



CSBS

InBOX

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CSBS Congressional Fly-In

The Conference of State Bank Supervisors (CSBS) held its annual Washington Fly-In March 22 and 23, meeting with members of Congress and key policymakers to represent the state side of the dual banking system. An assembly of state banking department officials kept to a full schedule of policy briefings and visits with members of Congress. Attending the Fly-In from the Oklahoma State Banking Department were Deputy Commissioner Charles Griffith, Dudley Gilbert, Regina Rainey, Shawn Burcham, Gwen Wright, and Mo Wilson.

The annual Fly-In program is designed to provide CSBS an opportunity to communicate its position on current legislative issues on Capitol Hill, as well as for commissioners to receive first-hand information from key members of Congress who deal with banking issues on a day-to-day basis.

With no shortage of issues on the agenda, the Fly-In attendees spent Monday on regulatory matters, meeting with FDIC Chairman Sheila Bair and key supervisory staff, Treasury Assistant Secretary for Financial Institutions Michael Barr, and all five members of the Federal Reserve Board led by Chairman Ben Bernanke and Vice Chairman Donald Kohn.

On Tuesday, delegates met with House Financial Services Committee Chairman Barney Frank (D-Mass) and Ranking Member Spencer Bachus (R-Ala), as well as Chairman Chris Dodd's chief of staff Ed Silverman and Senate Banking Committee Member Senator Bob Corker (R-Tenn).

The big news during the Fly-In was the Senate Banking Committee's surprise passage of Chairman Chris Dodd's 1,336-page regulatory reform bill in a flat 21 minutes. In comments to the CSBS group on Tuesday, Chairman Frank stated that his goal is to have a bill on the President's desk by Memorial Day, while Senator Corker and Silverman said that there is a good chance of that happening.

FDIC Forward-Looking Supervision

Roger Brock, Jon Morphis, Rick Nelson, and Paul Qualls attended a Forward-Looking Supervision meeting presented by the FDIC. The meeting began with a video of Sandra Thompson recounting the lessons learned from the CRE crisis that has contributed to the current economic climate.

Thompson's main point was that although the FDIC made many suggestions while the CRE crisis was developing, they did not enforce the recommendations quickly enough.

The presentation highlighted the need to dig deeper into the examination process, to look beyond the information in front of the examiner and determine if there are any issues lying underneath the surface that need to be addressed. Numerous case studies were presented for the attendees to evaluate using the techniques discussed.

Primarily, the most important points made during the presentation were:

1. Look for deviation from the bank's normal business plan whether in lending or investing.
2. Look for abnormal dependency ratios where funding loans is tentative.
3. Examine the risk controls used by management for their effectiveness.
4. Purposely evaluate whether current capital ratios are appropriate given the risk profile of the bank.
5. Begin utilizing the Matters Requiring Board Attention at all troubled institutions where the Board needs to take immediate action on certain issues.