



Robert J. Entringer
Commissioner

Aaron K. Webb
Assistant Commissioner

I. Lise Kruse
Chief Examiner - Banks

Corey J. Krebs
Chief Examiner - Credit Unions

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October 22, 2013

Richard DeSanctis
Executive Vice President & Chief Operating Officer
Reich & Tang
1411 Broadway 28th Fl
New York NY 10018-3450

Re: Determination Required by Sections 21-04-09 and 21-06-07 of the North Dakota Century Code as to appropriateness of Reich & Tang Deposit Solutions, LLC's Demand Deposit Marketplace program

Dear Mr. DeSanctis:

I have been asked to review Reich & Tang Deposit Solutions, LLC's Demand Deposit Marketplace program ("Program") to determine if the Program is appropriate for use by a North Dakota public corporation. Section 21-04-09, North Dakota Century Code states in part: "No pledge of security or bond may be required for any funds deposited with a financial institution directly or by a financial institution's participation as a member of a deposit placement service to the extent that the deposits are insured or guaranteed by the federal deposit insurance corporation or the national credit union administration as determined by the commissioner of financial institutions..."; additionally, Section 21-06-07, North Dakota Century Code entitled Political subdivisions may invest funds, states in part: "Counties, cities, school districts, park districts, and townships in this state may invest moneys in their general fund, or balances in any special or temporary fund, in:

- e. Certificates of deposit, savings deposits, or other deposits fully insured or guaranteed by the federal deposit insurance corporation and placed for the benefit of the public depositor by a public depository through an appropriate deposit placement service as determined by the commissioner of financial institutions."

Pursuant to the requirements of the aforementioned sections, I have reviewed a number of documents which your firm provided relative to the Program including,

2000 Schafer Street, Suite G  Bismarck, ND 58501-1204

701-328-9933  dfi@nd.gov

fax 701-328-0290  www.nd.gov/dfi

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marketing materials, documents entitled: Report Pertaining to Insured Deposit Sweep Account Operations for Control Objectives and Related Controls as of October 31, 2012 and Tests of Operating Effectiveness for the Period February 1, 2012 through October 31, 2012, and the Report on Management's Description of Transfer Agency Operations, Suitability of Design and Operating Effectiveness for the period November 1, 2011 to October 31, 2012. I also reviewed a copy of a Memorandum dated February 24, 2012 from the law firm Morrison & Foerster LLP ("Morrison") which analyzed the Program including whether the funds deposited through the Program are eligible for pass-through deposit insurance through the Federal Deposit Insurance Corporation ("FDIC").

The key factor in determining whether a deposit placement service is "appropriate" under the statute, is whether the funds are fully insured by the FDIC. The Morrison Memorandum referenced above concludes that the beneficial owners of the funds would be eligible for pass-through deposit insurance from the FDIC. Based on the foregoing, it is my determination that Reich & Tang Deposit Solutions, LLC's Demand Deposit Marketplace program is appropriate for use by North Dakota public corporations as an appropriate deposit placement service.

Additionally, I would specifically request that any future audits of Reich & Tang Deposit Solutions, LLC's Demand Deposit Marketplace program be submitted to the Department once they are available. It is my intention to review the program periodically but no less than every two years. Finally, I would also ask that the Department be made aware of any adverse determinations with respect to the pass-through insurance from the FDIC as soon as possible.

If you have any questions regarding this letter please contact me at your convenience.

Sincerely,



Robert J. Entringer
Commissioner

RJE:sr