



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

DIVISION OF CONSUMER  
AND COMMUNITY AFFAIRS

CA 98-1

January 20, 1998

**TO THE OFFICERS AND MANAGERS IN CHARGE OF CONSUMER AFFAIRS  
EXAMINATIONS AND CONSUMER COMPLAINT PROGRAMS:**

**SUBJECT: Policy of (1) not routinely conducting consumer compliance examinations of nonbank subsidiaries of bank holding companies, and (2) not investigating consumer complaints relating to these subsidiaries**

On January 12, 1998, the Board adopted a policy that the Federal Reserve will (1) not routinely conduct consumer compliance examinations of nonbank subsidiaries of bank holding companies, and (2) not investigate consumer complaints relating to these subsidiaries. This action formalizes a policy regarding examinations that has been System practice all along. In addition, with regard to complaint investigations, the action establishes a policy in an area where the Reserve Banks have exercised their own discretion in the past. All consumer complaints against such entities received by the Federal Reserve System will now be referred to the Federal Trade Commission and not be investigated by Reserve Banks.

This policy has no effect on comments received during the application process. Any comment that constitutes a protest of an application will continue to be reviewed, as it is under present policy and practice during the application process. Moreover, should it deem the facts to warrant it, the Board retains the authority to decide, on a case by case basis, to use System examiners to review the compliance record of a nonbank subsidiary of a bank holding company in the context of an application or other circumstance.

Very truly yours,  
(signed)

Griff L. Garwood

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Last update: October 2, 2008