JOHNSON
FINANCIAL GROUP®

May 9, 2005

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
Attention: Comments/Legal ESS, Room 3060
550 17th Street, NW
Washington, DC 20429

RE: Petition for Rule Making to Preempt Certain State Laws
Limited Appearance Statement

Dear Executive Secretary Feldman:

Johnson Financial Group, Inc. is a $3.4 billion financial holding company headquartered in Racine, Wisconsin. Johnson Financial Group owns banking units in Wisconsin and Arizona. In addition, our company provides a full range of financial services to clients through a number of non-banking affiliates.

I regret that I will be unable to make an oral presentation at the public hearing and graciously thank you in advance for accepting this written statement.

Johnson Financial Group strongly supports the overall goals of the Financial Services Roundtable Petition.

Today, Johnson Financial Group is in the midst of struggling with the very issues raised by the Petition. We have 2 bank charters, one in Wisconsin, and one in Arizona. Within these markets, the company has been quite successful in not only meeting, but also exceeding, our client's expectations. This success has fueled a strong growth pattern for our company and we expect this trend to continue. While our 5-year strategic plan does not call for expansion outside our current geographic footprint, our clients' footprints continue to grow. Individuals retire and relocate, commercial clients expand their businesses, and satisfied clients refer more clients, all while our network of offices moves closer and closer to state borders. It is not our intent to be a bank with a national presence, or even a dominant regional player, but we must be able to serve clients wherever their needs take them.

Recently a well respected, well managed (and profitable from the bank's viewpoint) business client of ours wanted to expand their manufacturing

JOHNSON FINANCIAL GROUP, INC.
555 MAIN STREET RACINE, WI 53403 PHONE: 262.619.2790 FAX: 262.619.8300

operations to Alabama. After much consternation we finally agreed to make the loan. Factoring in our costs of knowing Alabama law, not only for the loan, but also for the additional ancillary services, the bank's margin on this loan was severely eroded. Our client's perspective is that the bank should be able to serve their needs, regardless of geographic location. As a long-time valued client, we did, but at what cost and risk to the bank?

In a second example we chose not to continue the relationship. Again, a well respected, well managed (and profitable from the bank's viewpoint) business client of ours wanted to expand its sales operations to the State of New York. When we combined our loss of profitability with the current business environment in New York, we made a difficult decision and ended what was a long fruitful (for both parties) banking relationship.

In analyzing these examples, our Wisconsin state-chartered member bank had three options:

- Chose to avoid the risk and terminate long-standing client relationships.
- Take the risk of doing business across state lines without an understanding of the associated risks.
- Allocate a substantial amount of company resources to gain a full understanding of the risk of doing business in a dozen or so states to benefit a limited, but important, part of our client base.

NONE of these solutions is a *viable* solution.

While we enjoy the benefits of the dual banking system and have solid relationships with the Federal Reserve Bank and the Wisconsin Department of Financial Institutions, it appears the increasing disparity and lack of parity with national banks is leaving us no choice but to consider a national charter. We cannot continue to ignore:

- The natural expansion of our clients' footprints.
- The limit on the resources an organization of our size can deploy to managing legal and compliance risk.
- The need to be committed to only ***one*** set of rules.
- The fact that an imbalance of rights and opportunities exist between national banks and state-chartered organizations.

I urge you to move forward with rule making which will continue to provide banking organizations with choice among charters that provide an **equal** opportunity for success.

Adoption of concepts discussed in the Petition would successfully allow Johnson Financial Group to:

- Fulfill its strategic plan.
- Maintain long-standing client relationships, particularly as the needs of our clients evolve geographically and beyond our geographic footprint.
- Demonstrate fiscal responsibility by not having to expend resources simply to do a charter change.
- Continue our support for a dual banking system, one that has served us, and our country, extremely well.

Thank you for taking the time to listen to my support of the Petition

Sincerely,

Richard A. Hansen
by John R. Topczewski

Richard A. Hansen
President and CEO, Johnson Financial Group

cc: Lorrie Keating Heinemann, Secretary WI Department of Financial Institutions