



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

NR 2002-77

FOR IMMEDIATE RELEASE
September 25, 2002

Contact: Robert M. Garsson
(202) 874-5770

OCC Announces District Office Restructuring to Meet Challenges of the Future

WASHINGTON – The Office of the Comptroller of the Currency announced today that it is realigning its District Office structure in response to continuing consolidation in the national bank system and to take advantage of advances in technology and changes in the way the OCC manages its nationwide network of examiners and field offices.

Under the realignment, the San Francisco and Kansas City District Offices will be merged into a new office in Denver, while the Atlanta and Dallas District Offices will be consolidated in Dallas. However, the OCC will continue to maintain field offices in San Francisco, Kansas City and Atlanta to serve banks located in and around those cities. Some institutions now supervised from the Kansas City and Atlanta District Offices will be moved to the Chicago District Office.

The examiners who work in the OCC's 72 field offices throughout the country will not be affected and the realignment is not expected to impact the OCC's supervision of national banks in any way.

In announcing the restructuring, the OCC unveiled a number of programs to assist employees affected by the realignment. The OCC will make every effort to retain employees whose services are needed to carry out the mission of the OCC and will offer relocation bonuses to those who move to a new office. Employees who choose not to relocate will be offered buyouts and assistance in finding new jobs.

“Our greatest asset is our staff,” said Comptroller of the Currency John D. Hawke, Jr. “We began this process last year by asking a cross-section of our employees to participate in a Working Group to assess our needs and develop options to meet those needs, both today and in the future.

“We now plan to work with every affected employee to help them choose the best option for their future, which, to the greatest extent possible, we hope will be to continue in other positions with the OCC,” he added.

Employees affected by the restructuring will not have to make a final decision about their career

-more-

preference until June 2003. It is anticipated that the relocations and buyout program will occur between July 2003 and January 2004, when the realignment is expected to be complete.

Mr. Hawke noted that the OCC's structure has not changed since 1983, even though the banking industry has undergone tremendous consolidation during that time.

"Every organization, whether it is a private-sector company or a government agency, must adjust to changes in its market or client base," Mr. Hawke said. "What worked well for us in 1983 may not be appropriate for the 21st century. By adapting technology and taking new approaches to managing our field staff, we are not only able to operate more efficiently, but we will provide a higher level of service to our community national banks."

The Comptroller emphasized that this restructuring is not driven by short-term budget pressures. On the contrary, he noted that the OCC has maintained balanced budgets and is in a very strong financial position. He said the realignment is intended to assure that the OCC's organizational structure remains efficient and promotes the effective conduct of its supervisory mission. The realignment is expected to save at least \$23 million in operating costs over the next five years.

The reorganization of the OCC's District Offices was dictated in large part by dramatic changes both in technology and in the OCC's approach to managing its nationwide network of examiners.

In 1997, the OCC reorganized its field operations to reduce a layer of management and delegate more authority to the Assistant Deputy Comptrollers who manage the agency's field offices. Much of the day-to-day decision making authority in the supervisory process was transferred from District Offices to field offices, where it is closer to the community banks supervised by the OCC.

"National bankers told us in interviews that they almost always contact their local field office, rather than the District Office, when they have a question or an issue," Mr. Hawke said. "The strong relationship between our banks and the local ADC or examiner-in-charge is a hallmark of the national banking system and it will not change."

In addition, technology has transformed the relationship between the District Offices and the field offices they manage. The entire agency is now on a common computer network that allows easy sharing of documents and messages. The OCC's "Examiner View" system provides a huge store of data and analytical tools to examiners while they are working in the field. The OCC has also developed an online training system.

As a result of the realignment, about 150 positions will be moved to different locations or abolished. It is expected that retirements and buyouts will open up a number of positions for employees whose jobs were eliminated as part of the restructuring.

The OCC's decision to realign its district operations was based on an internal study done by OCC employees. The District Structure Working Group was appointed by the Comptroller in

November 2001, after the OCC concluded a study of the agency's real estate holdings. The Working Group, which represented a cross-section of OCC employees, interviewed District Office staff, field office staff and national bankers about the needs of the agency and national banks. Status reports on the group's work were provided to OCC staff at several points in the process.

In forming the group, Mr. Hawke said the OCC had no predisposition about possible outcomes. "We are not forming this Working Group with the goal of either reducing or enlarging the number of District Offices," he told agency employees. "Our objective is to gather information to help us evaluate whether the present District Office functions and locations are best aligned with our long-term supervisory strategy."

The four District Offices will be led by five District Deputy Comptrollers: Fred D. Finke in New York, Jewell D. Hoover in Denver, Bert A. Otto in Chicago and, because of its size, two Deputy Comptrollers in the Dallas District Office. Archie L. Bransford Jr., who currently heads the Atlanta District Office, will relocate to Dallas and will be joined there by a new Deputy Comptroller, who will be selected later.

#

The OCC charters, regulates and examines approximately 2,200 national banks and 52 federal branches of foreign banks in the U.S., accounting for more than 54 percent of the nation's banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.