

From: Joe H. Bruns, State Bank & Trust of Seguin, Texas  
Sent: Thursday, October 23, 2003

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Subject: Examination Burden

This year, we had four FDIC examinations - Saafety and Soundness, Trust, Information Technology, and Compliance. I feel that both the examiners and we did well.

I have two points I would like to address which might be helpful, to-wit:

1. Was the public well-served by these examinations?
  1. The examination process protects the public interest, BUT it seems that the process should concentrate on PROBLEMS. Too much time is spent on year-after-year examining banks and specific areas in banks where there is rarely a problem.
  2. The most numerous and vociferous complaints that we receive are about compliance with laws and regulations which the PUBLIC ridicules, and despises because of complexity and time delays.
  3. In the compliance area, the rules are becoming so complex that both the examiners and banks are having difficulty complying, and again the majority of the public could care less.
2. Does the examination process interfere with our corporate mandate to make a profit?

I saw a estimate several weeks ago that total governmental regulation cost is over 800 billion dollars a year. The hours necessary to comply with an exam are tremendous. In some cases like compliance, we have an independent audit before the exam. The time burden of these four exams certainly detracted from our efforts to assist our customers and earn a profit. Profits drive the free enterprise system.

We are complying now, but I fear for the future. If the legislature continues to pass bank-regulatory legislation which adds to the regulatory burden, either we will reach a point where we can no longer comply, or where we can no longer make a profit.

Respectfully submitted,

Joe H. Bruns  
President