From: D. Finzel
Sent: Friday, May 19, 2023 5:58 PM
To: Comments
Subject: [EXTERNAL MESSAGE] Comments on RIN 3064-AF93

So the FDIC takes over these two (three now)"failed" banks and sells the assets.

SVB goes to 1st Citizens. How does buying these "failed" assets work out?

-----------------snip-------------------
First Citizens Bank, the US lender that acquired much of Silicon Valley Bank following its collapse, reported a more than 30-fold increase in profits for the first three months of 2023, benefiting from its purchase of the failed California-based lender.

Net income totalled $9.5bn in the first quarter up from $264mn in the same period last year, because of a $9.8bn gain from its deal for SVB, First Citizens said on Wednesday.

The windfall made First Citizens the second-most profitable bank in the US during the quarter, just behind JPMorgan Chase, which earned $12.6bn ------------end snip------------------

Signature goes to New York Community Bank. How did that work out?
--------------snip---------------------
The deal is self-capitalized since NYCB is buying the assets at a large discount to their fair value (see the $2.7 billion in net equity).
-----------end snip-----------------

Then we get 1st Republic, which goes to a Too Big To Fail (TBTF) bank
- JP Morgan. How does that work out?

---------snip---------
JPMorgan will make a "modest" one-time $2.6 billion gain by acquiring First Republic -----.end snip----

The reported issue with the failed banks was a "run" on deposits This
rule doesn't address that at all. Nothing in this stops another run,
and in fact it seems to encourage it. Why are the three buying
banks making billion dollar gains and Truist, Comerica, Key, etc, and all the other banks picking up the losses via this assessment?

It's like I fixed up my car and remodeled my house then I gave them to my friends for a steep discount, then charged all the neighbors in my community more for their car and house insurance to make up for the cost of the repairs and discount I gave my friends. I think the buying banks need to pick up more than half of this 15b with profits
from the sweetheart deals they got. The "fair market value" they
paid doesn't pass the smell test with profits like that.

The JPM deal smells especially like TARP II with the special deal on
the jumbo mortgages. If anything, this diminishes my faith that

1. the FDIC understands the banks and is properly assessing risks 2. the assets are being sold for fair market value 3. the FDIC is discouraging future electronic funds runs.

If you were serious about the issue that caused these banks to fail, you would have proposed an assessment to back any bank against a "run"
with an insurance plan that could cover all deposits for up to a certain period of time. Bad investments still make a failed bank, but a good bank with a 100b or 200B run in 24hrs still stands. No run lasts for long so if you really wanted to provide insurance for depositors, that would do much more. No one in that world could cause
the electronic bank run failure such as we just saw. Once SVB didn't
show any signs of the run, those big depositors likely would have
returned as they were at that bank for a reason. In such a case, you
would have prevented all three of these failures and the subsequent market disruptions, credit tightening, etc.

You're doing a reverse Robin Hood here with this assessment as you take from the poorer banks and give to the rich.

David