

**From:** [Nathaniel S. Bonnell](#)  
**To:** [Comments](#)  
**Subject:** [REDACTED] August 23, 2024 Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions; Comment Request (RIN 3064-AF99)  
**Date:** Saturday, November 16, 2024 11:11:34 AM

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Mr. James P. Sheesley  
Assistant Executive Secretary  
Attention: Comments—RIN 3064-AF99  
Federal Deposit Insurance Corporation  
550 17th Street NW  
Washington, DC 20429

Dear Mr. Sheesley:

I am the President & CEO of Citizens Bank of West Virginia (“Citizens”), a \$690 million community bank located in West Virginia. I am writing to express my serious concerns regarding the FDIC’s proposed rule relating to Unsafe and Unsound Banking Practices: Brokered Deposits Restrictions (the “Proposed Rule”). If finalized as drafted, the Proposed Rule will harm community banks and our customers. The FDIC should withdraw this proposal.

Citizens Bank of West Virginia is a 100 year old community bank that serves 5 rural counties in central West Virginia. Without community banks like Citizens in small towns, consumers and small businesses would not have access to the vital funding they need to be successful. We take great pride in providing for capital for economic development, supporting community nonprofit groups, and enabling clients to achieve their dreams.

When a bank operates in a rural state such as West Virginia, it is often times difficult to gather enough deposits to satisfy all of the lending needs of your communities. Looking at safe and stable alternatives to supplement our deposit gathering is necessary in the competitive environment we operate in today. It’s also important to note that in the wake of the Silicon Valley Bank collapse last year, banks had a flurry of corporate customers to want additional access to FDIC insurance and one of the most efficient ways to achieve that is utilizing a third party to maximize this coverage through reciprocal deposits. Banks that choose to partner with or utilize third party relationships to access diverse sources of funding, manage costs, and maximize deposit insurance coverage or provide other services for their customers should not be penalized as accepting “brokered deposits.”

Reclassifying deposits as brokered imposes serious costs and restrictions on community banks, including higher deposit insurance premiums, possibly lower CAMELS ratings, and

additional regulatory scrutiny. In some cases, restrictions on brokered deposits may force community banks to forgo their relationships with third parties and terminate programs and services that benefit their customers and provide access to financial services for unbanked and underbanked consumers. I am concerned the FDIC's proposal overlooks the need for community banks to have access to diverse funding sources. The FDIC should protect, not limit, community banks' abilities to access liquidity and partner with third parties to offer cost effective and competitive deposit services to their customers. The proposed framework could harm community banks' abilities to manage liquidity and maximize deposit insurance protections for their customers.

Many community banks, including Citizens, utilize, or may wish to utilize in the future, third party partnerships, online services, and financial technologies to facilitate deposit placements, raise insured deposits, offer specialized deposit products and services to their customers, maximize deposit insurance coverage for their customers, diversify and de-risk their funding portfolio, and broaden their deposit base to meet the lending needs of their local communities. I am concerned the FDIC is proposing that a third party will be a "deposit broker" in instances where the third party simply receives a fee for their services related to the placement of deposits – a condition of doing business that captures virtually all third party relationships related to deposit placement, even those that don't pose traditional brokered deposit "hot money" risks.

I hope you will consider these concerns and the concerns of so many other community bankers across the country. This proposed rule is an important one that should be withdrawn to protect, not limit, a community bank's ability to access liquidity and diverse sources of funding.

Thank you,



**Nathaniel S. Bonnell, CPA**  
President & CEO

[Redacted]  
w: citizenswv.com

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