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**TO:** The Honorable Detroit City Council

**FROM:** David Whitaker, Director   
Legislative Policy Division Staff

**DATE:** March 16, 2023

**RE:** **Resolution Urging Federal Regulators to Secure Detroit Financial Institutions**

Council Member Mary Waters requested that the Legislative Policy Division (LPD) draft a resolution to regarding the security of the financial institutions in Detroit.

Please contact us if we can be of any further assistance.

**RESOLUTION URGING FEDERAL REGULATORS  
TO SECURE DETROIT FINANCIAL INSTITUTIONS**

**BY COUNCIL MEMBER MARY WATERS**

**WHEREAS,** The mission of the Detroit City Council is to promote the economic, cultural and physical welfare of Detroit’s citizens and residents through Charter-mandated legislative functions including but not limited to this Honorable Body speaking by and through its resolutions to urge action be taken on behalf of its citizens; and

**WHEREAS,** The recent collapse of Silicon Valley Bank in California and the closure of Signature Bank in New York has eerily brought back the financial crisis of 2008 which led to the great recession that had a devastating impact on the City of Detroit; and

**WHEREAS,** The Wall Street Journal has reported that “Moody’s Investors Service said it is reviewing six U.S. banks for ratings downgrades, in light of the ‘extremely volatile funding conditions’ the lenders are facing, and their exposure to the risk of uninsured deposit outflows.” The six banks identified are:

First Republic Bank  
Western Alliance Bank  
Zions Bancorp  
Intrust Financial  
Comerica  
UMB Financial Corp; and

**WHEREAS,** Of the six U.S. banks identified, Comerica has a long history and presence in the City of Detroit being founded in 1849 as Detroit Savings Fund Institute and with later iterations as Detroit Savings Bank in 1871, The Detroit Bank in 1936, The Detroit Bank and Trust in 1956 and the final iteration of Comerica in 1982 now headquartered in Texas; and

**WHEREAS,** Other regional financial institutions with a presence in Detroit include Huntington Bank, Fifth Third Bank, Chase Bank, Flagstar Bank, Detroit Federal Credit Union One, Michigan First Credit Union all of which depositors are federally insured through the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Association (NCUA) for up to \$250,000; and

**WHEREAS,** Although the deposits are federally insured, should the loss or collapse of the financial institutions in Detroit create conditions similar to the economic collapse of 2008, the result could be extremely detrimental to the financial security of the residents of Detroit and the stability of their general safety and welfare; and

**WHEREAS,** The Federal Reserve Board (FRB) is established to regulate state-chartered banks that are members of the federal reserve system. The Federal Reserve is responsible for supervising--monitoring, inspecting, and examining--certain financial institutions to ensure that they comply with rules and regulations, and that they operate in a safe and sound manner; and

**WHEREAS,** The Federal Deposit Insurance Corporation (FDIC) regulates state-chartered banks that are not members of the Federal Reserve System. The (FDIC) is an independent agency created by the Congress to maintain stability and public confidence in the nation’s financial system. The FDIC insures deposits; examines and supervises financial

institutions for safety, soundness, and consumer protection; makes large and complex financial institutions resolvable; and manages receiverships; and

**WHEREAS,** The National Credit Union Association (NCUA) was created by the U.S. Congress in 1970 and is an independent federal agency that insures deposits at federally insured credit unions, protects the members who own credit unions, and charters and regulates federal credit unions. The NCUA is charged with protecting the safety and soundness of the credit union system by identifying, monitoring and reducing risks to the National Credit Union Share Insurance Fund; **BE IT THEREFORE**

**RESOLVED,** The Detroit City Council urges the members of the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Association (NCUA) to conduct a thorough review and evaluation of the financial institutions in the City of Detroit to ensure the financial stability of those institutions under their regulatory authority; and **BE IT FINALLY**

**RESOLVED,** That a copy of this resolution be provided to the Mayor, the FRB, the FDIC and the NCUA.