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April 30, 2003

Nevada Community Bankers Urge an Aye Vote on AB 389

On Monday, April 21 the Nevada Assembly passed AB 389 by a vote of 29 to 13.
Help us maintain this winning momentum in the Senate.

- **AB 389 closes a loophole in Nevada law which allows a commercial firm to establish or to purchase a thrift company.**
- **AB 389 will prevent the dangerous mixing of banking and commerce by closing this loophole in Nevada law and bringing our state into conformity with longstanding federal policy.**
- **If the loophole is not closed, a flood of commercial firms – like Wal-Mart – will buy thrift companies with full retail banking powers. This will create an excessive concentration of economic power.**
- **Fair credit decisions -- Would a commercially owned bank lend to competitors?**
The mixing of banking and commerce would jeopardize the competitive allocation of business capital and impartial allocation of credit in communities throughout Nevada and the nation.
- **Risk – Is it wise to allow a high-risk commercial firm to own a bank? What would have happened to depositors' savings if Enron had owned a bank? If a commercial firm wants to provide retail-banking services to its customers without breaching the banking and commerce restrictions, it may partner with an established bank. Thus, there is no clear policy reason or social benefit from allowing commercial firms to own banking establishments.**
- **Commercial firms as bank owners would weaken – and possibly threaten – the stability of the deposit insurance program that instills confidence in our banking system. The public will be forced to pay for the management mistakes through FDIC insurance.**
- **If the loophole is not closed, Nevada will invite other commercial firms to enter the banking business, resulting in conflicts of interest, credit decisions based on competitive considerations not creditworthiness, and potential abuses stemming from the concentration of power inherent in mixing banking and commerce.**
- **The Federal Reserve and its Chairman, Alan Greenspan, strongly support the closing of this loophole in Nevada law.**

**PLEASE SUPPORT AB 389 AND PRESERVE THE SAFETY AND SOUNDNESS OF OUR
DIVERSE BANKING SYSTEM.**

ICBA: The Nation's Leading Voice for Community Banks