



American Revolution Bicentennial

FEDERAL RESERVE BANK OF DALLAS

DALLAS, TEXAS 75222

Circular No. 76-135
October 8, 1976

NEW REGULATION AA--UNFAIR OR DECEPTIVE ACTS OR PRACTICES

Consumer Complaint Procedure

**TO ALL BANKS
AND OTHERS CONCERNED IN THE
ELEVENTH FEDERAL RESERVE DISTRICT:**

The Board of Governors of the Federal Reserve System has announced the establishment of a consumer complaint procedure regarding alleged unfair or deceptive acts or practices of State member banks and other banks. The new regulation is effective as of September 27, 1976.

The Board will receive complaints regarding any bank. For those banks other than State member banks of the Federal Reserve System, complaints will be referred to the appropriate regulatory agency.

The procedures for dealing with consumer complaints are designed to:

1. Assure consumers of prompt and responsive action on complaints involving State member banks, and prompt referral of complaints involving other banks;
2. Through records kept of complaints, and of findings concerning them, provide the means to single out banking practices or acts that are widespread or frequent enough to require possible regulatory action by the Board.

The Board's complaint procedure is not limited to those persons who are customers of the bank in question, nor to those acts or practices which are already the subject of Federal regulation. Any person with knowledge of an act or practice which that person considers unfair or deceptive may utilize the complaint procedures.

Complaints should describe the bank practice or action objected to, give the name and address of the bank concerned, and the name and address of the person complaining.

Complaints should be submitted (preferably) in writing to the Director of the Office of Saver and Consumer Affairs at the Board of Governors of the Federal

Reserve System, Washington, D.C. 20551, or the Federal Reserve Bank for the District in which the bank is located. In the Eleventh Federal Reserve District this would be the Federal Reserve Bank of Dallas, Regulations Department, 400 South Akard, Dallas, Texas 75222.

Printed on the following pages is the text of the Board's order as submitted for publication in the FEDERAL REGISTER. Copies of the new regulation will be sent to you as soon as they become available.

Any questions concerning Regulation AA should be directed to Samuel E. McCloud of our Regulations Department at (214) 651-6169.

Sincerely yours,

T. W. Plant

First Vice President

TITLE 12 - BANKS AND BANKING

CHAPTER II - FEDERAL RESERVE SYSTEM

SUBCHAPTER A - BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

(REG. AA)

(DOCKET NO. R-0056)

(PART 227 - UNFAIR OR DECEPTIVE ACTS OR PRACTICES)

Consumer Complaint Procedure Regarding Alleged Unfair or Deceptive Acts or Practices of State Member Banks

The Federal Trade Commission Act as amended (Public Law 93-637) requires each of the Federal bank supervisory agencies to establish a separate division of consumer affairs and to institute a procedure for handling consumer complaints regarding unfair or deceptive acts or practices of banks under their jurisdiction. Pursuant to §18(f) of that Act, the Board of Governors has instituted a procedure for receiving and handling consumer complaints regarding State-chartered banks that are members of the Federal Reserve System.

In August 1974, in anticipation of the passage of Public Law 93-637, the Board established a separate Office of Saver and Consumer Affairs which administers the consumer legislation for which the Board has been given responsibility. Among these statutes are the Truth-in-Lending Act, the Fair Credit Reporting Act, the Fair Credit Billing Act, the Equal Credit Opportunity Act, the Federal Trade Commission Act as amended, and the Home Mortgage Disclosure Act.

The Board instituted a formal System-wide procedure for handling consumer complaints regarding State member banks in January 1976. The procedure is designed to serve two purposes. First, it assures consumers of prompt and responsive action on their complaints involving State member banks. Second, it provides a mechanism for identifying those acts or practices of commercial banks that may require further investigation and possible regulatory action by the Board. In order to provide the Board with comprehensive current information on complaints against commercial banks not under its direct supervision, the other two Federal bank supervisory agencies (the Comptroller of the Currency and the Federal Deposit Insurance Corporation) have established ongoing procedures by which the Board receives quarterly reports on the number and substance of complaints against national and insured nonmember State banks.

The Board's complaint procedure is not limited to those persons who are customers of the State member bank in question or to those acts or practices that are already the subject of Federal regulation. Any person with knowledge of an act or practice of a State member bank that the person considers unfair or deceptive may utilize the complaint procedure. Similarly, while a consumer complaint may arise under an existing Federal

statute or Board regulation, a complaint may also be directed at an act or practice that is either expressly authorized or not prohibited by current Federal or State laws or regulations. However, the complaint procedure does not apply to requests for general information or publications such as statistical data. Nor does it apply to complaints regarding such matters as monetary policy, fiscal agency functions, or Treasury issues.

Complaints regarding State member banks should be addressed to the Director, Office of Saver and Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551. Such complaints may also be addressed to the Federal Reserve Bank serving the district in which the State member bank is located. The locations of these Federal Reserve Banks and names and addresses to whom complaints may be addressed follow:

Mr. Luther M. Hoyle, Jr.
Vice President
Federal Reserve Bank of Boston
30 Pearl Street
Boston, Massachusetts 02106

Mr. Harris C. Buell, Jr.
Assistant Vice President
Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, Illinois 60690

Mr. Edward F. Kipfstuhl
Manager, Bank Regulations Department
Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

Mr. Harold E. Uthoff
Vice President
Federal Reserve Bank of St. Louis
411 Locust Street
St. Louis, Missouri 63166

Mr. Lawrence C. Murdoch, Jr.
Vice President and Secretary
Federal Reserve Bank of Philadelphia
925 Chestnut Street
Philadelphia, Pennsylvania 19105

Mr. Sheldon Azine
Assistant Counsel and Assistant Secretary
Federal Reserve Bank of Minneapolis
250 Marquette Street
Minneapolis, Minnesota 55480

Mr. Harry Huning
Vice President
Federal Reserve Bank of Cleveland
1455 East Sixth Street
Cleveland, Ohio 44101

Mr. Robert Scott
Chief Examiner
Federal Reserve Bank of Kansas City
925 Grand Avenue
Kansas City, Missouri 64198

Mr. James Slate
Assistant Counsel
Federal Reserve Bank of Richmond
100 North Ninth Street
Richmond, Virginia 23261

Mr. George C. Cochran, III
Vice President
Federal Reserve Bank of Dallas
400 South Akard Street
Dallas, Texas 75222

Mr. Jack Sicard
Assistant Vice President
Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

Mr. Oscar Celli
Credit and Consumer Affairs Officer
Federal Reserve Bank of San Francisco
400 Sansome Street
San Francisco, California 94120

Complaints regarding banks other than State member banks are not subject to the Board's consumer complaint procedures. Such complaints should be addressed to the agency having jurisdiction with respect to that institution. Following is a list of the appropriate Federal agencies to which complaints should be addressed and the types of institutions for which the agencies are responsible:

National Banks

Comptroller of the Currency
Washington, D.C. 20219

Nonmember Insured Banks

Federal Deposit Insurance Corporation
Regional Director for the region in which the
nonmember insured bank is located.

The provisions of 5 U.S.C. §553 with respect to notice of proposed rulemaking, opportunity for comment, and delayed effective date are deemed inapplicable to this rule because it constitutes a rule of agency organization, procedure or practice, within the meaning of 5 U.S.C. §553(b) (A). The rule is effective immediately.

Pursuant to §18(f) of the Federal Trade Commission Act as amended by Public Law 93-637, the Board hereby amends 12 CFR Chapter II by adding a new Part 227, to read as follows:

PART 227--UNFAIR OR DECEPTIVE ACTS OR PRACTICES

SECTION 227.1--DEFINITIONS

For the purposes of this Part,¹ unless the context indicates otherwise, the following definitions apply:

(a) "Board" means the Board of Governors of the Federal Reserve System.

(b) "Consumer complaint" means an allegation by or on behalf of an individual, group of individuals, or other entity that a particular act or practice of a State member bank is unfair or deceptive, or in violation of a regulation issued by the Board pursuant to a Federal statute, or in violation of any other Act or regulation under which the Bank must operate.

(c) "State member bank" means a bank that is chartered by a State and is a member of the Federal Reserve System.

(d) Unless the context indicates otherwise, "bank" shall be construed to mean a "State member bank," and "complaint" to mean a "consumer complaint."

¹ The words "this Part," as used herein, mean Title 12, Chapter II, Part 227 of the Code of Federal Regulations, cited as 12 CFR 227 and designated as Regulation AA.

SECTION 227.2--CONSUMER COMPLAINT PROCEDURE

(a) Submission of complaints. (1) Any consumer having a complaint regarding a State member bank is invited to submit it to the Federal Reserve System. The complaint should be submitted in writing, if possible, and should include the following information:

(i) A description of the act or practice that is thought to be unfair or deceptive, or in violation of existing law or regulation, including all relevant facts;

(ii) The name and address of the bank that is the subject of the complaint; and

(iii) The name and address of the complainant.

(2) Consumer complaints should be made to:

(i) The Director, Office of Saver and Consumer Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551; or

(ii) The Federal Reserve Bank of the District in which the bank is located. The addresses of the Federal Reserve Banks are as follows:

Federal Reserve Bank of Boston
30 Pearl Street
Boston, Massachusetts 02106

Federal Reserve Bank of Chicago
230 South LaSalle Street
Chicago, Illinois 60690

Federal Reserve Bank of New York
33 Liberty Street
New York, New York 10045

Federal Reserve Bank of St. Louis
411 Locust Street
St. Louis, Missouri 63166

Federal Reserve Bank of Philadelphia
925 Chestnut Street
Philadelphia, Pennsylvania 19105

Federal Reserve Bank of Minneapolis
250 Marquette Street
Minneapolis, Minnesota 55480

Federal Reserve Bank of Cleveland
1455 East Sixth Street
Cleveland, Ohio 44101

Federal Reserve Bank of Kansas City
925 Grand Avenue
Kansas City, Missouri 64198

Federal Reserve Bank of Richmond
100 North Ninth Street
Richmond, Virginia 23261

Federal Reserve Bank of Dallas
400 South Akard Street
Dallas, Texas 75222

Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303

Federal Reserve Bank of San Francisco
400 Sansome Street
San Francisco, California 94120

(b) Response to complaints. Within 15 business days of receipt of a written complaint by the Board or a Federal Reserve Bank, a substantive response or an acknowledgment setting a reasonable time for a substantive response will be sent to the individual making the complaint.

(c) Referrals to other agencies. Complaints received by the Board or a Federal Reserve Bank regarding an act or practice of an institution other than a State member bank will be forwarded to the Federal agency having jurisdiction over that institution.

By order of the Board of Governors, September 27, 1976.

(signed) Theodore E. Allison

Theodore E. Allison
Secretary of the Board

(SEAL)