

September 27, 2010

Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington, DC 20429-9990

**ATTN: Financial Institution Letter FIL-47-2010**

Dear Sir/Madam:

On behalf of California Bank & Trust ("CB&T") we wish to thank the FDIC for providing us with the opportunity to comment on the Financial Institution Letter ("FIL") regarding Overdraft Payment Programs and Consumer Protection published on August 11, 2010. CB&T is committed to providing clear and meaningful disclosures and other communications to our customers regarding all banking issues relating to their accounts including overdraft programs, features, and options. CB&T is among the leading banks in California with over \$10 billion in assets and branch offices located throughout the state. California Bank & Trust is a subsidiary of Utah-based Zions Bancorporation a \$58 Billion bank holding company.

We provide the following comments to each expectation listed in the FIL:

**FDIC Supervisory Expectations**

- *Board and Management Oversight of Overdraft Program*  
Our current practices address this expectation. Our corporate compliance group performs testing of overdraft practices including the opting out of paying overdrafts and fee practices. Our internal audit group currently provides oversight by auditing the overdraft system, branch approval process at branches including limits and timely action on overdrafts. Overdraft collections are audited for proper and timely action. All audit results are reported to the Audit Committee of the Board of Directors.
  - *Marketing and Disclosure*  
Our current practices address this expectation. To avoid customer confusion, our corporate compliance group reviews the ongoing disclosures of the overdraft program and all advertisements of related products are reviewed by each affiliate's compliance manager.
  - *Training*  
Our current practices address this expectation. We provide online training annually to all applicable staff on overdraft requirements of Regulations DD and E to ensure employees are well-versed and able to assist with customer questions and help them make informed decisions regarding their overdraft options.
-

- *Account Balance Information*

Our current practices address this expectation. We have always complied with the January 1, 2010 Regulation DD requirements to distinguish actual deposit balances from any overdraft coverage amounts. Balances provided at ATMs, over the phone, or in person do not include any overdraft coverage amounts.
- *Account Monitoring for Excessive Use*

We disagree with this recommendation. The proposed monitoring of chronic or excessive use of overdraft services and required contacting of consumers after a particular event is unnecessary. The recent Regulation E and DD amendments which benefit all consumers required significant operational changes; additional FDIC expectations above the regulatory requirements are particularly onerous. We feel the consumer is sufficiently educated and informed of the Bank's overdraft practices including fees and options as listed below:

  - We provide clear and conspicuous overdraft disclosures at account opening
  - Periodic statements include any amount of fees charged for the period and year to date
  - An opportunity to opt out of ATM and one-time debit card transactions is provided
  - We currently provide a courtesy overdraft notice by mail of each overdraft occurrence.
  - We train our employees in the availability of all overdraft protection options
- *Daily Limits*

Further clarification is requested. We are in the process of reviewing appropriate daily limits on customer overdraft fee thresholds. The proposed guidance does not clearly define the FDIC's definition of "chronic" or "excessive" customer use. Further guidance regarding the FDIC's opinion on appropriate daily limits would be appreciated.
- *Consumer Counseling*

We disagree with part of this recommendation. Each of our major markets offers various types of community-based no or low-cost credit counseling services which are advertised and made available to the general public. We feel this is sufficient and don't believe further notification by the Bank of these outside services is necessary. Modifying our employee training program to include the availability of these services would be beneficial.
- *Clearing Order Procedures*

We agree with this recommendation. We recognize that any clearing order will be beneficial to some but not all customers and are evaluating alternatives for an objective standard that provides an impartial clearing order. We currently and will continue to clearly disclose our clearing order in our customer disclosures.
- *Compliance Program*

Our current practices address this expectation. We maintain a robust compliance program, reviewed and updated annually, that addresses all regulations and acts including Truth in Savings, Electronic Funds Transfer, and Equal Credit Opportunity Act. The program is designed to mitigate credit, legal, reputational, safety and soundness, and other risks.

**Summary**

In summary, we are generally in agreement with the guidance; however, we are concerned with some of the proposed expectations. We realize this is titled as guidance but our experience has shown that guidance becomes expectation which in turn becomes regulation without going through the proper channels. We are concerned that the FDIC expectations will put FDIC banks at a disadvantage to OCC regulated banks. Likewise, the holding company which has both FDIC and OCC regulated banks, may have to contend with conflicting regulatory guidelines (i.e. different definition of "chronic" or "excessive"). Thank you again for the opportunity to provide comments on the proposed guidance.

Sincerely

A handwritten signature in black ink, appearing to read "M. Sinclair", with a long horizontal line extending to the right.

Maxwell Sinclair  
Compliance Manager  
California Bank & Trust