

From: Ted Benghiat <TedB@sfgfinancial.com>
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Subject: [EXTERNAL MESSAGE] February 10, 2020 - Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions; Notice of Proposed Rulemaking; Comment Request (RIN 3064-AE94)

As a principal of a broker dealer I would like to offer my opinion on the use of brokered deposits. In the past it was viewed that brokered deposits were expensive. A lot has changed since the 1980's. In the majority of the cases brokered deposits are a much cheaper cost of funds and avoids local competition for deposits. As an example today a 1 year brokered deposits is costing banks a total cost of .35% where today I have seen my local banks paying 1% and higher. Another misconception is that broker deposits are the cause of reckless behavior. The emphasis should be more [monitoring](#) on the loan side than on the deposit side. Additionally, in the past it was assumed that brokered funds [are](#) a source of hot money, that too is a misconception as brokered deposits tend to be longer term providing the bank adequate time to plan for the upcoming maturities [and renew the deposit or replace it](#). Additionally, with the [advent of the internet](#) and rate services investors have the ability to move their funds much easier than ever before. Brokers [serve similar types](#) of investors that the rate services do [and yet are the only ones that have the stigma](#). The only difference [between brokers and other services](#) is how we get paid and that in itself should not penalize legitimate companies. [To summarize](#) if banks want [access](#) quick funds using a broker is not the only means, they can offer aggressive rates locally on the internet [or on the](#) rate service platforms. It is time to take the stigma off the brokered deposit issue and allow prudent banks to operate more efficiently.

Ted Benghiat

Principal

ICD Securities, Inc.
7301 SW 57th Court, Suite 400
South Miami, FL. 33143
PH. 305-669-5168
FX. 305-669-5172

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7301 SW 57th Court, Suite 400
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