

FDIC News

The Federal Deposit Insurance Corporation Employee Newsletter

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in Resolution Exercise

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Teamwork in Action: FDIC Staff Practice Communication Coordination in Resolution Exercise

By Carroll Kim and Brian Sullivan,
Office of Communications

When it comes to bank failures and our responsibilities as receiver, the FDIC has a heightened awareness surrounding the importance of preparedness and coordination.

“Preparedness efforts are essential to building and enhancing our crisis readiness, response, and capabilities,” says Heidilynne Schultheiss, Chief, Operational Continuity, within the Division of Complex Institution Supervision and Resolution (CISR). We achieve our readiness level by “developing, testing, evaluating, and improving specific processes for decision-making, addressing potential resolution challenges, and executing a resolution at staff and principal levels.”

This type of preparation is what allowed the agency to successfully resolve Washington Mutual Bank (“WaMu”) in 2008. With approximately \$307 billion in total assets at the time, “WaMu” remains the largest bank failure in U.S. history. The agency also proved its mettle and readiness during the spring 2023 failures of three large regional banks, each with assets greater than \$200 billion.

As significant as those failures were, a cross-Divisional group recently engaged in an exercise to consider a more extreme hypothetical: What if an institution with more than \$500 billion in total assets, 10 million customers, 50,000 employees, and dozens of foreign subsidiaries failed?

In early September, dozens of colleagues from the Division of Resolutions & Receiverships, the Legal Division, Office of Legislative Affairs, Office of the Ombudsman, Office of Communications,



Carroll Kim, Media Specialist, OCOM, participates in Resolution Preparedness Exercise.

and CISR came together in a hybrid tabletop exercise to discuss how the FDIC would prepare for such a large and complicated bank failure. The focus of the exercise was communications, how we communicate with each other and to the outside world in such a moment of uncertainty.

THE HYPOTHETICAL

Fictional “Z Bank” begins to show signs of stress and, despite the best efforts of state and federal regulators, it suddenly fails. The federal government does not make a systemic risk determination which places the sole responsibility on the FDIC to resolve the failed bank under its Federal Deposit Insurance (FDI) Act authority. With only a four-day “runway” to prepare for what comes next, the FDIC establishes a bridge depository institution (BDI) to keep the bank’s U.S. operations and important foreign subsidiaries operating.

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The BDI's also responsible for preserving franchise value in anticipation of turning the remaining institution over to private control at the least possible cost to the Deposit Insurance Fund.

THE CHALLENGE

In such a situation, what the FDIC says can be just as important as what we do to maintain stability and public confidence in the nation's financial system. Effectively communicating the failure of a complex institution requires staff to forge relationships early, understand each other's responsibilities, stay synchronized, and work quickly.

THE EXERCISE

To that end, a CISR-led working group designed a tabletop exercise—the first-of-its-kind since the 2023 failures—to:

- Enhance working relationships and

collaboration with FDIC staff in other areas, while confirming staff understand their own and others' roles regarding external communications in an FDI Act/short-term BDI resolution;

- Test the FDIC's internal coordination process that would be deployed before, during, and after such a failure; and
- Develop templated communications that could be used by the FDIC and the BDI for all external audiences, the failed bank's customers and employees, the news media, Congress, and the broader public.

Participants from each Division and Office briefed their communications responsibilities, developed materials (e.g., FAQs, press releases, etc.) for their respective stakeholders, and discussed

the nuances of communicating in today's information environment.

WHY IT'S IMPORTANT

One of the FDIC's essential missions is to resolve large and complex financial institutions (LCFIs) should they fail. Resolution readiness, including communications, is critical to that mission. This tabletop exercise, and those that follow, will help make sure that we can rise to our mission should we be called upon.

"The exercise gave us real confidence in our ability to handle and coordinate external communications effectively in an FDI Act resolution of an LCFI with significant complexities and challenges," said Julie Faulkner, a Senior Complex Financial Institution Resolution Specialist in CISR and one of the organizers for the exercise. 🏠

9th Annual Association of FDIC Alumni (AFDICA) Meeting: A Reunion of Insight and Inspiration

By LaJuan Williams-Young, Office of Communications

On October 3, the FDIC hosted the 9th annual meeting of the Association of FDIC Alumni (AFDICA) at Virginia Square. This year's gathering blended professional development and networking opportunities with a celebration of contributions to financial literacy and compelling insights from several notable speakers.

WELCOMING REMARKS AND ECONOMIC INSIGHTS

AFDICA President Philip Masquelette who retired from the Legal Division in Dallas greeted the 88 attendees and encouraged them: "Let's share ideas and collaborate to strengthen our network."

The first keynote address was delivered by Andrew Felton, Director of the Division of Insurance and Research (DIR). Director Felton's insightful QBP-style presentation focused on the current state of the economy and banking industry conditions, a topic of particular interest for those monitoring their retirement accounts. His analysis provided valuable perspectives on economic trends and their implications for personal finances, which resonated strongly with the audience. Director Felton and AFDICA members also engaged in

a robust Q&A session, which focused on timely issues such as inflation, interest rates, the housing market, and other economic indicators.

SUPPORTING FINANCIAL LITERACY

Advancing financial literacy is an important part of the AFDICA mission. Two Virginia school teachers attended the meeting to share how AFDICA scholarships have helped them deliver financial education lessons in their schools: Angie Trerotola, an economics and personal finance teacher at Osbourn Park High School in Manassas, a school with over 2,750 students representing 170 ethnic groups; and James Meadows, a business teacher at Gretna High School, a high school with fewer than 500 students in Pittsylvania County. Trerotola and Meadows described how AFDICA scholarships allowed them to attend a *JumpStart* National Educator Conference, where they connected with other educators who share the goal of advancing financial education. These connections exposed them to new, innovative techniques of teaching financial literacy, which they have incorporated into their existing



Former FDIC employees gather at Virginia Square for the 9th Annual AFDICA meeting.

course materials. Their stories highlighted AFDICA's lasting impact on the next generation of learners. To date, AFDICA has provided \$93,250 in charitable donations in support of financial education, including \$85,250 for individual college scholarships and teacher scholarships to attend *JumpStart* conferences.

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REMARKS BY ACTING CHAIRMAN TRAVIS HILL

Another highlight of the day was an address by FDIC Acting Chairman Travis Hill, who covered a wide range of issues, including the status of the FDIC's Workforce Optimization Plan, Return to the Office (RTO) initiative, various policy issues, and the status of our culture transformation process. He concluded his remarks by reiterating his commitment to the agency: "I do believe strongly in the mission and function of the agency."



Acting Chairman Hill addresses the AFDICA meeting on October 3.

I worked very closely with many individuals from the staff during COVID and the 2023 bank failures, and so I have a deep appreciation of the dedicated workforce that we have at the FDIC. I also want to say thanks to all of you for your service at the agency and for your continued involvement with the FDIC."

LIFE AFTER FDIC



Panelists share their accomplishments post-FDIC during a moderated discussion.

During the "Life after FDIC" session, panelists Paul Driscoll, formerly with DIR, and Chris Hencke, formerly with the Legal Division, discussed their post-retirement creative endeavors, which stand in stark contrast to their analytical professional careers. Driscoll presented his impressive artwork, and Hencke discussed his work as a full-time playwright. His play, *Bloody Murder at the Black Dog Tavern*, will be performed by a community theatre

company in August 2026 in Soldotna, Alaska.

A GROWING NETWORK

The meeting also marked the election of former employees Louis Cheng, Division of Risk Management Supervision (RMS), Dallas, to the AFDICA board and recognized outgoing members Nancy Appleby, Division of Resolutions and Receiverships (DRR), Dallas; Laura Lapin, RMS, DC; Eric Spitler, Office of Legislative Affairs, DC; and Kathleen Tesi, Division of Administration, Human Resources, DC, for their dedicated service.

As the meeting concluded, Masquelette encouraged attendees to help expand AFDICA's membership, emphasizing the organization's unique value: reconnecting with former colleagues, growing professional networks, and advancing financial literacy training across the country.

The 9th Annual AFDICA meeting was a powerful reminder that while FDIC alumni may move on to new chapters, their shared mission and sense of community remain strong. AFDICA continues to honor that legacy—linking the past, present, and future through service, connection, and learning.

For more information on AFDICA, please visit afdica.com. 🏠

From the Board:

ACTING CHAIRMAN TRAVIS HILL ADDRESSES SINGLE RESOLUTION MECHANISM'S 10TH ANNIVERSARY CONFERENCE

In his [keynote speech](#), Acting Chairman Hill discussed lessons learned from a resolution perspective from the 2023 banking turmoil, which included the failures of three large U.S. banks and, in Europe, the first post-financial crisis collapse of a global systemically important bank (GSIB), provided updates on some key changes the FDIC has made to our resolution framework, and discussed additional actions the FDIC is planning or contemplating.

AGENCIES WITHDRAW PRINCIPLES FOR CLIMATE-RELATED FINANCIAL RISK MANAGEMENT

The FDIC, Federal Reserve Board, and Office of the Comptroller of the Currency (OCC) do not believe principles for managing [climate-related financial risk](#) are necessary because existing safety and soundness standards require all supervised institutions to have effective risk management.

AGENCIES PROPOSE TO FOCUS SUPERVISION ON MATERIAL FINANCIAL RISKS

The FDIC and OCC are seeking comment on a [joint proposal](#) that would define the term "unsafe or unsound practice" and revise the supervisory framework for the

issuance of matters requiring attention and other supervisory communications. Read Acting Chairman Travis Hill's [statement on the proposal](#).

AGENCIES ISSUE PROPOSAL TO PROHIBIT USE OF REPUTATION RISK

The FDIC and OCC's [joint proposal](#) would prohibit the agencies from: 1) criticizing or taking adverse action against a supervised institution on the basis of reputation risk, and 2) requiring, instructing, or encouraging a supervised institution to close accounts — or refrain from providing services — on the basis of political, social, cultural, or religious views. Read Acting Chairman Travis Hill's [statement on the proposal](#). 🏠

Briefs:

FDIC PUBLISHES DRAFT STRATEGIC PLAN FOR 2026-2030

The FDIC is seeking input on its [draft Strategic Plan](#), which outlines

how the agency intends to advance its mission of maintaining stability and public confidence in the U.S. banking system and signals the key priorities and

organizational themes that will shape our work over the coming five years. 🏠

In Memoriam:

Michael J. Kostrna of Highland Mills, New York was called home to God on Wednesday, October 8, 2025, following a brief illness.

Born and raised in the Bronx, New York, Michael enjoyed a carefree and joyful childhood playing in the streets and schoolyards surrounding Chatterton Avenue, and roaming the nearby neighborhoods with his beloved cousins and childhood friends. Like many Bronxites, Michael and his friends could be found hanging out on stoops, playing football and baseball in the streets, and creating a little bit of mischief at any given time on any given day. Michael attended Holy Family elementary school, where he made many lifelong friends, and was an altar server at Holy Family Church. Upon graduation from Holy Family, he attended Msgr. Scanlan High School. Together with his cousins and boyhood friends, Michael was a coach in the Castle Hill Little League Program doing his best to make the game of baseball fun and challenging for the teams he coached. Michael worked as a waiter at Castle Harbour Casino and could regale you for hours with stories about life as a waiter at "The Harbour".

In 1978, Michael and his family moved to the peaceful, bucolic town of Tappan, New York where he could be seen driving through the streets in his metallic silver Plymouth Arrow. He attended Dominican University in nearby Orangeburg while continuing to work at his beloved Castle Harbour Casino. Upon graduation from Dominican University, Michael explored career opportunities in the financial services industry and eventually joined the Federal Deposit Insurance Corporation (FDIC) working as a Bank Examiner out of the New York City Field Office. Michael enjoyed a long and distinguished career at the FDIC. While working for the FDIC, Michael attained an MBA from Manhattan

University and an MPA from Marist College.

On August 18, 2000, Michael married the love of his life, Prattana Chiwawiwatsatean, at St. Patrick's Church in Highland Mills. Michael and Prattana raised two beautiful children, Michael and Gabriel, who are now amazing young men journeying thorough life and dreaming God's dream for them. Michael was predeceased by his precious wife Prattana on August 31, 2019. After Prattana's death, he worked very hard to raise his two young boys and usher them into young adulthood. Michael cherished his wife and his children; they were his world.

A die hard Detroit Lions fan, Michael traveled to Detroit on several occasions to catch a home game at the Pontiac Silverdome, and he never gave up hope that one day he would see the Lions win the Super Bowl. Michael loved listening to The Beatles – his favorite Beatle was George Harrison and he had the opportunity to catch George live in concert at Madison Square Garden.

A devout Catholic, Michael was a longtime communicant at Sacred Heart – St. Patrick's Parish. He encouraged his wife to convert to Catholicism and instilled the Catholic faith in his children, making sure they attended Catholic elementary school and Catholic high school and bringing them to Mass every week. Michael and the boys could frequently be seen taking up the weekly collection and bringing up the offertory gifts.

In addition to his wife Prattana, Michael was predeceased by his loving parents, Milan (Mike) and Irene (Timar) Kostrna. Michael is survived by cherished sons, Michael J. Kostrna, Jr. of Rochester and Gabriel I. Kostrna of Highland Mills; his loving sister, Cindy Kostrna of Fishkill; his mother-in-law, Siriporn Chiwawiwatsatean of Thailand;



Michael Kostrna

his sister-in-law Bunny Narawat and her husband Sitt of Staatsburgh; his nephew Tim Narawat of Staatsburgh; his aunt Mary Sessa of Brewster; many loving cousins in New York, Slovakia and Hungary; and many loving friends.

A Mass of Christian Burial was held on Tuesday, October 14, at St. Columba Church, 835 Route 82, Hopewell Junction, NY. Interment followed at St. Denis Cemetery, 604 Beekman Road, Hopewell Junction, NY.

For online tributes, visit www.mchoulfuneralhome.com. 🏠