

JUSTIFICATION FOR CHANGE

APPLICATION PURSUANT TO SECTION 19 OF THE FEDERAL DEPOSIT INSURANCE ACT (OMB NO. 3064-0018)

INTRODUCTION

The FDIC is requesting OMB approval for a non-substantive, nonmaterial change to its Application Pursuant to Section 19 of the Federal Deposit Insurance Act information collection. An insured depository institution must receive FDIC written consent for any person who has been convicted of crimes involving dishonesty or breach of trust to participate in any manner in the conduct of the affairs of the institution. Such consent is obtained by making application on form FDIC 6710/07. There is no change in the method or substance of the collection. However, the FDIC has discovered an error in the number of respondents previously reported and is seeking to correct the error. In addition, as a consequence of a recent clarification of de minimis offences for which the FDIC grants blanket approval, the FDIC expects a decrease in the number of applications submitted unnecessarily.

JUSTIFICATION

Section 19 of the Federal Deposit Insurance Act (12 U.S.C. Section 1829) (“FDI Act”) requires the FDIC's consent prior to any participation in the affairs of an insured depository institution by a person who has been convicted of crimes involving dishonesty or breach of trust. To obtain that consent, an insured depository institution must submit an application to the FDIC for approval on Form FDIC 6710/07.

The FDIC Statement of Policy on Section 19 of the FDI Act explains the scope of coverage of section 19, its applicability, and provides blanket approval for certain de minimis crimes. The FDIC Board of Directors, on May 10, 2011, approved amendments to the policy statement to clarify (i) the applicability of section 19 to bank and thrift holding company institution-affiliated parties; (ii) what is meant by the term “complete expungement;” and (iii) the factors for de minimis convictions. The FDIC expects that these clarifications will result in the filing of fewer applications and is adjusting its burden estimates accordingly.

BURDEN ESTIMATES

Following are three burden estimates: estimates submitted to OMB in November 2010 in support of FDIC's request for renewal of the information collection (reflecting only applications submitted to the headquarters office); corrected estimates that include both headquarters and regional applications; and new estimates arising from clarification of the de minimis provisions of the Statement of Policy on Section 19 of the Federal Deposit Insurance Act. _

Previous estimates (headquarters applications only)

Annual number of respondents: 24

Hours to respond to application: 16
Annual burden hours: 384

Corrected estimates (headquarters and regional applications)

Annual number of respondents: 32
Hours to respond to application: 16
Annual burden hours: 512

Burden estimates after clarifications to policy statement

Annual number of respondents: 26
Hours to respond to application: 16
Annual burden hours: 416

Therefore, the increase in the burden estimate is the result of an adjustment of +128 hours to correct an error in the number of respondents previously reported and an adjustment of -96 hours to reflect an anticipated 19 percent decrease in the number of respondents as the result of clarification of various provisions of the underlying policy statement, for a net adjustment of +32 hours.