

ETHICS WATCH

Bank leader to head lobby

Although legal, move raises questions about regulator-industry ties.

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The head of the state's banking regulatory commission is leaving to lead one of Georgia's largest bankers groups.

Rob Braswell will take over as CEO of the Community Bankers Association later this month. In the state that leads the nation in bank failures, his appointment is the latest move to raise questions about the relationship between regulators and those they are charged with watching.

There is no rule or law that prevents the move, and some in the industry believe Braswell's appointment could benefit consumers.

Tony Plath, a former banker who is a professor at the University of North Carolina-Charlotte, said "there is nothing wrong with it per se, but it's just another indicator that points out the close relationship between regulators and the people they're supposed to regulate." He said the move is like the "fox being named head of the hen house security council."

Braswell could not be reached for comment.

He is not the first banking regulator to leave for a job with a financial trade group. Braswell's predecessor at the commission, Steve Bridges, also left to lead the Community Bankers Association and is now its chief lobbyist. Another of the association's lobbyists, Charlie Watts, was chairman of the House Banks and Banking Committee when he served in the Legislature.

The association represents more than 200 banks, all chartered in Georgia. Its members are typically small and locally owned.

Carolyn Brown, who is retiring as the CBA's chief executive officer, said Braswell's experience will be a plus for consumers and for banks.

"The banking industry is always trying to do the best thing possible for the consumers and they're trying to serve their customers," Brown said. "Any knowledge of the regulatory environment is going to be a benefit and Rob does bring that."

Walt Moeling, a veteran banking attorney at Bryan Cave and an associate member of CBA, said Braswell did not seek the job.

"The association sought Rob out, not vice versa," Moeling said. "CBA is a good organization. It was looking for leadership and needed someone who knew bankers, understands banks and understood the problem."

While Georgia's banks posted healthier earnings in the first 90 days of 2013 than last year, the industry has been battered by the housing collapse and financial crisis since 2007. The state has led the nation in bank failures since mid-2008 with 87, but the pace has slowed dramatically. Eighty-six percent of the state's banks were profitable in the first quarter, compared to nearly 92 percent nationwide.

Georgia's banking regulators have been criticized in the past by the Federal Deposit Insurance Corp. FDIC inspector general reports have said Georgia's examiners failed to force banks to correct risky practices or were too slow to tackle problems.

Lenders, however, have said Braswell's agency deserved no blame for the bank failures. Bankers said they agreed with Braswell's and the department's belief in the marketplace's ability to correct itself and in bankers' ability to manage their affairs. Those FDIC reports also have often faulted federal regulators for not moving fast enough.

But Liz Coyle, deputy director of the consumer advocacy group Georgia Watch, said Georgia gained the dubious distinction as national leader in bank failures on Braswell's watch.

"Isn't that interesting, that the man who was overseeing the regulatory agency at the time our state led the nation in bank failures is now going to head an association that represents the types of institutes that are still closing," Coyle said.