

November 14, 2008

Robert E Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D. C. 20429

Re: RIN 3064-AD35, Proposed FDIC Premium Increase

Dear Mr. Feldman:

I am writing to comment on a proposal to increase deposit insurance premiums. And once again, it is brokered deposits that are prompting this increase in premiums. Haven't brokered deposits been demonized enough? It has been stigmatized as: "Hot Money," "Non-Relationship Money," and "Money that causes banks to fail." Do brokered deposits come from mars? No, the meat and potatoes of brokered deposits are consumers, businesses, credit unions, banks, pension funds, and many others, who make the choice to buy Certificates of Deposit (CDs) from their local brokerage house.

Brokered deposits are a cost-effective funding source, when compared to brick and mortar, call center, and internet deposit gathering efforts. Brokered deposits are an excellent source of liquidity for banks.

At IndyMac Bank, we increased our reliance on brokered deposits and it extended our existence by a good 12 months. Unfortunately, the deteriorating banking marketplace and the negative news media reports exacerbated our liquidity problems. In a normal banking environment, IndyMac may have been able to survive. It was not brokered deposits that caused the bank's capital ratios to drop below well capitalized.

Now, there is a proposal to make brokered deposits even less attractive by increasing the annual assessment rate for Risk Category 1 institutions from its current level of 5 to 7 basis points to an assessment rate of 10 to 14 basis points, plus certain adjustment. Assessments for Risk Category 11 institutions would increase from 10 basis points to 20 basis points, plus adjustments.

The 10% brokered deposit threshold and the 20% growth threshold may work in today's economy but in a normalized banking environment, these ratios would be too low. The 10% brokered deposit threshold will discourage reasonable use of brokered deposits because banks and examiners will view this threshold as a cap and not a guideline.

We believe that the FDIC should not impose premiums on brokered deposits except as individual bank use warrants an increase.

Sincerely,



Ken Bernard
Money Desk Manager