

SUPPORTING STATEMENT

APPLICATION PURSUANT TO SECTION 19 OF THE FEDERAL DEPOSIT INSURANCE ACT

(OMB No. 3064-0018)

INTRODUCTION

The FDIC is requesting a three-year renewal of the currently approved collection of information captioned above. The clearance for the collection expires on February 28, 2017. There is no change in the method or substance of the 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.

A. JUSTIFICATION

1. Circumstances and Need

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, and included drug-related convictions. To obtain that consent, an insured depository institution must submit an application to the FDIC for approval on Form FDIC 6710/07.

2. Use of Information Collected

The application form contains information about convicted persons seeking to participate in the conduct of the affairs of an insured depository institution. Such information is necessary for the FDIC to carry out its statutory responsibility to provide or withhold its consent to the participation by a convicted person in the affairs of an insured depository institution.

3. Use of Technology to Reduce Burden

Because section 19 applications are unique to each applicant and require certification by the prospective director, officer, or employee and by an appropriate bank official as to the accuracy of the information provided, the capability for electronic submission is currently unavailable. However, applicants may use technology to the extent feasible and appropriate in completing the application.

4. Efforts to Identify Duplication

There is no duplication of information. Each application is a unique submission of the insured depository institution or an individual to the FDIC. Similar information is not available from any other source. An insured depository institution or individual prepares the application only when it seeks FDIC consent to the participation by a convicted person in the affairs of the institution.

5. Minimizing the Burden on Small Insured Depository Institutions

All insured depository institutions, regardless of size, are subject to the application requirements of section 19 of the FDI Act. The information requested on the application form is considered to be the minimum needed by the FDIC to evaluate the application. The applicant is requested to give brief responses.

6. Consequences of Less Frequent Collections

The information requested is not collected on a periodic basis. An insured depository institution or individual prepares the application only when it seeks FDIC consent to the participation by a convicted person in the affairs of the institution.

7. Special Circumstances

None.

8. Consultation with Persons Outside the FDIC

A “first” Federal Register notice seeking public comment for a 60-day period was published on October 27, 2016 (81 FR 74802). No comments were received.

9. Payments or gifts to Respondents

No payment or gift will be made to respondents.

10. Confidentiality

The application Form FDIC 6710/07 advises the applicant of the use and possible disclosure of the information provided. The applicant institutions are advised that some of the information, including the social security number, may be provided to any appropriate Federal or State insured depository institution regulatory agency and law enforcement or other governmental agencies for identity verification. Should the information indicate a violation of law, the application may be referred to any agency responsible for investigating or prosecuting such a violation. In addition, in the event of litigation, the application may be presented to the appropriate court as evidence and to counsel in the course of discovery.

11. Information of a Sensitive Nature

The application requires sensitive information pertaining to a person's conviction of criminal offenses involving dishonesty or a breach of trust. This information includes Personally Identifiable Information (“PII”)¹, including name, address, telephone number, date of birth and social security number. This information is necessary to assist the FDIC in assessing the merits of the application as required by Section 19 of the FDI Act.

The Systems of Records Notice associated with this collection may be viewed at the following link: <https://www.fdic.gov/regulations/laws/rules/2000-4000.html#fdic200030--64--0002>. The applicable Privacy Impact Assessment is available at <https://www.fdic.gov/about/privacy/assessments.html>.

12. Burden estimates

Annual number of respondents: 75
Hours to respond to an application: 16
Annual burden hours: 1,200

	Type of Burden	Estimated Number of Respondents	Estimated Number of Responses	Estimated Time per Response	Frequency of Response	Total Annual Estimated Burden
APPLICATION PURSUANT TO SECTION 19 OF THE FEDERAL DEPOSIT INSURANCE ACT	Reporting	75	1	16	On Occasion	1,200
TOTAL HOURLY BURDEN						1,200 hours

13. Capital, Start-up, Operating, and Maintenance Cost Burden

None.

14. Estimated Annual Cost to Federal Government

None.

15. Reason for Change in Burden

¹ The term “Personally Identifiable Information” refers to information which can be used to distinguish or trace an individual’s identity, such as their name, social security number, biometric records, etc. alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother’s maiden name, etc.

There has been a large increase in the number of Section 19 applications filed with the FDIC in recent years due to the implementation of the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act). Additionally, given the recent increase in mergers and acquisitions, employees of non-covered entities are now covered by Section 19, thereby increasing the number of Section 19 applications.

16. Publication

This information collection will not be published.

17. Display of Expiration Date

The OMB number and expiration date are displayed on the application.

18. Exceptions to Certification

None.

B. STATISTICAL METHODS

Not applicable.