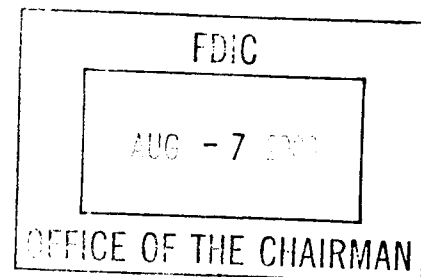


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CAPITAL PARTNERS LLC



BOSTON | NEW YORK

MICHAEL R. EISENSON
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

August 6, 2009

Chairman Sheila Bair
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Re: Comments to Proposed Statement of Policy on Qualifications for Failed Bank Acquisitions

Dear Chairman Bair:

Charlesbank Capital Partners, LLC ("Charlesbank") welcomes the opportunity to review and comment on the Federal Deposit Insurance Corporation's (the "FDIC") Proposed Statement of Policy on Qualifications for Failed Bank Acquisitions (the "Policy Statement").

Charlesbank is an 18-year-old private equity firm that makes middle-market investments in US companies. Since 1991 we have invested approximately \$1.6 billion in more than 50 companies. We have developed a record of consistent investment returns through several economic cycles by backing strong, skilled management teams to acquire and build fundamentally sound businesses. Our individual investment hold period typically ranges from 3-7 years.

For many years, our group managed an investment portfolio solely for Harvard University. In 2000, we broadened our investor base to many other institutional clients, which today include public and corporate pension funds, banks, insurance companies, endowments and family offices from the US, Canada, Europe and the Far East. We currently manage more than \$3 billion in committed capital for our investors.

We invest across a range of industries, and our senior team members have been consistent investors in financial services for over 20 years. Our former and current financial services investments include regulated banks and firms providing regulatory

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capital to community banks, as well as companies serving the broader commercial and industrial loan market, the insurance industry, bankruptcy trustees and information technology leasing.

Charlesbank recognizes the extreme stress US financial institutions currently face and appreciates the FDIC's efforts to strengthen them by providing guidelines with respect to failed bank acquisitions. We agree with the broad principles expressed by the FDIC in the Policy Statement, namely to ensure that owners of banks and thrifts, whether individuals, partnerships, limited liability companies, or corporations, have the experience, competence, and willingness to run the bank in a prudent manner, and accept the responsibility to support their banks when they face difficulties and protect them from insider transactions.

However, we are concerned that the Policy Statement, by singling out "private capital" investors, would discourage the flow of a critically important new source of capital into the banking system at the time when capital is most needed. Below, we comment specifically on certain aspects of the Policy Statement that we believe would be most problematic, as a practical matter, for private capital investors. More generally, we are concerned that the Policy Statement subjects different banks to fundamentally different "rules of the game" depending only on the source of their capital, and that the manner by which private capital investors have been singled out has conveyed an implicit message that their capital is not welcome.

In evaluating bids for the acquisition of a failed depository institution in receivership, the FDIC has always appropriately considered a variety of factors: the experience and competence of any proposed new management team, a detailed business and capital plan, and specifically prudent management of both sides of a bank's balance sheet, and the adequacy of risk management. The FDIC can and should continue to carefully evaluate all of these factors, as well as the attractiveness of particular bids, in discharging its obligation to resolve failed banks at least cost to the Deposit Insurance Fund. However, we do not believe that the presence of private capital investors in a bidding group should, in and of itself, alter the way in which these other factors are evaluated. Whatever policy the FDIC ultimately adopts with respect to the acquisition of failed banks, it should apply equally to all purchasers.

With respect to the proposed Policy Statement:

1. Parties to whom the Policy Statement should apply.

See above. No additional comment.

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2. Previously used investment structures and “silo” structures.

No comment.

3. Capital Adequacy.

Charlesbank supports prudential capital ratios for insured financial institutions of all types and for reemerging troubled ones in particular. However, to require financial institutions owned by private capital investors to maintain capital ratios significantly in excess of those of other bidders/owners in our view will make private capital investment “uncompetitive and uneconomic.” We believe that, subject to the specific circumstances of an acquisition, Tier 1 capital in the range of 5% (the “well capitalized” standard under the FDIC’s Prompt Corrective Action rules) to 8% (the leverage ratio that the FDIC applies generally to *de novo* institutions) would provide sufficient protection for the Deposit Insurance Fund and, if adopted under the Policy Statement, would balance that protection with the opportunity to attract the most qualified capital to bid for failed banks in receivership.

4. Source of Strength.

Charlesbank supports and appreciates the concept of a requirement of any acquired bank to raise additional qualifying capital should it become undercapitalized. However, we do not believe it is appropriate to require private capital investors to necessarily be that source of capital. We believe that any specific provisions contained in the Policy Statement regarding investment of additional capital should focus on the circumstances requiring such capital and affirmative covenants for owners to support such actions, as opposed to prescriptive requirements as to its source.

5. Cross-Guarantees.

Charlesbank believes that private capital investors that do not control a financial institution should not be required to pledge their ownership interests in other financial institutions. Cross-guarantee liability arising with respect to controlling investments has already been dealt with by Congress in the Federal Deposit Insurance Act. Any additional cross-guarantee liability imposed on private capital investors amounts to an additional cost to them not borne by other investors, is inequitable and will discourage investment.

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6. Secrecy Law Jurisdictions.

Charlesbank believes that restricting investments from offshore funds, which in the case of Charlesbank and many other potential private capital investors are used to accommodate investments by offshore investors in our equity funds on a side-by-side basis with U.S. domiciled investors, would preclude the vast majority of private capital investment firms from acquiring or investing in failed banks. An exemption for side-by-side offshore funds or demonstration of appropriate controls and oversight of offshore entities would seem to address the FDIC's concerns without precluding private capital investors with such structures.

7. Continuity of Ownership.

Charlesbank appreciates the need for continuity of ownership in an acquired failed bank and, as described above, we historically have maintained individual investments for an average duration of 3-7 years. Nonetheless, we believe that in many cases a 3-year time period overstates what would be required to stabilize the operations of an acquired bank and that a prohibition on sale or transfers within such period would potentially forestall transactions that would strengthen the acquired bank (e.g., an initial public offering). As the FDIC will have approval rights over any significant sale of transfer of ownership in any event, we believe absolute prohibition on transfers for any period is unnecessary.

8. Bid Limitation on 10% Owners.

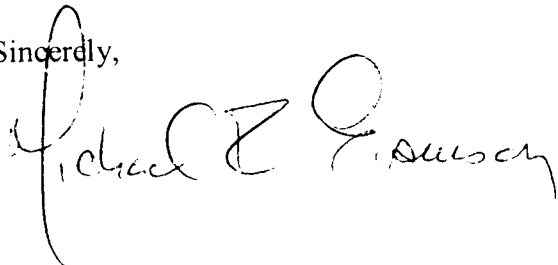
No comment.

9. Phase-out of Limitations in Policy Statement.

No comment.

We appreciate the opportunity to comment on the proposed Policy Statement and would welcome the opportunity to discuss it and our comments above with you further.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael E. Gausman". The signature is written in a cursive style with a large initial "M".