

From: Jac Jensik [mailto:jacj@statebankks.com]
Sent: Saturday, March 07, 2009 1:28 PM
To: Comments

My name is Jac Jensik. I am the majority owner and the President of a community bank in Fredonia, Kansas. Your proposal for a special assessment of 20 basis points is outrageous.

TARP money has been used to bail out numerous large banks that are too big to fail. Now there is a concern that these banks are not lending the money as it was intended. Of course they are NOT. Large banks make ONLY approximately 50% or less of their loan interest income.

Community banks make upwards of 80% and higher on loan interest income. You don't have to tell community banks to lend. We have to in order to survive and make a profit. Community banks in general have made good loans and did not take the risks that caused the larger banks to fail. Now your report is saying community banks should pay this special assessment because we can afford to. So in essence we made less money over the last few years by being conservative, only making good loans, running our bank efficiently, and now we should be penalized for that. The very words do not even make sense.

The special assessment should be at zero. You have the right to access the Treasury for funds. My taxes are going to be raised by the new administration so I will be personally being paying twice with assessment and higher taxes due to my Sub Chapter S Bank status. The result will be less raises and bonuses for existing employees, the non hiring of replacements when a retirement occurs, and no new employees. This will not benefit the economy.

Higher risk banks should pay higher premiums and not be capped at a smaller rate. They put themselves in that position. Your regulators should be doing their job in examinations and not let these banks continue to get in trouble and deteriorate. Where were the examiners and what were they doing on Washington Mutual, Wachovia, Bank of America and Citigroup? Where are the fines that a smaller community bank would have been subject to? There had to be some laws being broken by the larger banks. The community banks are being fined constantly with no real risk to the broader economy.

Weaker institutions should not be exempt from a special assessment. These are the banks that will most likely fail and we will be again paying for them. See comments above.

Special assessments should be assessed on risk. However, the treasury should be used for funds just like the bail out of larger banks.

There should be no special assessment not even up to 10 basis points. See above comments.

If institutions are considered systemically important, they should be more heavily regulated so not to cause emergency assessments based on their actions and performance. These institutions should have better and more complicated oversight. There should not be two unwritten sets of regulation and regulators. Community banks should not shoulder the burden for these institutions. Smaller banks would be allowed to fail therefore we should not be assessed special assessments to keep these institutions from failing. Whoever makes the decisions that these banks are too big to fail should then be responsible for their bail out. If that is the treasury department, then the treasury department should be financially responsible for them. My bank and I should not be.

Jac Jensik, President
The State Bank of Kansas