

August 10, 2010

Community banks are special. This economic crisis has highlighted the chasm that exists between Wall Street and Main Street community banks like ours. We have always tried to do what is best for our customers, while the Wall Street megabanks caused the financial crisis that shook our nation's economy to its very core. This chasm is just as evident in the Wall Street Reform Act that President Obama signed into law in July. By holding the too-big-to-fail institutions accountable and creating special accommodations and provisions for community banks, the new law creates an important precedent that recognizes that Wall Street megabanks, hedge funds, and other financial firms require significantly more regulatory checks and supervision than Main Street community banks.

As residents of the Great Lakes Bay Region, you and I both know just how different Main Street is from Wall Street. Main Street community banks like 1st State Bank take pride in doing what is right for our customers. We never got wrapped up in irresponsible lending to chase the quick buck—that's just not, and will never be, the way we do business. Instead, we focus on relationships with our customers, not quick-buck transactions. Our customers are not just another number or a few dollars on the bottom line; they are our neighbor down the street, the small business owners across town and the hundreds of Great Lakes Bay Region residents we serve.

Washington policymakers understand this difference. That is why they included important concessions in the new law exclusively for community banks. They gave community banks concessions from certain lending and capital reserve regulations meant for the systemically risky institutions and made the biggest banks pay higher FDIC premiums. These concessions establish a new congressional policy of tiered regulation: Main Street community banks have a different banking business and a different risk profile from large and internationally active institutions and should be regulated differently.

A risk-based, tiered regulatory regime will allow our community bank to stay competitive in the marketplace and continue to do what we do best for generations to come—serve our local customers the right way—the Main Street way each and every day.

Sincerely,

Rick Goedert
President and CEO
1st State Bank