

Chapter 7.88 RCW

CONFIDENTIALITY OF FINANCIAL INSTITUTION COMPLIANCE REVIEW INFORMATION

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RCW 7.88.005 Findings. The legislature finds and declares that efforts by financial institutions to comply voluntarily with state and federal statutory and regulatory requirements are vital to the public interest; that possible discovery and use in civil litigation of work produced in connection with such voluntary compliance efforts has an undesirable chilling effect on the use, scope, and effectiveness of voluntary compliance efforts by financial institutions; and that the public interest in encouraging aggressive voluntary compliance review outweighs the value of this work product in civil litigation. [1997 c 435 s 1.]

RCW 7.88.010 Definitions. The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Affiliate" means any person that controls, is controlled by, or is under common control with a financial institution.

(2) "Civil action" means a civil proceeding pending in a court or other adjudicatory tribunal with jurisdiction to issue a request or subpoena for records, including a voluntary or mandated alternative dispute resolution mechanism under which a party may compel the production of records. "Civil action" does not include an examination or enforcement proceeding initiated by a governmental agency with primary regulatory jurisdiction over a financial institution in possession of a compliance review document.

(3) "Compliance review personnel" means a person or persons assigned and directed by the board of directors or management of a financial institution or affiliate to conduct a compliance review, and any person engaged or assigned by compliance review personnel or by the board of directors or management to assist in a compliance review.

(4) "Compliance review" means a self-critical analysis conducted by compliance review personnel to test, review, or evaluate past conduct, transactions, policies, or procedures for the purpose of confidentially (a) ascertaining, monitoring, or remediating violations of applicable state and federal statutes, rules, regulations, or mandatory policies, statements, or guidelines, (b) assessing and improving loan quality, loan underwriting standards, or lending practices, or (c) assessing and improving financial reporting to federal or state regulatory agencies.

(5) "Compliance review document" means any record prepared or created by compliance review personnel in connection with a compliance review. "Compliance review document" includes any documents created or data generated in the course of conducting a compliance review, but

does not include other underlying documents, data, or factual materials that are the subject of, or source materials for, the compliance review, including any documents in existence prior to the commencement of the compliance review that are not themselves compliance review documents related to a past compliance review.

(6) "Financial institution" means a bank, trust company, mutual savings bank, savings and loan association, or credit union authorized by federal or state law to accept deposits in this state.

(7) "Person" means an individual, group, committee, partnership, firm, association, corporation, limited liability company, or other entity, including a financial institution or affiliate and its agents, employees, legal counsel, auditors, and consultants. [1997 c 435 s 2.]

RCW 7.88.020 Compliance review document confidentiality—Civil actions—Immunity of compliance review personnel from compulsory testimony. Except as provided in RCW 7.88.030:

(1) Compliance review documents are confidential and are not discoverable or admissible as evidence in any civil action.

(2) Compliance review personnel shall not be required to testify at deposition or trial in any civil action concerning the contents of or matters addressed in any compliance review or any compliance review documents, nor as to the actions or activities undertaken by or at the direction of the financial institution or affiliate in connection with a compliance review. [1997 c 435 s 3.]

RCW 7.88.030 Compliance review document confidentiality—Exceptions. RCW 7.88.020 does not:

(1) Limit the discovery or admissibility in any civil action of any documents that are not compliance review documents;

(2) Limit the discovery or admissibility of the testimony as to the identity of relevant witnesses or the identification of any relevant documents other than compliance review documents;

(3) Apply if the financial institution or affiliate expressly waives the privilege in writing;

(4) Apply if a compliance review document or matters learned in connection with a compliance review are voluntarily disclosed, but only to the extent of that disclosure, to a nonaffiliated third party other than a federal or state regulatory agency or legal counsel for or independent auditors of the financial institution or affiliate; or

(5) Apply to any information required by statute, rule, or federal regulation to be maintained by or provided to a governmental agency while the information is in the possession of the agency, to the extent applicable law authorizes its disclosure. [1997 c 435 s 4.]

RCW 7.88.040 Court review of application of privilege—Disclosure order. In a proceeding in which the privilege provided by this chapter is asserted, a court of competent jurisdiction may determine after in camera review that the privilege does not apply to any or all of the documents for which the privilege is claimed, and if so, the court may order the materials disclosed but shall protect from disclosure any other material in or related to compliance review

documents or to activities of compliance review personnel to which the privilege does apply. [1997 c 435 s 5.]

RCW 7.88.050 Other privileges not limited, waived, or abrogated.

This chapter does not limit, waive, or abrogate the scope or nature of any other statutory or common law privilege of this state or the United States, including the attorney-client privilege. [1997 c 435 s 6.]