



GOLDEN GATE CAPITAL

August 10, 2009

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

Re: Proposed Statement of Policy on Qualifications for Failed Bank Acquisitions
(RIN 3064-AD47)

Ladies and Gentlemen:

We are writing to express our views with respect to the Proposed Statement of Policy on Qualifications for Failed Bank Acquisitions (RIN 3064-AD47), published by the Federal Deposit Insurance Corporation (the "Proposed Qualifications"), and to lend our voice to the growing chorus of potential investors who are gravely concerned about the impact of the Proposed Qualifications on the investment of private capital in the banking industry.

Golden Gate Private Equity, Inc. ("Golden Gate Capital") is a leading private equity firm with \$8 billion in capital under management. The firm seeks to generate superior returns for its investors through buyout and growth equity investments in partnership with world-class management teams in situations where there is a demonstrable opportunity to significantly enhance a company's value. The firm has a particular focus on the following industries: technology, financial services, consumer products, and retail. Golden Gate Capital was founded in 2000 and is currently investing from its third fund, Golden Gate Capital Opportunity Fund L.P., which has approximately \$4 billion of commitments.

Golden Gate Capital, on behalf of several investment funds managed by it, is considering its first investment in a banking institution, and the impact of the Proposed Qualifications on our proposed investment is a prime example of the adverse effect of the Proposed Qualifications on the willingness of the managers of private capital to make investments in and commitments to the banking industry.

We can state two facts unequivocally: First, until the release of the Proposed Qualifications, we were very excited about our proposed investment, as well as other potential banking industry investment opportunities, both in existing institutions and *de novo* operations. Second, if significant modifications to the Proposed Qualifications are not made, we will not be able to proceed with our proposed investment in such banking institution or any other institution that would be subject to the Proposed Qualifications. The Proposed Qualifications impose costs, burdens and uncertainties that would effectively preclude any such investment.

We cannot imagine that Golden Gate Capital is alone in our view, and the vast majority of the comments regarding the Proposed Qualifications submitted to date support that opinion. The elimination of a significant source of ready capital from participation in auctions for insolvent institutions and their assets will reduce the price and adversely affect the terms that the

Federal Deposit Insurance Corporation is able to obtain for such institutions and their assets, which means that the burden of the Proposed Qualifications will ultimately be borne by the Federal Deposit Insurance Corporation, the banking industry, and the U.S. taxpayer.

Our principal objections to the Proposed Qualifications fall into two categories as follows:

- The proposed increased capital requirements and minimum holding periods directly impact the economics of any proposed investment and place private capital investors at a significant competitive disadvantage, effectively “cooling” the auction process.

- Provisions of the Proposed Qualifications that dramatically alter the risk profile of a proposed investment (e.g., cross-guarantees, ill-defined source of strength requirements, the imposition of limitations on structuring options including the use of “silo” structures) introduce significant risks that are difficult or impossible to quantify. The assumption of these risks would be wholly inconsistent with the private equity investment model and threaten to eliminate participation by many private equity investors, even if they are willing to compete on the uneven economic playing field.

Other commentators have provided thoughtful and detailed analysis of these provisions which do not need to be repeated here. From the perspective of a potential first-time investor in the banking industry, it should suffice to say that our enthusiasm for the prospects of such investments has been diminished significantly, if not eliminated entirely, by the Proposed Qualifications.

We thank you for this opportunity to present our point of view and comment upon the Proposed Qualifications. If you have any questions, or would like to discuss any of the issues raised in this letter further, please do not hesitate to contact me at (415) 983-2727.

Sincerely,



Ken Diekroeger
Managing Director, Golden Gate Private Equity, Inc.