



Comptroller of the Currency
Administrator of National Banks

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OCC First Senior Deputy Comptroller Julie L. Williams Tells House Panel New Regulations Grounded in Federal Law, Court Precedent and Constitution

WASHINGTON - Julie L. Williams, First Senior Deputy Comptroller and Chief Counsel for the Office of the Comptroller of the Currency, told a House panel today that new regulations regarding preemption and the OCC's exclusive visitorial powers to regulate and supervise national banks are firmly grounded in Federal law, judicial precedent and the U.S. Constitution.

In [testimony](#) before the House Financial Services subcommittee on oversight and investigations, Ms. Williams added that the OCC has zero tolerance for lending that is unfair, abusive, deceptive or predatory.

"We know its tragic consequences," Ms. Williams said. "We rigorously supervise national banks and their lending subsidiaries and there is scant evidence that they are the source of the predatory lending problem in this country. Our track record demonstrates that we will act vigorously if problems arise."

Ms. Williams told the congressional panel that the OCC's new regulations have been the subject of numerous misperceptions and mischaracterizations. The preemption rule, she said, clarifies that a state law does not apply to a national bank if the state law "obstructs, impairs, or conditions" the bank's ability to exercise a power granted to it under Federal law, by Congress, unless Congress has provided that the state law does apply.

The rule, she added, does not authorize new powers for national banks and it does not make changes in the OCC's regulations on operating subsidiaries. It does not preempt anti-discrimination laws or immunize national banks from complying with state laws in areas such as contract law, tort law or tax law.

"This approach reflects fundamental, Constitutional, Supremacy Clause doctrine," Ms. Williams said, noting that the OCC followed Supreme Court standards that go back more than 130 years.

The visitorial powers rule clarified that the scope of the OCC's exclusive authority focuses on the content and conduct of the banking business authorized under Federal law, and provided that a part of the statute referring to powers of "courts of justice" does not grant state officials any additional authority, beyond what they may otherwise possess, to examine, supervise or regulate the banking business of national banks.

Ms. Williams said it was necessary to issue the two rules because of the unprecedented number and variety of state and local enactments intended to limit and control the ability of national banks to engage in banking activities authorized for them by Congress.

"These laws, many with laudable goals, also have real, practical, daily consequences," she said. "They have unsettled mortgage markets, reduced the availability of legitimate subprime loans to some consumers, increased regulatory burden, added operational costs, and created unpredictable standards of operation and uncertain risk exposures."

Ms. Williams said the OCC developed the new rules over a period dating back almost two years, briefing House and Senate members and their staffs from the onset and consulting widely with representatives of the financial industry, public interest groups, other regulatory agencies, and state officials. The OCC acted as circumstances became compelling, she said.

Related Link: [Oral Statement](#)

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The OCC charters, regulates and examines approximately 2,100 national banks and 52 federal branches of foreign banks in the U.S., accounting for more than 55 percent of the nation's banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.