



11-5-2013

Mr. Robert E. Feldman

Executive Secretary

Attention: Comments

Federal Deposit Insurance Corporation

550 17<sup>th</sup> Street NW

Washington D.C. 20429

**Re: Comment by Pinnacle Bank FDIC Certificate # 10634 on Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies**

Pinnacle Bank, Lincoln, NE, a \$3.7 billion community bank subsidiary of Pinnacle Bancorp, a \$7.5 billion multi-state bank holding company, appreciates the opportunity to comment on these proposed Standards for Assessing Diversity Policies. After review we have determined that implementation of these standards will be problematic for our banks for multiple reasons, and adoption as proposed would be ill advised.

The additional expense that will be incurred in implementing and complying with the standards will be substantial. This will add to the additional employee and software compliance expense already imposed on banks by the Dodd-Frank mortgage regulations and wire transfer remittance rules. Implementing these new standards for a bank our size will require retaining a full time professional experienced in both bank employment and bank procurement. Finding a senior level employee with skills in both these areas will be difficult and expensive. If someone with experience in both fields cannot be found, it may be necessary to retain multiple new employees. The new employee(s) will also require staff, office space and other logistical support. Data management and analysis will involve programming time and cost. Additional cost to the bank will be imposed by the provisions for employee education and training, as well as conducting outreach programs and participating in conferences and workshops. This may require travel as well as presentation preparation expense. For an institution of our size these additional employee and related costs will be substantial; for smaller community banks it may be prohibitive.

Many of the employment standards requirements are already addressed by federal and state law, documented in our bank's preparation and filing of the EEO-1, and included in the Affirmative Action Plan adopted by our bank. The EEO-1 data is reviewed by bank management annually. The Affirmative Action Plan contains the bank's plans for diversity within the workforce and is administered by Senior Management. Adding the employment diversity standards would be unnecessarily duplicative.



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Our bank has branch offices in both urban and rural locations. The option of selecting from multiple vendors simply does not exist in most rural locations. The bank must contract with suppliers willing to provide services to those locations. Adhering to a standard that requires supplier diversity will either require extremely expensive out of market area contracting, or will simply not be possible.

The standards require obtaining information on suppliers and on their subcontractors that may well be considered confidential or proprietary by those companies. At best the information obtained on these vendors will be fragmentary and of little value in developing any meaningful baseline data. Aggressively requesting this information may unnecessarily chill existing long term relationships with these vendors.

Finally the requirement to perform self- assessments at the level, and in the format established by the standards will expose banks to probable expensive and reputation damaging litigation. Posting employment and procurement assessment data on bank websites, and providing this same assessment data in discoverable format to the FDIC is an open invitation to individuals and law firms engaging in predatory and often frivolous litigation. Placing such detailed assessment information on the bank's web page may also have privacy implications, and provide sensitive competitive intelligence to banks competing in the same markets.

In summary we oppose the implementation of these standards as extremely costly, duplicative of existing policies and practices, unnecessary and of little value to either banks or regulatory agencies.

Again, we appreciate the opportunity to comment on these proposed standards.

Sincerely,



**Mark A Hesser**

**President**

**Pinnacle Bank, Lincoln NE**