

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

October 19, 2009

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, and Foreign Bank Offices
in the Twelfth Federal Reserve District

Federal Reserve to Implement Consumer Compliance Supervision Program of Nonbank Subsidiaries of Bank Holding Companies and Foreign Banking Organizations

The Federal Reserve, under a policy announced September 15, 2009, will implement a consumer compliance supervision program in nonbank subsidiaries of bank holding companies (BHCs) and foreign banking organizations (FBOs) with activities covered by the consumer protection laws and regulations the Federal Reserve has the authority to enforce. The policy, which will take effect immediately, also provides for the investigation of consumer complaints against these nonbank entities.

In 2007, the Federal Reserve, along with the Federal Trade Commission (FTC), Office of Thrift Supervision (OTS), and two associations of state regulators, launched a joint pilot project that conducted targeted consumer protection compliance reviews of selected non-depository lenders with significant subprime mortgage operations. The policy announced September 15, 2009 builds upon the groundwork of the pilot program and responds to a need for more effective supervision and consumer protection. It is designed to improve the Federal Reserve's understanding of the consumer compliance risk that certain products and services may pose to the holding companies and consumers and to guide supervisory activity for these entities.

The Federal Reserve has authority to examine nonbank subsidiaries for compliance with:

- the Truth in Lending Act (TILA)
- the Equal Credit Opportunity Act (ECOA)
- the Home Ownership and Equity Protection Act (HOEPA)
- the Fair Credit Billing Act (FCBA)
- the Consumer Leasing Act (CLA)
- the Fair Credit Reporting Act (FCRA)
- the Fair Debt Collection Practices Act (FDCPA)
- the Home Mortgage Disclosure Act (HMDA)
- the Truth in Savings Act (TISA)
- any rules promulgated pursuant to the Federal Trade Commission Act (FTC Act)
- the Real Estate Settlement Procedures Act (RESPA)

The Board's Consumer Affairs Letter is attached.

Additional Information

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

For additional information, please contact:

Federal Reserve Bank of San Francisco
Banking Supervision and Regulation
(415) 974-3214

Attachment: [CA Letter 09-08](#)