FDIC News

The Federal Deposit Insurance Corporation Employee Newsletter

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FDIC Hosts Seventh Annual Consumer Research Symposium

Chairman Gruenberg opened the symposium by emphasizing the importance of consumer research to the FDIC's mission.

By RYAN GOODSTEIN, GREG LYONS, AND JEFFREY WEINSTEIN
Division of Depositor and Consumer Protection

The Seventh Annual FDIC Consumer Research Symposium, organized by the Division of Depositor and Consumer Protection, showcased new research on consumer behavior in markets for financial products and services. Roughly 125 researchers and practitioners from academia, government, and private-sector organizations attended the conference, which was held on October 13 at the L. William Seidman Center.

The paper selection process was the most competitive to date. A record 112 papers were submitted for inclusion in the 2017 symposium. The eight papers selected were organized into four panels on the following topics: credit utilization and payment behavior; economic inclusion; mortgage markets; and credit and the real economy.

Chairman Gruenberg highlights the role of research and analysis in the FDIC's consumer protection supervision and economic inclusion activities.

FDIC Chairman Martin J. Gruenberg kicked off the symposium, remarking

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that the event provides an important opportunity for the FDIC to engage with the larger research community. "Your participation today will help inform our understanding of consumers' capabilities, knowledge, and preferences for financial services, as well as their experiences in the financial services market," he said. Chairman Gruenberg also described the consumer research program at the FDIC, highlighting the role of research and analysis in the FDIC's consumer protection supervision and economic inclusion activities. "As I hope these comments illustrate," he said, "research is an integral part of doing our jobs at the FDIC. It enhances our ability to address the risk of consumer harm at supervised institutions and helps us advance economic inclusion. It's key to everything we do."

"Your participation today will help inform our understanding of consumers' capabilities, knowledge, and preferences for financial services, as well as their experiences in the financial services market." —Chairman Gruenberg

The opening panel contained papers that discussed the impacts of credit access and repayment. The first paper looked at the effect of credit expansions on consumer borrowing and spending decisions. The author designed and implemented a randomized control trial that varied credit lines to 54,522 pre-existing cardholders at a European retail bank. Relative to a comparison group, individuals with expanded access to credit increased their spending and credit utilization, with the rise in credit utilization not confined to individuals who were previously credit constrained. The second paper examined how individuals repay their debt using data on contract terms and billing records from five major credit card issuers in the United Kingdom. Individuals did not allocate repayments to higher interest rate credit cards, which would minimize borrowing costs. Instead, they appeared to match the share of repayments on each card to the share of balances on each card.

The second panel consisted of papers that examined disparities in bank account and credit access. The first paper used data from several years of a nationally representative survey, the Health and Retirement Study, to investigate socioeconomic, cognitive, and cultural barriers that underlie observed racial and ethnic differences in bank account ownership among older adults. Factors such as health, cultural hurdles, cognitive ability, and asset ownership can help explain differences in bank account ownership between Hispanics and whites and between African Americans and whites. Language barriers explained most of the difference between Hispanics and whites, while household- and neighborhood-level socioeconomic characteristics like income and wealth were more important for the difference between African Americans and whites. The second paper merged credit bureau data to data from the College Board, Department of Education, and other sources to study the impacts of family background on early-career credit scores. Family background was a strong predictor of future credit scores even after controlling for achievement, postsecondary schooling variables such as educational attainment and undergraduate borrowing, and determinants of early credit histories like default on educational loans.

After the second panel, Dr. Christopher Herbert, Managing Director of Harvard University's Joint Center for Housing Studies, delivered the distinguished guest lecture, discussing key findings from the Joint Center's report, The State of the Nation's Housing 2017. While the national homeownership rate may have found a bottom, obstacles to a strong rebound in homeownership were cited, such as high student debt, tight lending standards, high median home prices on the coasts, and shrinking inventories of homes. According to Dr. Herbert, about 50 percent of renter households are cost burdened (have housing costs of at least 30 percent of household income); this percentage is near its record level and seems unlikely to improve in the short term. However, he also explained that demographics drivers, marked by the coming of age of millennials, the aging of baby boomers, and growing racial diversity, should support strong household growth over the next decade.

The third panel presented research on underserved mortgage markets in urban and rural areas. The first paper provided new evidence on the effectiveness of the Community Reinvestment Act (CRA) on mortgage lending in the Philadelphia market. Adjustments made to metropolitan division boundaries in 2014 caused a large number of neighborhoods to gain or lose CRA coverage. Low-income neighborhoods that lost CRA coverage experienced a decrease in purchase originations by CRA-regulated lenders. Lenders not regulated by CRA offset approximately half of the reduced lending by CRA lenders. The second paper evaluated obstacles to serving the needs of mortgage borrowers in rural areas using data from the National Survey of Mortgage Originations. The survey is part of the National Mortgage Database, administered by the Federal Housing Finance Agency and the Consumer Financial Protection Bureau. Borrowers in remote rural counties differed from other borrowers in various ways. For example, compared to other borrowers, borrowers in remote rural counties were less optimistic about house price increases and less satisfied with their mortgage and the mortgage process.

The first paper looked at the effect of credit expansions on consumer borrowing and spending decisions.

The final panel examined the relationship between consumer credit use and factors that influence the local economy and credit market. The first paper used data on loan contract terms and auto purchasing decisions of 2.5 million individual borrowers to examine how costly search in credit markets can distort purchase decisions. As search costs increase, borrowers were more likely to accept infe-

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Research, *from page 2*

rior loan terms. Borrowers in high search cost areas who were offered suboptimal loan terms purchased lower-value and older cars, borrowing less than similar borrowers who were offered lower rates. The second paper used account-level data from the Consumer Financial Protection Bureau's Credit Card Database to examine the relationship between credit card borrowing and local employment shocks due to the Great Recession. While purchase and payment volumes increased in response to positive employment shocks, credit limits and balances were shown to have declined.

The final panel examined the relationship between consumer credit use and factors that influence the local economy and credit market.

Please visit https://www.fdic.gov/consumersymposium for additional information about the symposium, links to most of the papers and presentations, and webcast archives from the event. There is also a link to sign up for an email list to receive announcements for future symposia. Full text of Chairman Gruenberg's remarks can be found at https://www.fdic.gov/news/news/speeches/spoct1317.html. 🏛

Commercial Real Estate Roundtable Provides Insight on Risk

By SALLY KEARNEY
Office of Communications

The FDIC hosted a roundtable on November 2 at headquarters to discuss commercial real estate (CRE) market conditions and key risks related to CRE and banking. Chairman Martin Gruenberg opened the conference, and Vice Chairman Thomas Hoenig participated in the discussion. Also attending were division directors, executives, senior staff, and regional staff.

In his opening remarks, Chairman Gruenberg said the roundtable provided an important opportunity to explore areas of emerging risk and to reflect on lessons learned from the past.

The roundtable featured a panel discussion with CRE subject matter experts moderated by Bob DiChiara, DIR Regional Manager of the New York Region. The panelists included Sam Chandan, Dean of the Schack Institute of Real Estate, New York University; Jim Costello, Senior Vice President, Real Capital Analytics; Sandra Jansky, Executive Vice President and Chief Commercial Credit Officer, BB&T Bank; and Donald Sheets, Managing Partner, AlumCreek Holdings, a real estate investment firm.

The panelists covered four topics: the market outlook for CRE; credit quality and underwriting; the retail sector CRE outlook; and geographic areas to watch.

In his opening remarks, Chairman Gruenberg said the roundtable provided an important opportunity to explore areas of emerging risk and to reflect on lessons learned from the past.

The Outlook: CRE Markets and Potential for Overheating

The panelists discussed commercial real estate risks. While not expressing concerns about an overall downturn or weakness in CRE, they agreed that the worst loan decisions tend to be made when market participants are the most confident and comfortable. Currently, risk level varies by property type.

The multifamily sector has experienced increases in construction and supply of space as well as debt. While currently there is demand from millennials and others who desire to live in the city centers near restaurants, bars, and nightlife, this cohort likely will eventually want good schools and suburban communities. Housing costs are also rising relative to incomes. The erosion of affordability for city-center living may cause a shift in demand preferences among millennials and other current residents.

While currently there is demand from millennials and others who desire to live in the city centers near restaurants, bars, and nightlife, this cohort likely will eventually want good schools and suburban communities.

Banks that lend to CRE borrowers face stiff competition, and this competition is not exclusively from other bank lenders. Banks compete with the commercial mortgage-backed securities market and other nonbanks that have high risk tolerance levels. Nonbank lenders often offer lower rates than banks. As a result, banks are not able to set loan prices and have to compete fiercely for loans.

CRE deal volume is declining, but CRE prices continue to rise. The relative scarcity of new properties is resulting in investors worldwide searching for yield and inflating property prices. This environment is very different from the mid-2000s, when there was a large amount of new construction coming to the market.

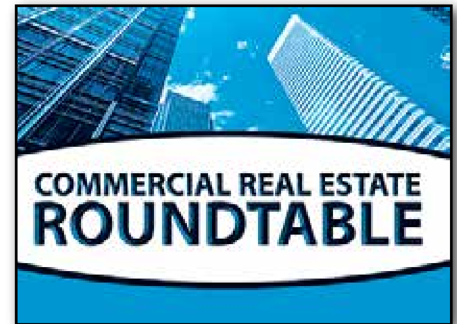
Credit Quality and Loan Underwriting

Since 2011, the total volume of CRE loans held by FDIC-insured institutions has increased 40 percent, from $1.5 trillion to $2.1 trillion. Similar to the outlook for the overall CRE market, credit quality and underwriting trends vary by sector.

The market is extremely competitive for lenders. One panelist shared that a bank may bid on 30 loans and win only one deal. Competition intensified in the first nine months of 2017. Banks in the $20-$50 billion range in total assets are taking the most risk with higher loan-to-value deals. Some banks are also accepting longer terms on interest-only loans.

There is a high level of "lender density," with a large number of dollars chasing relatively few properties. Banks that increase loan volume are often taking much more risk and may not be appropriately compensated.

Some of the largest institutions are also funding CRE investment through the repo market. Because this opens up funding from other sources, it could load more CRE-related risk on banks' balance sheets.



The market is extremely competitive for lenders. One panelist shared that a bank may bid on 30 loans and win only one deal.

Panelists noted concerns for multifamily and lodging properties in formerly "hot" energy markets, such as parts of Texas and North Dakota as well as hotels and apartments in New York City, where there has been a large building boom recently. Panelists also discussed elevated levels of construction in the warehousing sector, where there has been a building boom among logistics properties in anticipation of increased online shopping and delivery needs.

Retail CRE Outlook

Large brick-and-mortar retailers closed locations at a record pace in 2017, and the

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retail landscape exhibits stress from the high number of store closings. However, panelists observed, people still need to shop, and they may do it in a different environment or with a higher share of online activities. There is increased demand for higher-end, experience shopping at mall complexes that have a variety of attractions such as restaurants and entertainment as well as retail stores.

Many regional malls are nearing the end of their useful life. Lower-end apparel stores face a high risk of closure. In 2017, the number of stores that closed exceeded the number that closed during the financial crisis.

The grocery store sector is also at risk. In some markets, there has been a large amount of new grocery store space. In addition, competition among brick-and-mortar grocery stores and online shopping options has intensified.

Bank exposure to large retail properties such as malls is limited, but banks are often exposed to smaller retailers in neighborhood centers with a grocery store anchor. Increased stress among grocers could negatively impact banks.

"The CRE roundtable was valuable in that it provided a forum for FDIC participants to learn about CRE market risks and opportunities from the perspective of subject matter experts outside of the regulatory environment."
–Camille Schmidt, Chief, Emerging Issues, RMS

Geographic Areas to Watch

Panelists shared their perspectives on geographic areas where CRE conditions might be showing signs of stress or might be expected to soften sooner rather than later.

Large coastal markets that have enjoyed rapid CRE price increases, such as San Francisco, Seattle, and New York, may see larger relative price declines. Midwest markets with negative demographic trends could also experience challenges.

Roundtable Takeaways

Bob DiChiara, Regional Manager, New York, Division of Insurance and Research, said: "The CRE roundtable was a great opportunity to deepen the FDIC's relationship with industry experts, and hear firsthand about market trends. It was a privilege to be the moderator for such a distinguished panel."

Camille Schmidt, Chief, Emerging Issues, Division of Risk Management Supervision, said: "The CRE roundtable was valuable in that it provided a forum for FDIC participants to learn about CRE market risks and opportunities from the perspective of subject matter experts outside of the regulatory environment." 🏛

CEP Grads Inspire Candidates at Hiring Events

By Sally Kearney
Office of Communications

Five times a year, the FDIC hosts hiring events in which candidates for the Corporate Employee Program (CEP) undergo a rigorous selection process. The two-and-a-half-day headquarters events are attended by about 60 candidates keenly interested in becoming Financial Institution Specialists in the CEP's four-year training program. Kicking off on Wednesday morning with presentations followed by a reception and dinner in the evening, the events conclude on Friday morning with the announcement of candidates selected to join the program. Those offered employment will spend the next four years preparing to become commissioned RMS or DCP examiners.

"Hearing someone who has gone through the program and progressed in their career gives the candidates a picture of where they could be four years from now," —CEP Program Manager Wayne Evans

Sandwiched in between the Wednesday openings and the Friday finales are Thursdays, which are jam-packed with evaluations, including assessments in business analysis, mathematics, and teamwork; oral presentations; and structured interviews. The candidates know that they will have to be on their game on Thursday, and perhaps that is one reason why Wednesday is focused on socializing, mingling, and getting to know the FDIC in a more relaxed setting.

"We want to welcome the candidates to the FDIC on Wednesdays," said CEP Program Director Wayne Evans. "We also want to strike a positive note for the day ahead."

Helping to strike that positive note are graduates of the CEP who tell their stories about the program during and after the Wednesday evening dinners. "We select two graduates, one from RMS and one from DCP, who have completed the program and moved on to noteworthy positions at the FDIC," said Evans. "They speak for about 10 minutes about the benefits of the program, what to expect, and where they are now."

These stories are aspirational and motivational, Evans said. "Hearing someone who has gone through the program and progressed in their career gives the candidates a picture of where they could be four years from now," he said. "It also motivates them to be at their best on Thursday."

Alejandra Louden

Alejandra Louden: In a Crisis, Opportunity

When she spoke at two hiring events late last year, Alejandra Louden told the candidates how she joined the CEP during the financial crisis. "I talked about how I came to the FDIC after just graduating from an MBA program," she said. "I wanted to share the whirlwind of going through the CEP while institutions were in crisis. I also wanted to highlight the opportunities that came along."

One such opportunity was helping at a bank closing in Puerto Rico. Louden drew on her fluent Spanish to converse with bank branch employees and inform them that the bank had an acquirer.

Louden also pointed to the many opportunities available after earning a commission. "Once you get your commission, the journey is not over," she told the candidates. "On the contrary, even more opportunities open up. We have a culture that focuses on continual learning and personal growth."

Louden mentioned her experience as an example. After becoming a risk examiner, she served a detail as a Corporate University instructor for CEP required risk courses. That detail led to her current position as Resident Risk Examination Instructor at CU. Grateful for what the CEP offered her, Louden is giving back to dozens of FISs following in her footsteps.

Marlon Monterrey

Marlon Monterrey: Get Your Commission First

In dinner remarks last year, Marlon Monterrey recalled how he had felt that evening years ago as a CEP candidate. "I still remember how nervous I was," he said. "I remember standing out on that balcony trying to take in the view across the National Mall while still worrying about the next day."

Monterrey put his audience at ease by telling a funny anecdote and assured the candidates that the CEP charts an orderly course for its trainees. "There are no surprises in terms of your career path over the next four years," he said. "As long as you bring a positive attitude and a solid aptitude for learning every day to this program, you will succeed, and most importantly, you will progress along the CEP career path."

Now a DCP Supervisory Examiner in Houston, Monterrey also offered sage

see **Candidates**, *page 7, column 1*

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advice: stay focused on earning the commission while in the program, and after meeting that goal, worlds of new opportunities will become available. He cited detail assignments, leadership development programs, the Mentoring Program, Professional Learning Accounts, and more. "You really have to pace yourself and ensure you don't take on too much at once," he said.

Michael Selander: An Investment in Training

In his remarks, Michael Selander took his audience back in time to 2007, when he joined the CEP at the beginning of the financial crisis. He had graduated from college with an accounting degree and originally planned to work for a private-sector firm, but a friend steered him to the FDIC. "Ten years later, I am still here, and I have found the FDIC incredibly hard to beat," he told the candidates. "Matter of fact, I quit looking years ago."

Selander recalled that many friends who had joined private-sector firms "found themselves out of a job and struggling to identify employment options" during the crisis. Selander, by contrast, was providing guidance to financial institutions and assisting on bank closings.

"In every division, office, and examination, people have taken the time to teach me about banking and how to be a regulator." —Michael Selander, DCP Field Supervisor, Rocky Mountain Territory

Early on, Selander was struck by the FDIC's investment in training and development. "I found it incredible that the FDIC would take the time to train me and give me opportunities to experience key areas of the business," he said. He enjoyed examining banks of varying size and complexity.

"On any given week I could find myself examining a large credit card bank or a small community bank in rural America," he said.

Much of his training was also one-on-one. "In every division, office, and examination, people have taken the time to teach me about banking and how to be a regulator," he said. Selander is now DCP Field Supervisor for the Rocky Mountain Territory, the first CEP graduate to become a field supervisor.

Sandra Macias

Sandra Macias: A Chance To Pursue Interests

Early in her career, Sandra Macias started examining large banks, she told candidates in her dinner remarks. She enjoyed looking at models, and used her skills to add value to large bank teams. This work and detail assignments led to her current role as RMS Large Bank Examination Specialist in the San Francisco Region, reporting to headquarters, which involves traveling around the country examining large banks.

Travel also happens to be a passion, which is why as a CEP Financial Institution Specialist Macias sought to work in a high-travel office. "This was the job for me!" she said.

Researching other interests such as Bitcoin and FinTech on her own time resulted in Macias being asked to make a presentation on cryptocurrency and blockchains. "This, along with my work reviewing models and in large banks, led to being invited to serve on some internal FinTech committees," she said. On being given the chance to pursue non-examination interests, she said, "To me this was like hitting the jackpot."

A Bonus: Lasting Friendships

Each of the CEP graduates mentioned forming friendships as another benefit of the CEP.

"When I think about the cohorts in my CEP class, it feels like a true professional fraternity," Monterrey said. "The professional relationships and friendships that you forge with your classmates will provide you with an excellent support network."

Louden also said that she has "developed great and long-lasting friendships" through the CEP.

"The friendships that I developed with my classmates and co-workers have stuck with me the most throughout all of these years. …We remain in close contact and are a resource to each other to this day," said Selander.

Although they have since scattered around the country, Macias and her CEP classmates stay connected by planning a reunion at a different location each year. "It is almost like our little CEP family that keeps growing with spouses and kids," she said. 🏛

DIR Research Assistants Provide Key Support

By SALLY KEARNEY
Office of Communications

Participants in DIR's Economic Research Assistant Program, from left: Alex Rodrigue, Daniel Federici, Rachel Youssef, Madeline Freyberg, Caitlyn Kasper, DIR Financial Analyst Kitty Chaney (who assists with RA training), Courtney Smith, Conrad La Joie, Katie Kramer, and Theron Gray. Not shown here: Emile Sherif Labadie Kaldany (Boston Area Office); Benjamin Rodriguez; Summer Harik; Tyler Hienkel (Chicago Regional Office); Charles James; Jeffrey Sande (Dallas Regional Office).

Busy analysts and economists in the Division of Insurance and Research (DIR) welcome the arrival each year of the division's Research Assistants (RAs). RAs, as they are more informally known, provide valuable support to the division's research initiatives. Much like law clerks who spend a year or two assisting judges and learning how to apply the law, RAs assist DIR staff for two years and learn how to apply the research skills they have acquired as undergraduates or graduate students. In the process, the RAs make contributions to a variety of research projects and events.

DIR's Economic Research Assistant Program has been a mainstay of DIR research for decades. "Research Assistants are important members of DIR teams," said Brian Johnson, Chief of DIR's Administrative Programs. "They gather and analyze data about the performance of local economies and insured institutions, and contribute information for presentations and special studies. And, they perform valuable documentation and fact-checking tasks."

DIR Associate Director Shayna Olesiuk agreed. "RAs are very important to the current and future work of DIR and the FDIC," she said. "They come to the FDIC with skills and knowledge to contribute to the work of the division and with enthusiasm that often inspires others."

"Research Assistants are important members of DIR teams," said Brian Johnson, Chief of DIR's Administrative Programs.

RAs come from a variety of academic backgrounds. Many have degrees in economics. Some are recent college graduates, while others have completed or are completing graduate work. According to Johnson, the program typically employs about 18 RAs during a given year.

Occasionally, an RA's two-year assignment will be extended. "It depends on the situation," Johnson said. "Some RAs have been extended to preserve continuity and maintain their contributions to the work." Now and then, RAs have also applied for permanent positions. "I am happy to report that 31 RAs have been hired for permanent positions with DIR since the program was created," Johnson said. But, he added, whether RAs are hired in the future depends on the availability of openings.

Current Research Assistants Cite Program Benefits

During their time in the program, RAs have the opportunity to work on research projects of importance to DIR and the FDIC; apply their research skills in a real-world setting; learn about the financial services industry, regulation, and the FDIC; develop programming skills; work shoulder-to-shoulder with senior economists and analysts; and gain valuable experience for the future. Some current RAs commented on the various benefits.

Research Projects of Importance to DIR and the FDIC

Caitlyn Kasper recently validated data for the FDIC's milestone history of the financial crisis, entitled *Crisis and Response: An FDIC History, 2008-2013.* Contributing to a major FDIC publication was "fulfilling," Kasper said. "It is rewarding to know that I was able to help with a project of so much value to the organization."

Rachel Youssef recently helped with a paper on building cooperation among bank supervisors, resolution authorities, and deposit insurers in the Americas. "This paper enabled me to learn about other countries' financial systems and to get a much better handle on what the FDIC does," she said.

Applying Research in a Real-World Setting

For Benjamin Rodriguez, who plans to pursue a PhD in economics, conducting "empirical research" has proven valuable. "Working on projects, I get to learn about a larger scope of the research process and how economists work efficiently on various projects," he said.

Charles James, who has a master's degree and undergraduate degree in economics, has a keen interest in public policy research. "I have sampled the depth and breadth of research and data collection behind the scenes and how it relates to our public-facing role of stabilizing the financial system by regulating banks and insur-

see **RAs**, *page 9, column 1*

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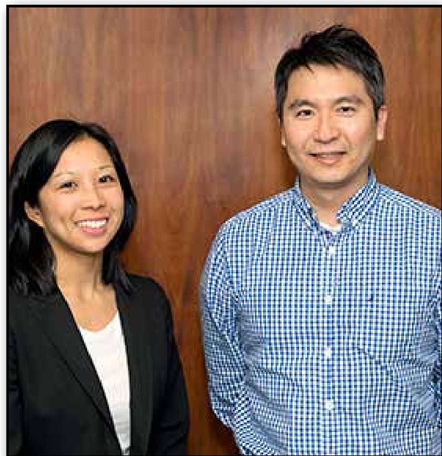
ing deposits," he said.

Courtney Smith, who has a master's degree and undergraduate degree in economics, is enjoying using her research skills as an RA. "I've also been exposed to presentation work as I have presented research to senior colleagues," she said.

Learning About the Financial Services Industry, Regulation, and the FDIC

One of the program's attractions for Conrad La Joie was pursuing an interest in banking and finance and the policy affecting the industry. "The greatest benefit of being a research assistant is learning so much about the banking industry and the regulatory framework around depository institutions," he said.

Daniel Federici is "developing a well-rounded understanding of banking" while also learning how "the FDIC plays a critical role in overseeing the banking industry and promoting economic stability."



Senior Policy Analyst Ashley Mihalik and DIR Senior Financial Economist David Lee view their participation in the RA program as a valuable learning experience that helped prepare them for their current roles.

Developing Programming Skills

Madeline Freyberg is taking this opportunity to strengthen her programming skills. "I have been learning SAS, a statistical program mainly used to handle large datasets," she said. "Almost every RA and economist uses it. I enjoy using these skills to contribute to the FDIC's mission. I am also getting a taste of academia by participating in bank research for the Center for Financial Research."

Working Shoulder-to-Shoulder With Senior Economists and Analysts

Katie Kramer, who has an MBA and an economics undergraduate degree, appreciates working with senior colleagues. "The analysts and economists in my section have all been very generous with their time and energy over the past couple of years," she said. "I work closely with different colleagues for various projects and am thankful for their help and patience."

Benjamin Rodriguez agreed. "Many of the economists are happy to discuss economic research and PhD programs, and share their experiences," he said.

Gaining Valuable Experience for the Future

RAs view their time in the program as helping to build a foundation for the future. "I want to have a career in finance and banking that involves data analysis and computer programming," said Federici. "That is exactly what I am doing as an RA, and therefore I am routinely learning new things and improving in areas that will help me throughout my career."

Former RAs Point to Advantages

Former RAs confirm the program's worth as a springboard for future opportunities. Ashley Mihalik, now a Senior Policy Analyst in DIR, recalls having a "great experience" with the program, which she entered in 2009. "I volunteered to be a part of the Resolution Task Force, which sought RA assistance in dealing with the very high volume of bank closures at the time," she said. "My work as an RA was also used in developing the FDIC's current long-term, comprehensive fund management plan."

DIR Senior Financial Economist David Lee said the program rounded out his academic experience and provided an opportunity to learn the basics about banks. "It's an excellent program," he said. "I gained a lot of knowledge about banking as an RA, and that knowledge is helpful to me in my current position."

DIR Managers Appreciate RAs

For DIR, the benefits of the program are substantial. Ed Christovich, who serves as Chief of DIR's Data Collection and Analysis Section, said that RAs have been completing six-week rotational assignments in his section since 2008. The RAs help collect, validate, and analyze Call Report data. "The assignments provide an excellent opportunity for the RAs to understand the banking data that they use in their regular positions," he said. "They work with experienced analysts and help bankers with the preparation and submission of their Call Reports. The RAs also hone their communication skills through frequent interaction with bankers and experienced analysts in the section."

RAs come from a variety of academic backgrounds. Many have degrees in economics. Some are recent college graduates, while others have completed or are completing graduate work.

Also grateful to have RAs on board is Meg Hanrahan, Chief, Financial Analysis Section. "The RAs in our section have proven to be invaluable in more ways than expected," she said. "Besides handling some of the more routine tasks such as auditing, they have created complex capital tables for the Vice Chairman and completed complex peer group studies for other divisions." Hanrahan added that a former RA is now a permanent member of her team. "The RA program is a great way for the FDIC and the RA to see if they are a good fit for each other," she said.

10 More Years of FDIC Trivia: Take Our New Fun Quiz

By Jay Rosenstein
Office of Communications

Back in 2007 I challenged FDIC employees and retirees to take a quiz based on the first 10 years of my Inside/Out columns for *FDIC News*, where I mostly focus on unusual or humorous stories at the FDIC. Now, a decade later, I think it's time for a test of how much you may know from my last 10 years of columns. Ready to get started and, I hope, have some laughs? Let's go. And don't peek at the answers until you're at the very end of the questions.

1. Starting in 1990, individual state governments began allowing special trust accounts that could be insured under FDIC rules and used for:

A. People given new identities under the federal government's "Witness Protection Program."

B. The care of a pet if the owner dies or becomes incapacitated.

C. People who choose to have their body frozen when they die, in the hope of coming back to life in the future.

2. The FDIC's Field Office in Scott Depot, West Virginia, also is home to:

A. The last bank safe that escape-artist Harry Houdini, handcuffed and in shackles, freed himself from in a performance before his death in 1926.

B. The FDIC's first programmable mainframe computer, purchased by the FDIC in 1966 but later moved from Washington to Scott Depot to serve as an emergency backup for a newer computer system.

C. A deposit insurance "museum" started by an employee buying FDIC memorabilia online.

3. Which of these federal agencies, and not the FDIC, was the first to offer insurance protection for deposits in America?

A. The U.S. Treasury Department

B. The Farm Credit Administration

C. The U.S. Postal Service

4. The Bank of the Federated States of Micronesia is 2,500 miles southwest of Honolulu and the only foreign bank in the world that is insured and supervised by the FDIC. How did that happen?

A. The FDIC granted deposit insurance to the bank in 1959 when Micronesia was a territory of Hawaii and Hawaii became our 50th state.

B. The FDIC granted insurance to the bank in 1986 when Micronesia was a territory of the United States and later that year became its own country.

C. The arrangement is part of an experiment by the FDIC started in 2016 to temporarily help deposit insurance programs internationally get off the ground.

5. After a 1985 bank failure in Wyoming, FDIC staff determined that to prepare an acquired property for sale we needed to obtain a state business license for a line of work not usually associated with a federal banking agency. What kind of business license was it?

A. A liquor license

B. A funeral director's license

C. A license for tattoo and body piercing services

6. FDIC examiners sometimes meet with celebrities who become bank directors. Which one of the following stars was NOT someone with whom FDIC employees reported having a brush with fame?

A. Horror and science fiction writer Stephen King

B. Movie star Kim Basinger

C. Baseball great Nolan Ryan

7. In 2010, a major U.S. publisher came out with a unique book of fiction featuring the FDIC. The book was:

A. A detective story about FDIC investigators at a small bank failure in Florida teaming up with the FBI and crisscrossing the globe to solve a major international fraud.

B. A comedy involving the two senior members of the FDIC team at a bank examination.

C. A steamy romance novel involving the two senior members of the FDIC team at a bank closing.

8. Mitchell Glassman, who joined the agency in 1975 and rose up the ranks to serve as Director of the Division of Resolutions and Receiverships for nearly 11 years, had an unusual start to his distinguished FDIC career at a bank closing. What was so unusual?

A. He was accidentally locked inside the bank's vault the night of the closing.

B. Glassman helped deliver the baby of a bank employee who went into labor the night of the closing.

C. He was an employee of the failed bank, not the FDIC, initially hired just for the weekend to help get the bank reopened under new ownership.

9. In 2009, the FDIC acquired for sale a small failed bank's unusual building — a 13,000-square-foot replica of:

A. The Pentagon

B. The White House

C. The Taj Mahal

10. Members of the FDIC closing team at a 2011 bank failure discovered the existence of one of the most bizarre certificates of deposit in the history of U.S. banking. It was:

A. A CD that a consumer opened with a bank in 1912 to mature in 250 years, with no possibility of an early withdrawal, in a plan to turn a $1,000 deposit into a $20 million payoff.

B. A CD issued by a Minneapolis bank in 2008, right before the start of baseball season, with a four-month term and an interest that could rise, but not fall, based on the monthly batting average of Minnesota Twins slugger Joe Mauer.

C. A CD with a clerical error showing that the customer's five-year CD would earn 200 percent interest, not two percent, and which the bank agreed to honor as a goodwill gesture (also well-publicized in the local paper).

11. In the early 1990s, the FDIC reached a financial settlement with someone demanding money because he claimed ownership of part of a failed bank's building that the FDIC had previously sold to another bank. What part of the building was it?

A. The safe deposit box room

B. The bathroom

C. The two-lane drive-up teller area

Now learn the answers!

see **Quiz**, *page 11, column 1*

Quiz *from page 10*

Answers

1. (B) Each year, hundreds of thousands of pets are placed in shelters or put to death when their owners became ill or die. While some pet owners have provisions in their wills leaving money or property to their animals, laws governing wills can impose serious limitations on these bequests. That's why, starting in 1990, state governments began allowing the establishment of special trusts for animal care. In general, these trusts call for bank accounts to pay for pet care if the owner becomes disabled or passes away, the naming of a trustee to handle the finances, and caretakers to carry out the owner's instructions.

I asked Martin Becker, chief of the Division of Depositor and Consumer Protection's Deposit Insurance Section, for an update on the coverage of bank accounts for pets under current FDIC rules. "While in recent years the FDIC rarely receives questions concerning 'pet trusts,' we have extensively researched the FDIC deposit insurance coverage rules concerning these arrangements," he said. "In general, if one or more individuals designate a pet in a basic payable-on-death savings account or other revocable trust account, the funds would be insured to each grantor — the true owner of the funds, not the pet — up to $250,000 together with any other funds the person has in the FDIC's single- or joint-ownership category. That's entirely different from revocable trust accounts naming a living person or an IRS-recognized non-profit or a charitable organization as a beneficiary, in which case each beneficiary is insured up to $250,000."

2. (C) It all began when examiner Dan Langdon joined the Corporation in 1998. "I wanted to learn more about the FDIC, so I read about FDIC history and that led to buying pieces on eBay," said Langdon. "The first thing I bought was an old brass sign posted on the teller stations from around 1934 that said 'deposits insured to $5,000.' I brought it into the office, stuck it in my cubicle, and things snowballed from there." The collection features unusual remnants from the start of the FDIC as well as what Langdon called "junk" with the FDIC name on it, like coffee mugs, mostly donated by current or former FDIC employees.

Since I wrote my column on the museum in 2007, Langdon, the chief archivist and tour guide, passed away in 2011. However, Lloyd McIntyre, the RMS Supervisory Examiner in Scott Depot, confirmed in a recent interview that the museum remains the office's "claim to fame and our cool thing" when FDIC employees from around the country visit the Scott Depot office for training or otherwise. McIntyre also reported that the estimated 100 pieces the museum had back in 2007 "now looks to be more like 1,000 items" thanks to 10 more years of donations from FDIC employees and retirees. "The cubicle is crammed full. Every drawer is full," he said. "We have old typewriters, examiner bags, a library case with items … Lots of stuff, just nobody with the time to organize it."

3. (C) The U.S. Postal Service offered insurance to depositors under a program for small-dollar savers that was created by Congress in 1910. The Postal Service had its own "banks" that offered savings accounts at post offices nationwide. Postal Service banks appealed primarily to poor families, immigrants, children and those who didn't like or trust traditional banks. To minimize the competition with private banks, Congress limited postal deposits to a maximum of $2,500 and capped their interest rate at 2 percent, which was below what private institutions were paying. However, the Postal Savings program's federal deposit insurance was an advantage when about 9,000 banks had closed their doors during the Depression years of the late 1920s and early 1930s.

What became of the popular postal banks? "Congress realized that, if the country was going to recover from the Depression, money had to be returned to the traditional banking system," and federal insurance for private bank deposits was the answer, said Christine Bradley, then a Senior Policy Analyst in the FDIC Division of Insurance and Research. By 1966, the postal system stopped accepting deposits, and the next year, the remaining funds were "returned to sender."

4. (B) Of all the places where the FDIC has dispatched bank examiners, perhaps the most unusual may be the Federated States of Micronesia, a small, independent nation so remote that the only way to get there is with a long plane ride and a passport. For starters, flights are limited and involve several connections, so the total travel time, one way, can add up to around 22 hours. Talk about a travel day!

5. (A) "Part of our job was to preserve the value of assets acquired from the failed bank, which in this case happened to include a bowling alley with a liquor license that was about to expire," recalled Greg Watson, a former Division of Resolutions and Receiverships Regional Manager in Chicago who was Liquidator-in-Charge on the failure. "Liquor licenses have value, especially for a bowling alley, because apparently it's hard to bowl without a beer. So, I had to write a case to our San Francisco office to get authorization to renew the liquor license before it lapsed, and then I had to apply for a liquor license for the FDIC as receiver, in my name as the LIC."

Until he retired in 2014, Watson proudly displayed the state permit for "member" taverns and liquor stores in his office, where it was sure to draw attention and wisecracks from visitors. "Most often," he said, "the comment is, 'I bet you had to take inventory a lot.'"

6. (A) I have no idea if Stephen King was ever a board director of a bank, but the others listed above certainly were. Why would any celebrity want to be a bank director, a position that comes with regulatory scrutiny and the potential for personal liability if something goes wrong?

"For anyone who owns bank stock, not just for a celebrity, being a director is a way to watch and protect your investment," said Bill Baxter, currently a Senior Policy Analyst in the Division of Risk Management Supervision in Washington, and previously a Senior Examination Specialist at that time of my column in 2009. "And for stars who may have a little extra time to spare — maybe they're retired or their work in TV or the movies comes and goes — a seat on a bank's board can be prestigious and another way to contribute to their community." The banking ties of the celebrities noted in

see **Quiz**, *page 12, column 1*

Quiz *from page 11*

my column were widely known from news reports or other public information.

7. (C) The book *Midnight Kiss*, published in 2010 by Harlequin, is a collection of three short novels by different authors, and all involve romance and New Year's resolutions. The story involving the FDIC is in Victoria Dahl's 95-page novella "Midnight Assignment." I asked Dahl why the author of books with provocative titles and dramatic cover images of shirtless hunks and voluptuous women would choose to write "a pretty naughty story" (her words) about two FDIC employees.

"I saw the '60 Minutes' episode about the FDIC takeover of a failing bank and I just thought it was an incredibly compelling and heroic story," she said. "Also, one of the tricks in romances is to put people together who normally wouldn't spend time together. This seemed like a perfect situation — being in a hotel, all the secrecy of not letting anybody know there's going to be a bank closing... And, I don't think anybody realizes how a bank closing happens. I certainly didn't."

8. (C) Glassman was an employee of the one-office, minority-owned Swope Parkway National Bank in Kansas City, Missouri — working every job from teller to loan department bookkeeper, 21 years old, right out of college, about to be married, and perhaps about to be out of a job — when the FDIC closing team arrived. "I remember all the bank employees were extremely exhausted at the end of a long work week, it was the Friday right after the Christmas and New Year's holidays, and then these strangers showed up out of the blue and announced that the bank had failed," Glassman recalled. "We were totally caught unaware. I remember the FDIC closing team members were very kind and that they announced the FDIC was going to immediately reopen the bank, but frankly, knowing I was getting married later that year, I was sort of shell-shocked and even a little depressed about what this all meant."

Fortunately for Glassman and his bank colleagues, among the first things the FDIC does after a closing is to recruit the employees for temporary jobs with the receivership or, in this case, a Deposit Insurance National Bank. That's what we call a new bank the FDIC temporarily owns, insures its deposits and provides limited financial services during a search for an acquirer. Glassman ended up moving up the organization chart at the FDIC-owned bank, helping to run the institution until another Kansas City bank assumed its deposits. And the rest is history.

9. (B) The only office of the failed American United Bank of Lawrenceville, Georgia, erected in 2006 outside of Atlanta, looks a lot like the real White House at 1600 Pennsylvania Avenue in Washington except it had curbside parking in front and three drive-up teller lanes around the back.

While banks have always been partial to architectural designs that symbolize strength and stability, why would American United Bank build a mirror image of the Executive Mansion for its executive offices? According to a 2005 article in The Atlanta Journal-Constitution, the Indian-American owners of the institution wanted to display a patriotic image in response to the September 11, 2001, terrorist attacks. "We are all Americans united after 9/11," one owner was quoted as saying. "What better way to express it than to show a building that represents freedom?"

10. (A) In 1912, Adolph Melzer, a German immigrant, decided to donate money to his adopted hometown of Evansville, Indiana, in a big way. He deposited $1,000 (about $23,400 in 2011 dollars) into a specially negotiated CD at a local institution then known as the City National Bank, and he named the City of Evansville as the owner of all the principal and accrued interest. To maximize the windfall to the City, Melzer arranged for his CD to mature in 250 years and a relatively high fixed-interest rate of 4 percent. And under the contract, there was no opportunity for the City — or Melzer, his heirs or anyone else — to access the money before 2162. According to the bank's original calculations, Melzer's $1,000 gift would grow to nearly $20 million.

But when the successor to City National Bank — Integra Bank, National Association, in Evansville — failed in 2011, the FDIC arranged for Old National Bank of Evansville to assume all of the deposits. Old National Bank exercised its right under the FDIC's purchase-and-assumption agreement to convert the 250-year CD to a basic savings account and drop the interest rate to a market level, provided that the bank allows for the money to be withdrawn without penalty at any time. This step nullified Melzer's original contract that had been in effect for 99 years. However, Mayor Jonathan Weinzapfel told me: "I am working closely with Old National Bank to find a way to ensure that, 150 years from now, the City of Evansville enjoys the financial windfall Mr. Melzer intended some 100 years ago."

11. (B) Fred Fisch, currently a Counsel in the Legal Division in Washington, was an attorney in our Denver Field Office in the early 1990s when he was assigned to respond to a bizarre request from a small town bank out West that had purchased a failed institution there from the FDIC several years before. The bank forwarded a written request from an individual (through his lawyer) who claimed that he owned the bathroom of the bank building, and that the bank's employees and customers were using his property without permission. Because this area of the building provided a valuable service, the person was demanding either user fees from the bank or, to buy him out, at $100,000 (about $160,000 in 2015, when my column was written).

Fisch's research showed that, somehow, the bathroom was being taxed separately from the rest of the bank building. Various mix-ups resulted in county taxes for the bathroom going unpaid for years until the aggrieved party made use of a local law providing that anyone paying the county taxes on a property for three consecutive years could claim ownership. Because the bank that purchased the building from the FDIC never received any of the tax bills for the bathroom, the FDIC indemnified the bank for this claim. "Ultimately, the FDIC was able to achieve a reasonable settlement with this individual, one that was nowhere near the original demand," Fisch added. Not only that, he said, "The FDIC avoided what could have been the first known pay toilets in U.S. banking history."

Consummate Banking Data Expert Ross Waldrop Retires

By Clayton Boyce
Division of Insurance and Research

Ross Waldrop began his FDIC career as a research assistant.

It's not every day that the Chairman of the FDIC announces the retirement of an FDIC employee. But during his press briefing for the release of the most recent *Quarterly Banking Profile (QBP)*, Chairman Martin Gruenberg departed from his usual presentation to mark what he called a milestone in the *QBP*'s 30-year history.

"Today's report marks the final release by one of the original founders of the *QBP*, FDIC Senior Banking Analyst Ross Waldrop," Chairman Gruenberg said. "Ross, on behalf of your colleagues and the many readers of the *QBP*, thank you for your service and a job well done. … Under Ross's leadership, the *QBP* has set high standards for consistency, accuracy, and rigor."

Waldrop's duties include writing one of the three analyses that appear in each issue of the *QBP*. Since 1986, the *QBP* has reported the financial performance and condition of FDIC-insured institutions, and industry analysts, researchers, bankers, policymakers, and the media rely on the data.

Chairman Gruenberg noted that since its debut, the *QBP* has gained several important innovations, including online data tools and reports that address off-balance-sheet positions and community bank performance. Waldrop, one of four staff members who created the *QBP* during the 1980s banking crisis, will retire on January 19 after 39 years at the FDIC.

Waldrop grew up in Tuscaloosa, Alabama, and graduated from a Tuscaloosa landmark, the University of Alabama, in 1975 with a degree in Russian and European history. Then he selected George Washington University as the source of his master's degree in Soviet studies. There, he listened to his academic advisor, who apparently discounted the notion that the master's might be the key to a rewarding career. "My advisor told me, 'Take economics and statistics, so you can get a job when you are done here,'" Waldrop said. "So I took economics, statistics, and econometrics, and I took the PACE exam (Professional and Administrative Career Examination) to get a federal job."

He arrived at the FDIC in 1977, but took a side trip to the Department of Commerce before returning to the FDIC. The timing of his arrival at the FDIC was fortuitous. "By the time of the banking crisis in the 1980s, I had become familiar with the Call Report data and the FDIC databases and had acquired basic programming skills and knowledge of bank analysis techniques. When the demand for data on the banking industry began to take off, I had a skill set that was needed," Waldrop said. At FDIC he began as a research assistant and would move up to financial analyst, then senior analyst, and Section Chief.

The *QBP* began with William Seidman, FDIC Chairman during the 1980s crisis. He was an accountant by background, familiar with bank industry data, and concerned with the public's confusion about the health of the banking industry, Waldrop said. In 1986, 138 FDIC-insured banks with $7 billion in assets failed, and in 1987 more than 10 percent of FDIC-insured institutions were problem banks. But the overwhelming majority of institutions were fine, and Chairman Seidman wanted to get that message out.

"Under Ross's leadership, the QBP has set high standards for consistency, accuracy, and rigor." —Chairman Martin Gruenberg

"I had done internal reports on banking industry performance in the Division of Research, and in 1984, Financial Analyst John Quinn and I were assigned to develop and expand the 'Statistics on Banking' section in the FDIC Annual Report," Waldrop said. And later, when Chairman Seidman decided to create a quarterly publication, he asked Special Assistant to the Chairman Dave Cooke, Steve Katsanos in the Office of Public Affairs, Quinn, and Waldrop to build the prototype. Quinn, Cooke, and Katsanos have all retired.

"To Bill Seidman's credit, he believed in providing as much information to the public as possible," Katsanos recalled. "We wanted to make information on the condition of the banking industry available to reporters and give Bill Seidman a platform to talk about the industry."

In 1986, the team made test runs compiling *QBP* data and creating the publication, a labor-intensive and drawn-out process. "We pulled a lot of late-nighters," Waldrop said. Back then there was no personal computer, no desktop publishing, no spreadsheet software. Instead, they used Wang word processors, a mainframe computer that communicated by "dumb terminals," X-ACTO knives, Wite-Out, and rubber cement. "For mock-ups, we would make ledger-size tables and use a copying machine to shrink it to eight-and-a-half by 11," he said.

"At that time there was no internet, and we depended on the press to get information about the banking industry to the public. It was decided to release the *QBP* at a press briefing, where reporters' questions could be addressed," Waldrop said. The first *QBP* press briefing was in March 1987, covered fourth quarter and full year

see **Waldrop**, *page 14, column 1*

Waldrop *from page 13*

1986, and included only FDIC-insured commercial banks.

Reporters flocked to the first press briefing. "The FDIC was suddenly a draw for reporters because banks were failing around the country," Katsanos recalled. "It was a story that every financial reporter wanted to cover."

In 1989 the Federal Savings and Loan Insurance Corporation was abolished, and the FDIC started insuring the surviving savings and loan associations. In 1993, the *QBP* was expanded to include a section on insured savings institutions, which added more than 2,000 thrift institutions to the scope of the QBP's coverage.

"Finally, the Division of Research got additional technical resources and people, which allowed us to create a custom database, including a merger-adjusting function, and the result was the Research Information System," which debuted in 1990, Waldrop said. The original purpose of the system was to speed preparation of the *QBP*, but over the years it has served more functions and has boosted productivity.

The internet grew into the World Wide Web in the early 1990s, and in March 1995, the FDIC launched its first public website. Before the web, members of the public who wanted data on individual banks had to write to the FDIC to request copies of Call Reports. There were 12,000 to 13,000 institutions, for which a few private companies produced phone book-sized data summaries, but it was not feasible for the FDIC to publish individual bank data. The internet made individual bank data available to the public in the Institution Directory, created in 1992 at the request of Chairman William Taylor. "When the Institution Directory was launched, it was a data retrieval system on Chairman William Taylor's laptop. Basically, it consisted of a *QBP* table presentation for each insured institution," Waldrop said. "The Institution Directory has been expanded and enhanced over the years, and is bigger, more extensive, and more complex than the *QBP*, but it is still based on that report's format and methodology."

Coworkers say Waldrop will be missed. "It's hard to imagine a *QBP* press briefing without Ross," said DIR Director Diane Ellis. "Ross helped create the *QBP*, and he has been instrumental in maintaining the confidence that it inspires in the industry, the public, policymakers, and the media. He has been an expert in the *QBP*'s banking analysis for as long as I have been with the FDIC."

"I've really enjoyed working with Ross on the *QBP*. He's one of the smartest people I know, and he knows every detail about bank data trends, but he's also easygoing and has a dry wit. I'm going to miss working with him," said FDIC Quarterly Publication Manager Lynne Montgomery.

FDIC Chief Economist and DIR Deputy Director Rich Brown said of Waldrop: "Ross is literally an institution here at the FDIC. He will be both missed and fondly remembered for years to come. His knowledge of the banking data, and how to convert it into useful analysis, has been the foundation of the *QBP* and other DIR reports. We have all relied on his unmatched expertise and have appreciated his quick wit and friendly nature. These qualities have earned Ross the lifelong respect and admiration of his colleagues."

Katsanos shared fond memories of Waldrop. "Since the inception of the *QBP*, Ross has served as the curator of the banking industry, defining the indicators and collecting the statistics for more than three decades, arguably the most significant decades in the industry's evolution since Hamilton pushed for a nationwide banking system," Katsanos said. "Miraculously, perhaps due to his witty impartiality, Ross survived serving up good and bad news about industry trends to seven FDIC chairmen and undoubtedly hundreds of congressional staffers, financial journalists, and Main Street reporters. He's leaving behind some big shoes to fill."

John Quinn recalled how he met Waldrop more than 40 years ago. "I have had the pleasure of knowing Ross Waldrop since January 5, 1976, which happened to be my first day at the FDIC," Quinn said. "We met at his cousin's apartment that evening, and bonded pretty quickly. A shared love of Randy Newman's music helped cement our connection."

Colleagues during a defining period for the FDIC, Quinn and Waldrop have remained friends ever since. "The years we worked together in Research during the 1980s were special, where we formed a natural sort of partnership and developed the statistical publications function, including creation of the *FDIC Quarterly Banking Profile*," Quinn said. "Intelligent, patient, witty, unflappable, kind, understated … the same qualities that have made Ross Waldrop an FDIC treasure are the same ones that make him a true friend. Outside of my family, I have had the pleasure of spending more time with Ross than with anyone else, and my life is much richer for it. I've been waiting a long time to see him hang up his calculator and join me among the ranks of the gainfully unemployed, and I couldn't be happier to finally wish him a long, happy, data-free retirement."

What's next for Waldrop and his wife, Penelope? "We plan to move to New England to be near my wife's family and put down new roots." Penelope has retired from a career in development work with nonprofit environmental organizations. They are still searching for just the right retirement spot—likely in Massachusetts, northern Connecticut, or somewhere in the southern parts of Vermont, New Hampshire, or Maine. He and Penelope expect to spend more time outdoors, volunteer, travel to places in the United States where they've never been, and travel to see their daughter Zoë in Eugene, Oregon, and daughter Adelaide in London.

A Versatile Lawyer Who Led Major Initiatives, Claude Rollin Retires

By Sally Kearney
Office of Communications

During his 31 years with the FDIC, Claude Rollin readily embraced any number of opportunities and challenges. A lawyer by training—he earned his J.D. from Rutgers University School of Law—Rollin applied his legal acumen in various attorney roles within the Legal Division. But Rollin also diversified by serving in the FDIC's Executive Offices and pursuing several initiatives that had a significant impact.

A Running Start

Claude Rollin joined the FDIC in 1986 as an Honors Attorney. Soon he was dispatched to sites of failing banks. "I was amazed watching how the FDIC handles bank failures," he recalled. "It is something every employee should have the opportunity to experience, because it is where the rubber meets the road in terms of dealing with the public and promoting confidence in the banking system."

Rollin also served as a subject matter expert on deposit insurance issues during the savings and loan and banking crises.

After serving as a staff attorney for a few years, Rollin was promoted to the position of Senior Counsel in the Regulation and Legislation Section, Supervision and Legislation Branch, in the Legal Division. He supervised a team of attorneys and paralegals responsible for drafting, interpreting, and implementing federal and state banking laws governing FDIC-insured institutions. "We wrote all kinds of regulations, including the first risk-based capital rule and several deposit insurance coverage rules," he said.

Rollin also served as a subject matter expert on deposit insurance issues during the savings and loan and banking crises. Meeting with reporters became a fairly regular event, and Rollin appeared as a guest on several television programs, including CNN's "Moneyline," and was quoted in major newspapers, including The Wall Street Journal, The Washington Post, and USA Today.

A Defining Experience

Rollin's first foray beyond the Legal Division occurred in 1996, when he was selected to serve as Special Assistant to former FDIC Director Joseph Neely. He provided advice and counsel on matters before the Board of Directors. Director Neely also asked Rollin to explore forming an audit committee for the FDIC. "I had no idea what an audit committee was," Rollin recalled. "So I went to Bill Longbrake, who was our Chief Financial Officer at the time. I said, 'Bill, I was assigned to create an audit committee. Can you tell me what that is?'"

Armed with the answer, Rollin went about establishing the FDIC's first Audit Committee and became its primary point person. "I learned a lot about what the IG does through that experience," he said.

Rollin also learned much more from serving with Director Neely. "Joe taught me an important lesson about management: if you hire good people and let them do their work without micromanaging, things will turn out fine," he said.

A community banker, Neely also impressed upon Rollin the importance of community banking at the FDIC.

An International Focus

Rollin left the country for his first overseas assignment, traveling to Kiev, Ukraine, where he met with officials who sought to establish a deposit insurance system for their country after the fall of the Soviet Union. The trip marked the beginning of Rollin's strong interest in the role that deposit insurance systems could play in promoting international economic and financial stability. That recognition led to Rollin conceiving of an FDIC-sponsored International Conference on Deposit Insurance. "I came up with the idea on my way back from Kiev," he said.

Hosted by the FDIC in September

Claude Rollin speaks at an international deposit insurance conference in Amman, Jordan.

1998, the International Conference on Deposit Insurance brought together deposit insurance authorities, central bankers, and bank supervisors from 62 countries, as well as representatives from the United Nations, The World Bank, and the International Monetary Fund.

"I was personally very fortunate to be able to rely upon Claude for support and guidance during my time on the Board."
—former FDIC Director Joe Neely

Rollin was tasked with exploring how to launch an international organization representing deposit insurers from around the world. He worked on the organization's structure, including writing its by-laws. The International Association of Deposit Insurers (IADI) was launched and has since become an influential organization with 84 members.

After Director Neely left the FDIC, Rollin returned to his former position as Senior Counsel in the Legal Division. Neely was grateful for Rollin's service.

see **Rollin**, *page 16, column 1*

Rollin *from page 15*

"No one could ever question Claude's loyalty and dedication to the FDIC," he said. "Claude was committed to the core mission of the Corporation and always had a true concern for the ultimate impact of the FDIC's actions upon the banks and bankers under supervision. I was personally very fortunate to be able to rely upon Claude for support and guidance during my time on the Board. The FDIC has benefited greatly from the distinguished career and many contributions of Claude Rollin. I am privileged to count him as my colleague and my friend."

A Walk on the Policy Side

In 2003, Rollin was tapped to serve as Special Assistant to Vice Chairman John Reich. The Vice Chairman selected Rollin to lead the FDIC's Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) project, a congressionally mandated, interagency regulatory burden reduction initiative.

"His contribution to the overall [EGRPRA] effort cannot be overstated."
—former FDIC Vice Chairman and former Director John Reich

The review took three years and resulted in a report to Congress. "During that time, Claude developed a near encyclopedic knowledge of the many regulations under discussion for possible elimination as being duplicative, outdated, and no longer necessary," Reich said. "He was able to evaluate various interests, pro and con, to come to a concise recommendation with respect to each regulation. His contribution to the overall effort cannot be overstated."

When Vice Chairman Reich left the FDIC to serve as OTS Director, Rollin accepted a special detail as Deputy to the OTS Director. Discerning the trends in housing, he conceived and organized the 2006 National Housing Forum at the National Press Club to discuss the outlook for housing, key challenges facing the mortgage industry, and consumer protection issues.

Reich valued his deputy's point of view. "Claude has an ability to think outside the box," he said. "He is an independent thinker who finds solutions to problems without having to run all the bureaucratic traps. His advice and guidance were important to me and essential to my work, both as Vice Chairman of the FDIC and as Director of the OTS."

Rollin returned to the FDIC in the Legal Division's Opinions Unit, where he spent the remainder of his career issuing opinions on the applicability of laws and regulations to the FDIC. He also provided support to the Chairman's office by managing the FDIC Advisory Committee on Community Banking.

Reflections

As his yearend retirement date approached, Rollin said he has enjoyed every chapter of his multifaceted career. "I have essentially had five or six jobs over 31-plus years, which has kept it interesting," he said. "I have really enjoyed working with so many talented people at the FDIC and have made a lot of friends."

Rollin plans to spend his first year in retirement "having fun and doing the things I haven't been able to do while working full-time." Five years ago, Rollin created a "life plan," which he described as "basically a big bucket list of things in different categories." He has already checked a few items off the list and plans to do more in his first year after leaving the FDIC. "There are a lot of places I want to go, people I want to meet, and things I want to do," he said.

Rollin plans to spend his first year in retirement "having fun and doing the things I haven't been able to do while working full-time."

A few years ago, Rollin earned his certification as a Certified Financial Planner. "If I work in the future, it most likely will be in the financial and investment area instead of the law," he said. But for now, Rollin looks forward to turning the page and starting a new and exciting chapter.

Bill Strickler

Bill Strickler

Name: Bill Strickler

Most recent position: Senior Government Information Specialist

Division: DRR

Location: Headquarters

Home: Rockville, Maryland

When and where joined the FDIC: I joined the FDIC in 1992 with the Legal Division at headquarters after nearly 15 years with two organizations. Initially, I was with the Department of Agriculture's (USDA's) Federal Grain Inspection Service, and later with the Federal Crop Insurance Corporation (now under USDA's Risk Management Agency).

Career highlights: Working through *two* significant national crises was something few people get to experience in a career. It was demanding but satisfying, both in the impact of the work and the positive results that played out over the long term. I am truly grateful for having worked with and for some incredibly smart and dedicated FDIC staff. I am especially grateful for my unofficial mentor, Glen Bjorklund, and for DRR Director Bret Edwards, both forthright and genuine leaders with integrity.

Other Experience: One thing that resonates with my FDIC career is how we as an agency learn from experiences and continue to become better at avoiding making similar mistakes while attempting to foresee the next banking crisis. We learned from the painful, lengthy, and protracted downsizing from the RTC years. We learned from the Legal Division and DRR RIFs. We learned in 2008 that we couldn't foresee or predict the next financial/banking calamity. However, in every case, I believe we became a more resilient agency and have actively avoided repeating some of our most painful mistakes.

Retirement date: February 2, 2018

Plans for retirement: Even though my stepson, stepdaughter, and four granddaughters live in the D.C area, Dianne and I are planning to check out and likely move to a place where we can ski every winter day—most likely Colorado.

I look forward to carrying several close lasting friendships formed at the FDIC into retirement.

After the 2017-18 ski season, we are looking to travel a bit—probably an across-the-U.S.A. road trip to visit family and friends, and possibly a European cruise with our cruise-hound friends. Longer term, we are thinking of visiting one of my sisters at a U. S. Air Force Base in northern Japan and skiing at some local ski areas near her. Even longer term, Dianne wants to revisit our first serious ski area that we skied in southern France, and she wants to revisit skiing in Chile in August, which we did over 25 years ago, so I am ready to join her. Do you sense a theme/passion?

We'll continue to organize and participate in wine-tasting trips with our wine drinking friends. There are still a couple of U.S. wine areas that we would like to visit, and we haven't even touched on Australia/New Zealand or Europe. We will probably run out of "fun" money or energy before we notch everything off our bucket lists, but it won't be for lack of plans and interests.

Somewhere among all those plans, I look forward to being able to get back to some serious workout time and finally having time for recreational and enrichment reading.

Comments and thoughts: I look forward to carrying several close lasting friendships formed at the FDIC into retirement. I will miss my friends and co-workers at FDIC, but I will be able to proudly and confidently tell friends and acquaintances that their insured deposits are in good hands with the FDIC backing them up.

Finally, even with all my planned activities, I have much to be grateful for and I remind myself of that fact each and every day. As in the Rolling Stones song, "You Can't Always Get What You Want":

You can't always get what you want
But if you try sometime you find
You get what you need.

Catherine Colón

Name: Catherine Colón

Most recent position: Human Resources WorkLife Specialist

Division: DOA

Location: Virginia Square

When and where joined the FDIC: I began my FDIC career in 2004 as a Legal Technician in the Open Banks Supervision Branch in the Legal Division located in the Boston Area Office in Braintree, Massachusetts. After a detail to headquarters in 2009, I relocated to Virginia and worked with the Legal Division's Commercial Litigation Team. In 2010, I moved to the DOA Human Resources Benefits Center. After completing the Advanced Career Enhancement Pilot (ACE) in 2012, I joined the Benefits WorkLife Program.

Career highlights: While at the Boston Area Office, I organized an Adopt the Troop program for our armed forces in Iraq. We collected items and shipped them to three different troops.

Participating in the Chairman's Culture Change Initiative in 2008-09 as part of the Leadership Team helped me realize the opportunities available at the FDIC if you are willing to be flexible and work hard. Being a WorkLife Specialist has been the perfect fit for me, since I love to help people and have an unharnessed creative gene.

My work as Lead Champion for the Feds Feed Families Annual Food Drive has been one of the most rewarding experiences. Also, working with the Regional Offices to deliver the WorkLife program has held a special place in my heart, since I started in an Area Office and know that people can sometimes feel out of touch with what is happening at headquarters.

Participating in the Chairman's Culture Change Initiative in 2008-09 as part of the Leadership Team helped me realize the opportunities available at the FDIC if you are willing to be flexible and work hard.

Being a part of the Career Management Program's Mentoring Program was a fulfilling experience as was informally helping interns navigate life's challenges.

Working with the Graphic Design and Printing Unit to create wall art now displayed outside the WorkLife Resource Room, located on the second floor of the 3701 Fairfax Drive Building in Arlington, Virginia, was also rewarding. I feel that I am leaving a piece of me behind.

Other experience: My first career was as a licensed cosmetologist. Also, in my twenties, I owned a dairy and a pub in Massachusetts. Outside of work, I enjoy keeping in contact with my eight grandchildren, ranging from three to 21 years old. I recently taught classes on how to paint designs on wine glasses and other crafts as a part-time hobby. It helps satisfy my creative enthusiasm.

Catherine Colón

Retirement date: January 26

Plans for retirement: After I visit everyone who has ever invited me to their home, I will help my daughter with her business, Mastermind Adventures, a Board Game Lounge in Massachusetts that offers a safe place for families to gather along with educational opportunities for children of all ages. I hope to start a community for senior citizens to meet in the Lounge to play games and help keep their minds active.

Comments and thoughts: My career at FDIC started when I was in my fifties, and it has been life-changing both in the relationships I developed and the skills I learned. As the writer George Eliot said: "It is never too late to be what you might have been."

Mattie Ford

Name: Mattie E. Ford

Most recent position: Secretary

Division: RMS, Large Bank Supervision Branches I and II

Location: 550 17 Street N.W., Washington, D.C.

When and where joined the FDIC: February 1991 with the former Office of Equal Opportunity

Career highlights: A major highlight was working at the RTC for the Minority and Women's Program with Vice President Johnnie B. Booker and Assistant Vice President Doris Washington. At the FDIC, a memorable experience has been working with the Large Bank Supervision Branches I and II for the past 12 years under Associate Directors Pete Hirsch and Robert Connors. I also had the opportunity to work on Fair Lending and Home Mortgage Disclosure Act issues under former RMS Director Sandra Thompson. In addition, I enjoyed helping the FDIC meet its goals during the financial crisis.

During my FDIC tenure, I have served under eight Chairmen and have been honored to receive numerous awards.

Retirement date: January 31

Plans for retirement: For a long time I have just existed; now I am going to live!

Comments and thoughts: It has been bittersweet, and I would like to take the time to thank everyone here as well as colleagues who are no longer at the FDIC. Try to be kind to one another.

Mattie Ford

Paul G. Fritts, Sr.

Paul G. Fritts, Sr.

Former FDIC Executive Director

Paul G. Fritts, Sr., died on December 22, 2017, in Edwardsville, Illinois. He was 80.

Fritts enjoyed a distinguished career at the FDIC over the course of 34 years. Most notably, he was the FDIC's first Executive Director, responsible for leading both the FDIC's supervisory and resolution activities during the savings and loan and banking crises of the late 1980s and early 1990s. He was known for his extensive knowledge and for bringing a valuable regional perspective to this role.

Most notably, he was the FDIC's first Executive Director, responsible for leading both the FDIC's supervisory and resolution activities during the savings and loan and banking crises of the late 1980s and early 1990s.

Paul G. Fritts, Sr., was born on October 19, 1937, in Marion, Kentucky, the youngest child of Rev. Robert Fritts and Dolpha Ford Fritts.

A gifted athlete, Fritts played football during his years at East Alton Wood River High School in Illinois. Fritts graduated in 1955, and in 2011, he was inducted into the Wood River Hall of Fame for his many professional accomplishments.

A football scholarship took Fritts to Wichita State University in 1955, where he also served on the Arkansas City, Kansas, police force while attending college. He graduated in 1959. Years later, Fritts was recognized by Wichita State as a "Graduate of Distinction."

After graduating from college, Fritts joined the FDIC in 1959 as a bank examiner trainee in the Kansas City Region. Rising through the ranks, he became an Assistant Regional Director in 1972.

For the following six years, Fritts was the Regional Director in the former Philadelphia Region and in the Chicago Region. Moving to headquarters, he served as Director of Supervision for five years before being named the FDIC's first Executive Director responsible for both supervision and resolutions.

Fritts served as Executive Director when many U.S. financial institutions were failing. He is credited with successfully guiding supervision and resolutions during a critical period in FDIC history.

During this time, Fritts was also U.S. representative on the Basel Committee on Banking Supervision and attended many conferences on behalf of the FDIC both in the U.S. and internationally.

Fritts retired from the FDIC in 1993 and returned to his Madison County, Illinois, roots, where he founded a bank consulting business. His clients included banks in Chicago, Los Angeles, and St. Louis. He also traveled to Pakistan and advised that country's government on creating a deposit insurance system.

In addition to thriving on his work, Fritts enjoyed spending time with his family. His other interests included traveling, wintering in Florida, following the financial markets as well as his beloved Wichita State Shockers basketball team, and listening to the tunes of Rod Stewart. He was also a member of the Sons of the American Legion and Wood River Moose Lodge #1349.

Steve Fritts, who retired in 2011 as RMS Associate Director, said of his uncle Paul Fritts, Sr., "Paul was the quintessential bank regulator who never forgot the importance of community banking to our nation."

"Paul was the quintessential bank regulator who never forgot the importance of community banking to our nation."
—Former RMS Associate Director Steve Fritts

John Stone, who succeeded Fritts as Director of Supervision and later as FDIC Executive Director, remembered his colleague: "Paul was a very good friend and a most competent analytical financial institutions supervisor. He enjoyed the highest regard and confidence of his peers and the FDIC Board of Directors."

Chris Spoth, former RMS Senior Deputy Director, remembers Fritts as a leader who was also considerate of the staff. "Long ago we both happened to be relocating to D.C. and living in temporary quarters, and he frequently offered me a ride back and forth to work," Spoth said. Fritts also led an executive group on enhancing employee engagement, Spoth added.

Fritts is survived by his wife, Martha; sons Paul, Jr., and Jeff; stepchildren Jeff, James, and Rhonda; five grandchildren; older brother Bob; and nephew Steve.