

United States Senate

WASHINGTON, DC 20510

February 15, 2013

The Honorable Martin Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 Seventeenth Street, NW, Room 6076
Washington, DC 20429

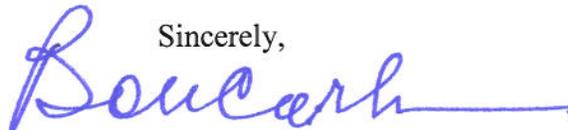
Dear Chairman Gruenberg:

I asked you yesterday about the Federal Deposit Insurance Corporation's (FDIC) approach to orderly liquidation authority (OLA). Specifically, I urged you to achieve a process that holds creditors accountable during the liquidation of a failed financial institution.

As you know, the regime you have established under Dodd Frank's Title II would wipe out the bank using a single point of entry at the holding company level. My concern is that this allows creditors to issue unsecured debt at the subsidiary level with the full knowledge that they can avoid being wiped out. I think we all agreed yesterday that this was not the intended outcome. So my question to you is the following: if you follow through with a single point of entry approach, how do we ensure that creditors at any level of the financial institution take losses?

I appreciate your swift attention to this matter and look forward to your response.

Sincerely,



Bob Corker
United States Senate

cc: Daniel Tarullo