

# TEXAS TEA PARTY

**The first of many ships arrived** in late November of 1773. They were loaded with tea from the East Indies destined for a standoff between port authorities and the Sons of Liberty led by Samuel Adams. Adams was one of the many American colonists who resented the British government's "Tea Act" which allowed a single company to sell tea to the colonies directly without payment of any customs or duties. Such a tax break would position a single company to undercut the prices offered by the colonial merchants and smugglers, thereby forcing the colonists out of business.

Adams would have none of it. He arranged protest meeting after protest meeting demanding fairness. His followers grew all the more incensed.

You know the rest of the story... Adams and his followers took matters into their own hands. Disguised as Indians, they boarded three British vessels and dumped 342 casks of tea into the Boston Harbor. The American Revolutionary War was born. The act served to rally support for the revolutionaries in the thirteen colonies which ultimately led to their independence.

Seems to me it is about time for another good old fashion revolution. The events of the past nine months since the IndyMac bank failure exposing the subprime meltdown along with the deception and greed of the Wall Street banks have had all community bankers sitting on their heels in defense mode. Customers have grown weary with 24/7 news reports that "all banks" are in trouble, painting us all with the same brush.

To add insult to injury, community bankers get the word from the FDIC that they are going to have to step up to pay for the sins of Wall Street by ponying up one third or more of their 2009 pre-tax earnings to restore the FDIC fund. That preliminary proposal by the FDIC has set up a firestorm of protest, and rightfully so.



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One has to wonder if the FDIC board of directors gave any consideration to the implications that such an assessment would have on the industry, or to the economic well being of the country. Did they consider having the systemically risky banks shoulder the brunt of this burden? Did the FDIC board even contemplate an arrangement to allow financial institutions to pay their assessment over time so as to not further deplete vital capital needed for small business and consumer lending at a time when credit markets are already stressed?

Community bankers are outraged and you have let us know of your displeasure. I can't remember a single issue that has generated more angry calls and e-mails to the IBAT office. So much so, IBAT and the ICBA have sprung into high gear to propose a variety of solutions to eliminate or mitigate the impact any FDIC assessment on the industry, particularly community banks.

Your IBAT Executive Committee along with ICBA chairman Cindy Blankenship flew to Washington in hopes of garnering Congressional support of our recommendations to lessen the assessment blow. We found sympathetic ears. This week, many of our Texas Congressional delegation will sign a letter to the FDIC recommending changes to the proposed assessment rule.

Let's all hope that this is just the start of the real revolution that is about to come. Soon, Congress will be taking up comprehensive regulatory reform. What an opportunity that presents us with to finally push an agenda that all banks are not created equal and that any new regulatory structure should attempt to bifurcate the industry, creating differentiating regulatory structures for community banks and too big to fail banks.

This is no time to sit idly by on the sidelines. We must turn our frustration into real action recognizing that government is run by those who show up. Every community banker has an obligation to go with us to Washington DC May 12-14 so we can speak our collective minds to Congress.

Who knows? Maybe we will meet on the banks of the Potomac and have our own Texas Tea party. Or at the very least, we can all celebrate that community bankers finally got off their collective duffs and made a difference for the long term viability of their industry over a Samuel Adams or two.