

“Are the Source of Strength Doctrine and Cross-Guarantee Provision Still Effective?”
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ABSTRACT

In order to understand how useful the source of strength doctrine and cross-guarantee authority would be if a bank failed today, it is helpful to review why the policies were initially adopted and how effective they have been since their implementation. To begin, the paper reviews the history of the two policies, from their origination during the banking and savings and loan crises in the 1980s through the legal challenges that followed. It then assesses the effectiveness of the policies in light of subsequent legislative developments and the structural changes that have resulted from industry consolidation.