

Comments to FDIC Docket RIN 3064–AD73 Definition of “Prominently Engaged” due 8.17.2012

You state:

*Extending Credit and Servicing Loans*

*The activities of making, acquiring, brokering, or servicing loans or other extensions of credit (including factoring, issuing letters of credit and accepting drafts) for the company’s account or for the account of others were authorized by the Board of Governors as activities that are closely related to banking and thus permissible for bank holding companies*

Comments:

This is the method of which shows healthy financial stability used in municipal transactions presented to the public as reliable financial source. Yes, it is a Prominently Engaged Activities That Are Incidental Thereto.

You state:

*Financial and Investment Advisory Activities*

*The activities of acting as an investment or financial advisor to any person were determined to be closely related to banking by the Board of Governors.*

Comments:

Please consider those activities in relationship to Municipal Bond Issues set up by these advisors, sometimes pre-approved by the IRS, and presented a stable financial deal to an investor and no risk to the taxpayer. That may or may not be the case.

Will the bondholder then, upon default, control a City or County by virtue of this investment? In bankruptcy, they are first in line as a creditor. Who would be the responsible party-?

- Financial Advisor or Investment Advisor
- IRS
- Municipality
- Authorizing Council or Board of the Municipality or Joint Powers Authority

This is more than protection of an individual, but of residents of a Municipality who expect a functioning government and expect the Assets of that Municipality to be protected and not liquidated.

You state:

Agency Transactional Services

*Agency transactional services, including providing securities brokerage services, acting as a riskless principal, providing private placement services, and acting as a futures commission merchant, were determined to be closely related to banking by the Board of Governors.*

Comments:

Please consider the “futures” use of the credits market such as emissions credits or greenhouse gas credits that are under the authority of a State Board (CARB California Resources Control Board), Regional Legislated Agency such as an Air Quality Management District; or County government agency such as a Flood Control District. There is no regulatory oversight.

Now, Municipalities are created “Parking” credits in that same commodity future aspect without any regulation as a financial activity and no oversight.

Some existing credits may be exchanges but we anticipate cash to be exchanged in the future as “banking” is a term being used.

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