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January 15, 1998

WASHINGTON, D.C. -- Comptroller of the Currency Eugene A. Ludwig advised President Clinton and Treasury Secretary Robert E. Rubin today that he will leave office when his term expires on April 4.

In his letters, the Comptroller said he was providing advance notice of his plans in order to give the Administration adequate time to choose a successor. Mr. Ludwig said he wants to return to the private sector and have more time to spend with his family.

"I am proud of what we have been able to achieve," he said in his letter to the President. However, "much of what your administration set out to do in the banking area has been accomplished."

Mr. Ludwig, the 27th Comptroller, began his term on April 5, 1993. If a successor has not been nominated and confirmed by the Senate before he leaves on April 4, Chief Counsel Julie Williams will become acting Comptroller.

A copy of Mr. Ludwig's letter to the President is attached.

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January 15, 1998

By Hand

The President of the United States
The White House
Washington, D.C.

Dear Mr. President:

It has been a great honor and privilege to serve you these past five years as the Comptroller of the Currency and I am proud of what we have been able to achieve in that time. However, my term of office is drawing to a close and much of what your Administration set out to do in the banking area has been accomplished. In order to give you ample time to choose a successor to carry on this work, I am advising you today that I intend to resign when my term expires on April 4, 1998. It is time for me to pursue my goals in the private sector and to spend more time with my family, whose love and support have been a constant source of strength to me.

During my time in office, I have tried to implement the Administration's policies in the financial services sector to assure that a strong and healthy banking system would continue to play a vital role in the health of the nation's economy and the lives of each of its citizens.

Given how far we have come in the past five years, it is hard to believe that you took office at a time in which banks were failing weekly and entire regions of the country were gripped in a severe and crippling credit crunch. You responded in the early months of your Administration by asking us to devise a new supervisory plan that would deal with these serious problems and help bring about an economic recovery that would benefit all Americans.

Working with other offices in the Department of Treasury, we devised an eleven-part program that was quickly adopted by each of the federal bank and thrift regulatory agencies. The results were dramatic. The credit crunch abated, the economy began to grow again and the banking industry returned to good health.

At the same time we were working to alleviate the credit crunch, we were putting in place a long-term bank supervision program that rests on four strong pillars. Each of the four pillars has been marked by solid accomplishments.

The first pillar -- Ensuring Fair Access to Financial Services for All Americans -- was implemented through several programs. Most notably, the Office of the Comptroller was given responsibility for one of your Administration's early top priorities, revising the much criticized Community Reinvestment Act. The Comptroller's Office spearheaded a two-year effort to revise the regulations under this Act, which revision was also adopted by each of the federal depository institution regulatory agencies. The results speak for themselves.

Lending commitments under the CRA have increased 15-fold from the pre-1993 era, from roughly $3 billion a year to $43 billion a year. These commitments represent new credit availability for low- and moderate-income urban and rural communities, including loans for housing, small farms and small businesses. At the same time, equity investments by national banks in community development corporations and projects were six times greater in the last four years than during the previous 28 years combined. Home mortgages to African Americans and Hispanic Americans have increased more than 50 percent over the last four years -- almost three times the rate of increase for the population as a whole. In some chronically underserved communities the change has been even more dramatic.

Moreover, it is a source of considerable pride for all of us at the Comptroller's Office that we have been able to achieve these results while substantially reducing the supervisory and paperwork burdens that the CRA had previously imposed on the banking industry.

Also under the first pillar, we completely revised our fair lending procedures and pioneered blind testing programs and self-assessment programs in the fair lending area. Since 1993, our Office has conducted over 4,000 fair lending examinations, and referred 25 times more lending discrimination cases to the Departments of Justice and HUD than in the previous history of the Office.

The second pillar of our program -- Improving Bank Safety and Soundness -- was designed to make sure that the national banking system remains strong and able to support a strong and growing economy. To that end, we devised and implemented a new model for supervision, "Supervision by Risk". This model focuses our supervisory efforts on the most critical risks in the banking system. It has been adopted in substance by the other federal depository institution regulators and by banking supervisors abroad. In a further effort to improve bank supervision, we pioneered the use of economists to assist in bank examinations. And we established a separate cadre of specialists to focus on capital markets activities, placing an early emphasis on the supervision of derivatives.
When your Administration took office in 1993, we were experiencing approximately 50 bank failures a year. There has not been a single national bank failure now for nearly two years. Bank profitability has been higher in the last six quarters than at any time in the history of this country, and bank capital is at the highest level in 30 years.

Our third pillar -- Promoting Competition -- is closely related to our efforts to ensure bank safety and soundness as well as increasing product and service availability for consumers. For decades, banks had been squeezed out of many of their traditional markets, thereby dangerously concentrating their risk in fewer products and customers. Today, through a series of rulings by our Office, upheld in four unanimous U.S. Supreme Court decisions, as well as in dozens of lower federal courts, national banks are serving their customers with a broader array of financial products and services than at any time in their history. Allowing banks to diversify their financial services activities strengthens the banking system, reduces risk to the nation's taxpayers and promotes competition that lowers costs for consumers and makes financial products and services more widely available.

The final pillar of our program -- Improving the Efficiency of Bank Regulation -- is the pillar that most reflects your Administration's focus on "reinventing government." Most notably, we completely reviewed and rewrote every rule under which the national banking system operates -- a first in the history of our agency. In the process we halved the number of filing requirements for banks and significantly reduced other paperwork burdens. We also lowered assessments on national banks on three separate occasions and eliminated or cut most of our fees -- again a first in the history of the agency. We reduced the size of the Comptroller's Office by over 25 percent in response to the continued consolidation of the banking system. And we pioneered an Ombudsman program that has now been required by law of all other federal depository institution regulators. Our reinvention efforts have been praised by both banks and the general public.

Finally Mr. President, I commend to your attention the fine group of dedicated men and women who work at the Office of the Comptroller. During your Administration, they have demonstrated how much they can accomplish for the good of the country. Whether it has been reversing the effects of the credit crunch, revitalizing the Community Reinvestment Act, eliminating lending discrimination, reducing unreasonable regulatory burdens, pioneering risk based supervision, or modernizing the banking system, the staff of the Office of the Comptroller have worked diligently and successfully. I can't tell you how proud I am or how honored I feel to have had the opportunity to serve with them. They demonstrate each day just how noble a calling public service can be.

The past five years have been challenging ones for your Administration and for me. I am confident that, with your leadership, our nation will continue to make great strides forward. I also am confident that the Office of the Comptroller of the Currency will continue to carry out its responsibilities fully and enthusiastically.

Thank you again for giving me the privilege to serve our country as part of your Administration.

Sincerely yours,

Eugene A. Ludwig