

# PUBLICATION

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## Feds Gone Wild: The Feds' Impact on Tennessee Banking

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Federal legislation intended to improve the United States banking system, and ultimately the national economy, has had an insignificant impact on the banking industry in Tennessee. The hodge podge of congressional and federal bank regulatory agency efforts may have rescued the nation's largest "financial institutions" (as that term is now extremely broadly defined), but for Tennessee-based banking institutions, it has had limited effect and is just another showing of "Girls Gone Wild."

After the true crisis began in the national banking system during the spring and summer of 2008, as evidenced by failures of Bear Stearns, Fannie Mae/Freddie Mac, and Lehman Brothers and rescue packages provided to Citigroup, AIG, Bank of America, and others, a number of legislative and federal executive agency actions were taken to improve the confidence in the banking system and provide cash and guarantees to struggling companies. As the economy continued to plunge into a deeper recession, hindsight probably will show that these federal actions sustained many of our large institutions, but the impact on the Tennessee banking system will be deemed minimal, and possibly even counter-productive.