
From: William Klein [mailto:wklein@stonebridgebank.biz]
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To: Comments
Subject: FDIC Special assesment and increased rates

To whom it may concern:

I am the Chairman & CEO of Stonebridge Bank in Mpls MN. We opened our bank in February of 2006 with about \$9MM in capital. Since that time, we have grown to almost \$60MM and have received clean exams from both the FDIC as well as the State. 2009 is expected to be our first year of profitability and even though that profit is forecasted to be only about \$25,000, we could not be more proud of what we have been able to accomplished. This pride turned into anger when I learned of the 20 basis point special assessment the FDIC is preparing to levy against us. I was in the banking business during the S & L failure and was one of the organizations that had to pick up the bill for this failure as the FSLIC couldn't handle it so the FDIC had to. THIS SEEMS LIKE THE SAME THING HAPPENING OVER AGAIN!

In Minnesota, six other banks opened in the same year and almost 25 over the last six years. Some have grown substantially faster than us and others have floundered. One thing is clear; those that have chased deals and got rates and fees for big risk are now in deep trouble. We followed our plan, grew at a reasonable rate, kept quality and service as our key objective and the reward for this is to be "slapped down" by an \$85,000 assessment from the FDIC that will turn our modest forecasted profit (which we worked three years to get to) into a loss.

We have cut salaries, cut staff, cut expenses and even after that, with one stroke of a pen, the FDIC takes the reward for these efforts away! Now to offer to reduce that 20% assessment to 10% still feels like we are being sold by a used car salesman who starts high on the price then cuts it in half to make you feel you are getting real break.

The answer to the FDIC may be better diligence with these problem banks earlier and also consider rebuilding the reserves over time. It is always troubling when we have governmental intervention in the form of TARP on one side, then we have another hand taking it away on the other.

William J Klein
Chairman & CEO
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