

**Statement of
John C. Dugan
Comptroller of the Currency
Before the
Federal Deposit Insurance Corporation
on the
Interagency Memorandum of Understanding on Special Examinations
July 12, 2010**

I support the interagency MOU, and I want to thank the staffs of the agencies involved for working hard to achieve an appropriate compromise that balances all the important interests involved. The FDIC does have an important need for information to conduct special examinations for insurance purposes, and I understand the desire to have more regular information from larger institutions. But there is also a critical need that, in carrying out this important FDIC function, nothing be done to undermine the primary supervisory responsibility and accountability of the primary federal regulator.

As I have said before, I am very leery of creating a de facto system of “supervision by committee,” where what begins and is intended to be a targeted gathering of information to perform different regulatory functions, morphs over time into duplicative examination and supervision of primary supervisory functions. And I say that not just with respect to the FDIC’s special examination function, but also with respect to the Federal Reserve’s holding company function. In our still somewhat confusing system of

multiple regulators, it will be very important to work hard to carry out our respective responsibilities coordinating with each other, but not duplicating each other's work as "shadow supervisors."

The MOU seeks to strike this balance, and I think, after much negotiation in good faith, it fairly recognizes and takes into account these different roles and responsibilities. This is, of course, only a beginning; what will matter most will be the implementation. I am hopeful that, as issues arise, staffs can work them out amicably. But if they cannot, it is appropriate that the MOU expressly provides for primary supervisors or the FDIC to bring such issues before the Board for further discussion to address concerns.

While we may need to revisit this issue from time-to-time, I am comfortable with the MOU as drafted, and the OCC will work hard with the FDIC to make sure that it is implemented as intended.