



State of Michigan
John Engler, Governor

Department of Consumer & Industry Services
Kathleen M. Wilbur, Director

Financial Institutions Bureau
Patrick M. McQueen, Commissioner

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Lansing, MI 48933

Tel. (517) 373-7107
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June 8, 1999

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Dear #####:

This is in response to your letter dated June 2, 1999, asking whether a S&P Linked Callable CD (hereinafter, CD) offered by ##### Broker Dealer Services Division through its affiliate, #####, is a loan that is subject to the 25% ceiling in the Criminal Usury Act, MCL 438.41 et seq.

Your specific question is whether the CD described in the Offering Circular and your letter “. . . is deemed to be a loan to the bank and subject to the State of Michigan’s Usury laws if the interest payable exceeds 25% per annum.” Although the relationship between a bank and its depositor is legally that of creditor and debtor, we are unaware of anything that would indicate an intent by the Michigan Legislature to make the usury laws in Michigan apply to deposits. Therefore, we would interpose no objection to your proposal.

I hope that this answers your question. Call me at 517/373-7107 if you have further questions.

Sincerely,

/ ss /

Gary K. Mielock
Chief Deputy Commissioner