



State of Washington

**DEPARTMENT OF FINANCIAL INSTITUTIONS**

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Scott Jarvis, Director  
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July 13, 2009

Ms. Sheila Bair, Chairman  
Federal Deposit Insurance Corporation  
MB 6028  
550 17th St. NW  
Washington, D.C. 20429  
[Comments@FDIC.gov](mailto:Comments@FDIC.gov)

RE: RIN # 3064-AD37 Comment *Generally Supporting Alternative B* to the Notice of Proposed Rulemaking (“NPR”), dated June 30, 2009, regarding extending the Transaction Account Guarantee (“TAG”) Program.

Dear Chairman Bair:

As the Director of the Washington Department of Financial Institutions (“WDFI”) – the FDIC’s partner in regulating Washington State-chartered banks and thrifts – I am writing in support of ***at least a one (1) year extension of the TAG Program (until June 30, 2010)***, which provides for an unlimited FDIC guarantee for deposits in qualifying noninterest-bearing transaction accounts maintained at insured depository institutions participating in the TAG Program.

As long as liquidity continues to be a major risk to the financial sector, we believe that the TAG Program will be a net benefit. A majority of our banks and thrifts in Washington State continue to experience varying degrees of difficulty in acquiring and maintaining deposits, particularly ones at low-cost. Especially hard hit have been our local community banks and thrifts, which are vital to the future of our local economies. A continuation of the TAG Program will help all of our banks and thrifts survive and overcome the nation’s current financial crisis.

While we generally support Alternative B of the NPR, we do not believe that a 6-month extension will be sufficient time to benefit all interested parties, including banks and thrifts, their public and private depositors, and the Washington’s Public Deposit Protection Commission (“PDPC”), acting on behalf of state and local government depositors. Neither will such a short extension help the FDIC or WDFI as partners in the regulation of our state-chartered banks and thrifts. Extending the TAG Program for only 6 months to one (1) year appears to be an inefficient way to address the real policy concerns behind an extension, since it is likely that the

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RE: Extension of Transaction Account Guarantee ("TAG") Program.

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FDIC, state regulators and depositors will be back considering another extension in too short a time. Each successive extension would require extensive meetings, customer notifications, education, and other considerations. Moreover, if the FDIC is not going to entertain a permanent TAG Program, you may even consider that the period of continuation match the current extension of the \$250,000 deposit insurance trigger-point to December 2013. That way, there would be a more coordinated FDIC insurance effort, saving time, money, and customer confusion, while helping to promote confidence during the economic recovery.

Respectfully yours,

WASHINGTON STATE DEPARTMENT  
OF FINANCIAL INSTITUTIONS

By:



Scott Jarvis  
Director