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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

September 9, 2004

The President  
The White House  
Washington

Dear Mr. President:

For almost six years, through two Administrations and under four Secretaries of the Treasury, I have enjoyed the enormous privilege of serving as the 28<sup>th</sup> Comptroller of the Currency. My term comes to an end on October 13 of this year, and I want to inform you that it is my intention to retire from government service on that date.

The Office of the Comptroller of the Currency is one of the truly great agencies of the United States Government, recognized throughout the United States and internationally as a bank regulator of unequalled quality, and it performs its critically important role of overseeing the safety and soundness of the national banking system and safeguarding the interests of bank customers with great skill and diligence. I am pleased to report as I take my leave that the system is in extremely healthy condition and the national bank charter is strong and vibrant. It is a matter of great pride for the OCC that most of the country's largest banks, as well as 2,000 mid-size and community banks, operate under the national charter, reflecting not only the great strength of that charter, but the very high regard in which this agency is held.

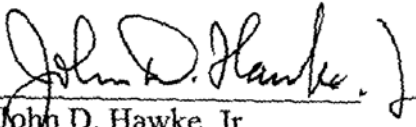
On the supervisory side the OCC has been innovative and resourceful in addressing the challenges of an increasingly complex banking system. We have developed and refined the concept of risk-based supervision; we have pioneered the integration of economic and quantitative analysis into the supervisory process; we have constructed early-warning tools that enable us to focus our resources on those institutions that present the greatest risks; and we have taken innovative steps, such as through our lending-limit pilot program, to enhance the capacity of our community banks to meet the credit needs of their customers. In the international arena we have played a strong and effective role in the work of the Basel Committee on Banking Supervision devoted to the formulation of a new capital regime for internationally active banks; we have worked constructively with our counterparts in other countries in the areas of training and enforcement; and through the participation of dedicated and courageous OCC volunteers following September 11 we have made significant contributions to the Administration's efforts to rebuild the banking system in Iraq and to provide anti-money laundering training to banking officials in the Middle East.

In the area of consumer protection I believe that our record of accomplishment is unsurpassed by any other bank supervisory agency, federal or state. We have taken strong and effective enforcement actions against consumer abuses, resulting in restitution payments of hundreds of millions of dollars; we have issued directives and adopted regulations aimed at assuring that national banks do not become involved in predatory lending practices; we have taken decisive action to assure that national banks do not facilitate the avoidance of state laws by payday lenders through charter rentals; and we have innovated the concept of using our enforcement powers to sanction unfair and deceptive practices by banks that violate the Federal Trade Commission Act. Our Consumer Assistance Group, which processes over 60,000 complaints and inquiries from customers of banks each year, is a world-class operation that has not only served as an extremely effective means of resolving consumer problems, but has generated information that has been of great value to our examiners and to the banks themselves.

The state of the OCC is also very strong. The OCC staff is comprised of the most talented and dedicated people I have encountered in almost 17 years of government service, and the agency enjoys a history, culture and environment that inspires people of great talent to join and devote their professional lives to it. OCC is widely viewed as a great place for a career in government. Our financial condition is very healthy; we have effective budget and audit processes in place; and our strategic contingency reserve will soon reach the target level we set several years ago, providing solid protection for the agency from the impact of unforeseen stresses in the economy or the national banking system.

In sum, my tenure as Comptroller has been one of the most satisfying professional experiences of my life, and I am extremely grateful for the opportunity to have served my country in this position.

Sincerely,

  
John D. Hawke, Jr.  
Comptroller of the Currency

cc: Secretary John W. Snow