

Council of Inspector General for Financial Oversight
December 15, 2016
Main Treasury
Room 4436
10:00 a.m.
Meeting Minutes

Council Members Present

Eric M. Thorson, Chair

Mark Bialek, Inspector General, Board of Governors of the Federal Reserve System and Consumer Financial Protection Bureau

Frank Rokosz, Deputy Inspector General, U.S. Department of Housing and Urban Development

James Hagen, Inspector General, National Credit Union Administration

Fred Gibson, Acting Inspector General, Federal Deposit Insurance Corporation

Guests

Orice Williams Brown, Managing Director, Financial Markets and Community Investments, Government Accountability Office

Lawrance Evans, Director, Financial Markets and Community Investments, Government Accountability Office

Mark Stevens, Director of Operations, Financial Stability Oversight Council

Debbie Harker, Assistant Inspector General for Audit, Office of Inspector General, Department of Treasury

Jeff Dye, Audit Director, Office of Inspector General, Department of Treasury

Susan Marshall, Executive Director, Council of Inspectors General on Financial Oversight

At 10:06 a.m. the Chair called the meeting to order and let members know that a copy of the 2017 CIGFO Annual Report schedule was included in the meeting packets.

He then asked for consideration of the meeting minutes and asked if the members had any corrections or additions to the draft. There being none, the Chair called for a motion to approve the minutes which was made by Gibson and seconded by Rokosz. The minutes were unanimously approved.

Next, the Chair introduced keynote speakers, Orice Williams Brown and Lawrance Evans who proceeded to discuss the Government Accountability Office (GAO) agenda where they focused on both directed and self-directed work.

Specifically, Evans talked about the GAO Dodd-Frank Act mapping exercise and the ongoing measurements against it. He also discussed GAO's cybersecurity efforts and outlined ongoing work related to the OPM data breach. Afterwards, he talked about

current financial system emerging threats as well as recent Congressional concern about the cost of regulation to small and regional banks. He also described GAO's new financial technology portfolio, which he said will focus on the impact of innovative technologies on the financial system, such as Bitcoin and online lending services.

Thorson asked Brown and Evans to, based on their current completed work, list their top financial system concerns and they said they are focused on possible revisions to the Dodd-Frank Wall Street Reform and Consumer Protection Act, Central Counterparty risk, and the impact of financial technology on the current regulatory system. In addition, they said they continue to monitor shadow banking risks.

Gibson asked them if they are looking at external systemic risks, for example, payment systems, like SWIFT, and GAO responded by saying they are very are focused on them. Next, Brown spoke about Terrorism Insurance, the Community Reinvestment Act and older adult housing fraud. She also talked about GAO's consumer finance work.

After the GAO presentation Stevens briefed members on the status of the FSOC transition. He discussed the current governance structure, operating procedures, and employee engagement. He said the Transition staff met with the current team and it was a very positive meeting. In the meantime, he said staff is working on the FSOC Annual Report and monitoring the U.S. financial system for potential emerging threats while continuing the research for FSOC's nonbank company designation work.

Subsequent to the discussion with FSOC staff, Thorson asked for a motion to approve the draft ***CIGFO Audit of the Financial Stability Oversight Council's Efforts to Promote Market Discipline***. The motion was made and seconded and those present at the meeting approved the audit. Affirmative proxy votes were provided by the Inspectors General at the Securities and Exchange Commission, Commodities Futures Trading Commission and the Federal Housing Finance Agency.

After the vote, Thorson talked about FSOC implementation of CIGFO audit recommendations, and recent FSOC activity, including FSOC's revisions to its FOIA regulations.

During the open session, Inspectors General talked about recent audit findings as well as ongoing investigations. Afterwards Thorson called for a motion to adjourn which was made and seconded.

The meeting adjourned at 11:10 a.m.