

# Mutual Alert



## AMB Members Chuck Boulier and Michael Rauh Participate in Connecticut Bankers Association Convention Panel on Mutuality

Last Saturday, at a general session of the Connecticut Bankers Association Annual Convention, AMB Member and Vice Chair Chuck Boulier, CEO, Ion Bank and AMB member Michael Rauh, CEO, Chelsea-Groton Bank, participated in a panel discussion on mutuality. Other participants were Robert Davis of the ABA, Dan Frye, FDIC and George Herman CEO, Windsor Locks Federal.

The Panel was moderated by George Herman. Bob Davis lead off and discussed the ABA's Mutual bill a draft of which the ABA has yet to release. As we have reported before, he said the bill would only include two provisions; one on a mutual national bank charter option and the other a tier 1 capital instrument for mutuals. He gave very little detail as to the type of income payments but described something with a variable dividend. His description did not suggest the dividend would be tax deductible but he did say that the ABA had requested unnamed market experts to review the salability of such an instrument. Interestingly, he explained that the ABA was proceeding with a truncated approach as compared with the Grimm/Meeks Bill (HR. 1603), because that Bill had not gained any traction since its introduction. He didn't explain why the ABA would not support defensive injunctive relief for beleaguered mutuals, a cause the ACB, and ABA had supported a few years ago by filing amicus briefs in the US Court of Appeals in the Spencer Savings Case. He didn't address the negative impact of Dodd-Frank on various mutual corporate governance practices such as MHC voting, consolidated capital requirement exemptions or defense against assaults by professional depositors/ investors. He gave no explanation why the ABA had decided not to seek relief in these areas. He also did not factor the gridlock on Capitol Hill over the last three years as a reason for the delay in movement of Grimm/Meeks. His position was that since Grimm had not moved quickly the ABA would use an abbreviated approach. Of course, he failed to mention a possible reason for the lack of immediate traction was the highly critical ABA letter that was circulated by its chief lobbyist at the time of the introduction of HR. 1603. For those of you who have forgotten that episode I have attached a copy of the letter and accompanying AMB alert.

Mike Rauh addressed some of the challenges and successes that Chelsea- Groton has had in its community. He acknowledged the limitations of the new qualified mortgage rules affirming the close relationship which his bank has with its customers.

Chuck Boulier in his low key but thorough style explained the need for mutuals to be more active politically and in marketing their mutual brand to the community. He was eloquent in his appeal to the mostly mutual director and officer audience extolling the virtues of mutuality and the unique commitment to the community as well as customers. He distinguished the mutual as the purest form of community bank. He explained that Connecticut has five AMB members and asked that more Connecticut mutuals become active members. He addressed the Grimm Bill explaining its various provisions and the need for them. He discussed his various meeting with the Connecticut Congressional delegation in support of the Grimm Bill. He also teased Bob Davis over the ABA's limited approach to their mutual legislation saying even his young daughters understood when compiling their wish list to Santa, that if you ask for little you will receive less. Chuck gave an excellent summary of the Grimm Bill and why each provision is a necessary one for mutuals. He explained that the Bill had attracted bi-partisan support and was beginning to gain traction on the Hill.

George Herman spent his time discussing the uniqueness of his association as the last mutual federal headquartered in Connecticut. He too called for more mutual involvement promoting the ABA mutual council upcoming Wash DC meeting in March 2014. He was echoed by Bob Davis who discussed an ABA survey of mutuals and a guide the ABA had commissioned from two former OTS officials for dealing with OCC and FDIC examiners.

Dan Frye of the FDIC's Boston Office admitted he had only read the Grimm Bill the prior night but acknowledged the need for a tier 1 capital and mutual national bank- two the Bills principal provisions.

The meeting was an important event for those directors in the room as they are exposed to discussions concerning mutuality its hopes and challenges on a too infrequent basis. Chuck Boulier's presentation was by far the most pointed and positive one that mutuals deserve to be treated better and as a segment of the industry they need to be more proactive in promoting their mission. His message is that mutuals have every reason to be proud of their contribution to their customers and their community. They should not have to settle at the bargaining table when they ask for so little and give so much. Suffice to say we are very optimistic that are efforts are beginning to bear fruit and we will redouble our efforts to assure the voice of mutuality is not compromised.

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