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There has to be a better way to replenish the FDIC insurance fund than assessing all the lending institutions in the system. Most of the banks are not in trouble and should not be punished for the sins of the bad ones. Plus, the marginally viable institutions may well perish as a result of this assault on their earning capability.

Think about assessing only the banks that received TARP money at a rate equal to 10% of the treasury's investment. They may howl, but had this formula been presented initially whereby they would receive 90% of the original figure, I'm pretty sure they would still have taken the funds. To make it more palatable you could reduce the dividend rate to 4.5% which would give them an opportunity to recover the extra expense over time. In effect you are not asking the tax payers for more money, you are replenishing the fund with earnings that you helped create at the TARP banks, you are not punishing the clean banks, and you will not be pushing any marginal banks over the edge.

In retrospect, had you known earlier that the insurance fund was in trouble and you had this large, finite, pool of money to fix the banking problem, wouldn't you have replenished the fund first? Even at a reduced rate of 4.5% the government is better off because it was not investing for a return of interest and principal as much as it was investing and hoping for a return of principal.

The math might be something like this: TARP funds to FDIC insured banks at $250,000,000,000. Assessments at 10% would produce $25,000,000,000 and the fund is solvent again.

Banking is on the edge. The fund has to be preserved or our economy will collapse. Our prayers are with you.

Very truly yours,

David B. Turner
President & CEO
CCF Holding Company and
Chairman, Heritage Bank