



BULLETIN

No. A-86-3

June 16, 1986

TO: State-Chartered Banks and Bank Examiners
RE: Bank Employee Defalcation/Embezzlement:
Reporting Requirements

I. National banks are required to file an immediate written report of any bank employee defalcation/embezzlement to the Office of the Comptroller of the Currency, the FBI, the U. S. Attorney's Office and the bank's bonding company regardless of the amount involved. [OCC Interpretive Ruling 7.5225.]

II. The FDIC has adopted a new regulation [12 CFR Part 353] which requires insured non-member banks to report, on a prescribed form, criminal violations of the United States Code that involve or affect such banks to the FBI, the U. S. Attorney's Office, and to the appropriate regional director of the FDIC. Robberies, burglaries, and nonemployee larcenies are exempt from the rule.

III. State law has no specific reporting requirements for state banks. The Department of Financial Institutions encourages banks to report any incident of employee dishonesty to:

- the Commissioner
- the local district attorney general
- the F.D.I.C.
- the bank's bonding company.

State law requires the Commissioner to report any apparent violation of the Banking Act discovered during the course of an examination to the Tennessee Bureau of Investigation and the local district attorney general.