

INTERPRETIVE LETTER 09-01 (OCTOBER 20, 2009)

ILLINOIS CHARTERED BANKS MAY NAME ITS BRANCHES, EVEN WHEN AN ADOPTED NAME IS SIMILAR TO DEFUNCT BANK OR BANK BRANCH NAMES IN THE AREA, SO LONG AS REASONABLE STEPS TAKEN TO AVOID CONFUSION.¹

Bank A is using Community Bank of B as a branch name at the site of now defunct Bank C – a State of Illinois financial Institution closed in 2009. Pursuant to the Division's Policy Statement 2010 addressing commercial bank branch names, we find that the use of the name Community Bank of B by Bank A is not in violation of state law.

Policy Statement 2010 was adopted to prevent customers from inadvertently exceeding FDIC insurance limits by unwittingly depositing excess amounts in different branches of the same institution. To avoid such a scenario, Illinois state banks are required to adopt policy and procedures evidencing reasonable steps to ensure that customers will not become confused and believe that branches of a main bank are separate and distinct entities.

Such measures may include the following:

- 1) Disclosing, clearly and conspicuously, in signs, advertising, and similar materials that the facility is a branch, division, or other unit of the insured institution. The institution should exercise care that the signs and advertising do not create a deceptive and/or misleading impression.
- 2) Using the legal name of the insured institution for legal documents, certificates of deposit, signature cards, loan agreements, account statements, checks, drafts, and other similar documents.
- 3) Educating the staff of the insured depository institution regarding the possibility of customer confusion with respect to deposit insurance. It is recommend that the insured depository institution instruct staff at the branch and any other facilities operating under trade names to inquire of customers, prior to opening new accounts, whether they have deposits at the depository institution's other facilities or branches. In addition, during the time period soon after one institution acquires or combines with another, staff should be reminded to call customers' attention to disclosures that identify a particular branch or facility as part of an institution.
- 4) Obtaining from depositors opening new accounts at the branch a signed statement acknowledging that they are aware that the branch and other facilities are in fact parts of the same.

¹ This response is meant solely as a general overview of the applicable law and should not be relied upon as legal advice or counsel.