Phillip R Davis
P O Box 700
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April 2, 2009

Ms. Sheila Bair, Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Re: Assessments, RIN 3064-AD35

Dear Chairman Bair,

I am writing as a shareholder and director of Peoples Bank, a Mendenhall, Mississippi member bank to protest the grossly unfair special assessment of 20 basis points that the FDIC Board of Directors passed and the informally proposed revised assessment of 10 basis points.

This assessment reduces the ability of well run banks like ours to provide the loan needs of our customers. Spread across the economy, this reduces our nation's ability to recover from the current financial distress.

Aside from the damage to our economy in general and the economy at this point in history in particular, this assessment is unfair.

While FDIC Insurance covers all banks, the difference between the risk in well run community banks and the banks that currently pose "systemic risk" to our economy is similar to the risk between a residence in a highly rated fire district and a munitions factory without a sprinkler system.

Well run community banks like ours are being unfairly penalized. The FDIC's "regular" assessment, while doubling this year (!), are adjusted somewhat for the risk of the institution. Any special assessment should also be risk adjusted.

All assessments should be based on "Total Assets less Capital." This better apportions the amount of risk to the insurance fund as it currently operates.

Banks that are deemed to pose a "systemic risk" to the economy should pay a premium reflective of that real risk. All of these banks have received TARP money to strengthen their capital which will help them cover the cost of this revised assessment structure which I propose. And they seem to have seemingly unlimited access to more if needed.

There are many different ways to fund the Deposit Insurance Fund which could help the Board avoid imposing a special assessment. Among these are using the Corporation's authority to borrow from Treasury, issuing debt issues to the public and using its authority to borrow from the banking industry.

Simply put, the proposed assessment or revision is not only the wrong solution, but it could not have come at a time that is worse for our country.

Please reconsider your decision and cancel the special assessment at this time and reapportion any future special assessment to reflect the real risk of the covered institutions.

Respectfully yours,

- By email -

Phillip R Davis