

April 8, 2011

Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, NW  
Washington, DC 20429

Re: FIL-6-2011 – Deposit Insurance Coverage Training

Dear Sir or Madam:

CapitalSource Bank (CSB) would like to express its appreciation for the opportunity to comment on FIL-6-2011 pertaining to deposit insurance coverage training. CSB, an industrial bank, is a wholly-owned subsidiary of CapitalSource Inc, (NYSE: CSE), which is a commercial lender that provides financial products to middle market businesses. As of December 31, 2010, CapitalSource had total assets of \$9.4 billion. Headquartered in Los Angeles, California, CSB operates 21 retail offices in the state with deposits totaling \$4.6 billion. The products offered in those offices are Certificates of Deposit, Money Markets, Savings and Individual Retirement Accounts.

CSB believes that providing deposit insurance information to consumers is important. We also believe in making it convenient for consumers to access this information through a variety of channels, including the branch, website, and telephone. This is critical in allowing consumers the opportunity to make an informed decision on how to maximize their insurance coverage and protect their investments. After reviewing the entire proposed rule, CSB would like to express some concerns over portions of the proposal that we feel would be burdensome to implement; both from a cost and administrative perspective. We have responded to each of the questions listed in the "Request for Comments" section in the proposed rule below.

**Does the proposed rule strike the right balance between meeting depositors' need for accurate deposit insurance information and the potential cost to and regulatory burden on IDIs?**

CSB believes that customer and bank employees should be well informed on the aspects of deposit insurance and we strongly support employee training in this area. Additionally we agree with the availability of the EDIE components within the proposal. We do, however, have concerns regarding the customer counseling requirement of the proposal. It is our opinion that it is excessive and too burdensome to require IDIs to ask specific questions of consumers about their ownership interest and then based on the consumers' response, provide additional disclosure, in this case, the Deposit Insurance Summary booklet and to require a freestanding computer dedicated to EDIE.

**Is the scope of the proposed rule appropriate? In its present form, the rule would require training for all IDI employees with authority to open accounts and/or respond to customers' inquiries on deposit insurance coverage. Should the training extend to all IDI employees who work in bank retail offices, not just the employees with these specific responsibilities?**

CSB believes that the scope of the proposed rule is appropriate. Training is crucial in making sure the IDI employees are well versed in FDIC insurance, and have the ability to provide accurate information to consumers. Training should be required for all IDI employees that establish accounts, and/or respond to customers' inquiries on deposit insurance coverage. However, this training should be limited to employees that establish accounts and not be required for all employees who work in retail bank offices.

**The rule would require IDI employees to inquire whether the customer has an ownership interest in any other deposit accounts at the IDI and, if so, whether the customers' total ownership interest in deposit accounts, including the new account, exceeds the Standard Maximum Deposit Insurance Amount (SMDIA). Should the inquiry only apply to aggregated deposits that exceed the SMDIA of \$250,000 or to aggregated deposits that may approach the SMDIA? And if so, what dollar amount or percentage of the SMDIA should trigger the obligation to provide depositors with the FDIC's Deposit Insurance Summary publication?**

It is our opinion that this section of the rule is onerous. It is not clear how this will be monitored. Additionally, the proposed rule does not indicate how a bank would demonstrate compliance with this component.

CSB believes that it would be more beneficial to have the customer direct the conversation so that if a customer asks for information about deposit insurance, the FDIC's Deposit Insurance Summary publication could be provided or more beneficially, the employee could walk the customer through EDIE.

Also, we foresee issues where consumers open an account and/or subsequently deposit funds that put them over the insurance limit, and later come back to claim that the IDI never informed them about insurance coverage. It would be difficult for the IDI to prove compliance with this aspect of the proposed rule.

We also foresee issues with consumers establishing accounts through channels other than the branch, such as phone, mail, and internet. It could be burdensome and potentially cost prohibitive to mandate that IDIs ensure consumers are within the Standard Maximum Deposit Insurance Amount (SMDIA) prior to boarding the account when the account is not opened in person. For online banking, most systems do not have the capability to aggregate balances based on ownership, so total amount of deposits is unavailable and so changes to systems would be cost prohibitive. Instead, we would suggest for online account openings that a statement similar to "if you have any questions about deposit insurance, please click here (EDIE link)" be included as part of the new account opening process.

For accounts opened by mail, there are additional challenges to providing the information before new account opening.

As stated above, CSB believes this section of the proposed rule should be stricken. Based on the concerns we've shared, it is too burdensome and potentially cost prohibitive to require IDIs to comply with this rule.

Finally, we are concerned with the additional burden this will place on the FDIC to provide timely and adequate supplies of the necessary publications. Since the change in coverage from \$100,000 to \$250,000, we have been unable to obtain the Deposit Insurance Summary publication from the FDIC. We've been informed the booklets are not currently available.

It is our conclusion that having a conversation with the customer is important, but that the customer should direct the conversation. For the reasons mentioned above, we believe the potential cost and regulatory burden of demonstrating compliance outweighs the necessity of this section of the rule.

**In addition to requiring IDIs to make EDIE available on their websites, should the FDIC require IDIs to maintain, in their retail office lobbies, a dedicated computer terminal containing the EDIE application, which all customers could use on their own, or with assistance from IDI employees, to generate reports on the customer's deposit insurance coverage?**

CSB believes that requiring IDIs to maintain a dedicated computer terminal containing the EDIE application is too burdensome. In many offices, there is limited desk and/or counter space in which to place an extra computer. This could require branch reconfiguration, including additional cabling. Of greater concern is that in space challenged environments, requiring an additional computer could impact the privacy of other customers and the ability of CSB to effectively serve its customer base. Currently, CSB provides a link to EDIE on all retail office employees' computers. This allows us to walk the customer through the process of determining their insurance coverage. This practice complies with the spirit of the proposal and should be allowed to remain an option.

**In addition to requiring IDIs to provide the FDIC's Deposit Insurance Summary publication to depositors whose combined deposits at the IDI exceed the SMDIA, should IDIs be required to make this publication available in their retail office lobbies so all depositors have access to this important information?**

CSB believes that it is a good practice for IDIs to make this publication available in their retail offices. However, as stated above, we are concerned with the additional burden this will place on the FDIC to provide timely and adequate supplies of the necessary publications.

**Should the CBI software program include a feature that would allow IDIs to confirm that training has been completed by covered employees?**

The FDIC should make the availability of the training flexible. Many IDIs maintain training management systems that provide tracking for a variety of bank and regulatory training needs. Any training required by this proposal should be available for banks to download into their training management system for tracking. Alternatively, smaller banks may not have a training management system and would welcome the tracking available from the FDIC. For CSB, being required to track this training in the FDIC application would be burdensome, because CSB maintains a robust training management system that is regularly monitored to ensure compliance with all bank or regulatory training requirements, therefore maintaining employee information on a separate FDIC training database would require additional and unnecessary cost.

Additionally, many banks obtain training content from third party providers; it may behoove the FDIC to consider providing this content to those third party providers, free of charge, for distribution to their customers.

FDIC can monitor compliance with the training requirement during the regularly scheduled compliance examinations since training for other regulatory requirements is reviewed at that time.

Thank you for your consideration of our comments and concerns.

Sincerely,



Tad Lowrey  
President and CEO