August 10, 2009

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW.
Washington, DC 20429

Dear Mr. Feldman:

We appreciate the FDIC's efforts to provide prudent parameters for private capital investors to purchase insured depository institutions in receivership. State bank regulators are interested in ensuring that private capital can flow into depository institutions, providing the necessary equity base for economic development and access to credit. In the current economic environment, attracting capital to the banking sector is critical to this country's overall financial stability. While we agree a certain level of guidance is necessary to facilitate these critical investments, we are concerned the proposed policy statement may be too restrictive and will undermine the broader objective of attracting capital to the banking system.

Overall, we are very concerned about any marginal requirements which do not apply to the industry as a whole. While private capital investors present some unique issues, existing regulations and prudential standards provide sufficient mechanisms to protect the best interest of depositors, communities, and the bank industry.

The policy statement appears to presume that private capital investors do not wish to engage in the business of banking "to serve as responsible custodians of the public interest that is inherent in insured depository institutions." The purpose of this presumption is unclear and seems unnecessary. All interested parties should be evaluated based on their banking expertise and proposed business model.

Under the policy statement, investors are expected to maintain a minimum Tier 1 leverage ratio of 15% for three years. As widely reported, this requirement is largely considered unacceptable to private equity investors. We are concerned this stringent requirement will serve to block much needed capital from the banking sector. Public policy should facilitate prudent investments for the benefit of consumers and local economies. We have strong capital rules and the ability to request higher levels based on regulatory judgments. The FDIC should defer to the existing standards and practices and base this decision on the characteristics of the overall risk profile of the institution, not exclusively on the ownership structure.

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We believe it is appropriate for the FDIC to provide a clear framework to facilitate private equity investments in the banking sector. Measures which serve to ensure transparency, strengthen the industry and the economy, and prevent conflicts of interest are necessary; however, we encourage the FDIC to avoid requirements which serve to artificially raise prudential standards discouraging the very capital we are seeking to attract.

Based upon the significant attention this issue has received, we would suggest offering a second opportunity for public comment if material changes are made to the statement as proposed.

Thank you for seeking public input on this important initiative. We are confident it will aide in assisting the FDIC in striking an appropriate balance.

Best regards,

Neil Milner
President & CEO