



November 7, 2008

Robert E. Feldman
Federal Deposit Insurance Corporation
550 17th Street North West
Washington, DC 20429

Re: Notice of Proposed Rulemaking (RIN 3064-AD35)

Dear Mr. Feldman:

The Gold Coast Bank welcomes the opportunity to comment on the Federal Deposit Insurance Corporation (FDIC) Notice of Proposed Rulemaking proposing changes to the FDIC's deposit insurance assessment regulation.

In particular, we would like to respond to the request for comments on whether "deposits received through a network on a reciprocal basis that meet the statutory definition of brokered deposits be excluded from the definition of brokered deposits for purposes of the adjusted brokered deposit ratio or the brokered deposit adjustment?"

We are a single location, \$85 million state nonmember bank located in Chicago, IL. As a de novo bank that opened in June 2007 and have a non-retail business model, the Certificate of Deposit Account Registry Service (CDARS), which meets the description of a reciprocal placement service in your proposal, has been an important product offering for us to attract larger deposit account from our higher net worth client based. It must be noted that brokered deposits were not in our original business plan, therefore, when the opportunity presented itself shortly after we opened, we discussed participation in the CDARS reciprocal program with the FDIC Chicago Regional Office prior to doing so as such an account is technically a broker deposit. The Chicago Regional Office had no objection to us participation in the CDARS reciprocal program, presumably due to the non brokered deposit nature of the bank's own customer relationship.

Since it is the banks own customer deposits that are entered into the CDARS reciprocal program, the balances are stable sources of core funding that do not present the risks and other characteristics of traditional brokered deposits. Therefore, we strongly believe CDARS Reciprocal deposits should be excluded from the definition of brokered deposit for the purposes of this proposal.

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Brokered deposits chase national interest rates, compared to CDARS CDs, where interest rates are set by directly by the bank based on its relationship with the customer. Brokered deposits rarely renew or roll over. Our bank has experienced extremely high reinvestment rates of 91% for our customers in the program, and the only money that has left the program has been related to a specific need or use of the funds, and not to chase the next higher interest rate that was tangled in front of them. This high reinvestment rate is no different from the roll-over rate in traditional CD programs. This supports that our customers do not seek out our bank's CDARS program because we pay the highest interest rates, rather they find it more convenient to maintain a single banking relationship with us rather than going to multiple banks only to obtain additional deposit insurance protection.

Since CDARS Reciprocal deposits do not exhibit the characteristics of traditional brokered deposits, CDARS deposits should not be treated like brokered deposits for purposes of the proposed assessment regulation. For banks, separately reporting CDARS deposits on the Call Report would be simple. Such reporting could be achieved by simply amending the call report or allowing us to report the figures separately. In addition, we strongly urge the FDIC to support legislation explicitly exempting CDARS Reciprocal deposits from the definition of brokered deposit in the FDI Act definition, which would conclusively settle any uncertainty as to the status of CDARS.

We appreciate the opportunity to comment on this proposal.

Sincerely,



John Morgan
EVP/CFO

cc: Sen. Barack Obama

Sen. Richard J. Durbin

Rep. Danny Davis

713 Hart Senate Office Building
Washington, DC 20510

309 Hart Senate Office Building
Washington, DC 20510

2159 Rayburn House Office Building
Washington, DC 20515