

Press Releases

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OTS 05-13 - Director Gilleran to Leave OTS

Office of Thrift Supervision

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Director Gilleran to Leave OTS

WASHINGTON, D.C. - James E. Gilleran, Director of the Office of Thrift Supervision since 2001, has announced that he will be leaving his position as OTS Director effective April 29, 2005.

During the three-plus years of Mr. Gilleran's directorship, OTS has accomplished major achievements in the areas of safety and soundness, consumer protection, burden reduction, and international development.

Safety and Soundness

Under his stewardship, the total assets of the thrift industry are greater and the industry itself enjoys better health than ever before. This is due in part to a new risk-focused approach utilized by OTS in its exam procedures that takes into account economic changes and shifts in lending practices and procedures. The examination process was augmented by a rigorous review of existing charters combined with a comprehensive screening of new charter applicants.

Director Gilleran served as Chairman of the Federal Financial Institutions Examination Council for two years during which the Council, at his urging, created a Bank Secrecy Act task force and placed the Financial Enforcement Network (FinCEN) on the task force in order to assure good communication between the bank regulators and the law enforcement community on examination procedures.

Consumer Protection

Prior to his tenure, state-licensed and unlicensed loan brokers could opt, at will, into federal lending regulations without federal regulatory supervision and thereby avoid state scrutiny, resulting in the creation of predatory loans. Director Gilleran instituted a change in OTS regulations that eliminated the ability of loan brokers to employ this option, thereby permitting state regulation of their activities and providing the potential for greatly enhanced consumer protection.

Recently, OTS issued guidance for institutions offering overdraft protection that requires the consumer to be alerted at the time of a transaction that an overdraft and subsequent service charge will occur, thereby providing an opportunity for the consumer to cancel the transaction if he/she wishes.

During Director Gilleran's tenure, OTS has exercised increased diligence in its review of abusive consumer practices, whether in the form of over-aggressive lending practices or over-aggressive collection procedures. In several instances, OTS has withdrawn the thrift charter when it was determined that this was the only way to properly protect the public.

Burden Reduction

When Director Gilleran arrived at the OTS, the agency was experiencing substantial operating deficits. The operating deficit was eliminated permanently by the end of his first year, thereby enabling assessments to the thrift industry to be maintained at an inflation-adjusted level.

Prior to his tenure, thrift compliance reviews and safety and soundness reviews were conducted by two separate groups of examiners, with two separate exams. Director Gilleran merged the groups and cross-trained the examiners, thereby creating a heightened sense of responsibility and thoroughness on the part of OTS examiners in conducting exams. The consolidation of compliance and safety and soundness exams resulted in a lesser burden upon licensees with one consolidated, focused and effective examination, and one report completed by OTS for the licensee.

Director Gilleran also pioneered in the move to change, for purposes of Community Reinvestment Act (CRA) evaluation, the definition of small thrifts to include institutions with \$1 billion in assets and below, as well as to allow thrifts with assets of more than \$1 billion the freedom to determine the correct mix of lending, investments, and services to match their communities' needs. These regulatory changes constituted a major step in making the application of the CRA more effective in meeting community needs and reducing burden on thrifts.

Under Director Gilleran, OTS eliminated approximately ten to fifteen percent of other regulatory burden hours borne by thrifts after a careful review and streamlining of the OTS regulatory information gathering process.

International Development

The OTS was recently selected by General Electric Company to be its consolidated, U.S. supervisor in the European Union (EU) for its financial conglomerate, GE Capital Services. EU regulators approved this action after exhaustive vetting of OTS supervisory procedures. This accomplishment represents an exciting, new and important direction for OTS and offers the Treasury Department a new window to the EU financial institution world.

Director Gilleran notes that OTS's accomplishments during his tenure are due to the talented and dedicated hard work of the individuals who make up the agency. He has often been told that OTS morale is at an all-time high and he believes that this is because OTS employees have been a vital part of its growth and accomplishments under his directorship.

Mr. Gilleran thanks all who have supported him during his tenure as Director of the OTS and wishes the thrift industry the very best for the future.

Finally, Mr. Gilleran thanks the President for the opportunity to serve as Director of the OTS and is confident of the President's success in meeting the complex challenges facing the nation today.

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The Office of Thrift Supervision, an office of the Department of the Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of, and compliance with consumer protection laws by, thrift institutions, and to support their role as home mortgage lenders and providers of other community credit and financial services. OTS also oversees the activities and operations of thrift holding companies that own or control thrift institutions. Copies of OTS news releases and other documents are available at the OTS web page at www.ots.treas.gov.