

**FINANCIAL INSTITUTIONS COMMITTEE
REPORT PREPARED FOR THE SEPTEMBER 26, 2006 COUNCIL MEETING**

1. Next Scheduled Meeting of the Committee

Working on scheduling next meeting for October.

2. Council Approval

None.

3. Membership

The Committee has 71 members. A detailed agenda for each meeting is sent to each member of the Committee.

We regularly request that Committee members identify women or minority attorneys who might be interested in joining the Committee.

4. Accomplishments Toward Committee Objectives

The primary Committee objective is to provide to members information on statutory, regulatory and judicial developments that affect financial institutions. This objective is accomplished by periodic Committee meetings.

5. Meetings and Programs

At each meeting a representative of the Michigan Office of Financial and Insurance Services reports on OFIS's legislative and regulatory initiatives, any litigation to which OFIS is a party and other matters of interest to the Committee. Also, representatives of the Michigan Bankers Association and the Michigan Credit Union League report on their legislative agendas and any litigation in which they are involved, whether as a party or as *amicus curiae*. Members of the Committee report on topics of interest.

6. Publications

None recently.

7. Legislative/Judicial/Administrative Developments

- The Michigan Bankers Association has been working with OFIS in preparing relatively extensive amendments to the Michigan Banking Code. At each meeting Committee members are asked to submit suggestions for additional amendments.

- The FDIC has imposed a 6-month moratorium on deposit insurance applications and change of control notices with respect to banks owned by industrial loan companies. This will stop Wal-Mart from proceeding with its application for deposit insurance. The FDIC may hope that this will move the Wal-Mart "hot potato" from it to Congress.
- The U.S. Supreme Court will review a decision of the Sixth Circuit that held that Michigan laws regulating mortgage companies are preempted, in the case of a mortgage company that is a subsidiary of a national bank, by the National Bank Act and regulations of the Office of the Comptroller of the Company under it.
- The Office of the Comptroller of the Company has issued guidelines regarding gift cards issued by national banks. The guidelines, which may preempt state laws on the subject, require a national bank to make certain disclosures to consumers.
- The Chief Counsel to the Office of Thrift Supervision has issued an opinion that federal law and OTS regulations preempt state laws with regard to a second tier operating subsidiary to the same extent that state law is preempted with respect to the parent federal thrift.

8. Analysis of Applicable Strategic Plan Issues

The Committee's work on the Banking Code amendments helps "enhance the legislative and regulatory environment for conducting business in Michigan" (Mission Statement). Committee meetings help "foster the highest quality of professionalism and practice in business law" (Mission Statement).