July 6, 2009 OC07-1051

ATTN: Sheila Bair, Chairperson
FDIC

RE: Equity Firms buying banks

Dear Chairperson Bair,

During this public comment period, we support the FDIC's very needed and appropriate controls on Equity Firms buying "failed banks". We believe that oversight, supervision or guidance, transparency and stringent rules can prevent future financial disasters created by Wall Street et al; running amok, in particular:

1. The "3 year rule" would prevent speculators and get-rich-quickly investors from purchasing banks at government offered bargain prices and very soon thereafter, re-selling them for significant profit. Without your 3 year rule, the turnaround time will be mind whirling and the cost to the federal government, gargantuan.

2. The requirement of being well leveraged, i.e., the "3 times capital rule" would ensure that new equity owners were committed to the bank's survival and were willing to support it through difficult times. Otherwise, they could scheme and scam, those banks would fail anew and once again, the FDIC would need to take over. The rescues and bailouts would never end.

3. The wish of equity firm owners to remain ambigous and unknown, means that if there were future financial failings, the government would not know who to hold accountable. The "blame"/responsibility could be passed from their ghost-like CEOs to Boards of Directors or stockholders or even to middle or lower echelon employees. We have seen this film before and it did not bode well for our nation's financial health.

4. It is imperative that equity firm owners and key persons involved in the purchase, take-over, and day to day running of those banks are known and that their specific roles, duties and jurisdiction are transparent and clearly delineated in full detail.

5. The requirement that firms owning more than one bank would need to "cross guarantee" leverage to be used when one of their anemic banks requires fund transfusions from one of their healthier banks. Without that rule, the FDIC would again need to rescue and takeover the sick bank while the equity firm could avoid responsibility and the government would pay the bill. Also without such cross guarantees, there would be a rush for monopolistic or greedy equity firms to buy as many of the failing banks as possible at bargain rates and walk away with impunity, should they fail.

6. The rule on limiting credit extension to the firms other affiliated companies, will prevent equity firms from siphoning off bank capital and

transferring it to their affiliates and other investment pursuits, thus shoring up their own affiliated companies at the bank's/FDIC's expense. With that rule, one more shell game will have been thwarted.

Predictably, industry executives are balking at these excellent and well-conceived guidlines. They have done so well for themselves with little or no regulation and oversight, that following these directives offends their lust for enrichment and desire for ubiquitous control. They are using their usual psychological blackmail ploy, "FDIC guidlines would deter future private investmet in banks." That is the same swan song they sang before the massive financial collapse. Still they persist: regulate us and the economic sky will come crashing down, give us free reign and rainbows will flourish, the sun will shine.

Please do not be pressured or mislead by that self-serving chorus. Your regulations are outstanding and can truly invigorate struggling banks, revive a healthy credit/lending system for families, buisnesses, farmers, etc, etc. Finally, it will give the public renewed trust in our financial system and in government agencies that all of us need in order for the economic recovery to succeed and last. Thank you for this opportunity to share our feedback with you.

Respectfully yours,

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OFFICE OF THE CHAIRMAN