

Robert E Feldman
Executive Secretary
Attention: Comments
550 17th Street NW
Washington DC 20429

Re: Unsafe and Unsound Banking Practices-Brokered Deposits
RIN 3064-AE94

Dear Mr. Feldman:

We appreciate the FDIC's commitment to review brokered deposit and interest-rate regulations because of "changes in technology, business models, the economic environment, and products since the regulations were adopted" in 1989. We would like to respond to the Advance Notice of Proposed Rulemaking (the "ANPR") issued by the Federal Deposit Insurance Corporation's ("FDIC") pursuant to a comprehensive review of the regulatory approach to brokered deposits and the interest rate caps applicable to banks that are less than well-capitalized.

LCA Bank Corporation ("LCA Bank") is an FDIC-insured industrial bank licensed and regulated by the State of Utah. LCA Bank's business model focuses primarily on providing equipment leases to small business customers nationwide.

From its inception, LCA Bank viewed brokered deposits as a reliable funding source that didn't rely on a network of branches with high overhead costs. We have found brokered deposit funding to be extremely stable. During the "great recession," brokered deposit funding was readily available and cost effective as investors fled to the safety of federally-insured deposits.

LCA Bank has a long-term history of safe and sound operations. While we experienced a temporary uptick in net charge-offs during the recession, the bank's portfolio of well-diversified small-ticket equipment leases recovered quickly and has performed consistently well in various economic conditions. Management understands the importance of maintaining strong capital levels and using prudent lending practices and risk management strategies.

We have a long documented history of using brokered deposits in a prudent manner and appropriately measure, monitor, and control risks associated with this funding source. Due to the predictability of principal and interest payments on brokered certificates of deposit, we are able to match fund the cash flows from the bank's lease portfolio against deposit maturities to limit our sensitivity to market interest rate risk. Management can implement this risk management strategy very efficiently given our relatively small size, and our approach is more straightforward than using hypothetical assumptions (such as predicting decay rates) that would be required to match fund using core deposits.

If our sources of funding and liquidity were limited by new restrictions on the use of brokered deposits, we would probably need to rely on more expensive sources such as listing services to raise deposits. This may challenge LCA Bank's ability to effectively compete in the marketplace and could result in passing higher costs on to our small business customers, which have already been challenged to find reasonably-priced credit sources.

We are glad that the FDIC is reviewing outdated regulations regarding brokered deposits and interest rate restrictions, and would be happy to provide additional information about our experience using brokered deposit funding.

Sincerely,

A solid black rectangular box redacting the signature of Laura A. Olsen.

Laura A. Olsen, President