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

RE: Proposed Statement of Policy on Qualifications for Failed Bank Acquisitions; RIN 3064-AD47

Dear Mr. Feldman:

I am a founder and the CEO of a new bank "in organization". With others, we began the application process last summer, contemplating an initial capital of $25 million. After the chaos of last fall, I approached a group of private equity firms to raise a much larger amount of capital than we had originally contemplated for the new bank. Unfortunately, the FDIC policy as presently proposed would end my quest.

Our proposed bank, Grandpoint Bank & Trust, N.A. (in organization), will be capitalized with $75 million and in addition will have commitments available to it of more than $225 million, mainly from private equity firms. Our plan is to build a community bank by hiring talented relationship officers in addition to buying other banks, including failed institutions from the FDIC. I have done this twice starting in the early 1990s when I organized a small group of investors to buy a failed bank from the FDIC. Over the following years I bought four more struggling little banks and built two great banking organizations.

I write this letter from a personal point of view because I know there are other bankers out there like myself. I am not a "shill" working for private equity. I love this business and moments like this are an opportunity to create great organizations. This is when talented managers and new capital need to come together. Unfortunately, the proposed policy would adversely impact our ability to go forward. I believe it is healthy for the banking system and for the American taxpayer to permit private equity firms to invest in our banks on a noncontrol basis. As proposed, the policy would have a chilling effect on bringing new capital into FDIC regulated banks.

I doubt anyone can raise capital with a 15% leverage ratio threshold for three years. I know I cannot. We are able to live with the leverage ratio that the regulators have imposed on us as a "de novo" bank for three years. Clearly our expenses are going to be higher than our revenues on day one. We are good managers, and, if we were to buy a "failed" institution from the FDIC, I know our earnings power would increase and our risks would be reduced. I know this from experience having been directly involved in three FDIC failed bank transactions over the years involving banks ranging in asset size from under $100 million to over $20 billion.

While I do not see the logic of requiring higher capital for banks in which private equity firms are investors, I personally do not have a problem with a "holding period" after an FDIC transaction. That has been my experience in the past. It takes time in banking to build an organization. The combination of good management and new capital can only be successful by steadily growing an organization over time. To grow we need to take care of our clients. We are relationship oriented and our clients need credit. We intend to make loans. That's community banking.

I am not going to comment on the "cross guarantee" and "source of strength" issues other than to observe that in my personal experience the Federal Reserve's guidelines on control have been very effective in allowing me to operate free from the influences of large institutional investors. I do not understand how the cross-guarantee or source of strength would work because, at least in our case, none of the investors will be deemed to control the bank. I do know that no one would make an investment where they have all the risks that come with accountability but neither the ability to affect or control those risks.

Over the years I have enjoyed my relationships with the FDIC, the OCC and the Federal Reserve. We have not always agreed, but the dialogue has always been constructive. As I tell our investors and board members, we are in a risk business, and I always like having someone looking over my shoulder. In conclusion, I hope my comments are helpful and that this is but another step forward as we all try to build a better banking system.

Sincerely yours,

Don M. Griffith
Chairman and Chief Executive Officer