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## **CALIFORNIA LOCAL GOVERNMENTS TO ENJOY UP TO \$30 MILLION IN FDIC INSURANCE COVERAGE**

**ARLINGTON, VA** (Sept. 27, 2006) -- Gov. Arnold Schwarzenegger has signed legislation that allows local governments throughout California to receive up to \$30 million of FDIC insurance coverage through one bank – 300 times the \$100,000 a bank typically offers.

“This new legislation enables cities, counties, and local agencies to keep more deposits in local institutions – recycling local tax dollars to benefit California taxpayers,” said Robert McGill, Chairman, Neighborhood National Bank, San Diego. “More deposits means more loans in the community – loans to homeowners, small businesses, and families. The legislation also makes life easier for government financial officers by eliminating the cost and effort needed to collateralize deposits. Everyone wins.”

The new law – an initiative of the California Independent Bankers (CIB) -- enables public funds managers to use deposit placement services, including the Certificate of Deposit Account Registry Service<sup>SM</sup> (CDARS<sup>®</sup>) offered by Promontory Interfinancial Network, beginning January 1, 2007.

To offer CDARS, a bank must belong to the Promontory Network – currently 1370 banks nationwide, with nearly 100 in California. A customer places deposits through a single member bank. Through a sophisticated computerized matching service, the customer’s funds are divided into CDs of less than \$100,000 – to ensure that principal and interest are both eligible for full FDIC insurance coverage – issued by other banks in the Network. From the customer’s point of view, it is one-stop shopping: one banking relationship, one statement, one interest rate.

“There are few guarantees in life. FDIC insurance is one of them,” said Gene Ludwig, Chairman and CEO of Promontory, formerly the U.S. Comptroller of the Currency. “Now cities, counties, special districts – local government in any form in California – can enjoy much more FDIC insurance coverage through one bank than they could previously.”

*About Promontory Interfinancial Network: Based in Arlington, VA, Promontory Interfinancial Network was founded in 2002 to develop and provide creative solutions to banking issues. To learn more about Promontory, go to [www.promnetwork.com](http://www.promnetwork.com). To learn more about CDARS, go to [www.cdars.com](http://www.cdars.com).*

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