



MBA Advocacy Report

Michigan Bankers Association • 517-485-3600

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April 28, 2006

Wal-Mart Takes Center Stage

The FDIC held its first hearing on Wal-Mart's application for deposit insurance on April 10. Art Johnson, chairman & CEO of United Bank of Michigan, Grand Rapids, and chairman of the ABA Government Relations Council, testified on behalf of the banking industry.

"It's clear that Wal-Mart has both a demonstrated appetite to engage in full-servicing banking and has a recent and ongoing track record of expanding the retail banking services it offers," said Johnson. "Given this record, Wal-Mart's application presents an unprecedented challenge to the settled policy of keeping banking separate from nonfinancial commerce. It risks a direct and irreparable breach of policy."

The second and final hearing was held on April 25 with similar testimony from the banking industry.

In addition, House Financial Services Committee ranking member Barney Frank (D-Mass.) spoke out against Wal-Mart's application. He stated that the FDIC does not have the authority to prevent the retailer from using the charter to expand into retail banking.

Credit Union News

Oppose CURIA II. Bankers across the country are being asked to once again contact their Congressmen to ask them to oppose the Credit Union Regulatory Improvements Act (CURIA). CURIA appears stalled, thanks in part to a previous letter writing campaign by bankers, but it is not dead. Now we need to finish the job. You can quickly send a letter using our website's legislative action service. It's easy and painless. [Click here.](#)

Credit Union Inquiry Expanded. The U.S. House Ways and Means Committee expanded its inquiry into the credit union industry to include state-chartered credit unions. The committee had previously asked federal credit union regulators to begin collecting information on credit union membership, executive compensation, CU service organizations, and unrelated business income tax. They have now asked state credit union regulators to begin collecting the same data.

DFCU Ends Conversion Attempt. This month, DFCU Financial Federal Credit Union (DFCU) voluntarily withdrew its application to convert from a credit union to a mutual savings bank. The DFCU Board of Directors made this decision based on member feedback and the level of misinformation that has resulted from the communication constraints imposed by the prescribed regulatory conversion process.

This whole episode again demonstrates major flaws in the process for credit union charter conversions, and in the role of regulators with conflicted agendas. Communications by the boards with their own members are restricted by regulators, while outside advocates are free to say and imply virtually anything. It appears credit union conversions, at least in Michigan, are not a matter to be determined by well-informed members of the credit union, but rather by political campaigns by outsiders.

CU Conversion Hearing. This U.S. House Financial Services Committee will hold a hearing on credit union conversions and the CU Charter Choice Act. The Act would provide much needed clarification of the conversion process of credit unions to banks. The hearing will be held sometime in May.

Capital Access Program Off to Good Start

The Capital Access Program (CAP) is up and running as of April 1. To date, 21 banks have signed on and there are currently six loans approved totaling \$449,000. The MBA has arranged three informational meetings on the CAP rollout and a fourth (conference call) is scheduled for 9 a.m. on Tuesday, May 2. If you would like to participate, please contact Todd Willoughby at 517-342-9059 or twilloughby@mibankers.com. For more information, visit the CAP page on our [website](#).

ABA Compares Data Security Bills

The ABA has provided updated charts that compare the four major data security bills in the House and Senate. Read a detailed chart on [major data security bills](#). Read a [summary chart](#).

MiBankPAC Receipts Lag Behind Last Year

As of today (April 28), MiBankPAC receipts total just \$59,000. At this time last year, receipts were over \$103,000.

As you know, MiBankPAC is vital to the success of the banking industry. In this election year, political and economic policy is up for grabs as almost every state office is up for election. Michigan banks must have a unified political voice in 2006 to support and elect the right people for public office. That voice is your MiBankPAC.

On the brighter side, six member banks have now reached 100% participation among their directors, officers and managerial staff in the 2006 MiBankPAC campaign. The CEOs who ran these successful campaigns include: Bill Ellis of The Blissfield State Bank; Bill White of Dearborn Federal Savings Bank; Tim Ward of Eastern Michigan Bank, Croswell; Sandra Willis of Exchange State Bank, Carsonville; Bill Benear of Firstbank-Lakeview; and Paul Patterson of State Savings Bank, Frankfort. The Blissfield State Bank, Dearborn Federal Savings Bank, Firstbank-Lakeview, and State Savings Bank, Frankfort, also achieved 100% last year.

Update on Minimum Wage Bill

A debate is brewing in the business community about whether the recent minimum wage increase legislation makes some employees newly eligible for overtime compensation. After our own analysis, the MBA is participating in an ad hoc group representing the interests of various businesses to evaluate whether there is a real versus academic issue and how to address the situation if need be. We will update you as the issue is sorted out.

The following DLEG link should help employers negotiate the overtime exemption maze. Click on the link; scroll to Wage & Hour Division; and then scroll to Minimum Wage and Overtime. There you will find a section entitled "Guides" which provides information on which employers are subject to federal law and which employees are considered exempt under Michigan law. <http://www.michigan.gov/cis>

SBT Phasing Out

MBA Director of Government Relations Matt Hanley, our representative at the Michigan State Chamber Tax Committee and in discussions with our MBA Tax Committee, warns that the SBT is almost certainly phasing out by 2008. The replacement tax (and there will be one) is uncertain at this time.

Group Meetings Coming Soon

This year, many MBA Group Meetings will include check presentations to and keynote addresses from your elected officials. The meetings will be an excellent opportunity to meet and chat with the legislators whose decisions affect your bank's bottom line and your community's well being. [Click here](#) to see the group meeting calendar and download registration info.

If you are interested in past issues of the Advocacy Report – [click here](#).

FOR MORE INFORMATION, or if you have any questions about any items mentioned in this report, please contact [John Llewellyn](#) at (517) 342-9058.