



PRESS RELEASE

Federal Deposit Insurance Corporation

FOR IMMEDIATE RELEASE
March 11, 2002

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FDIC CHAIRMAN DESCRIBES OPTIONS FOR STRONGER BANK ACCOUNTING

Regulators should consider strengthening the ground rules governing bank auditing and accounting, according to Federal Deposit Insurance Corporation (FDIC) Chairman Don Powell. His remarks were given in a speech before a group of community bankers and are highlighted in today's edition of *FYI*. The speech outlined reforms that are being considered.

With respect to bank auditing, chairman Powell said that bank regulators should consider using their authority to: 1) ban accounting firms from providing internal auditing and other consulting services to the same financial institution they are auditing externally; 2) implement a nationwide document retention requirement for the records and working papers used during the audit of any insured depository institution; and 3) craft regulations enhancing the range of sanctions the regulators can impose on auditors. Chairman Powell also noted that existing accounting literature may have shortcomings with respect to certain aspects of bank securitization activity.

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Attachment: <http://www.fdic.gov/bank/analytical/fyi/2002/031102fyi.html>



Congress created the Federal Deposit Insurance Corporation in 1933 to restore public confidence in the nation's banking system. It promotes the safety and soundness of these institutions by identifying, monitoring and addressing risks to which they are exposed. The FDIC receives no federal tax dollars — insured financial institutions fund its operations.

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