



November 17, 2010

Gary A. Kuiper, Counsel
Attn: Comments, Room F-1072
Federal Deposit Insurance Corporation
550 17th Street, NW.
Washington, DC 20429

Proposed Agency Information Collection Activities Comment Request
Federal Register / Vol 75, No 189 Thursday September 30, 2010
Consolidated Reports of Condition and Income (FFIEC 031 and 041)
Re: Proposed revisions to the Call Report requirements effective March 31, 2011

Dear Mr. Kuiper,

Thank you for the opportunity to submit our comments regarding the Memorandum Item for the estimated amount of non-brokered deposits obtained through the use of deposit listing service companies.

Mountain Pacific Bank firmly believes that the agencies should NOT move forward with this addition to the Call Report, as it will place extra and undue burdens on the bank. Accurately identifying and reporting all deposits that are generated through the use of the Internet, deposit listing services and other automated services would be difficult, if not impossible, tasks to accomplish due to the reasons outlined below.

- **Not all listing services serve the same types of customers.**

A singular grouping of all "listing service deposits" will overlook the fact that listing service companies often serve different markets. Some are open to the public and serve retail customers (consumers). Other listing services are private marketplaces open only to institutional investors. Mountain Pacific Bank uses only private marketplace listing services.

Retail depositors are clamoring for as much yield as possible, since many rely on the interest earned on their CDs as part of their monthly income. Institutional investors, on the other hand, focus primarily on the safety of a CD deposit and typically distribute their investment dollars across many financial institutions so that each deposit may be fully insured. This practice, combined with market saturations and the administrative requirements associated with managing a large portfolio of individually insured CDs, promotes a less volatile, buy and hold philosophy among institutional investors.

Listing services that restrict their marketplace participation to institutional investors only, offer Mountain Pacific Bank the opportunity to secure national market deposits that are less volatile than deposits generated via an uncontrolled listing service that serves both institutional and retail depositors. The proposed Memorandum requirement completely ignores this distinction.

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- **Not all listing service deposits can be easily tracked and controlled.**

In addition to their audiences, listing services are also distinguished by unique capabilities that enable banks to monitor and control the flow of deposits. In the case of an "open" uncontrolled listing bulletin board, many retail depositors will simply reference the information listed on the bulletin board and then contact the institution directly – without identifying a listing service advertisement as the source of their deposits. If the bank does not have a process in place to properly tie the depositor to the listing service advertisement that affiliation and the resulting deposit would not be recognized as a non-brokered Internet deposit and would not be noted as such in the call report Memorandum.

Further complicating matters is the fact that some public, open listing services will post a bank's rate without the bank's authorization. Because the bank did not initiate the advertisements the bank will not be able to quantify deposits coming from these other sources for the purpose of the call report Memorandum requirement.

- **Not all listing services represent a source of high-yield liquidity.**

As stated earlier, a number of private marketplace listing services attract institutional investors who are focusing on safety of principal vs. strictly going after yield as many open, public listing services provide. Mountain Pacific Bank's focus is on attracting a segment of the national institutional investors and not the high-yield retail investors.

In many environments a bank's local market rates will be much more competitive than those necessary to attract deposits through an Internet deposit listing service.

- **The Memorandum change may dissuade further examination.**

Mountain Pacific Bank's management is greatly concerned that the proposed Memorandum will encourage examiners to simply apply a blanket assumption of volatility and rate sensitivity to all deposits listed in this line item category. A single line item analysis will prove to be much too general to meet the agencies' intended goals. To properly evaluate these deposits from a risk management and volatility standpoint, they should be quantified by depositor type (retail or institutional), and categorized by the source of the deposit (a closed "controlled" deposit listing service or a random and uncontrolled open format).

We appreciate the agencies' consideration of Mountain Pacific Bank's strong objections to the proposed revisions of the Call Report requirements. With all due respect, we request that the agencies seriously consider the hardship that this proposal will place on community banks. We would also encourage the agencies to weigh that burden against the questionable likelihood that such a change will result in a fair and accurate evaluation of all deposits to be included in the new Memorandum Item.

Sincerely,



Mark Duffy, CEO
Mountain Pacific Bank

