

Statement of Dr. Jeffrey Lacker

During the past 13 years it has been my privilege to serve as President of the Federal Reserve Bank of Richmond. It has also been an honor to contribute to the development of our nation's monetary policy as a member of the Federal Reserve's Federal Open Market Committee ("FOMC").

While transparency of the monetary policy process is important, equally important are the confidentiality policies that protect the internal deliberations of the FOMC and ensure the integrity of our financial markets. The Federal Reserve's confidentiality policies seek to guide participants in maintaining the balance between transparency and confidentiality. The FOMC has had in place for many years two specific policies relating to confidentiality: the FOMC Policy on External Communications of Committee Participants (the "External Communications Policy") and the Program for Security of FOMC Information (the "Information Security Policy").

In 2012, my conduct was inconsistent with those important confidentiality policies. Specifically, on October 2, 2012, I spoke by phone with an analyst ("the Analyst") concerning the September 2012 meeting of the FOMC. The Analyst authors reports on Federal Reserve matters on behalf of Medley Global Advisors ("Medley"). Medley publishes macro-economic policy intelligence for institutions such as hedge funds and asset managers and is owned by the Financial Times Limited.

During that October 2, 2012 discussion, the Analyst introduced into the conversation an important non-public detail about one of the policy options considered by participants prior to the meeting. Due to the highly confidential and sensitive nature of this information, I should have declined to comment and perhaps have ended the phone call. Instead, I did not refuse or express my inability to comment and the interview continued. Additionally, after that phone call, I did not, as required by the Information Security Policy, report to any FOMC personnel that the Analyst was in possession of confidential FOMC information. When Medley published a report by the Analyst the following day, October 3, 2012, it contained this important detail about one of the policy options and I realized that my failure to decline comment on the information could have been taken by the Analyst, in the context of the conversation, as an acknowledgment or confirmation of the information.

I deeply regret the role I may have played in confirming this confidential information and in its dissemination to Medley's subscribers. In this episode, as in all of my communications with analysts, journalists and the public, it was never my intention to reveal confidential information. I further acknowledge that through this and other conversations with the Analyst, I may have contravened the External Communications Policy, which prohibits providing any profit-making person or organization with a prestige advantage over its competitors.

Following these events, I was interviewed on December 10, 2012, as part of an internal review conducted by the General Counsel of the FOMC. In advance of that interview, on December 6, 2012, I provided written responses to a questionnaire issued by the General Counsel seeking, among other things, all relevant information regarding my communications with the Analyst. Although it was my intention to cooperate fully with the internal review, I regret that I did not disclose to the General Counsel, either in my December 6, 2012 questionnaire or the December 10, 2012 interview, that the Analyst was in possession of confidential information during my conversation with her on October 2, 2012.

In 2015, I was interviewed again as part of a separate investigation conducted by the United States Attorney's Office for the Southern District of New York, the Office of the Inspector General of the Federal Reserve Board, the Federal Bureau of Investigation, and the U.S. Commodity Futures Trading Commission. In this subsequent 2015 interview with law enforcement officials, I did disclose that the Analyst was in possession of confidential information during my October 2, 2012 conversation with her.

I apologize to my colleagues and to the public I have been privileged to serve. I have always strived to maintain the appropriate balance between transparency and confidentiality, but I regret that in this instance I crossed the line to confirming information that should have remained confidential. I previously announced my intention to retire as President of the Federal Reserve Bank of Richmond in October 2017, and in light of these matters I have decided to make my departure from the Federal Reserve effective today.