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Executive Director of Legislative
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Memo

June 19, 2009

As most of you may be aware an article was published last week in the *Wall Street Journal* entitled "[Failed Banks Dot Georgia's Vista.](#)" Conveniently using partial and/or out of context quotes from regulatory and trade association officials, the article implied there were serious safety and soundness problems with almost all banks in Georgia and stated that one cause of the banking problem in Georgia is "the division of power between state and federal regulators."

CBA has written a [letter to the editor](#) of the *WSJ* taking issue with the conclusions of the article and with its use of convenient sound bites to sensationalize the story. We told the editor that such methods do not contribute to a true understanding of the facts.

In view of the ongoing debate and upcoming Congressional hearings on regulatory restructuring, we found the statement about one cause of the banking problem in Georgia being, "the division of power between state and federal regulators," quite disturbing. Amplifying their statement with the use of a partial quote from Commissioner Rob Braswell to imply that state and federal regulators, in particular the FDIC and the state banking department, are at cross purposes with each other is misleading and reflects the authors' total lack of understanding of how the regulatory system for state chartered banks works.

Also, one of the sound bites used was from Cam Fine the President and CEO of the Independent Community Bankers Association of America (ICBA). After speaking with Cam, we learned that the quote was used totally out of context, but Cam nevertheless wants to express his apologies to all Georgia community bankers who may have been offended for his choice of words in his interview with the reporter from the *WSJ*. Cam asked that we distribute the following email from him to you to allow him to apologize directly.

MEMORANDUM

TO: Presidents & CEOs of Community Banks in Georgia

DATE: June 15, 2009

FROM: Camden Fine, ICBA President & CEO

RE: *Wall Street Journal* Article

I am writing to you in regard to the June 10th *Wall Street Journal* article titled "Failed Banks Dot Georgia's Vista," in which I was quoted. First, let me say that I sincerely meant no offense to you or any community bank in Georgia and deeply regret if offense was taken. If I had read those words from where you sit, I too would be upset. I have given nearly daily press interviews since the current financial crisis began, so this was bound to happen sometime. Any phrase taken out of context can take on a meaning not intended by the speaker. The essence of my message would have resulted in a totally different impression on the

part of the reader if my quote had been accurately placed within the full interview granted to the *Wall Street Journal*.

My quote was part of a larger reference to how unfair it is that because federal bank regulators have a negative view of economic conditions in Georgia and the Southeast (especially regarding real estate), they are subjecting community banks in those regions to much harsher examinations than banks in lesser affected states. However, I should have realized my statements could be lifted out of context and the meaning changed.

So that everyone has the full story, during a 40 minute interview by the reporter, my message was that the vast majority of Georgia community banks are coping fairly well with the tough economic conditions in certain parts of the state, but that the regulators are totally overreacting and are being unreasonably severe. I focused on drawing attention to the challenges faced by many Georgia banks, and the fact that bank regulator overreaction is falling disproportionately hard on the banks in Georgia and a handful of other states. ICBA is working diligently to convince the bank regulatory agencies that they need to give banks in states like Georgia, California, Michigan and Florida more time to work out of their challenges. Many bank regulatory personnel in Washington consider states like Georgia as economically damaged and, therefore, regardless of location or actual condition, paint all banks in Georgia and some other states with the same unfair examination brush, particularly in relation to states that have not been as hard hit. I have spoken out in public on this matter many times and will continue to do so. ICBA has raised this concern with the agencies on numerous occasions.

Over the past year, ICBA has achieved many remarkable regulatory and legislative successes on behalf of community banks, most recently being our resounding success at getting the FDIC to reduce the proposed 20 basis point special premium assessment to five basis points and having the assessment formula apply to total assets minus capital-thus shifting \$500 million dollars in premium burden off the backs of community banks and onto the Wall Street mega banks. ICBA is focused on achieving parity for the community banking sector within the greater financial services arena. We have made great strides over the past few months in that effort.

Again, I am terribly distressed that the *Wall Street Journal* lifted one sentence from a lengthy interview without reporting the meat of what I said about community banking in Georgia. We at ICBA admire the fighting spirit of the community bankers in Georgia for persevering through a very difficult economic and regulatory environment. ICBA will continue to fight in Washington with everything we have for your best interests.

You may reach me directly by emailing camden.r.fine@icba.org and you can call me at (202) 821-4424 or our general 800 number which is (800) 422-8439.

Please visit me if you find yourself in Washington.

Best personal regards,
Cam

Community Bankers Association of Georgia

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