International Banking Supervision Department, 21-22

J

Jaedicke, Ann, 26
Jee, Delora Ng, 21
Johnson, Rayburn, 28
Joint Forum, 20-21
JPMorgan Chase, 1

K

Kelly, Jennifer C., 2

L

Labor Department (DOL), 65
Large Bank Supervision, 11-15, 18, 21, 40-41
Law Department, 27
Lehman Brothers, 1
Lean Six Sigma, 43, 46-47, 49
leasehold improvements, 51, 63, 66
leases, 46, 63-64
leave account, 60
lending limits, 27, 31
leveraged loans, 1, 3, 15-16
Levonian, Mark, 2
liabilities, OCC, 45, 50, 54, 58-60, 64-65, 67
Lincoln, Abraham, *inside back cover*
liquidity, 1-2, 4, 7-9, 14, 17-18, 35
loans, bank, 1, 3, 7-9, 11
London office, 20
Long, Timothy W., 2
loss provisions, 9, 17

M

McCulloch, Hugh, *inside back cover*
“Meet the Comptroller” sessions, 44
mega-bank, 13
memorandums of understanding, 28, 35
mergers, 35-37
Messick, Carter, 22
Midsize/Community Bank Supervision, 21, 30
minority banks, 11, 29-30
mortgage banking, 5, 7, 11, 14, 16, 24-25, 39
Mortgage Metrics program, 2, 11, 14, 24

N

National Archives and Records Administration
Conference, 41
National Association of Affordable Lenders, 16
National Association of Consumer Agency
Administrators, 29, 44
National Bank Act of 1864, *inside back cover*, 58
national bank appeals process, 38-39
national bank charter, 11, 30-31, 35-36, 75
National Credit Union Administration (NCUA), 19
National Currency Act of February 1863, *inside back
cover*, 58
National Institute of Standards and Technology, 41, 43
National Interagency Community Reinvestment
Conference, 38
net income, 8
NeighborWorks America, 38
nontraditional mortgage products, 11

O

OCC 401(k) plan, 61
OCC and OTS Mortgage Metrics Report, 11, 14, 24
OCC Highlights e-mail newsletter, 30
OCC Policy Statement on Minority-Owned National
Banks, 29
Office of Management and Budget (OMB), 41-43, 45,
58, 69, 71-74, 76, 78-79
Office of Personnel Management (OPM), 52, 61, 67
Office of the Chief Counsel, 26, 28, 33, 43
Office of Thrift Supervision (OTS), 19, 24
Office of the Inspector General (OIG), 41, 43, 69, 71-
74, 79
Office of the Ombudsman, 27, 30, 33, 38-39, 40, 43
“on-boarding,” 40
operational risk, 5, 21

P

Paul, Bajinder N., 2
payments system, 27-28
Payments System Working Group, 27
performance measures, 36, 48, 75-76, 78
Pierce, Michael, 30
Pitkin, Howard, 20
postretirement life insurance plan, 61, 65
Powell, Stephanie, 29
preemption, 34
President’s Working Group on Financial Markets, 17
problem banks, 12, 17, 27, 35
problem loans, 8
Prompt Payment Act, 60
process improvement, 42-43, 47-48, 77-78
Public Accounting Oversight Board, 20
Public Affairs Department, 29-30, 43
public welfare investment authority, 16, 19, 38

Q

“Quick Wins” program, 42

R

retail banking, 25
Risk Analysis Division, 25
risk-based supervision, 5, 25, 27-28
recruitment, 46, 48
revenues, 45, 50-51, 53, 55, 58-59
Risk Transfer—Developments from 2005 to 2007, 21
Roeder, Douglas W., 3
Russell, Kevin, 23

S

Scherer, Kim, 13
Securities Exchange Act, 31
Securities and Exchange Commission (SEC), 20
security, 41-42, 78
Senior Supervisors Group, 17
Shared National Credit (SNC) Review, 14, 20
*Significant Legal, Licensing, and Community
Development Precedents for a National Bank*, 33
Small Business Administration, 38
Smartcard ID, 42
Special Supervision Division, 12
Specialty Skills Assessment Program, 39
statements of budgetary resources, 49, 53, 57-59
statements of changes in net position, 49-50, 52, 56, 58,
66-67
Statements of Federal Financial Accounting Standards
(SFFAS), 58-61, 63, 65, 67
statements of net cost, 49, 52, 55-56, 58, 64-65, 67, 69,
71, 73
Strategies and Resources (STARS), 41
structured investment vehicles (SIV), 1, 14
subprime lending, 1-3, 7, 11, 14, 16
System Development Lifecycle, 41

T

tax credits, 38
telephone seminars for bankers, 26
terrorists, 34
Thornton, Troy, 12
Treasury, Department of the, *inside back cover*, 24, 33,
40-41, 52, 58-60, 69, 72-74
Treasury Learning Management System, 41
Tucker, Karen, 23

U

underwriting standards, 1, 3, 11, 14
unfair and deceptive acts or practices, 18, 26, 34

uniform commercial code, 27
Uniform Commission Examination, 40
uniform national currency, *inside back cover*
UnionBanCal Corporation, 13
Utterback, Paul, 23

V

vision statement, *inside front cover*
visitorial authority, 34

W

Wachovia, 1, 38
Walsh, John G., 3, 28
Wall Street, 3
WaMu (Washington Mutual), 1
Wells Fargo, 1
Wentzler, Nancy, 25
Wides, Barry, 18
Williams, Julie L., 3
Wilson, Scott J., 13
Workflow and Information Systems and Document
Manager electronic recordkeeping system, 41
workplace fairness, 40



OCC History *and* Traditions

In February 1863, President Lincoln signed into law the National Currency Act, which created a national banking system under the supervision of a new bureau in the U.S. Department of the Treasury, headed by the Comptroller of the Currency.

The law was designed to supply the country's longstanding need for a uniform national currency and a nationwide system of banks operating under uniform rules, uniform supervision and regulation, and uniformly high standards. The law aimed to address the instability that had long beset banking in the United States.

Until 1863, as many as 20,000 different bank note varieties were in circulation at any given time—some good as gold, some worth little more than the paper they were printed on. This diverse and irregular paper fueled inflation and uncertainty and, in some cases, was a barrier to trade and economic growth. Banks themselves banded together in some parts of the country to promote monetary order and provide some assurance to depositors that, if one bank failed, others in the group would stand by it. Regulation, conducted by state banking departments, was uneven.

Under the National Currency Act and the following National Bank Act of 1864, bank organizers were required to raise substantial capital. Previously, many banks had little or no real capital. The banks were required to invest a portion of that capital in U.S. government bonds, stimulating their sale at a time when the Treasury faced severe financial need. The bonds would be deposited with the Comptroller, who would deliver a proportionate quantity of bank notes of uniform design imprinted with a bank's name. The bonds served as security for the notes; if a national bank was unable to meet its obligations, the bonds were liquidated and the note holders repaid. This ingenious arrangement served the country for many years until national currency

was phased out in favor of a more elastic system of Federal Reserve notes.

The first Comptroller was Hugh McCulloch, a respected Indiana banker. McCulloch staffed the office, developed policies and procedures, promulgated standards of professional conduct for bankers and bank examiners, and worked to refine the legal framework under which national banks still operate today.

Charter number one was issued to the First National Bank of Philadelphia. The First National Bank of Davenport, the 15th charter, was first to open for business, on June 29, 1863. By 1870, more than 1,600 institutions, including hundreds of former state banks, had joined the national system, holding well over 50 percent of the country's total bank assets.

The National Bank Act offered a broad and potent grant of enumerated powers and such "incidental powers as shall be necessary to carry on the business of banking." The law required the Comptroller to report directly to Congress on needed improvements in the law. Modifications undertaken over the years have provided national banks with the flexibility to meet changing conditions in the financial marketplace.

From the beginning, professionalism and independence have been the OCC's hallmarks. The Comptroller, appointed by the President with the consent of the Senate, serves a five-year term of office. The OCC receives no appropriated funds; its revenues are derived from assessments paid by national banks.

During its 145-year history, the OCC has supervised the national banking system through many turns of the economic cycle. Its goal is to promote sound banking practices in good times and bad, ensuring that the interests of depositors, investors, communities, and taxpayers are appropriately safeguarded.

The seal depicted on the front cover dates to 1863. It was designed under the direction of the first Comptroller of the Currency, Hugh McCulloch, chosen by President Abraham Lincoln and Secretary of the Treasury Salmon P. Chase. The OCC marked its 145th anniversary in 2008.