



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

February 19, 2013

Mr. David Baris
Executive Director
American Association of Bank Directors
1250 24th Street, NW Suite 700
Washington, DC 20037

Dear Mr. Baris:

I acknowledge receipt of your letter dated January 30, 2013, requesting my comments on the American Association of Bank Directors (Association) Summary Report on Material Loss Reviews (MLRs) performed by my office and the Offices of Inspector General for the Federal Deposit Insurance Corporation (FDIC) and the Board of Governors of the Federal Reserve System/Consumer Financial Protection Bureau.

In a letter dated February 12, 2013, the FDIC's Inspector General, the Honorable Jon T. Rymer, provided comments on the Association's report. Those comments described the process for conducting MLRs reviews in accordance with generally accepted government auditing standards which our office also followed. Mr. Rymer also included a number of other observations and comments, which I believe eloquently addresses possible misconceptions contained in your report. I cite a particular statement from Mr. Rymer's letter which demonstrates my point.

"Our MLRs thus paint a portrait of the complex economic, business, and supervisory environment in which failed institutions operated, often for many years prior to their failure. The simple fact, however, is that the boards of directors of these institutions ultimately were responsible for the strategies that the institutions pursued."

I strongly agree with his assessment.

Sincerely,

Eric M. Thorson
Inspector General