

ROBERT E. LATTA  
5TH DISTRICT, OHIO

ASSISTANT MAJORITY WHIP

CO-CHAIRMAN  
CONGRESSIONAL SPORTSMEN'S CAUCUS

COMMITTEE ON  
ENERGY AND COMMERCE

SUBCOMMITTEE ON  
COMMUNICATIONS AND TECHNOLOGY  
VICE CHAIRMAN

SUBCOMMITTEE ON  
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SUBCOMMITTEE ON  
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**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515-3505**

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December 27, 2013

The Honorable Ben S. Bernanke  
Chairman  
The Federal Reserve System  
20<sup>th</sup> and Constitution Ave, NW  
Washington, D.C. 20429

The Honorable Martin Gruenberg  
Chairman  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, D.C. 20429

The Honorable Thomas Curry  
Comptroller  
Office of the Comptroller of the Currency  
400 7th Street, SW  
Washington, D.C. 20219

The Honorable Mary Jo White  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549-1090

The Honorable Gary Gensler  
Chairman  
Commodity Futures Trading Commission  
1155 21<sup>st</sup> Street, NW  
Washington, D.C. 20581

Dear Chairman Bernanke, Comptroller Curry, Chairman Gensler, Chairman Gruenberg, and Chairman White:

My Congressional District has the largest number of community banks in the state of Ohio. I am writing to express my concerns regarding the negative and unintended consequences the Volcker Rule will have on community banks, specifically the treatment of investments in collateralized debt obligations (CDOs) that are backed by trust-preferred securities (TruPS).

As you are aware, the final Volcker Rule requires all banks, including community banks, to divest their holdings of CDOs backed TruPs by July 2015. The impact of this provision however, will be immediate because accounting standards require these community banks to recognize an impairment of their investments prior to year-end 2013. The divestment requirement will immediately drive down the value of these instruments, and the write down will be based on fire sale prices that bear no relation to their true long term value. Left unaddressed, this requirement could cause a significant, immediate, and permanent loss of capital to hundreds of community banks that are still recovering from the financial crash and further hinder their ability to make loans to trusted families, farmers, and businesses in the community.

The intent of the Volcker Rule was to prohibit proprietary trading by the large banks and to bar their ownership of hedge funds and private equity funds and should not be interpreted in a way that arbitrarily damages the capital and earnings of small community banks that played no part in the financial meltdown. This provision will do nothing to address systemic financial risk.

I ask that you please consider the ramifications this unintended consequence of the Volcker Rule will have on community banks and to reconsider these investments as ownership of "covered funds" under the Rule. I would also ask that you issue immediate guidance which clarifies that banks do not have to permanently write these instruments down to liquidation value prior to year-end under current accounting standards. Thank you for your time and I look forward to your prompt response.

Respectfully,

A handwritten signature in black ink, appearing to read "Robert E. Latta", written in a cursive style.

Robert E. Latta  
Member of Congress