From: Tom Saunders [mailto:tsaunders@ccbdouglas.com]
Sent: Thursday, March 19, 2009 12:50 PM
To: Comments
Subject: Assessments - Interim Rule - RIN 3064-AD35

March 19, 2009

Ms. Sheila Bair, Chairman FDIC
550 17th St, NW Room MB6028
Washington DC 20429

RE: FDIC Deposit Insurance Fund Restoration Plan & Special Assessment (RIN 3064-AD35)

Chairman Bair:
Thank you for allowing me to comment on your committee's announcement of the FDIC's proposed plan to impose an emergency special assessment of 20 basis points and to also reserve the right to charge an additional 10 basis points as needed to "…maintain public confidence in federal deposit insurance."

For years we have believed significant errors have been made in regard to lack of oversight and proper emphasis towards safety and soundness regulations. Laws have been passed that have prohibited our industry to prudently reserve for bad debts and strengthen individual bank's capital as well as the inability to increase the balance in the FDIC bank insurance fund. It is ironic to me that I heard no comment from anyone in either the banking or the regulatory industries that suggested modification to existing law that would allow the FDIC to keep their recently distributed "over-assessment" in the BIF to provide additional strength and reserve to the system. We all know it is easier to raise capital and increase reserves in good times. Unfortunately, many impediments have been placed by lawmakers and regulators to discourage or prohibit sound practices such as these.

Nevertheless, it is obvious the BIF is below the statutory requirement and requires an infusion. How that infusion is done is obviously the debate in front of your committee. I firmly believe and I hope you and your committee would agree that those that pose the most risk should pay the highest premium. I find no rationale or fairness to implement an across the board, level assessment against all banks, regardless of risk. You and your committee must agree this methodology is inherently unfair.

If I may, I would propose for your committee's consideration additional methods for assessing necessary premiums to supplement the BIF and minimize bank risk to the BIF:

- Place a risk premium against those banks that have participated in TARP to increase their capital and guaranty their debt.
- Place a too big to fail premium against those banks that have been placed into this category.
- Place a sliding risk premium determined on each remaining bank's CAMELS rating.

To improve the industry's ability to provide future protection to the BIF, I would propose the committee consider:

- Require FASB and IRS changes to allowance for increased loan loss reserve contributions to allow for accrual based deductions.
- Require FASB to rewrite and improve upon the current mark to market policies.
- Require stress-testing from all banks for risk assessment.
- Place more regulatory emphasis but not necessarily additional regulation, on safety and soundness especially toward those that are under or unregulated.

We can debate such philosophical issues as too big to fail, socialistic competition, improper oversight and systemic risk and I hope some day soon those issues will be on the table. Today, we must address shoring up the BIF. I would hope your committee would conclude any assessment, special or not, be based and calculated on risk, inherent and actual.

Sincerely,
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