

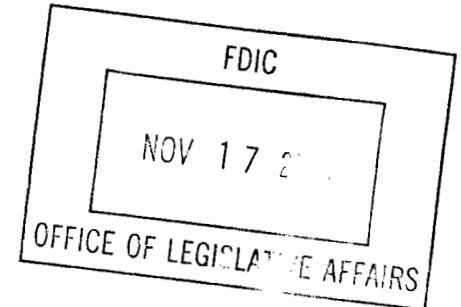


# CONGRESS OF THE UNITED STATES

November 14, 2008

**TOM LATHAM**  
Congressman  
4th District, Iowa

Mr. Eric J. Spitler  
Director  
Federal Deposit Insurance Corporation  
Office of Legislative Affairs  
550 17th Street NW  
Washington, DC 20429



Dear Mr. Spitler:

I would like to express my concerns about the Federal Deposit Insurance Corporation's (FDIC) recently proposed rule (RIN3064-AD35). I believe a provision in this proposed rule pertaining to the treatment of Certificate of Deposit Account Registry Service (CDARS) reciprocal deposits will ultimately lead to a poor distribution of risk among financial institutions. As many of the reciprocal deposits under this program are gathered from the local areas and reinvested, these deposits should be treated as core deposits rather than brokered deposits.

The FDIC's proposed rule could potentially subject financially secure institutions using CDARS to increased risk-based assessments and result in these secure institutions subsidizing the more risky practices of other financial institutions. I have been contacted by several banks in my district that use CDARS and they have shared their concerns that this provision would unfairly affect them. Furthermore, this determination would be a step in the wrong direction with regard to unfreezing the credit markets.

With the comment period for the proposed rule set to close on November 17, 2008, it is my hope that the FDIC will review all comments and determine that this provision deserves revision to exclude the treatment of CDARS reciprocal deposits as brokered deposits.

Sincerely,

Tom Latham  
Member of Congress

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