

JACK REED
RHODE ISLAND

COMMITTEES

APPROPRIATIONS

ARMED SERVICES

BANKING, HOUSING, AND URBAN AFFAIRS
HEALTH, EDUCATION, LABOR, AND PENSIONS

United States Senate

WASHINGTON, DC 20510-3903

August 13, 2009

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

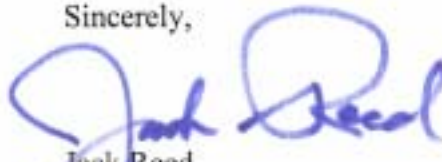
Dear Mr. Feldman:

I am writing to commend the Federal Deposit Insurance Corporation for proposing a clear policy on the acquisitions of failed banks by private equity firms and other investors. In a letter date May 22, 2009, I urged you and other regulators to take necessary steps in this area. Your recent "Proposed Statement of Policy on Qualifications for Failed Bank Acquisitions" is an important effort to ensure that failed bank acquisitions are conducted in a way that protects taxpayers.

As financial institutions seek new capital to help regain their strength, private equity and other firms offer a potentially valuable source of funding that would also take the pressure off of taxpayers. But such acquisitions only protect taxpayers if they have appropriate and tailored safeguards to minimize the risks to the safety and soundness of the institutions and the deposit insurance fund. Before letting these firms invest in banks, they must first demonstrate that they have adequate capital and that they represent a source of financial and managerial strength for the depository institution.

I support your efforts to implement strong capital, source of strength, and other requirements. I also commend you for considering comments from all interested parties on whether your proposal strikes the right balance of creating effective standards while also facilitating investments in failed banks and thrifts. I look forward to continuing to work with you to address this issue.

Sincerely,



Jack Reed
United States Senator

Cc: Sheila C. Bair, Chairman

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