

From: [Ken Hale](#)
To: [Comments](#)
Subject: [REDACTED] August 23, 2024 Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions;
Comment Request (RIN 3064-AF99)
Date: Friday, November 15, 2024 5:04:18 PM
Attachments: [REDACTED]

Mr. James P. Sheesley
Assistant Executive Secretary
Attention: Comments—RIN 3064-AF99
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Dear Mr. Sheesley:

My name is Ken Hale and I am the President/CEO of BOM Bank, a Certified Depository Financial Institution (CDFI) that is headquartered in Natchitoches Louisiana. I am the 5th generation of my family here at BOM. My family helped form BOM in 1903.

Brokered Deposits have been an issue that has been at the forefront the majority of my 30 years here at BOM. Over the years we have gone from 1 location with approximately 18mm in assets to today have 19 locations with over 1.2 billion in assets. We have always met the needs of our communities in lending as is proved with our long term CDFI status. Generating loans in our markets is much easier than generating the deposits so we have used brokered deposits for years now. We take the brokered deposits and lend and invest in small businesses, municipalities and individuals in the markets we serve.

I completely understand the fear the FDIC has in brokered deposits being abused by a bank/banks taking in brokered deposits and making large out of market loans. But for us banks who manage brokered deposits prudently, lend/invest these funds locally, for the life of me I can't understand the difference in brokered funds compared to local deposits.

I know regulators love to call brokered deposits "hot money" but I cannot recall a single brokered deposit we have ever had that closed their accounts out prior to maturity. But our local customers, closing accounts early for various reasons happens all the time. I have always viewed well managed brokered deposits as a positive and not the negative regulators have had.

The SVB failure I think is a perfect example. SVB had little to no brokered funds, had so called “core” deposits and as soon as rumors spread of SVB’s issues, “core” deposits left and left in seconds. If SVB had brokered deposits, those deposits would have more than likely stayed and the liquidity crunch would never have happened.

The calling of local deposits, under a certain dollar amount “core” is about the biggest fallacy in the banking industry. When the internet was invented “core” deposits were no more. And with the invention of apps & digital banking, a person can bank anywhere in the nation, so “core” is no more.

Some of our toughest competition are the broker dealers/investment firms, Edward Jones, Ameriprise etc. These firms take our “core” deposits.

I could go on for a whole lot more. But I implore you, for the sake of the community banking industry, lighten the burdensome regulation for community bank who prudently use brokered deposit, please don’t make it hard on us!

I thank you for your time.

Ken Hale

President & Chief Executive Officer



BOM

*Did you enjoy working with me?
Please leave me a review!*



This transmission may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein is strictly prohibited. If you have received this communication in error, please immediately notify us by telephone at (318) 238-2330 and destroy the original message in both electronic format and hard copy. This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error, please notify the system manager. Please note that any views or opinions presented in this email are solely those of the author and do not necessarily represent those of the bank. Finally, the recipient should check this email and any attachments for the presence of viruses. The company accepts no liability for any damage caused by any virus transmitted by this email. Thank you for your kind cooperation.

This message was secured by **Zix**[®].