

## JUSTICE HAS BEEN DONE, BUT WE WILL NEVER FORGET

by [Steve Brown](#)

Late last night, President Obama informed the nation that our Special Forces had killed Al Qaeda leader Osama bin Laden. This ends nearly a decade of searching for the man who masterminded the largest terrorist attack in American history on Sept. 11, 2001.

The death toll on that horrible day was 2,977, and more than 3,000 children were left without one or both of their parents. Today we pay tribute to our military and intelligence forces, along with these fallen heroes and their families who were so deeply impacted by this tragic event. It is our sincere hope that this event gives some sort of closure and comfort to all.

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### BANK NEWS

#### 5 Closings (39 YTD)

Five banks closed on Friday: Community Central Bank (\$476mm, MI) was closed and assumed by Talmer Bank & Trust (\$1.7B, MI) (formerly known as First Michigan Bank) who purchased the deposits for a 25bp premium and a loss share on 76% of the assets. First National Bank of Central Florida (\$352mm, FL) and Cortez Community Bank (\$71mm, FL) were both closed and assumed by Premier American Bank (\$2.5B, FL). No premium was paid for deposits and approximately 73% of both banks assets were purchased at a discount under loss share. First Choice Community Bank (\$309mm, GA) and The Park Avenue Bank (\$953mm, GA) were closed and purchased by Bank of the Ozarks (\$3.3B, AR) for no deposit premium and about 61% of the assets at a discount under loss share.

#### Bank Dividends

Research by KBW finds more than a dozen banks raised their dividends in the 2Q, on top of the 39 that raised them earlier this year. That said; analysis by Sandler O'Neill on the 1Q found the percentage of dividends paid to earnings was only 25.7%, the lowest 1Q since 1993.

#### DFA Update

According to the law firm of Davis Polk, 62% of the 387 sets of rules required by law under Dodd-Frank have been proposed (only 21 have been finalized). As of last week, not a single agency met any of the 26 deadlines set in the law.

#### Derivatives

The Treasury put forward a proposal that will exempt foreign exchange swaps and futures from the costly central clearing and exchange requirements that will apply to other swaps under the Dodd-Frank Act.

#### Competition

Starting May 1, the US Postal Service will sell prepaid gift cards as part of a 2Y marketing test that may launch the agency deeper into financial services.

## **Industry View**

If you are thinking loans are harder to come by you are correct. Business customers are just not using their credit lines or borrowing in any significant way, and they are also holding higher deposit balances. Looking at loans outstanding as a percent of assets, the trend is declining about 5% to 8% over the past 12 months and loan levels on bank balance sheets have slipped to just under the mark from 10Ys ago, when we had the last recession.

## **Jail Time**

A man in Arkansas was sentenced to 8Ys and 4 months in prison for running an \$80mm Ponzi scheme involving ATMs. The man and a co-conspirator "sold" people 4k ATM machines, promising them fees from cash withdrawals. In 90% of the cases, however, ATMs never existed and were never purchased.

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