

BANK OF COMMERCE

221 3rd St. • P.O. Box 50
Rawlins, WY 82301
(307) 324-2265

Robert E. Feldman
Executive Secretary
Attention: Comments, Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

March, 10, 2020

**Re: Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions
RIN 3064-AE94**

Dear Mr. Feldman,

I am President and CEO of Bank of Commerce in Wyoming. We work with a large rural community including some of the small towns we serve being up to 80 miles away and do not having any other banks available. We go out of our way to work with those small-town customers and help with all of their banking needs. I am now worried about our ability to serve those towns because of the proposed rule and the impact it could have on our bank. Due to the remote nature of our bank, we have to use third party vendors to help us take care of our customers. We simply do not have the resource or the expertise in our small communities to be able to go at this alone. Third party partnerships are critical to our existence. Most of our products are all provided by third party vendors including data, computer, IT, marketing, core processing services and more.

We do a lot of research to verify that the innovations and vendors we are paying for are adding value to our customers as well as the bank. We feel that we are able to provide the same services as megabanks but at a much more affordable price with personal service. We are not a bank that “fees our customers to death” and we are a partner with our customers as Carbon County’s only home-owned bank that has been ran by my family since 1984.

The FDIC’s proposed rule could cause us to change the way we handle some of our products we currently offer. For example, our bank offers free checking accounts that provide our customers with rewards and reimbursements of other institution’s ATM withdrawal fees when they utilize services such as direct deposit, debit card purchases and e-statement enrollment. We utilize a third-party to help us manage the distribution of these rewards and to consult with us on how we can expand the direct relationships we establish with individual depositors via these attractive accounts. As currently written, the proposed rule’s “facilitating the placement of deposits” definition would eliminate our ability to engage this third party and we would need to either treat these deposits as brokered or withdraw the accounts and replace the corresponding deposits with other sources like 1 year or 5 year certificates of deposits.

Carbon County's Only Home-Owned Bank

We certainly do not believe that the FDIC's intent was to require banks that utilize third parties to help market and attract local deposits would be required to count those types of deposits as brokered since they are not brokered and many are converted from our current core deposit base. The proposed rule warrants revisions, and I ask FDIC Staff to incorporate the following perspectives within its final rule:

1. Third-party services providers are essential to my business. They help me operate in a safe and sound manner, offer innovative products and services to my community and assist me in serving my customers the way they want to be served. Third-party service providers that help me to establish direct relationships with individual depositors should be expressly excluded from the definition of deposit brokers or, at minimum, there should be a bright-line standard under the primary purpose exemption within the rule to exempt such third-parties. I own the depositor relationship, the third-party does not, so I should not be restricted from using external resources to serve my customers and my community.


2. From a supervisory standpoint and from safety and soundness perspective, the FDIC encourages banks to build their funding upon individual depositor relationships that are established directly between the bank and the depositor. These relationships are manifested in the deposits residing in transaction and relationship-based accounts (i.e. individuals who use multiple services – checking, savings, direct deposit, online bill pay, debit/credit cards, loans, etc. – from my institution). These individually acquired deposits are stable sources of funds that contribute positively to my franchise value and do not represent the risky “hot money” that is the FDIC's focus. Therefore these deposits should be exempt from the brokered deposit definition.

3. The proposed definition of “facilitating the placement of deposits” focuses on the activities of third-parties. I respectfully ask that the definition be revised so that it does not inappropriately capture third-parties who provide services to banks that enable the banks to establish deposit accounts directly with individual depositors.

4. The proposed rule seems to discount the entrenched partnerships that have been established between banks and third-parties based on existing FDIC Advisory Opinions. Significant time and resources were invested in securing these Advisory Opinions, and the proposal does not adequately consider the effect of withdrawing these opinions. Elimination of these Advisory Opinions may dramatically alter my ability to serve my community and as such, I request that all prior FDIC Advisory Opinions be maintained post final rule.

Thank you for your consideration.

Kind regards,



Copper W. France
President and CEO
Bank of Commerce