

Council of Inspectors General on Financial Oversight

Meeting

Wednesday, July 20, 2011

10:00 a.m. – 12:00 p.m.

Minutes

Council Members Present

The Honorable Eric M. Thorson, IG, Department of the Treasury, Chair

Elise Ennis, Acting IG, Board of Governors of the Federal Reserve

Roy Lavik, IG, Commodity Futures Trading Commission

Frank Rokosz, , Deputy Assistant Inspector General, OIG-Office of Management and Policy for HUD, for Michael Stephens, Acting IG, Department of Housing and Urban Development

The Honorable Jon T. Rymer, IG, Federal Deposit Insurance Corporation

The Honorable Steve A. Linick, IG, Federal Housing Finance Agency

Sharon Separ, Counsel to the IG, representing William DeSarno, IG, National Credit Union Administration

David Kotz, IG, Securities and Exchange Commission

Council Members Not Attending

Christy Romero, Acting Special IG for the Troubled Asset Relief Program

Others Attending

Tricia Hollis, CIGFO Executive Director

Presenters

Ann Anaya, Assistant U.S. Attorney for the District of Minnesota, Economic Crimes Division

Amias Gerety, Deputy Assistant Secretary, Office of Financial Stability Oversight Council, Department of the Treasury

The meeting was called to order at 10:05 a.m. by Chairman Eric Thorson.

Thorson announced that Christy Romero, Acting Special IG for the Troubled Asset Relief Program, would not be attending and introduced two substitutes at the meeting:

- Frank Rokosz, , Deputy Assistant Inspector General, OIG-Office of Management and Policy for HUD, for Michael Stephens, Acting IG, Department of Housing and Urban Development
- Sharon Separ, Counsel to the IG, representing William DeSarno, IG, National Credit Union Administration

Thorson outlined the meeting agenda and called for consideration of the minutes from May 26, 2011 meeting. On a motion by Rymer, the minutes were approved.

Thorson introduced Ann Anaya, Assistant U.S. Attorney for the District of Minnesota, Economic Crimes Division, who briefed the CIGFO on a bank fraud investigation currently being conducted by her office. Anaya described loosely organized crime networks that use bank insiders and loose controls to perpetrate bank fraud. Discussion of the presentation was held until after all presentations were complete.

Thorson introduced Amias Gerety, Deputy Assistant Secretary, Office of Financial Stability Oversight Council, Department of the Treasury, to brief the CIGFO on recent activities of the Financial Stability Oversight Council (FSOC). During the July 18 meeting, the FSOC:

- o Issued the secured creditor haircut study
- o Approved a final rule for designation of financial market utilities
- o Discussed the Annual Report – due for release during the week of July 25
- o Continued discussion of the rule for designating non-banking institutions with a focus on providing additional clarity; the rule will be proposed and provide for a 60-day comment period

Members of the CIGFO discussed the presentation by AUSA Anaya and determined that individual IGs may want to be involved in the bank fraud investigation but no formal CIGFO action was recommended.

The Council reviewed the progress of developing a letter from CIGFO to FSOC outlining suggested guiding principles for the development of criteria for designating systemically important financial institutions (SIFIs) for heightened prudential supervision. The Council approved the latest version of the letter (see attached).

Rymer suggested the formation of a working group to look at FSOC's effort to protect information, including information technology and personnel and physical security. The group expressed support for his suggestion. Rymer agreed to develop a formal proposal for approval by the CIGFO membership.

Rymer also suggested that CIGFO review the FSOC Annual Report to determine if formal comments/recommendations were appropriate. Linick agreed to take the lead in this effort.

Hollis thanked everyone for their efforts on the CIGFO annual report and indicated the report would be finalized and sent to FSOC and the Hill on July 21.

The meeting was adjourned at 11:35 a.m.