

**BANK  
CEO  
NETWORK**

705 B SE Melody Lane, #330 ■ Lee's Summit, MO 64063 ■ Telephone 800-872-2367 ■ Fax 866-311-9331

November 3, 2008

Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550 17th Street, N.W.  
Washington, DC 20429

Re: Federal Deposit Insurance Corporation Notice of Proposed Rulemaking,  
RIN 3064-AD35 ("the Notice")

Dear Mr. Feldman:

I am writing on behalf of the members of the Bank CEO Network, an educational and networking membership organization for community bank CEOs. Our organization has brought community bankers together for the past 17 years. The rotating membership in the Bank CEO Network is 175 community bank CEOs.

The Bank CEO Network recognized the value of CDARS early in its existence and made information about CDARS available to our members. Many of our members, and former members, are also members of the Promontory Interfinancial Network and can offer Certificate of Deposit Account Registry Service (CDARS) Reciprocal deposits to their customers. They rely on CDARS deposits as a stable source of core funding.

Many of our members have expressed deep concern regarding how CDARS reciprocal deposits would be treated under the Federal Deposit Insurance Corporation's new deposit insurance assessment proposal. Some are reluctant to use CDARS because they are currently defined as brokered deposits. This is a very important issue for them, as well as for the industry as a whole.

In your proposal you ask if placement services like CDARS Reciprocal should be excluded from the definition of brokered deposits for the purposes of the Notice's assessment rule. The Bank CEO Network urges you to exclude CDARS Reciprocal from the brokered deposit definition.

Many of our member banks use CDARS to provide FDIC insurance protection for local depositors, such as municipalities. It does not seem appropriate for deposits from local sources

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that are processed through CDARS and effectively returned to the originating bank to be treated the same as deposits that are originated by another entity.

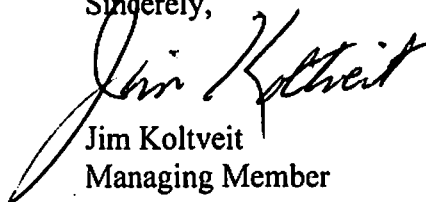
We also understand that CDARS CDs have a high reinvestment rate – 83 percent this year.

Finally, banks set their own rates on CDARS deposits, rates that reflect a bank's funding needs and local market. As a result, we understand that, depending on maturity, CDARS deposits are gathered at a significant discount to the cost of traditional brokered deposits.

Because of these characteristics, CDARS Reciprocal deposits can in no way be seen as "hot money." Therefore, defining CDARS reciprocal deposits as brokered deposits under the assessment proposal would stigmatize the CDARS Reciprocal service, penalize banks that offer it, and unfairly discourage bankers from using it.

In conclusion, again we respectfully urge the FDIC to exclude CDARS reciprocal deposits from the definition of brokered deposits in its proposed assessment rule. Furthermore, we respectfully urge the FDIC to support exempting CDARS reciprocal deposits from the definition of brokered deposits in the FDI Act to eliminate the possibility that CDARS might be included in future efforts to discourage the use of traditional brokered deposits.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Koltveit". The signature is written in a cursive style with a large, sweeping initial "J".

Jim Koltveit  
Managing Member