



July 24, 2020

The Honorable Dan Sullivan
United States Senate
Washington, D.C. 20510

Dear Senator Sullivan:

Thank you for your letter dated June 16, 2020, addressed to the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation (FDIC), expressing your concerns about recent decisions by certain financial institutions to stop lending to new oil and gas projects in the Arctic.

I share your concerns regarding these decisions. The oil and gas sector is critically important to our national economy. It supports 10.3 million jobs in the United States, constitutes nearly 8 percent of our GDP,¹ and many communities depend on it, such as the Alaska Native communities whom you highlight. Oil is the most actively traded commodity in the world.² Given the industry's importance and ubiquity in our daily lives, I am skeptical of claims that the sector poses a "reputational risk" to the banks that serve it.

As requested, the OCC will take a serious look at these banks' actions. The OCC intends to seek additional information from the banks involved to understand the rationale for these decisions as well as their effect on our national economy and local communities. This will, in turn, help us analyze whether these actions violate any duty or obligation under federal laws. For example, 12 U.S.C. § 1(a) requires the OCC to ensure that banks provide "fair access" to financial services. Decisions by major banks to deny the oil and gas sector, among other targeted industries, access to financial services may violate that statute. Accordingly, the OCC will examine the possibility of issuing regulations defining fair access to provide clarity to banks and customers alike.

I had hoped that the banking industry's experience with, and the eventual discrediting of, Operation Chokepoint would be a sufficient object lesson about the perils of discriminating against businesses that, while unpopular to some, are nevertheless legal for all and demanded by many in our market economy. Unfortunately, your letter suggests that that may not have been the case. The OCC will assess our options for affirmative steps to ensure our Federal banking system continues to serve our national economy by providing fair access to all legal businesses.

¹ See https://www.api.org/~media/Files/Policy/Taxes/DM2018-086_API_Fair_Share_OnePager_FIN3.pdf.

² See <https://www.plus500.com/Trading/Commodities/What-Are-the-Most-Traded-Commodities~2>.

If you have any questions or need additional information, please do not hesitate to contact me or Carrie Moore, Director, Congressional Relations, at (202) 649-6737.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Brooks". The signature is fluid and cursive, with a large initial "B" and a long, sweeping underline.

Brian P. Brooks
Acting Comptroller of the Currency