Dear Secretary Feldman:

I am writing with regards to the FDIC's proposed special assessment rule and how it's flawed requirements will affect the community banks, their employees, customers, and the local communities the banks and staff serve.

A mandatory and relatively immediate increased FDIC assessment will cause adverse effects on an entire community the size of Great Falls, MT. This increase in deposit insurance comes directly from banks' bottom line. Capital and other regulatory ratios are negatively impacted by the increased expense. In order to maintain profitability, banks will be forced to cut staff, benefits, and annual pay, while increasing fees and interest rates on loans to local businesses and individuals. In addition, banks will be forced to cut or eliminate donations and volunteer hours to charitable organizations and schools, something Mountain West Bank (my employer) is heavily involved in. Having to eliminate community involvement and donations will tarnish our public image and have devastating effects on our company. Furthermore, the FDIC is providing no light at the end of the tunnel, due to the current proposal reserving the right to impose future 10 basis point special assessments on institutions as it deems necessary.

There are flaws in the proposal as it stands. A consumer finance survey from the Federal Reserve indicated the median deposit balance is far below the current ceiling, and in fact less than three percent of households with deposit accounts held any uninsured deposits. Does it make sense to impose such extreme penalties that adversely effect all taxpayers and small businesses, just to provide more coverage to the wealthiest 3% of the United States? In addition, recent events have highlighted some anomalies in the deposit insurance premium system. One example is Merrill Lynch's plan to move large sums of money (some estimate up to $100 billion) in Cash Management Accounts from uninsured money market funds into insured deposits in its two subsidiary banks. This results in new deposits insured by the FDIC without any premiums having been paid. It is also my understanding that the FDIC currently lacks authority to charge over 90 percent of banks and thrifts any premium for deposit insurance.

While I certainly understand this is a very delicate issue, taxpayers have already been unfairly burdened by the cost of mismanagement and the subsequent exorbitant bailout of those failed institutions. With this assessment, we are being forced to pay for those mistakes twice. We as Americans have demonstrated the ability to lend a helping hand when our country is in need, and will likely do so in this case, but I urge you to make sure it makes sense to those who will ultimately be paying the price. Thank you for your consideration.

Sincerely,

Ryan Fritz