Offices of Inspector General

Department of the Treasury
Federal Deposit Insurance Corporation
Board of Governors of the Federal Reserve System

Status of the Transfer of Office of Thrift Supervision Functions

OIG-12-046
EVAL-12-004
FRB OIG 2012-01

March 21, 2012

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Abbreviations

Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
FDIC	Federal Deposit Insurance Corporation
FRB	Board of Governors of the Federal Reserve System
OCC	Office of the Comptroller of the Currency
OIG	Office of Inspector General
OTS	Office of Thrift Supervision
Plan	Joint Implementation Plan
Treasury	Department of the Treasury

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Offices of Inspector General

March 21, 2012

Ben S. Bernanke, Chairman
Board of Governors of the Federal Reserve System

Martin J. Gruenberg, Acting Chairman
Federal Deposit Insurance Corporation

John G. Walsh, Acting Comptroller of the Currency
Office of the Comptroller of the Currency

This report presents the results of our offices' third joint review of the transfer, pursuant to Title III of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), of the functions, employees, funds, and property of the Office of Thrift Supervision (OTS) to the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), and the Office of the Comptroller of the Currency (OCC). In accordance with Title III, the transfer occurred in July 2011.

Our joint reviews are mandated by Section 327 of Title III. Our first joint review[1] determined whether the Joint Implementation Plan (Plan) for the transfer prepared by FRB, FDIC, OCC, and OTS conformed to relevant Title III provisions. Based on that review, we concluded that the Plan generally conformed to the relevant provisions of Title III. We noted, however, that the Plan did not address the prohibition in Title III against the involuntary separation or the involuntary reassignment of a transferred OTS employee

[1] Department of the Treasury (Treasury) Office of Inspector General (OIG), FRB OIG, and FDIC OIG, *Review of the Joint Implementation Plan for the Transfer of Office of Thrift Supervision Functions*, OIG-11-064/FRB OIG 2011-02/EVAL-11-002 (Mar. 28, 2011).

outside the employee's locality pay area for 30 months (except under certain circumstances). In response to that recommendation, the agencies amended the Plan in April 2011.

After the initial joint review of the Plan, Section 327 requires that every 6 months we jointly provide a written report on the status of the implementation of the Plan to FRB, FDIC, and OCC, with a copy to the Congress. We issued the first report[2] under this requirement on September 28, 2011. In that report, we concluded that FRB, FDIC, OCC, and OTS had substantially implemented the actions in the Plan that were necessary to transfer OTS functions, employees, funds, and property to FRB, FDIC, and OCC, as appropriate. However, we also reported that certain aspects of the Plan were on-going or were not yet required to be completed as provided in Title III.

The objective of our current review was to determine and report on the status of the implementation of the Plan. To accomplish our objective, we reviewed the actions FRB, FDIC, OCC, and OTS have taken to implement the Plan since our September 2011 report. Our work focused on FRB, FDIC, OCC, and OTS planned actions outlined in the Plan that were to occur between the dates of our prior report (September 28, 2011) and the end of our fieldwork (March 5, 2012). We also performed tests to determine compliance with Title III provisions related to transferred OTS employees. As part of our work, we interviewed officials from FRB, FDIC, and OCC, and reviewed relevant documentation. We conducted our fieldwork from October 2011 to March 2012. Appendix 1 contains a detailed description of our objective, scope, and methodology.

In brief, we concluded that FRB, FDIC, OCC, and OTS implemented the actions in the Plan that were necessary to transfer OTS functions, employees, and funds to FRB, FDIC, and OCC. We also concluded that all OTS property was transferred to FRB, FDIC, and OCC; and procedures and safeguards are in place as outlined in the Plan to ensure transferred employees are not unfairly disadvantaged. However, there are certain other items related to the Plan, as discussed below, that are ongoing or are not yet required to be completed as provided in Title III. In accordance with

[2] Treasury OIG, FRB OIG, and FDIC OIG, *Status of the Transfer of Office of Thrift Supervision Functions*, OIG-11-109/FRB OIG 2011-04/EVAL-11-005 (Sept. 28, 2011).

Section 327, we will continue to monitor the implementation of the Plan until all aspects have been implemented.

Background

Title III of the Dodd-Frank Act sets forth provisions to address problems and concerns in the multiple agency financial regulatory system by abolishing OTS and transferring its powers and authorities to FRB, FDIC, and OCC on July 21, 2011 (which for purposes of the title is deemed the "transfer date"). All OTS functions relating to federal savings associations, all OTS rulemaking authority for federal and state savings associations,[3] and the majority of OTS employees transferred to OCC; OTS's supervisory responsibility for state-chartered savings associations and OTS employees to support these responsibilities transferred to FDIC;[4] and OTS's authority for consolidated supervision of savings and loan holding companies and their non-depository subsidiaries transferred to FRB. No OTS employees were required to be transferred to FRB.

Section 327(a) of Title III required FRB, FDIC, OCC, and OTS to jointly submit a plan within 180 days of enactment of the Dodd-Frank Act to the Congress and the Inspectors General of FRB, FDIC, and Treasury detailing the steps necessary to implement the provisions of Sections 301 through 326 of Title III. The Inspectors General and the Congress received the Plan fulfilling this requirement on January 25, 2011.

Section 327(b) of Title III required that within 60 days of receiving the Plan, the Inspectors General of FRB, FDIC, and Treasury jointly provide a written report to FRB, FDIC, OCC, and OTS, with copies to the Congress, that detailed whether the Plan conformed to the provisions of Sections 301 through 326 and included any additional recommendations for an orderly and effective process. The Inspectors General jointly issued that report, *Review of the Joint Implementation Plan for the Transfer of Office of Thrift*

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[3] In some instances, FDIC, as the appropriate federal banking agency for state savings associations, is authorized by statute to issue regulations pertaining to state savings associations.
[4] FDIC accepted the transfer of other OTS employees to fill actual and, to a limited extent, other anticipated vacancies.

Supervision Functions, on March 28, 2011, fulfilling this requirement.

Section 327(c) of Title III requires that, within 6 months of the Congress receiving the report, the Inspectors General of FRB, FDIC, and Treasury must jointly provide a written report on the status of the implementation of the Plan to FRB, FDIC, and OCC, with a copy to the Congress. Further, the Inspectors General of FRB, FDIC, and Treasury must jointly provide such a written report every 6 months thereafter until all aspects of the Plan have been implemented. The Inspectors General jointly issued the first in a series of planned reports, *Status of the Transfer of Office of Thrift Supervision Functions,* on September 28, 2011, in accordance with this requirement.

Results of the Joint Review

We concluded that FRB, FDIC, OCC, and OTS implemented the actions in the Plan necessary to transfer OTS functions, employees, and funds to FRB, FDIC, and OCC, as appropriate. We also concluded that all OTS property was transferred to FRB, FDIC, and OCC; and procedures and safeguards are in place as outlined in the Plan to ensure transferred employees are not unfairly disadvantaged. However, there are certain other items related to the Plan, as discussed below, that are on-going or are not yet required to be completed as provided in Title III.

OTS Employees Transferred to FDIC and OCC as Outlined in the Plan

All OTS employees were transferred to OCC and FDIC, as outlined in the Plan. Ninety-five (95) OTS employees transferred to FDIC and 668 OTS employees transferred to OCC.[5]

Title III, Section 322, required that each transferred OTS employee was to receive a notice of position assignment no later than 120 days (November 18, 2011, except for the OTS Acting

[5] At the time of our September 2011 report, OCC reported that 670 OTS employees were transferred to OCC; however, according to an OCC official, two individuals scheduled to transfer decided not to transfer to OCC.

Director) after the effective date of their transfer. As noted in our September 2011 report, OCC sent a notice of position assignment to each OTS employee on May 6, 2011, with the exception of the OTS Acting Director. In accordance with the Plan, the Acting Director remained at OTS for 90 days after the transfer date (until October 19, 2011) to wrap up its affairs. Once completed, the Acting Director was transferred to OCC. The former OTS Acting Director received a notice of position assignment on February 15, 2012, within the required timeframe.

Title III, Section 322, provides that transferred employees be placed in positions at OCC and FDIC responsible for the same functions and duties, to the extent practicable. [6] We sampled 119 of the 668 former OTS employees who transferred to OCC. We reviewed each employee's Standard Form 50, Notification of Personnel Action. We reviewed each employee's position and the related position description, and determined that the employees were placed in positions responsible for the same functions and duties, to the extent practicable. We did find some instances in which former OTS supervisory employees were placed in non-supervisory positions. However, based on our review, we concluded that there was not a practical way for OCC to assign them to supervisory positions. In addition, their pay and benefits were not impacted. We also reviewed the former OTS Acting Director's notice of position assignment, and determined the position assignment with OCC's legal department was also in accordance with the provisions of Section 322.

Procedures and Safeguards Are in Place as Outlined in the Plan to Ensure That Transferred OTS Employees Are Not Unfairly Disadvantaged

Based on review of documentation; interviews with FDIC, OCC, OTS officials, and former OTS employees; and a survey of former OTS employees who transferred to FDIC, we concluded that FDIC and OCC have procedures and safeguards in place as outlined in

[6] The applicable language from Title III, Section 322(e)(2), states that, to the extent practicable, each transferred employee shall be placed in a position at OCC or FDIC, as applicable, responsible for the same functions and duties as the transferred employee had on the day before the date on which the employee was transferred, in accordance with the expertise and preferences of the transferred employee.

the Plan to ensure that transferred OTS employees are not unfairly disadvantaged.

From our sample of 119 former OTS employees who transferred to OCC, we determined that each transferred OTS employee retained their same pay, status, tenure, retirement, benefits other than retirement, and service computation date in accordance with Title III of the Dodd-Frank Act. In other words, no exceptions were noted for the sampled employees.

We also conducted a survey of the 94 former OTS employees who transferred to FDIC.[7] The survey asked (1) how well FDIC handled the employees' transfers from OTS to FDIC relating to, among other things, the protection of the employees' pay, status, tenure, functions, and duties; (2) what FDIC could have done better; and (3) what FDIC did best. We received 80 responses, which was an 85 percent response rate. The overall results were positive, with 67, or 84 percent, of the respondents rating that FDIC handled their transfer well or outstanding. None of the responses included issues warranting concern or follow up in the context of this audit.

In our prior reports, we identified that OTS officials and OTS former employees had expressed concerns related to OCC plans for requiring additional certification for certain transferred OTS examiners[8] before they would be allowed to supervise national bank examinations.[9] We reported that OCC had contracted with a consultant who identified differences between the OTS examiner accreditation process and the OCC Uniform Commission Examination process. OCC also contracted with a consultant for a project to validate the Uniform Commission Examination; the consultant's report is due March 31, 2012.

As an update, OCC contracted with a consultant in October 2011 to assist in determining an alternative qualification process for certain OTS examiners to acquire the National Bank Examiner

[7] Ninety-five (95) former OTS employees transferred to FDIC; however, 1 employee voluntarily resigned in October 2011.
[8] OTS examiners who had earned a National Bank Examiner commission during previous employment with the OCC are not subject to this requirement.
[9] On the other hand, FDIC was not requiring additional certification for transferred OTS examiners before they were able to supervise FDIC-regulated bank examinations.

commission without taking the full OCC Uniform Commission Examination; one that would take the examiner's experience into consideration. This alternative process will also include the certification of existing National Bank Examiners as qualified to lead examinations of federal savings associations. The consultant's report is due June 30, 2012. OCC has not yet estimated a completion date for revising the Uniform Commission Examination testing process for the examiners.

As another pending item, Section 322 of Title III requires that a study of safeguards and procedures be performed by OCC and FDIC to ensure transferred OTS employees are not unfairly disadvantaged. The study is due 365 days after the transfer date (July 20, 2012). According to OCC, in preparation for this reporting requirement, it has been documenting decisions made and the rationale for those decisions and reviewing pay and personnel records of transferred employees to ensure they are accurate. OCC plans to convene a team in March 2012 to start drafting the report.

OTS Authorities and Responsibilities Transferred to FDIC, FRB, and OCC as Outlined in the Plan

As noted in our September 2011 report, OTS authorities and responsibilities were transferred to FDIC, FRB, and OCC, as outlined in the Plan. On July 21, 2011, all OTS functions relating to federal savings associations and all OTS rulemaking authority for federal and state savings associations transferred to OCC; OTS's supervisory responsibility for state-chartered savings associations transferred to FDIC; and OTS's authority for consolidated supervision of savings and loan holding companies and their non-depository subsidiaries transferred to FRB.

As an update, we found that OCC and OTS jointly developed fiscal year 2012 examination plans and supervisory strategies, and jointly conducted a small number of pilot examinations, as outlined in the Plan. We sampled 45 of the 637 thrifts that transferred to OCC to determine whether there was continuous supervisory coverage of transferred thrifts. We reviewed each sampled thrift's examination schedule and determined that, as of February 7, 2012, the next full scope examination had been appropriately scheduled or started in accordance with the thrift's supervisory cycle.

FRB has developed examination plans to supervise savings and loan holding companies. On December 29, 2011, FRB published a notice of the final approval for regulatory reporting from savings and loan holding companies in the Federal Register. FRB continues to require all savings and loan holding companies to submit existing OTS regulatory reports, and will phase-in the new regulatory reporting requirements over a 2 year period.

All OTS Funds Transferred to OCC as Outlined in the Plan

As noted in our September 2011 report, OTS funds totaling $282 million transferred to OCC on July 21, 2011. An additional $2.3 million related to the sale of OTS-held Treasury securities that occurred just prior to the transfer date was transferred to OCC 18 days after the transfer date (August 8, 2011). Although the Plan requires that all OTS funds be transferred by the transfer date (July 21, 2011), we did not consider this a significant delay. As reported previously, FDIC and FRB determined that no OTS funds would be transferred to them.

As an update, $2.25 million of the transferred OTS funds was set aside as a separate fund in OCC's accounting system to wind-up the affairs of OTS. Approximately $750 thousand was used for OTS employee relocation[10] and compensation for those employees[11] who worked on winding up the affairs of OTS. According to an OCC official, OCC plans to determine whether the separate fund should be closed out and the remaining balance of approximately $1.5 million moved to OCC's general operating fund as part of its mid-year budget review in March or April 2012.

OTS Property Transferred to FDIC, FRB, and OCC as Outlined in the Plan

As required by Title III, all OTS property was transferred to OCC within 90 days after the transfer date (October 19, 2011). OCC is

[10] OTS committed to fund relocation expenses for transferring OTS staff to FDIC. FDIC paid to relocate 10 transferring OTS employees. OCC, as agreed in a memorandum of understanding between FDIC and OCC, is to reimburse FDIC for the relocation expenses. The amount obligated for this purpose was $600 thousand.

[11] The compensation paid from the separate fund was for 100 percent of the salary of the Acting Director and part of the salaries for a legal assistant and two financial management staff.

nearing completion of entering all OTS accountable property into its inventory system as required by the Plan. We will continue to monitor the inventory until it all has been included in OCC's inventory system.

No OTS assets, information technology systems, equipment, or other infra-structure were transferred to FDIC or FRB. As noted in our September 2011 report, OTS provided FDIC and FRB with computers to facilitate direct access to OTS systems. Under a memorandum of understanding, OCC agreed to provide FDIC and FRB any records it requires for up to 90 days after the transfer date, as well as the use of any OTS-provided computers and access to OTS electronic systems until December 21, 2011. Since then, OCC, FRB, and FDIC have decided to extend the use of OTS-provided computers and access to OTS electronic systems until July 21, 2012. FDIC completed its transition of OTS workpapers into its system in late December 2011. In addition, a substantial number of OTS records at FRB have been made accessible to appropriate FRB and Reserve Bank staff, and a process to incorporate the remaining OTS documents into FRB systems is expected to be completed in July 2012.

Other Matters Identified in Prior Reports

- Underfunded Pension Plan As noted in our September 2011 report, most OTS employees participated in either the Civil Service Retirement System or the Federal Employees Retirement System, administered by the Office of Personnel Management. However, approximately 460 OTS retirees and 375 former OTS employees also participated in a separate retirement system, the Financial Institutions Retirement Fund (FIRF), which was funded by OTS. Under the Plan, OCC was to sponsor the underfunded FIRF after the transfer date. As of October 2011, the plan administrator for FIRF determined that the shortfall amount was $86.2 million. OCC funded the shortfall the same month.

- Supervisory Assessments As noted in our September 2011 report, for savings and loan holding companies and bank holding companies with assets of $50 billion or more, and nonbank financial companies that FRB will be required to supervise pursuant to the Dodd-Frank Act, FRB is to collect a total amount of assessments, fees, or other charges that are equal to the expenses FRB estimates are necessary or appropriate to carry out its supervisory and regulatory responsibilities. To satisfy this requirement, a notice of proposed rulemaking for the assessments is currently under review and is expected to be available for public comment in the second quarter of 2012. The assessment collection is anticipated to begin later this year, retroactive to the transfer date.

- <u>OTS Financial Reporting for Fiscal Year 2011</u> Our prior reports noted that OTS, OCC, and their respective auditors were, at that time, determining the financial reporting requirements, presentation, and audit scope related to OTS's fiscal year 2011 financial statements. As an update, OTS prepared final financial statements covering the period October 1, 2010, to July 20, 2011. The auditor of the statements rendered an unqualified or clean opinion.

Management Response and OIG Comment

We provided a draft of this report to FRB, FDIC, and OCC. We received written responses from FRB and OCC and informal comments from FDIC.

FRB stated in its written response that it agrees with the conclusion that the Federal Reserve has substantially implemented the actions in the Plan that were necessary to transfer the OTS supervision functions, employees, funds, and property to the Federal Reserve, FDIC, and OCC, as appropriate. FDIC agreed with the conclusions contained in the report that FDIC has implemented the actions required to date in the Plan. OCC stated in its written response that it agrees with the conclusions in our report.

FRB's and OCC's written responses are included in this report as appendices 2 and 3, respectively.

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We appreciate the courtesies and cooperation provided to our staffs during the audit. If you wish to discuss the report, you may contact Marla A. Freedman, Assistant Inspector General for Audit, Treasury OIG, at (202) 927-5400; E. Marshall Gentry, Assistant Inspector General for Evaluations, FDIC OIG, at (703) 562-6378; or Anthony J. Castaldo, Associate Inspector General for Inspections and Evaluations, FRB OIG, at (202) 973-5024. Major contributors to this report are listed in appendix 4.

/s/	/s/	/s/
Eric M. Thorson Inspector General Department of the Treasury	Jon T. Rymer Inspector General Federal Deposit Insurance Corporation	Mark Bialek Inspector General Board of Governors of the Federal Reserve System

As required by Title III, Transfer of Powers to the Comptroller of the Currency, the Corporation, and the Board of Governors, of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the Office of Thrift Supervision (OTS) prepared a Joint Implementation Plan (Plan) to accomplish the transfer of functions, employees, property, and funds of OTS as well as implement other provisions of Title III. We conducted this joint review to fulfill our requirement under Section 327(c) of Title III. This section requires the Inspectors General of FRB, FDIC, and the Department of the Treasury (Treasury) to provide a written report on the status of the implementation of the Plan every 6 months until all aspects of the Plan are implemented.

To accomplish this requirement, we performed the following work:

- We reviewed the actions FRB, FDIC, OCC, and OTS have taken to implement the Plan.
- With respect to FDIC, we interviewed officials involved in implementing the Plan, including the Deputy Director, Corporate Planning and Performance Management, Division of Finance; the Deputy Director for Human Resources, Division of Administration; the Deputy General Counsel, Supervision; and additional FDIC staff from the Division of Administration, the Division of Risk Management Supervision, and the Legal Division.
- We obtained FDIC documentation of the Thrift Reporting Staffing and Logistics working group activities from August 2011 to January 2012, and its Risk Subgroup activities from August 2011 to November 2012.
- We conducted a survey of the 94 former OTS employees who transferred to FDIC. The survey asked (1) how well FDIC handled the employees' transfers from OTS to the FDIC; (2) what FDIC could have done better; and (3) what FDIC did best. We tabulated the results of the 80 responses received and shared those results with FDIC management and the 94 former OTS employees.
- With respect to FRB, we interviewed a Senior Associate Director, Division of Banking Supervision and Regulation; the

Chief Financial Officer, Management Division; and mid-level and senior officials from the Division of Banking Supervision and Regulation, the Management Division, the Office of the Secretary, and the Legal Division.

- We reviewed relevant FRB documentation, such as the interagency memorandum of understanding for transferring and sharing of OTS records, including recent amendments, and documents pertaining to supervisory assessments.
- With respect to OCC, we interviewed the Chief Financial Officer, the Deputy Chief Financial Officer, the Deputy Comptroller for Human Resources, the Director of Management Services, the Senior Advisor for Examiner Workforce Planning, and the former OTS Acting Director.
- We applied statistical sampling to select a sample of 119 of the 668 former OTS employees who transferred to OCC. We reviewed each employee's Standard Form 50, Notification of Personnel Action, and earnings and leave statements to determine whether each transferred OTS employee retained their same pay, status, tenure, retirement, benefits other than retirement, and service computation date in accordance with Title III. To determine our sample size, we used a 90 percent confidence level with 3 percent sample precision and an expected error rate of 5 percent.
- As a test of OCC controls to ensure there was continuous supervisory coverage for the 637 thrifts transferred to OCC, we selected a sample of 45 thrifts. We reviewed each thrift's examination schedule to determine whether each thrift's next full scope examination had been scheduled or started in accordance with its supervisory cycle. We used the Government Accountability Office/President's Council on Integrity and Efficiency's *Financial Audit Manual* as criteria for the acceptable number of deviations in sampling control tests to conclude on the results of the statistical sampling test.

Consistent with our objective, we did not assess FRB's, FDIC's, OCC's, or OTS's overall internal control or management control structure; obtain data from their information systems; or assess the effectiveness of their information system controls. We conducted our fieldwork at FDIC in Arlington, Virginia, and at FRB and OCC in Washington, DC, from October 2011 to March 2012.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D.C. 20551

March 16, 2012

Mr. Mark Bialek
Inspector General
Board of Governors
of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Dear Mark:

Thank you for providing the Federal Reserve with the opportunity to review and comment on the Office of Inspector Generals' draft report of the *Status of the Transfer of Office of Thrift Supervision Functions*. We have reviewed the report and agree with the conclusion that the Federal Reserve has substantially implemented the actions in the Joint Implementation Plan that were necessary to transfer the OTS supervision functions, employees, funds, and property to the Federal Reserve, FDIC, and OCC, as appropriate.

We appreciate your efforts and the professionalism extended to the officers and staff of the Federal Reserve throughout this review. Please let me know if you have any questions.

Sincerely,

/s/

Michael S. Gibson
Director
Division of Banking Supervision and Regulation

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MEMORANDUM

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

To: Eric M. Thorson, Inspector General, Department of the Treasury
Jon T. Rymer, Inspector General, Federal Deposit Insurance Corporation
Mark Bialek, Inspector General, Board of Governors of the Federal Reserve System

From: John Walsh, Acting Comptroller of the Currency /s/

Date: March 15, 2012

Subject: Comments on Draft Report on Joint Implementation Plan

We have received and reviewed your draft report titled "Status of the Transfer of Office of Thrift Supervision Functions." Your overall objective, as defined by section 327 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), was to determine and report on the status of the implementation of the Joint Implementation Plan (Plan). The Plan was developed by the agencies to carry out the provisions of Title III of the Dodd-Frank Act, transferring the powers of the Office of Thrift Supervision (OTS) to the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), and the Board of Governors of the Federal Reserve System (FRB).

You concluded that OTS employees were transferred to FDIC and OCC as outlined in the Plan; procedures and safeguards are in place as outlined in the Plan to ensure that transferred OTS employees are not unfairly disadvantaged; OTS authorities and responsibilities were transferred to FDIC, FRB, and OCC as outlined in the Plan; all OTS funds were transferred to OCC as outlined in the plan; and OTS property was transferred to FDIC, FRB, and OCC as outlined in the Plan.

We agree with your conclusions. Thank you for the opportunity to review and comment on the draft report. If you need additional information, please contact Thomas R. Bloom, Senior Deputy Comptroller for Management and Chief Financial Officer, at 202-874-5080.

Board of Governors of the Federal Reserve System OIG

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OIG Budget Examiner

United States Senate

Chairman and Ranking Member
Committee on Banking, Housing, and Urban Affairs

U.S. House of Representatives

Chairman and Ranking Member
Committee on Financial Services