

FEDERAL RESERVE BANK OF SAN FRANCISCO
101 MARKET STREET, SAN FRANCISCO, CALIFORNIA

October 5, 2005

**BANKING SUPERVISION AND REGULATION:
KATRINA RELATED MARKETING PRACTICES
INVOKING FEDERAL RESERVE NAME**

To State Member Banks, Bank
Holding Companies, U.S. Branches
and Agencies of Foreign Banks,
and Others Concerned,
in the Twelfth Federal Reserve District

Katrina Related Marketing Practices Invoking the Name of the Federal Reserve (SR 05-17)

It has come to the attention of the Federal Reserve that certain firms, as a way of promoting their services to banking organizations, may be claiming that the Federal Reserve is planning increased scrutiny of banking organizations' business continuity and disaster recovery plans in the wake of Hurricane Katrina. These promotional claims may target banking organizations in Alabama, Mississippi, and Louisiana, including organizations headquartered elsewhere that have operations in those states. These promotional claims may also imply that the Federal Reserve will find deficiencies in the business continuity or disaster recovery plans of the targeted organizations or in the execution of such plans. Some of these promotions may even provide specific examples of deficiencies "likely" to be found by the Federal Reserve in these alleged "investigations."

Banking organizations supervised by the Federal Reserve can be assured that the Federal Reserve does not have any plans at this time to conduct special investigations of the business continuity and disaster recovery plans of banking organizations with offices in Alabama, Mississippi, and Louisiana as a result of Katrina. Business continuity and disaster recovery plans are routinely reviewed in the course of regularly scheduled safety and soundness examinations. The Federal Reserve does not anticipate any additional or more intensive reviews of these plans stemming from Katrina. Moreover, the expeditious resumption of business operations of banking organizations supervised by the Federal Reserve and operating in the Katrina-affected areas in the face of very extraordinary adverse conditions revealed that the business continuity and disaster recovery plans already in place were largely effective.

Banking organizations should be wary of marketing efforts that make claims or express beliefs regarding unannounced or unanticipated Federal Reserve supervisory plans or actions. If contemplating whether to engage the services of firms on the basis of such representations, a banking organization should contact the appropriate Federal Reserve Bank. The Federal Reserve does not endorse any private party, including any service provider or service providers generally. In addition, banking organizations may want to review the official policies of the Federal Reserve, which appear on the Federal Reserve Board's public website at <http://www.federalreserve.gov/hurricanekatrina.htm>.

The Federal Reserve has issued several policy statements in the wake of Hurricane Katrina. These statements, among other things, state that the Federal Reserve expects to be flexible in developing supervisory responses to issues that may arise as a result of the very difficult environment in which organizations in the Katrina-affected areas have been operating. These policies are prominently displayed on the website listed above.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>.

For additional information about these practices, please contact our Banking Supervision and Regulation Department at (213)683-2707.

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