



November 18, 2008

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

**Re: Notice of Proposed Rulemaking (RIN 3064-AD35)**

Dear Mr. Feldman:

My name is Matt Klem and I am the Retail Bank Operations Director for Union Bank in Oklahoma City, OK. I am writing this letter to respond to the proposition of whether deposits received through a network on a reciprocal basis meet the statutory definition of "brokered deposits". I would like to take the opportunity to ask that these types of transactions be excluded from the definition of brokered deposits for purposes of the adjusted brokered deposit ratio or the brokered deposit adjustment.

Union Bank has a strong foundational history in the Oklahoma City MSA. We have been in the same location since 1952, albeit under different names and charters. We are owned by Olney Bancshares out of Texas, which is a holding company that controls banks in both Texas and Oklahoma. Union Bank's holding company has total Oklahoma assets of over \$1 billion. With capital funds of \$113,438,000, Union Bank's capital ratio is 14.8%, much higher than is required for a bank of our size. This data can be found on our September 30, 2008 call report.

These numbers, although reassuring to some, do not "hit home" with many of our customers. Some of the largest customer relationships that we have within Union Bank are customers that lived through The Great Depression, and with the recent downturn in the financial markets, our customers sleep better at night knowing that their money is FDIC Insured. Union Bank has a strong mix of IRA, Certificate of Deposit and core account relationships. With all of our relationships, one question is asked again and again. That question is:

**"Are My Deposits FDIC Insured"?**

While determining the answer to this question sometimes proves difficult, even with all of the tools that the FDIC provides to determine coverage with our customers, one product we can rely on are those investments offered through Promontory



Interfinancial Network, specifically the CDARS program. I know that you are familiar with CDARS and how it functions, but please allow me to share some information with you that you may not know.

- Union Bank offers a full array of bank products and services that are considered traditional, but when it comes to a definitive answer on FDIC Insurance, CDARS is a product often used to establish and foster relationships with our customers.
- Reciprocal transactions offered through CDARS allow us to maintain our capital ratio more effectively. This gives us the opportunity to do our part in backing the Oklahoma Economy, thereby solidifying Oklahoma City's reputation of being the "Most Recession Proof City", according to *Forbes Magazine's* April 29, 2008 issue.
- Our CDARS investments have increased dramatically over the last year, with more than \$20MM currently managed under the CDARS program.
- Our reciprocal CDARS customers renew approximately 91% of the time, making the investment a reliable source of secured capital for Union Bank, while simultaneously allowing customers to know their money is FDIC insured. This reinvestment figure is high by any standards when considering reinvestment rates in all institutions.

At Union Bank we believe in the "Power of One" for all of our customers. The "Power of One" philosophy states that we will provide our customers service that lives up to the standards of:

One Relationship  
One Point of Contact  
One Phone Call

CDARS allows us to continue the "Power of One" philosophy. They allow us to effectively work with our customers by placing funds into different certificates nationwide to allow 100% FDIC coverage. But from the customer's perspective, all they see is the Union Bank monthly statement, which is delivered to their mailbox in a Union Bank envelope. All of the work that goes into mapping these investments, by CDARS, is mostly transparent to our customers and this is a benefit for us. From the customer's standpoint, our "Power of One" Philosophy is in full effect. Couple the ability to operate transparently to the customer with the "Power of One" and we have an



incredible tool that we can use to encourage customers to save their money. In today's volatile financial environment, isn't this exactly what we need?

In closing, I urge you to defend our customers that participate in the CDARS program, as well as those customers in over 2,500 member banks nationwide and exempt reciprocal CDARS deposits from being considered "Brokered Deposits" in the FDI Act Definition. In light of the financial market and the general fear that is in the public persona today, I can assure you that this will help by encouraging even more banks to participate.

I wholeheartedly appreciate the opportunity to comment on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Klem', written over a light blue horizontal line.

Matt Klem  
Vice-President/Director of Retail Operations  
Union Bank  
4921 N May Ave  
Oklahoma City, OK 73112  
(405) 782-4237

CC:

Sen. Tom Coburn  
172 Russell Senate Office Building  
Washington, DC 20510

Sen. James M. Inhofe  
453 Russell Senate Office Building  
Washington, DC 20510

Rep. Mary Fallin  
1432 Longworth House Office Building  
Washington, DC 20515