



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

WASHINGTON, D.C. 20551

DIVISION OF SUPERVISION
AND REGULATION

DIVISION OF CONSUMER AND
COMMUNITY AFFAIRS

SR 18-4

CA 18-5

June 29, 2018

**TO THE OFFICER IN CHARGE OF SUPERVISION
AT EACH FEDERAL RESERVE BANK**

SUBJECT: Policy Statement on Interagency Notification of Formal Enforcement Actions

Applicability: This guidance applies to all Federal Reserve supervised financial institutions, including those with \$10 billion or less in consolidated assets.

The Federal Financial Institutions Examination Council (FFIEC) rescinded its revised policy statement on *Interagency Coordination of Formal Corrective Action by the Federal Bank Regulatory Agencies*, dated February 20, 1997.¹ The 1997 policy statement was created at a time when electronic communication was much less common and no longer reflects the current practices of the federal banking agencies in coordinating formal enforcement actions. For example, the formal enforcement actions taken by the federal banking agencies are published on the individual agencies' public websites,² making it no longer necessary for the agencies to provide written notice of all such actions to each other.

On June 12, 2018, the Federal Reserve, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency (the federal banking agencies) issued a *Policy Statement on Interagency Notification of Formal Enforcement Actions* to replace the FFIEC's 1997 policy statement.³ The federal banking agencies issued this policy statement, which is also attached to this letter, to promote notification of, and coordination on, formal enforcement actions among the federal banking agencies at the earliest practicable date.

¹ See 62 *Fed. Reg.* 7782 (February 20, 1997) and 83 *Fed. Reg.* 27329 (Jun. 12, 2018).

² For enforcement actions against an entity supervised by the Federal Reserve, see <https://www.federalreserve.gov/apps/enforcementactions/search.aspx>.

³ 83 *Fed. Reg.* 27371 (Jun. 12, 2018).

In accordance with the policy statement, Board staff is responsible for notifying the appropriate federal banking agency(ies) of a formal enforcement action against a Federal Reserve supervised institution that involves the interests of another federal banking agency. Therefore, Reserve Bank staff should contact Board staff on any questions concerning the coordination of an enforcement action with another federal banking agency.

Reserve Banks are asked to distribute this letter to supervised institutions in their districts, as well as to appropriate supervisory and examination staff. Questions regarding this letter should be directed to Jason Gonzalez, Special Counsel, at (202) 452-3275 in the Board's Legal Division. In addition, questions may be sent via the Board's public website.⁴

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Eric S. Belsky
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Attachments:

- *Statement on Interagency Notification of Formal Enforcement Actions*
- [Federal Register Notice](#)

Supersedes:

- SR letter 97-5, "Policy Statement on Interagency Notification and Coordination of Enforcement Actions"

⁴ See <http://www.federalreserve.gov/apps/contactus/feedback.aspx>.

Policy Statement on Interagency Notification of Formal Enforcement Actions

June 12, 2018

The Federal Banking Agencies (FBAs)¹ are issuing this policy statement² to promote notification of, and coordination on, formal enforcement actions among the FBAs at the earliest practicable date. This statement replaces the existing policy statement³ to incorporate and reflect current practices and is not intended as a substitute for informal communication that routinely occurs among the FBAs in advance of an enforcement action, including verbal notification of pending enforcement matters to officials and staff with supervisory and enforcement responsibility for the affected institution.

When an FBA determines it will take a formal enforcement action against any federally insured depository institution, depository institution holding company, non-bank affiliate, or institution-affiliated party, it should evaluate whether the enforcement action involves the interests of another FBA. Examples of such interests include unsafe or unsound practices or significant violations of law by an insured depository institution, non-bank affiliate, or depository institution holding company or misconduct by an institution-affiliated party that may have significant connections with an institution regulated by another FBA.

If it is determined that one or more other FBAs have an interest in the enforcement action, the FBA proposing the enforcement action should notify the other FBA(s). Notification should be provided at the earlier of the FBA's written notification to the federally insured depository institution, depository institution holding company, non-bank affiliate, or institution-affiliated party against which the FBA is considering an enforcement action or when the appropriate responsible agency official, or group of officials, determines that formal enforcement action is expected to be taken.

The scope of the information shared by the notification may depend on the gravity of the interests of the other FBA(s) and be determined on a case-by-case basis by the FBA providing the notification. The information shared, however, should be appropriate to allow the other FBA(s) to take necessary action in examining or investigating the financial institution or institution-affiliated party over which they have jurisdiction.

If two or more FBAs consider bringing a complementary action (e.g., action involving a bank and its parent holding company), those FBAs should coordinate the preparation, processing, presentation, potential penalties, service, and follow-up of the enforcement action.

¹ The FBAs include the Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); and Office of the Comptroller of the Currency (OCC).

² See 83 FR 27371 (Jun. 12, 2018).

³ See 62 FR 7782 (Feb. 20, 1997).