



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, DC 20551

November 17, 2014

The Honorable Mark Bialek  
Inspector General for the  
Board of Governors of the Federal Reserve System  
and the Consumer Financial Protection Bureau  
Washington, D.C. 20551

Dear Mr. Bialek:

After consultation with the Chair and other Board members, we respectfully request that the Office of the Inspector General conduct a review of two matters described below related to the manner in which the Federal Reserve System conducts examinations of large banking organizations (i.e., bank holding companies with total assets in excess of \$50 billion).

As you know, the goal of examinations of banking organizations is to understand and be well informed about the policies, procedures, risks, condition and compliance efforts of these organizations, and to ensure that these organizations comply with applicable laws, regulations and policies established by the Federal Reserve Board. To help accomplish this goal, a dedicated supervisory team consisting of examiners and specialists is assigned to each large banking organization. These teams bring together professionals with different and often specialized skills, specific assigned responsibilities, and multiple levels of expertise and experience. These teams both contribute to horizontal supervisory examinations across a number of firms and conduct examinations at a single firm.



Decision-makers must have access to complete information and to the informed views of members of the examination team in order to reach appropriate decisions and supervisory conclusions regarding the examination of large banking organizations. Given the framework for examination of large banking organizations and the goals of supervision described above, we request that the Office of the Inspector General conduct a review into two important questions:

- 1) Are there adequate methods for decision-makers to obtain all material information necessary to ensure that decisions and supervisory conclusions resulting from the examination of large banking organizations are appropriate, supported by the record, and consistent with supervisory policies?
- 2) Are there channels, both within and outside the immediate chain of command, for decision-makers to be aware of divergent views about material issues regarding large banking organizations addressed by the members of the dedicated examination team?

We are available to discuss this request at your convenience.

Sincerely,

  
\_\_\_\_\_  
Scott G. Alvarez  
General Counsel

  
\_\_\_\_\_  
Michael S. Gibson, Director  
Division of Banking Supervision  
and Regulation