



# Llewellyn-Edison Savings Bank

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Chairman of the Board

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March 5, 2009

Shelia C. Blair, Chairman  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> St., NW  
Washington, DC 20429

Re: FDIC Assessment

Dear Chairman Blair:

I am writing on behalf of the approved special assessment being levied against all financial institutions for the purpose to increase the reserves of the FDIC insurance pool. I understand your dilemma and appreciate your efforts to protect depositors of all financial institutions. However, that being said, I am concerned for the financial institutions that properly focused and operated their Banks according to the prudent standards. The institutions that applied conservative standards to protect against any unsafe and unsound practice and posed no threat to the insurance fund are now being called upon to rescue the failed institutions' depositors. If all banking institutions followed the appropriate code of conduct then we would not be in this position.

As you know the current economic environment has caused sound financial institutions to suffer financially because of the current low rate scenario, yet we are being called upon to bail out institutions that were not operated with a safe and sound principle. Our institution has already contributed to the insurance fund to bring the FSLIC fund to a proper level for the combination of the two insurance funds. I am sure that the sale of residual value of closed institutions will add to the fund in time but have trouble understanding an assessment on institutions already under the strain of our current economy. We have been asked to offer mortgages at a special low rate, forbear on foreclosure proceedings, and assist delinquent borrowers. All of these requests contribute to a reduction of operational income. When you consider the effects of the aforementioned, along with declines from equity loan income and negative rate adjustments on adjustable products, you can understand the current environment healthy institutions are facing.

I do not understand why the FDIC would consider establishing a significant expense to an already fragile condition. We note that the stimulus package is providing billions of funds to help aid many institutions that did not operate in a safe and sound manner which has helped created our current problems. I wonder why part of the stimulus package can not be directed to the FDIC insurance fund and prevent future deterioration of the financial condition of safe and sound institutions.

I thank you in advance for sharing in my concerns.

Very truly yours,

James D. Smith Sr.



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