

# REVISED DOCUMENT LOCATION

**DATE:** May 6, 2003

**SUBJECT:** Guidance Regarding Restrictions on Institutions in Troubled Condition

**HIGHLIGHTS:** It has come to the attention of the staff of the Division of Banking Supervision and Regulation that some state member banks and bank holding companies that are in less than satisfactory condition may not be aware of certain statutory restrictions on severance payments made to their institution-affiliated parties, which are referred to as "golden parachute" payments, and requirements regarding the appointment of new directors or senior executive officers that may apply to such institutions.

The purpose of this SR letter is to remind Reserve Bank examination and applications staff about these restrictions and to ensure that banking organizations subject to the restrictions are fully aware of them and have monitoring programs in place to ensure compliance with the statutory requirements regarding certain payments and appointments.

Details are included in the SR Letter.

**DOCUMENT LOCATION:** <http://www.federalreserve.gov/boarddocs/SRLETTERS/2003/sr0306.htm>

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