From: Brian Bacon [mailto:baconb@nationwide.com]
Sent: Monday, March 16, 2009 9:48 AM
To: Comments
Subject: Opposition to RIN 3064-AD35: Proposed FDIC Special Assessment pursuant to 12 CFR Part 327

Brian Bacon
Managing Counsel and Assistant Secretary
Nationwide
One Nationwide Plaza
Columbus, OH 43215-2226

March 16, 2009

Robert E. Feldman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dear Robert Feldman:

NATIONWIDE BANK

VIA E-MAIL comments@fdic.gov

March 16, 2009

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

Subject: RIN 3064-AD35
Proposed FDIC Special Assessment

Dear Secretary Feldman:

Nationwide Bank appreciates the opportunity to comment upon the FDIC interim rule imposing a special assessment of 20 basis points for the second quarter 2009. While Nationwide certainly favors a strong Deposit Insurance Fund, it's important to address the question of how this fund remains strong given the current economic environment.

Financial institutions are facing a number of adverse conditions, including a deepening recession, accounting rules that have the effect of overstating economic losses and reducing capital, a tightening of capital requirements by our regulators and an increase in FDIC quarterly premiums. All of these conditions combined can cause even the healthiest banks, like Nationwide Bank to struggle to manage effectively for the benefit of all stakeholders.

In an economic environment where credit is tight, the special assessment could actually have the effect of dissipating capital, undermining lending and further taxing the stability of the financial system. Unintended consequences hurt not just the bank, but the community and the economy as a whole.

As a whole, the across the board hike will discourage healthy institutions like Nationwide Bank from lending, that otherwise would be better positioned to further the economic recovery.

While we appreciate the simplicity of a 20 basis point across-the-board assessment, it seems to us that other traditional banking solutions are available to build the fund. Other options that should be considered include:

· Reduce the special assessment and spread the cost over a longer period of time. This approach should be taken with DIF recapitalization as well.

· Use a convertible debt option under which FDIC could convert debt borrowed from the industry into capital if it needs the funds. That would allow a bank to write-off the debt as an expense only when the funds are actually needed.

· Increase the FDIC's line of credit to the Treasury to cover short term funding. Under this approach the fund remains an obligation of FDIC members and permits the spreading of cost over a longer period of time.

· Access TARP funds to shore up the DIF on a temporary basis to permit a recapture of cost from FDIC members over time.

We urge you to act swiftly to consider these alternatives as workable solutions to the proposed interim rule.

Very truly yours,

NATIONWIDE BANK

/s/

Anne L. Arvia
President & CEO

cc: Mark R. Thresher,
Chairman of the Board, Nationwide Bank
Brian Bacon, Managing Counsel & Assistant Secretary, Nationwide Bank
Thomas A. Barnes—Central Regional Director—Office of Thrift
Supervision- U.S. Department of the Treasury

U.S. Senator Sherrod Brown
U.S. Senator George Voinovich
U.S. Representative Mary Jo Kilroy
U.S. Representative Pat Tiberi

Sincerely,

Brian Bacon
614-249-7452
Managing Counsel and Assistant Secretary
Nationwide