Privacy Impact Assessment
of the
Supervisory Enforcement Actions and
Special Examinations Tracking System

Program or application name.

Supervisory Enforcement Actions and Special Examinations Tracking System (SEASE)

Contact information.

SEASE is maintained by the Board's Division of Banking Supervision and Regulation (BS&R).

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Description of the IT system.

SEASE collects and maintains investigatory and enforcement action information concerning possible violations of the federal banking laws and regulations in connection with the Board's supervision and examination of regulated financial institutions and their current or former institution-affiliated parties.

1. The information concerning individuals that is being collected and/or maintained.

SEASE may collect and maintain the following information about current or former institution-affiliated parties:

a. name;
b. date of birth;
c. employment relationship to institution;
d. employment termination date;
e. social security number/taxpayer identification number;
f. current employer;
g. name(s) of the financial institution that individual is/was affiliated with in connection with alleged violations of law and/or regulations;
h. information regarding alleged violations of law and/or regulations; and
i. examination, supervisory, investigatory and/or enforcement comments in connection with alleged violations of law and/or regulations.

2. Source(s) of each category of information listed in item 1:

Identifiable information is compiled from Suspicious Activity Reports (SARs) that are housed in an Internal Revenue Service (IRS) database maintained by the Financial Crimes Enforcement Network (FinCEN) of the Department of the Treasury. Pursuant to a contractual agreement with the IRS, authorized Federal Reserve System personnel have on-line access to the SAR database through individual work stations that are linked to the database central computer.

Identifiable information is also collected in connection with the Board's supervision and examination of regulated financial institutions as well as the exercise of the Board's investigatory and enforcement authority.

3. Purposes for which the information is being collected.

The identifiable information is collected and maintained in connection with the Board's exercise of its statutory, regulatory and supervisory authority pursuant to, but not limited to, the Federal Reserve Act, 12 U.S.C. §§ 221 *et*

seq.; the Change in Bank Control Act, 12 U.S.C. § 1817(j); the Bank Merger Act, 12 U.S.C. § 1828(c); the Federal Deposit Insurance Act, 12 U.S.C. §§ 1811 *et seq.*; the Bank Holding Company Act of 1956, 12 U.S.C. §§ 1841 *et seq*., the Bank Service Company Act, 12 U.S.C. §§ 1861 *et seq*; the International Banking Act, 12 U.S.C. §§ 3101 *et seq.;* the consumer protection laws regarding practices by banks and other financial institutions supervised and regulated by the Board, and the Board's Regulations, 12 C.F.R. §§ 201 *et seq*. The identifiable information that is collected and maintained is used by Federal Reserve System staff to assess whether Board-regulated financial institutions or their current or former institution-affiliated parties engaged in violations of law and/or regulations that may result in the Board's commencement of informal and/or formal enforcement actions.

4. Who will have access to the information.

The identifiable information contained in SEASE is not accessible by the public. For the most part, access to data by a user within the Federal Reserve is on a "need-to-know" basis by authorized employees within the Federal Reserve who have a need for the information for official business purposes. More specifically, access to the information in SEASE is generally restricted to Board staff in BS&R and staff in the Board's Legal Division who are involved in assessing and prosecuting enforcement actions. Care is taken to ensure that only those employees who are authorized and have a need for the information for official business purposes have access to that information.

Staff of the Federal Reserve Banks' access to SEASE is restricted only to authorized users of FinCEN's SAR database. Moreover, each Reserve Bank will only have access to SARs filed by financial institutions within that Reserve Bank's district.

Subject to approval under the Board's regulations governing disclosure, and where necessary, subject to the approval of FinCEN in connection with the disclosure of SARs, identifiable information maintained in SEASE may also be used as follows:

A. <u>Disclosure for Enforcement, Statutory and Regulatory Purposes</u>. Information may be disclosed to the appropriate federal, state, local, foreign, or self-regulatory organization or

agency responsible for investigating, prosecuting, enforcing, implementing, issuing, or carrying out a statute, rule, regulation, order, policy, or license if the information is relevant to a potential violation of civil or criminal law, rule, regulation, order, policy or license within the jurisdiction of the receiving entity.

B. Disclosure to a Member of Congress. Information may be disclosed to a congressional office in response to an inquiry from the congressional office made at the request of the individual to whom the record pertains.

C. Disclosure to the Department of Justice, a Court, an Adjudicative Body or Administrative Tribunal, or a Party in Litigation. Information may be disclosed to the Department of Justice, a court, an adjudicative body or administrative tribunal, a party in litigation, or a witness if the Board determines that the information is relevant and necessary to the proceeding and that such disclosure is compatible with the purpose for which the records were collected.

D. Disclosure to Contractors, Agents, and Others. Information may be disclosed to contractors, agents, or others performing work on a contract, service, cooperative agreement, job, or other activity for the Board and who have a need to access the information in the performance of their duties or activities for the Board.

E. Disclosure Where Security or Confidentiality Has Been Compromised. Information may be disclosed when (1) it is suspected or confirmed that the security or confidentiality of information in the system of records has been compromised; (2) the Board has determined that as a result of the suspected or confirmed compromise there is a risk of harm to economic or property interests, identity theft or fraud, or harm to the security or integrity of this system or other systems or programs (whether maintained by the Board or another agency or entity) that rely upon the compromised information; and (3) the disclosure is made to such agencies, entities, and persons who are reasonably necessary to assist in connection with the Board's efforts to respond to the suspected or confirmed compromise and prevent, minimize, or remedy such harm.

F. Information may be disclosed to the federal financial regulatory agencies and FinCEN to the extent relevant to their enforcement authority.

G. Information may be disclosed to third parties during the course of an investigation to the extent necessary to obtain information pertinent to the investigation.

H. Information may be disclosed with regard to formal or informal enforcement actions pursuant to 12 USC 1818(u), which requires the Board to publish and make available certain enforcement documents.

5. Whether the individuals to whom the information pertains have an opportunity to decline to provide the information or to consent to particular uses of the information (other than required or authorized uses).

Individuals to whom the information pertains will not have an opportunity to decline to provide the information or to consent to particular uses of the information.

6. Procedure(s) for ensuring that the information maintained is accurate, complete, and up-to-date.

Identifiable information maintained in SEASE is collected primarily from SARs maintained by FinCEN. In the event that either a technical discrepancy with the data is detected or the data is discovered to be inaccurate, incomplete, untimely or not relevant, staff researches the matter in an effort to resolve any known discrepancy.

7. The length of time the data will be retained, and how will it be purged.

Records are maintained in SEASE until no longer needed for administrative or reference purposes**.**

8. The administrative and technological procedures used to secure the information against unauthorized access.

SEASE uses a combination of methods to secure the information against unauthorized access. Network security limits access to SEASE to authenticated users. Role-based application security further limits access to the SEASE application and functions within SEASE through lists of discrete tasks and access permissions assigned to business owners and application developers. This role-based application is secured to permit only authorized users to change permission and security settings. Finally, information transferred between client workstations and SEASE servers is encrypted to ensure that, should SEASE information be obtained through unauthorized access, the information would be illegible and unusable. The Board's Division of Information Technology maintains and monitors the SEASE web site.

9. Whether a new system of records under the Privacy Act will be created. (If the data is retrieved by name, unique number, or other identifier assigned to an individual, then a Privacy Act system of records may be created).

SEASE is covered by a published Privacy Act system of records notice, entitled Supervisory Enforcement Actions and Special Examinations Tracking System (BGFRS-21).

Reviewed:

(signed) Elaine Boutilier 5/3/2007
Chief Privacy Officer Date

Reviewed:

(signed) Marianne Emerson 5/4/2007
Chief Information Officer Date