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Federal Reserve Bank Memo from Daniel Muccia to Thro Lubke Re Communication Plan

Daniel Muccia

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OFFICE MEMORANDUM

DATE September 11, 2008

To Theo Lubke

SUBJECT Communication Plan

FROM Daniel Muccia

Purpose: To keep domestic and foreign supervisors and central bankers informed of the status of the firm and US supervisory actions, develop an understanding of likely actions by foreign supervisors and central bankers and, to promote coordinated and consistent messages to the firm and the public.

Discussion Targets:

Central Bankers

Lead Agency for discussion with central bankers: FRB – discussion would be handled in accordance with established protocols re **Communication with central banks in the cooperative CLS oversight arrangement**

Communications with the Responsible Senior Officials (RSOs) at the 21 central banks involved in the cooperative oversight arrangement of CLS would be conducted either by e-mail or by invoking a conference call.

In the event of a bankruptcy, we would at a minimum, send an e-mail to the RSOs to provide basic information and our understanding of the implications for CLS settlement. Depending on the timing of the bankruptcy and/or if there are potential problems (e.g., liquidity dislocations), we would consider invoking a conference call of the RSOs. Such a call would be invoked by Larry Sweet and/or Jeff Marquardt in consultation with Tim Geithner and Don Kohn. A standing conference call arrangement is in place for this purpose.

In addition, we propose sending an e-mail to the RSOs on Friday, coordinating the timing with the outreach to the supervisors, where we would confirm their contact information and the conference call arrangement, while providing a general message that we are aware of the market circumstances and the need to communicate as appropriate with the central banks.

Note: in terms of critical times, Lehman's CLS settlements for Friday, September 12 were authorized by its designated settlement member (Citibank) so the next critical point for CLS settlement is Sunday afternoon, beginning at 4 pm when the CLS settlement process begins for Monday.

Foreign Supervisors

Lead Agency for discussion with foreign supervisors: SEC - ideally the SEC would lead the discussions with assistance from FRBNY. The SEC has more legal leeway to discuss confidential supervisory information with other supervisors concerning a broker/dealer than does the FRB.

Congressional Leaders

Discussions with Congressional Leaders – (place holder) High level contact by BOG/FRBNY to heads of Congressional Oversight Committees. Timing to be determined- preferably immediately before or close to actual event.

What is expected to happen; how markets are expected to react; monitoring efforts/supervisory coordination efforts etc.

Other potential discussions – Basle Committee

Inform FRBNY Staff by posting to website explaining actions/developments.

Communication with Domestic and Foreign Supervisors

Coordinator: Dan Muccia. Lead Spokesperson: SEC (identify) FRB (identify)

Establish twice daily conference call to update group beginning Friday (9/12). Proposed times 9:30 am and 5 pm (NY local times). Contact information will need to be issued on Friday as early as possible to arrange a call for Friday evening or Saturday morning. Email could be utilized in lieu of calls if all goes well.

Talking Points/Agenda to be drafted and vetted by team. Discussions with foreign supervisors will concentrate on ensuring interested parties understand the current status of the firm, likely or planned corrective actions in the U.S., ramifications of a bankruptcy filing of the holding company on domestic and foreign subsidiaries, likely local market and supervisory actions and timing of any such actions. Vetting of any planned public announcements would also be desirable.

Participating Supervisors:

Domestic Supervisors

SEC - federal supervisor of Lehman Brothers Inc.

FDIC - federal supervisor of Lehman Brothers Commercial Bank, Utah

State of Utah Banking Department - chartering agent for Lehman Brothers Commercial Bank, Utah

OTS - federal supervisor of Lehman Brothers Bank, FSB, Delaware

CFTC

Foreign Supervisors

Primary Group

UK - FSA - supervisor of Lehman Brothers International (Europe)

Germany - Bafin - supervisor of Lehman Brothers Bankhaus AG, licensed German bank

Japan - FSA - supervisor of Lehman Brothers Japan Inc.

Foreign Supervisors

Secondary Group- (branch operations /other non-bank subs) Recommend leaving contact to one off events and leaving it to the discretion of the relevant home country supervisor (UK FSA) to contact host supervisors with branches of LB International (Europe). Branches are located in

France
 Israel
 Italy
 Korea
 Luxembourg (unregulated entity LB Luxembourg)
 Netherlands
 Netherlands Antilles (branch of unregulated entity LB Finance SA)
 Spain
 Sweden
 Switzerland

Japan:

Securities and Exchange Surveillance (under the FSA)

Tel: 81-3-3581-7868

Fax: 81-3-5251-2136

Mr. Takeo Takahashi (Chairman)

Mr. Takehiko Mizuki (Commissioner)

Mrs. Teruko Noda (Commissioner)

FSA:

Tel: 31-33506-6000

Mr. Hirofumi Gomi (Commissioner)

Contact:

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Yoshihiko Yamamoto

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UK:

The Financial Services Authority

Tel: 44-20-7066-1000

Mr. Callum McCarthy (Commissioner)
Mr. Hector Sants (Chief Executive)

Stephen Bland – Director, Wholesale Firms Division
Megan Butler – Relationship Lehman
Tel: 44-20-7066-3480
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Germany:

BAFIN
Tel: 49-228-41080

Mr. Jocken Sanio (President)
Contact: Sabine Lautenschlager, Chief Executive Director – Banking Supervision
Office: 49-0-228-4103-2140
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Email: sabine.lautenschluger@bafin.de

State of Utah:

G. Edward Leary, Commissioner
Tel: 801-538-8761
Email: eleary@utah.gov

Contacts:
Paul Allred, Deputy Commission
Tel: 801-538-8761

Darryle Rude, Supervisor of Industrial Banks
Tel: 801-538-8841

FDIC:

Sheila Bair, Chairman

Contact:
Sandra Thompson, Director of Supervision & Consumer Protection
Tel: 202-393-8400

Stan Ivie, Regional Director (San Francisco)
Tel: 415-808-8052

John Lane – Bill Rutledge/Sarah Dahlgren to speak to John on Friday

CFTC – John Lawton Tel : 202-418-5480