

## Salvation Celibacy Famous Wormwood

Translation: Secret Codes Part of FDIC Work

The FDIC isn't the CIA, but the Corporation does have to keep its share of secrets, especially when it comes to confidential bank information and institutions in serious financial trouble. While today's high-tech "secret services" at the FDIC include encryption technology for sensitive information, perhaps the most interesting security procedures go back 75 years, to a secret code compiled in 1934 and used by FDIC examiners and other key personnel at least into the 1950s.

Known as the "cipher code," it was used to send and receive confidential information by telephone or telegraph without having to worry about a bank employee or anyone else eavesdropping, especially in small towns. The cipher code also offers a special glimpse into the early years of the FDIC and the problems that bank examiners faced in those days.

Let's say you were on a bank examination 60 or 70 years ago and you needed to report something sensitive to the regional office. You might go to a phone or the telegraph office, flip through your small, brown, 88-page FDIC cipher code book, and then tell your bosses at the "famous" (FDIC) that the "badge" (bank) you've been "Episcopal" (examining) was "clang" (in a very unsatisfactory condition). You might want to mention you found something "flivver" (fraudulent). Or, that you think it's time to "parboil" (be authorized to urge the board of directors to remove the cashier, who is incompetent). To keep communications costs down, a single code word could give a lengthy list of instructions to an examiner at a bank. And if you think these code words look strange individually, they're even stranger when they're strung together to form a coherent message, as in our headline.

Remember, too, that thousands of banks had failed in the years just before the FDIC was created, and the banks remaining in business after the Depression were still fairly weak. So it's a good bet that you, as an FDIC examiner, would have used your cipher code to report a "rupture" (rumor of a run at a bank) or even a "rutabaga" (an actual run on the bank). Or, you might have to be the bearer of news that there'd been a "sincere" (suicide), perhaps even a "passport" (the bank's president committed suicide).

The exact origin of the FDIC cipher code is a bit of mystery, too. It perhaps borrowed heavily from codes already being used for years by the U.S. Treasury Department's Office of the Comptroller of the Currency and maybe even state banking regulators; their examiners were recruited in 1933 to be the bulk of the FDIC's first examination force.

The FDIC apparently stopped issuing cipher code books in the 1950s or early 1960s.

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