

# CITY OF CORAL GABLES

## --MEMORANDUM--



**TO:** Members of the City Commission  
Coral Gables Chamber of Commerce

**FROM:** Commissioner Melissa Castro

**DATE:** February 7, 2025

**SUBJECT:** Summary of Meeting with Florida Bankers Association

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On February 3, 2025, I met with the Coral Gables Chamber, Fernando Weiner from the City's Government Affairs team, and Anthony DiMarco from the Florida Bankers Association (FBA) to discuss key legislative and financial matters affecting our city, the banking industry, and state governance. The discussion covered a broad range of topics, including the current political climate, fraud concerns, banking regulations, affordable housing, and property insurance issues. Below is a detailed summary of the key takeaways from our discussion:

### 1. Political and Legislative Climate in Tallahassee

- The Florida Legislature is undergoing an internal shift, with increasing tensions between lawmakers and the Governor's office.
- There is bipartisan frustration over the Governor's approach to directing legislative decisions, with House Speaker Perez and Senate leadership pushing back.
- The political fallout from recent events has led to speculation about power dynamics in Tallahassee, particularly regarding upcoming key appointments:
  - A new **Attorney General** will be selected after the Governor appointed Ashley Moody to the U.S. Senate to replace Marco Rubio.
  - Chief Financial Officer (CFO) Jimmy Patronis will resign effective April 1, leading to another significant appointment.
- Former Senate President Wilton Simpson remains in office as Agriculture Commissioner and could play a larger role in shaping upcoming policy.

## 2. Banking and Financial Concerns

### Fraud and Security Risks

- The financial industry is facing significant challenges with increasing fraud, particularly in check forgery and theft.
- **Check Washing and Mail Theft:**
  - Criminals are using chemical solutions to erase and alter payee names and check amounts.
  - Stolen checks are being sold on the dark web, sometimes alongside forged IDs to cash them.
  - Theft of mail, including blue collection boxes and even within post offices, has become rampant. Criminals are either bribing postal workers or infiltrating USPS to steal checks.
  - The FBA is advocating for a **state-level felony offense for mail theft**, which would allow local agencies to prosecute rather than relying solely on overwhelmed federal authorities.
- **Digital Fraud & AI Threats:**
  - Fraudsters are using AI to alter digital signatures and replicate handwriting on checks, making it even harder to detect fraudulent transactions.
  - Deep-fake technology is being used for financial scams, including impersonation of bank officials in fabricated video messages to defraud customers.

### Cryptocurrency Regulation

- The legislature is considering **regulations for cryptocurrency kiosks** commonly found at gas stations.
- Concerns revolve around potential misuse for money laundering and illicit financial transactions.
- The FBA believes tighter oversight is necessary, given that cryptocurrency is still largely unregulated and remains volatile.

### Interest on Trust Accounts (IOTA) Controversy

- The Florida Supreme Court recently increased the required interest rate that banks must pay on **IOTA accounts**, which hold short-term client funds from legal and real estate transactions.
- The **higher interest rate is creating financial strain on community banks**, leading some to consider ceasing to offer these accounts.
- A legislative fix is being pursued to establish a **reasonable rate that banks can sustain** without discouraging participation in the program.

## 3. Housing and Real Estate Challenges

### Condominium Assessments & Special Repairs

- Efforts to reform condo association regulations remain complex, with the Governor attempting to incorporate changes in a **special session proposal that was ultimately rejected**.
- Many condo owners, particularly retirees, are struggling with skyrocketing special assessments for structural repairs required by recent safety regulations.
- The lack of clear solutions means further debate is expected in the legislative session.

#### **Affordable Housing & Local Government Conflicts**

- The **Live Local Act** implementation remains contentious, as several counties and municipalities have opted out of certain provisions.
- State legislators, particularly Rep. **Vicki Lopez**, are expressing **frustration with local governments** that are seen as obstructing affordable housing initiatives.
- The **Tampa Bay region** has been cited as a model for how some areas are leveraging **Metropolitan Statistical Area (MSA) adjustments** to sidestep requirements, further fueling state-local tensions.

#### **4. Property Insurance Market Outlook**

- While **no major legislative changes** are expected in this session, minor adjustments will likely be made.
- There is optimism that **new insurers entering the Florida market** could help slow rising premiums over time.
- However, given the high risk and recent claim histories, affordability concerns remain a top issue.

#### **5. Broader Legislative Concerns & Upcoming Issues**

- **Regulation of Service of Process for Vulnerable Adults:**
  - Proposed legislation (House Bill 97 / Senate Bill 106) would streamline the legal process for **protecting elderly individuals from financial exploitation**, particularly in fraudulent guardianship cases.
- **Judicial Sales & Mortgage Foreclosures:**
  - Senator **Ileana Garcia** is advancing a controversial bill to reform the judicial foreclosure process, spurred by investigative reports on predatory mortgage practices.
  - Attorneys and legal experts are raising concerns about unintended consequences of the proposed changes.

#### **Conclusion & Next Steps**

The meeting with the Florida Bankers Association provided **valuable insights into key financial and regulatory challenges** that could directly impact Coral Gables residents and businesses.

- **Fraud Prevention & Banking Security:**

- Strengthening penalties for checking fraud and mail theft.
  - Addressing AI-driven financial crimes.
- **Housing & Local Government Relations:**
  - Monitoring Live Local Act enforcement and potential state interventions.
  - Navigating condominium assessment policies.
- **Banking Regulations & Community Impact:**
  - Advocating for balanced IOTA interest rate regulations.
  - Understanding cryptocurrency regulation efforts.
- **Insurance & Consumer Protections:**
  - Tracking the evolving property insurance landscape.

As we continue to engage with state officials and industry stakeholders, it is crucial to **stay informed and proactive** in shaping policies that benefit our community. I will continue monitoring these issues and providing updates as they develop.