



CITIZENS BANK

Traditional Banking at its Best

January 14, 2008

Mr. Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20529

Re: Proposed Amendments to Part 363 of
Regulations covering audit and reporting
requirements for insured institutions
with \$500 million or more in total assets.

Dear Sir:

I do not believe that the proposed amendments are needed or called for. My experience with Section 404 of the Sarbanes-Oxley Act of 2002 is that there are unnecessary and ineffective requirements in the reporting under this section. The requirements may be appropriate for large complicated public companies but completely inappropriate for community banks. Many community banks simply grow to \$500 million in assets and even to \$1 billion in assets without becoming complicated corporations.

I comment below on some of the requested aspects of the proposal:

1. Use of Plain Language - I do not think the language is plain. The regulation should be rewritten with more simple language in mind.
2. Impact on Community Banks - The proposal simply adds to the regulatory burden which require more personnel and divert management's attention from the basic business of the bank.
3. Whether this Collection of Information is Necessary - I do not believe this information is necessary. I also do not see ways to minimize the burden it will create.

I have asked Steve Maggart of our bank's outside audit firm of Maggart and Associates to review the proposal.. Attached are his comments on the proposal.

Thank you for your consideration of our views on the proposed change.

Sincerely yours,

Walter G. Birdwell, Jr.
Chairman of the Board

(DATE)

FDIC
(Address)

Rc: Comments on **Proposed** Amendments to Section 35
of the Federal **Deposit** Insurance Act and Part 363
of the FDIC's related implementing **Regulations**

Sirs:

Report on Assessment of the Effectiveness of Internal Control Over Financial Reporting

The **proposed** would require that **insured depository institutions with assets in excess of \$1 billion** would be required to **provide a separate report on "Management's Assessment of the Effectiveness of Internal Control Over Financial Reporting"** similar to the requirements that **public companies** have under the provisions of Section 404 of the **Sarbanes-Oxley Act of 2002**. We strongly object to **this** provision for the following reasons:

1. **The cost of implementing** this provision far exceeds the benefits **derived**. Although we would not initially be subject to the **requirements, we estimate the** annual cost of implementation for our **Bank** would approximate **\$200,000** for internal control **system** documentation, **walk throughs**, compliance **testing** and outside audit.
2. It is **virtually impossible** for a small community **bank** to **recruit** the personnel **with** the level of training and **experience** to implement **these complex accounting and reporting rules**.
3. Financial **institutions** such as ours are **already** subject to **extensive outside audits and examinations by the Federal and State regulators and outside auditors**. Adding SOX 404 would be an **unnecessary burden**.
4. **We do not access the** capital **markets** so we do not have a higher **degree of** duty to **potential investors** in our stock.
5. **The** proposal additions and **amendments** would take our resources **away from** productive **activities** related to **managing the** bank and would adversely effect the moral of our personnel.

In other words, we would be **adding another** layer of rules and regulations (red tape) which would **take away from** properly managing **the assets and liabilities of the Bank**.

Audit Committee Independence

Documentation requirements are not necessary.