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ONE HUNDRED SIXTH CONGRESS

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September 12, 2000

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The Honorable John D. Hawke, Jr.  
Comptroller of the Currency  
Office of the Comptroller of the Currency  
250 E Street, S.W.  
Washington, D.C. 20219

Dear Jerry,

I am in receipt of your letter of September 8, 2000, which lays out the case for the action the OCC has taken to allow national banks to invest in shares of commercial companies. As your staff has acknowledged, the letter is not fully responsive to my request to make available all documents including guidance to examiners relating to these approvals. At OCC request, I have no objection to modifying the deadline for OCC compliance to close of business this Friday, September 15th.

Please understand I remain concerned with both the substance and methodology of OCC actions. The intent of the Gramm-Leach-Bliley Act was to expand competition for financial services delivery within a coordinated regulatory framework and to establish functional regulation, thereby diminishing regulatory arbitrage. In this context, the OCC determinations under review are self-evidently problematic.

Few issues in finance are more socially profound than those which touch on mixing commerce and banking. Policies that intermingle banking and commerce contain potential conflict of interest problems and lead to conglomeration of ownership. Rather than being made in secret, policy issues of this ilk require sunshine.

It is thus important to know how such decisions come about and why, as well as their legal rationalization. Your letter of September 8th suggests a rationalization -- albeit one which I find unconvincing. But it is critical to know what the internal legal discussions were; who asked for the rulings; why they were made in secret.

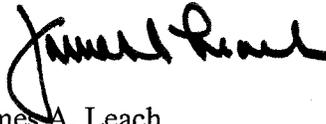
The Honorable John D. Hawke, Jr.

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It has been brought to my attention that the OCC may also have authorized other kinds of investment authorities in other contexts that have hitherto not been made public. Accordingly, I am expanding the inquiry made in my September 8, 2000, letter to request that you inform the Committee of any instances in which equity investments in commercial companies have been authorized directly or indirectly through any kind of OCC ruling, guidance, or opinion whether oral or written. Please provide all documents relating to any authorization of equity investments. Such documents to be provided should include, but not be limited to, advocacy material within and to the Executive Branch and materials that relate to the request for such authority, the rationale given by the party seeking the authority, and OCC's response.

Sincerely,

A handwritten signature in black ink, appearing to read "James A. Leach". The signature is written in a cursive, flowing style with a large initial "J".

James A. Leach  
Chairman