Testimony of

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For the

STATE OF NEW YORK

on behalf of the

CONFERENCE OF STATE BANK SUPERVISORS

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Good morning Chairwoman Kelly, Congressman Gutierrez and members of the Subcommittee. I am Diana Taylor, Superintendent of Banks for the State of New York and am here today testifying on behalf of the Conference of State Bank Supervisors (CSBS). I thank you for inviting CSBS here today to discuss our concerns about the Comptroller of the Currency's recent preemption of state consumer protection laws and enforcement authority.

CSBS is the professional association of state officials who charter, regulate and supervise the nation's approximately 6,200 state-chartered commercial and savings banks, and more than 400 state-licensed foreign banking offices nationwide.

CSBS brings all of the state bank supervisors together at the national level to coordinate, communicate, advocate and educate on behalf of the state banking system. We commend you on this important and timely hearing, and we especially appreciate this opportunity to represent state banking's views on the interplay of state and federal laws that govern the operation of banks and their subsidiaries.

As you know, the Comptroller of the Currency has recently issued sweeping regulations that seek to preempt almost all state laws that apply to national banks and their subsidiaries. This regulation also tries to shield all national banks – and their subsidiaries – from oversight, inspection and enforcement actions by any state authority, including the state attorneys general.

The Comptroller has said that these new regulations are merely the next natural step in that agency's interpretation of the National Bank Act, the Riegle-Neal Interstate Banking and Branching Efficiency Act, and Gramm-Leach-Bliley.

The Comptroller has also said that these changes are incremental in nature and unlikely to have major effects on the banking industry or on consumers' experiences with financial institutions.

Chairwoman Kelly, members of the Committee, these claims are not true. These regulations are not minor or incremental changes. Their scope is nearly unlimited, and their implications are potentially enormous. These regulations exceed the OCC's statutory authority and disregard Congressional intent. The OCC adopted these regulations over the strong objections of CSBS, the National Governors Association, the National Conference of State Legislatures and all fifty state attorneys general. In adopting the regulations, the OCC ignored your own request for extra time to consider their implications. Instead, the OCC issued a set of regulations that may affect millions of consumers across the country without a public hearing and without meaningful consultation with the parties these regulations would affect.

The states recognize that technology is changing the delivery of financial products and that many large banks and some small banks look less like the old commercial bank and more like the diversified financial services providers envisioned by the Gramm-Leach-Bliley Act's financial modernization. We appreciate that the largest financial services providers want to see more coordinated regulation and want to be able to easily realize their plans to create a nationwide financial marketplace. Their business desires are understandable. However, The Comptroller's stealth plan to cater to their desires is neither easily understandable, nor is it is reasonable.

The OCC's new regulations usurp the powers of the Congress, stifle state efforts to protect their citizens, and threaten not only the dual banking system but also public confidence in our financial services industry. They challenge the functional regulatory structure created by Gramm-Leach-Bliley and set the Office of the Comptroller of the Currency as the nation's dominant regulator, not only of banks, but of a whole new class of financial institutions.

We salute the Subcommittee for holding this important hearing, and for expressing appropriate concern before this regulation became final. On a personal note, I want to say, Chairwoman Kelly, that you have been a leader on this issue.

As for the impetus of these regulations as they relate to predatory lending, I understand that financial services providers have objected to state laws that have been enacted. I myself have some disagreements with our law in New York as it's currently written. But there is a right way and a wrong way to seek to change the law. The circumvention of the legislative process is not the right way. For an unelected regulator to use the rather technical rulemaking process in an apparent attempt at regulatory empire building, sweeping away the work of thousands of state legislators to protect millions of consumers, is absolutely wrong. And let me be perfectly clear – what the Comptroller has done affects not only predatory lending laws, but all state consumer protection laws and the enforcement of those laws in the states.

If you allow these OCC rules to stand, our banking system and bank customers will be hurt.

As New York Superintendent of Banking I am concerned about New York consumers. Not just those that do business with our state chartered banks. But the New Yorkers who do business with any financial institution that operates in the state. I care so much, in fact, that in order to protect them, I have begun to work with consumer groups, financial institutions and our legislators to draft a bill that we will ask you, Congress, to pass as a national consumer protection law.

And why will I be coming to Congress to ask you to enact a law? Because in order to protect New Yorkers Congressional action will be our only recourse, if the Congress does not act now to block these regulations. If Congress cannot turn these changes aside, the next time you see me I will have this bill in my hand. This is how important this issue is.

And this is the *right* way to change a law – in public, through the democratic process.

However, does Congress want to be responsible for all financial consumer protection issues? Should the only answer be a national standard? CSBS believes that is the dynamic set forth by the OCC's actions.

We urge this Committee and the Congress to reassert their authority in this area. It remains Congress's responsibility to set the policy that bank regulators implement. Congress has already laid out a framework for the interaction of state and federal banking laws; the OCC's regulations would make that framework irrelevant and obsolete. Recognizing the needs of our diverse banking system and its consumers, the Congress should intervene to reaffirm the balance of our dual banking system and reject the OCC's drive to change our system of regulation and applicable law so radically without any Congressional input.

Importance of Decentralized Supervision

Maintaining a local role in consumer protection and a strong state banking system is more important than ever as we see a new round of mergers among our nation's largest financial institutions. These mergers make economic sense for the institutions involved, and may offer the customers of these institutions a larger menu of products and services at prices that reflect economies of scale. But the strength of our banking system is its diversity – the fact that we have enough financial institutions, of enough different sizes and specialties, to meet the needs of the world's most diverse economy. Centralizing authority or financial power in one agency, or in a small group of narrowly-regulated institutions, would threaten the dynamic nature of our economy.

Federal Reserve Chairman Alan Greenspan has said that our "decentralized and diverse banking structure" was arguably the key to weathering the financial crisis of the late 1980s and returning quickly to economic health. Compare the speed of this recovery to the centralized banking system of Japan, which has spent more than a decade in economic malaise as a result of the system's inability to confront its problems and address them.

State supervision and regulation are essential to our decentralized system. State bank examiners are often the first to identify and address economic problems, including cases of consumer abuse. We are the first responders to almost any problem in the financial system, from downturns in local industry or real estate markets to the emergence of scams that prey on senior citizens. We can and do respond to these problems much more quickly than the federal government.

The Comptroller has argued that the laws and rules states have enacted to protect their citizens are burdensome to national banks. We are sensitive to regulatory burden, and constantly look for ways to simplify and streamline compliance. It is noteworthy, however, that as technology enables the drive to a nationwide financial marketplace, it is also technology that makes compliance with both federal and state laws easier for financial institutions than at any point in our history. Since 2003 was yet another year of record earnings for the entire industry, we cannot see justification for the Comptroller's argument that national banks should be exempt from the laws that apply to any other bank or any other business in a particular state. Where is the evidence that state consumer protection laws are harming the national banking system? Why – through regulatory action – is one class of institutions being shielded from these laws?

Dual Banking System and History of Preemption

The dual banking system is part of our democratic heritage. The phrase "dual banking" refers not only to the parallel systems of state and federal banking regulation, but also to the interaction of state and federal laws for the benefit of our national and local economies. Since the creation of our dual banking system in 1864, all banks, regardless of their charter, have been subject to a combination of federal and state laws. The balance of state and federal authority has evolved, shaped by new state and federal statutes and by a growing body of case law.

In general, the principle that has governed the interaction of state and federal law over national banks is that federal law overrides state law where the two statutes directly conflict, or where the state law significantly impairs the national bank's ability to conduct its federally-authorized business. National banks and their subsidiaries have traditionally been subject to a wide range of state corporate laws, and Congress has consistently deferred to state law in several areas.

Most relevant to the current discussion is Section 24 of the Riegle-Neal Interstate Banking and Branching Efficiency Act, which provided for state law to apply to the interstate branches of national banks in four key areas -- intrastate branching, consumer protection, fair lending and community reinvestment – as long as these laws did not discriminate against national banks on the basis of their charter. This applicable law provision was a key element of the compromise that produced the nationwide branching law. Congress expressed its clear intent, in report language, that states should be able to offer all their citizens equal consumer protections, regardless of whether these citizens used a state or a national bank.

The ten years since the passage of Riegle-Neal have transformed the financial services industry, and in this transformation we have seen the value and strength of our dual banking system. Banks have taken advantage of their new powers under Riegle-Neal and Gramm-Leach-Bliley to offer their customers an unprecedented range of new products and services. Many of these products and services originated at the state level; my own state of New York, for example, brought the industry the ATM and basic banking, as well as the nation’s first interstate branching law.

Over the past ten years, however, we have seen a new aspect of the dual banking system’s value. As new products and services have emerged, so too have new opportunities for consumer confusion and, in some cases, abuse. The explosion of the mortgage industry created a new class of lenders for nonprime borrowers, and in some cases, these lenders engaged in predatory and fraudulent practices. New York and many other states sought remedies through regulation, legislation, and financial education campaigns. Our efforts have reached thousands of borrowers and potential borrowers, punished and discouraged predatory lenders, and provided a model for action at the federal level.

Our experience in this area shows that the dual banking system is not a museum artifact or an anachronism, but a vital and essential dynamic for promoting new financial services while offering new approaches for consumer protection.

Ten years after the passage of nationwide banking, the dual banking system is more important than ever because it ensures diversity in our financial services system, and it ensures that the regulatory system addresses local concerns as well as national concerns. In this case, that specifically means the interests of local borrowers and consumers.

The traditional dynamic of the dual banking system has been that the states experiment with new products and services that Congress later enacts on a nationwide basis. We generally discuss this history in terms of expanded powers, but the states have been innovators in the area of consumer protection, as well. States enacted CRA and fair lending statutes before the federal government did, and states are now leading the way on predatory lending, identity theft, and privacy initiatives. These state laws, which the OCC sees as burdensome to national banks, are in fact providing all of us the opportunity to see what works and what doesn't, and find the appropriate balance before seeking legislation on a national level.

CSBS does suggest, however, that there is a new dynamic in our dual system of applicable state and federal law for financial institutions, and that is the activism of city and local governments in setting the terms of lending in response to concerns over predatory lending practices. The federalism dynamic of our banking system might be enhanced by clarifying that laws governing lending are limited to state and federal laws – not city and local -- as has been the response of many state legislatures.

While it has been served up as the poster child for OCC preemption, the Georgia predatory lending statute is, in fact, a good example of how responsive the state system can be. Seeing a need for additional consumer protections, the Georgia state legislature approved a law that took effect on October 1, 2002. Problems with this statute surfaced almost immediately. Both the financial services industry and the regulators involved went back to the legislature to seek a remedy, and the legislature passed revisions to that law on March 10, 2003 – less than six months later.

The OCC is attempting to short-circuit this dynamic with the sweeping *de facto* "field preemption" of these recent regulations. States may continue to seek new ways to protect their citizens, but if the OCC's regulations were to be upheld, these efforts would be ineffectual, because the laws would not apply to the customers of most of the nation's largest financial institutions who increasingly control much of the nation's financial assets. As I said earlier in my testimony, new consumer protection laws governing these institutions would have to originate at the federal level. As you know, enacting federal legislation is a long and cumbersome process, and federal laws necessarily address problems with broad strokes that may not be appropriate for both large and small organizations within the same industry. The state system is much better equipped to respond quickly, and to tailor solutions to the specific needs of various communities and industry sectors. If you lose the states as a laboratory for consumer protections and other innovations you lose a great attribute of our federalist system – the ability to find out what does and doesn't work. And also the ability to tailor the response to the problem – Wyoming doesn't necessarily need the solution for the problems we've identified in New York.

Preemption, as the Comptroller has noted, has always been part of the dynamic of our dual banking system. Congressional preemption may be necessary at times to create uniform national standards, as with the recently-enacted Fair and Accurate Credit Transactions Act. The Conference of State Bank Supervisors supported congressional preemption in this case. But we strongly oppose broad OCC regulatory preemption in the absence of express guidance from Congress or meaningful consultation with the states.

Riegle-Neal, in fact, lays out a process of notice and consultation for the preemption of state laws, and does not contemplate the kind of *de facto* "field preemption" embodied in these new OCC regulations. This process is rooted in our democratic tradition, ensuring accountability, while allowing action when necessary. The Comptroller of the Currency has justified his recent actions by saying that they will improve the operating efficiency of national banks; is this purported operating efficiency worth discarding our democratic process?

A New Class of Unregulated Institutions

Congress created a structure for functional regulation and consistently expressed concern about consumer protection when it passed Gramm-Leach-Bliley in 1999. At the time, that structure did not contemplate the creation of a class of businesses that would not be subject to ordinary state consumer protection laws. But the Comptroller is attempting to do that through these regulations.

This is an issue that transcends banking, and in some cases transcends our traditional view of financial services. With these regulations, the Comptroller seeks to exempt an entire spectrum of mortgage banks and mortgage brokers, finance companies, title companies, leasing companies, and retail securities brokerages from local laws – *if* these companies are lucky enough to be subsidiaries of a national bank. Madam Chairman, this is not the action of a responsible regulator.

In New York, the OCC has pushed aside our more specific definition of predatory lending for a narrower, more vague standard.

The OCC defines a predatory loan as one that is made with the lender's knowledge that the borrower cannot afford the loan at the time it is made.

Our definition of predatory lending is when one or more of three events occur: first, a loan is made that is not affordable for the borrower; second, the fees and other charges imposed on the borrower have no reasonable relationship to the risk involved or the cost of services rendered by the lender in making the loan; or third, the loan has no apparent benefit to the borrower.

These three standards are straightforward. They do not require murky or subjective supervisory judgments.

What about single premium credit insurance? When financed, this is one of the most abusive products ever devised. It exists only to protect the lenders' stream of interest payments.

And what about flipping, where the borrower ends up with less and less equity until foreclosure looms? The OCC does not include either of these practices in its definition of predatory lending, but rather merely mentions them in its guidance saying that such practices *may* be abusive.

The OCC has said that it will provide the necessary oversight and enforcement to address consumer concerns. We believe that the OCC means what it says, but we question whether the agency has the resources to take on these new responsibilities. Nor has the OCC announced any plans to add the staff necessary to deal with the increased volume of consumer complaints it will receive. On the contrary, we have seen the OCC intervene time and time again on behalf of the nation's largest banks to prevent the implementation of state consumer protection laws. In these cases, the OCC has not been the consumer's advocate.

The OCC's preemption would create an uneven playing field for national banks and state chartered banks, and that concerns us. What concerns us even more, however, is that this preemption would also create an uneven playing field for consumers. Borrowers who walk into a mortgage lender, a money transmitter office or a payday lender don't know whether that business is owned by a national bank. Those borrowers have the reasonable expectation that state laws will protect them. If borrowers need to seek remedies, their first instinct will not be to complain to the OCC. More often than not, they will come to us – to the state banking departments and consumer credit agencies.

We will have to refer them to the OCC's consumer compliance center in Houston, Texas, knowing that the OCC may well tell these customers that they do not have the legal remedies that state laws have tried to give them.

This is not a far-fetched scenario. This is what happened in 2000, when customers of FleetBoston complained to the OCC about deceptive credit card marketing practices. These practices – raising interest rates after promising a "fixed" rate – were illegal under Rhode Island state law. The OCC wrote back to these customers saying that FleetBoston had not violated federal law, and that customers should seek remedies through their own legal counsel. But when customers sought to file a class action lawsuit against FleetBoston for violation of Rhode Island's laws, the OCC intervened with a friend-of-the-court brief in support of FleetBoston. In this case, at least, the OCC was not focused on helping consumers.

And still the OCC contends that national banks and their operating subsidiaries do not engage in abusive and predatory practices.

I beg to differ. These examples are specific to New York State.

First, the story of Mrs. N. She is 72 years old, and has lived in her Elmhurst, Queens home for more than 30 years. An unscrupulous broker solicited her for a refinance in October 2001 because she had a $2,200 tax lien on her property.

The broker told Mrs. N. that she would be able to get an affordable refinance that would reduce her existing interest rate of 9 percent. She ended up with a $105,000 loan from an operating subsidiary of a Midwest-based national bank that raised her interest rate to 10.5 percent and her monthly payment by nearly $200. Even worse, because her new loan is an Adjustable Rate Mortgage, her interest rate could grow to as high as 16.375 percent.

Mrs. N.'s new monthly payments comprise 67 percent of her monthly income from Social Security and pension. Her sole benefit from the refinance was the payoff of the tax lien, which she could have satisfied with direct payments to the New York City Department of Finance through an affordable payment plan.

Instead, the refinance cost her nearly $11,000 in closing costs (including more than $4,000 in fees), increased her monthly payments to an unaffordable level, and put her at risk of foreclosure.

Mrs. N is now in default on the loan and is working with South Brooklyn Legal Services toward a solution.

The lender violated New York State's Deceptive Practices Act and New York State's anti-predatory lending regulation. If the OCC's preemption stands, the state could do nothing but refer Mrs. N. to the OCC's call center.

The OCC would counter that this is the sort of problem they could – as their spokesperson averred in a recent news story – "solve in an hour." But it is not clear that this transaction would even be a predatory loan under the OCC's new standards.

And in case you believe that banks would not dare engage in these practices through operating subsidiaries, I have another story for you. The case of Mr. M. is one of the most egregious I have ever seen. Mr. M. is 68 years old and had lived with his wife and daughter in East New York, Brooklyn for more than 20 years. In 1999, he was forced to retire from his job at the postal service, where he had worked for more than 25 years. With his income cut in half, he quickly fell two months behind on his mortgage. Desperate, he contacted an operating subsidiary of a nationally-chartered bank about the refinance, on the referral of a lawyer. Mr. M. was sent to what he believed were their offices in Long Island to arrange the loan.

The op-sub wanted to refinance his $98,000 mortgage balance into a $135,000 loan, which increased his monthly payments by more than $500. They urged him to refinance his credit card debt into the new mortgage, telling him that it would decrease his monthly debt. As he was concerned about the credit card debt that had been mounting since he had lost his job, he agreed. He did not understand, nor was it explained, that because he was refinancing unsecured debt with an unaffordable, secured debt, the refinancing of his credit card debt would put him at risk of losing his home.

Although Mr. M. contacted the op-sub directly and did not even know that a mortgage broker was involved, the loan included both an $8,100 broker's fee and a $1,350 yield spread premium.

Mr. and Mrs. M.'s joint monthly income at the time of the loan was only about $1,800. The lender made them a loan with monthly payments of $1,367, not including taxes and insurance. When Mr. M. expressed concern about the amount of the monthly payments, he was told that he could refinance at a lower rate if he made his payments for a year. He agreed to the loan because he was desperate about his mounting debt and afraid of losing his home, and because he hoped that he could secure another job to help pay the mortgage.

He later learned that the op-sub's loan file contained an unverified falsified lease for $900 a month with the name of a nonexistent tenant. When a forensic document examiner later evaluated the lease, this examiner found that Mr. M's signature had been forged.

Failure to verify income is illegal in New York.

What protections would the Ms have under the new OCC rules? I don't know that anyone can say at this point.

Certainly they could call the OCC's compliance hotline in Houston. Maybe their problem could be solved in an hour, too.

We are resolving some of these cases, and I can tell you that they take considerably longer than an hour. In a case we have recently resolved, the mortgage affiliate of a large national bank has been made to recast and/or make refunds on 1,372 loans due to violations of New York’s predatory lending regulations. Consumers received refunds of nearly $700,000.

The debt-to-income ratio on 205 of these loans exceeded 50 percent, with no evidence that the borrowers had the capacity to repay these loans at the time they were made, nor any compelling reasons that would have justified these loans. It appears that the banker was relying on future increases in the value of the collateral for repayment.

This is illegal in New York.

The rest of the loans were found to have included points and fees that exceeded New York’s predatory lending threshold. The banker had incorrectly excluded appraisal and title fees paid to an affiliate from the compliance calculation.

This is illegal in New York.

The banker had also been excluding renewal loans, where no additional funds were disbursed, from the anti-predatory lending compliance requirements.

This is illegal in New York.

In determining the borrower’s ability to repay, the banker was excluding premiums for membership in protection plans.

This is illegal in New York.

We also found instances where the lender sold consumers products for which they did not qualify, such as disability insurance to unemployed borrowers and to borrowers on active duty military service.

This is illegal in New York.

We were able to take legal action against this business because it was an affiliate of a national bank, not an operating subsidiary. Under the Comptroller's new regulations, we would not have been able to take these actions – or win those consumer refunds – if this business were an operating subsidiary. It is not unreasonable to expect that bank holding companies, understanding this, would convert affiliates to operating subsidiaries in an effort to escape our laws.

The OCC has already challenged individual states' efforts to enforce consumer protection laws over car dealerships, telemarketers, an unlicensed trade school and an air conditioning company because all of these businesses had financing relationships with national banks. It boggles the mind to think that we have seen the OCC defend national banks' right to partner with organizations that violate state law, but this is exactly what is happening – and this, on a grand scale, would be the immediate result of the Comptroller's new preemption regulations. These regulations would effectively allow national banks to profit by "renting" their preemption authority to agency relationships.

We believe that these regulations far exceed the Comptroller's statutory authority under the National Bank Act, which generally allows preemption only when state laws significantly interfere with a national *bank*'s ability to exercise the powers of its charter. Before Gramm-Leach-Bliley, we were used to thinking of the activities of bank subsidiaries as an extension of the bank itself. Now, however, the activities of a bank's subsidiary may be so far removed from the bank that the consumer would never make the mental connection between that business and the parent bank. State regulation and oversight of these businesses, which often required separate licenses, filled any oversight gap and made sure that consumers had a local contact for complaints.

And the state mechanism for responding to consumer complaints - many related to the subsidiaries and affiliates of national banks -- has been working, with millions, even hundreds of millions of dollars being returned to mistreated consumers. After an historic 2002 settlement with a single institution, the states returned more than 500 million dollars to consumers who had been victimized by fraudulent or deceptive trade practices in 2002 alone.

States handle financial consumer complaints not only through our banking departments, but also, in many cases, through separate departments that address nonbanking consumer credit issues. The states already have networks in place for referring complaints to the appropriate agencies, and to law enforcement authorities when necessary. The states dedicate hundreds of employees to handling these consumer complaints, and these resources strain to keep up with the demand.

The Comptroller's regulations displace this network for national banks and their subsidiaries. The Comptroller's new regulation would also prevent state law enforcement authorities from intervening in potentially fraudulent or deceptive activities of businesses that happened to be owned by a national bank.

What is the justification for displacing existing resources -- for pushing aside the local cop on the beat? With limited resources at both state and federal levels, we should be talking about sharing responsibilities, not preempting valuable resources.

Conclusion

For more than 150 years, Congress has been careful to balance the interests of local government with the interests of a nationwide banking system. In enacting new banking laws, Congress has consistently paid deference to state laws in general and state consumer protection laws in particular. Riegle-Neal stipulated that state laws on intrastate branching, community reinvestment, fair lending and consumer protection would continue to apply to the branches of national banks, *unless* these laws discriminated against national banks or were specifically preempted by federal law.

The Comptroller's proposed regulations have the opposite effect, with the perverse result that state consumer protection laws would discriminate against state-chartered financial institutions. In some states, we may see legislatures move to reduce these consumer protection laws to avoid this discriminatory treatment. This is not in the public interest. Surely it was not Congress's intent.

This debate should not be about protecting or advancing one charter over another. It should not be about turf. It should be about creating the best structure for a financial services system that allows a wide range of financial institutions to compete effectively and make their products and services available to all segments of our nation, and that offers consumers protection and remedies against fraudulent and misleading practices – no matter the charter of the consumers' financial institution. If Congress finds that federal preemption is necessary to achieve this goal, we will accept that. With his actions, however, the Comptroller of the Currency is trying to cut off this discussion altogether.

The Conference of State Bank Supervisors supports nationwide banking. We support interstate operations and the ability of customers to be able to move and travel with their financial institutions, and we have worked hard to create a structure that facilitates interstate branching. We support competition in the marketplace and meaningful customer choice. We constantly seek opportunities to decrease regulatory burden and help our largest financial institutions develop more efficient operating systems. But this efficiency cannot come at the expense of the consumer, or at a competitive disadvantage to the thousands of community-based institutions that serve these consumers. Our highly diverse financial system is the envy of the world. The lesson that much of the world has never learned is that the flexibility and responsiveness of the U.S. financial markets and financial regulators are the result of our decentralized regulatory system. CSBS believes that the OCC's *de facto* "field preemption" is a dangerous move toward centralization that could rob our dual banking system of one of its greatest attributes.

We urge Congress to look carefully at this regulation and its implications, and consider whatever actions may be necessary to clarify the interaction of state and federal laws, restore the balance of the dual banking system, and reassert its authority over federal banking policy.

Ultimately, you must decide whether you are comfortable putting your constituents in the hands of an unelected official who, with the stroke of a pen, seeks to sweep aside all state consumer protection laws, and has effectively declared all national banks and their operating subsidiaries in your state exempt from the authority of your Governor, your state's Attorney General, your state legislature and your state's financial regulators.

The Conference of State Bank Supervisors wants to be part of the solution. We look forward to working with the Congress and with the federal banking agencies to build a structure that facilitates nationwide banking without harming our economies or the consumers our institutions serve.

Thank you for your attention. I look forward to answering the Committee's questions.