

From: Don Gillfillan [mailto:don@lanarkbank.com]

Sent: Thursday, March 19, 2009 2:39 PM

To: Comments

Subject: special assessment

To Whom It May Concern:

Thank you for giving me this opportunity to respond to the plans of the special assessment. I feel we have taken a rather drastic measure to address the possibility of lower than normal taxable income for 2009. On Monday I sold all but \$600,000 of my tax free municipals. This amounts to about \$3,000,000 in sales. This is a large move for us. I liquidated most of a portfolio I had spent years building. I did this because I feel many banks will be liquidating these investments because the tax free income will not be needed over 2009 and possibly 2010. I feel the municipal market could be severely hurt by this for years to come. Fear of damaged market values was my main motivator to switch allocation of bonds out of municipals. With banks owning a sizeable amount of tax free securities, I think the opportunity for taxing bodies to place new issues in the years to come will come at a much higher cost. This is at a time when those entities are already under pressure financially. In the case of our bank with around \$60,000,000 in deposits the \$120,000 of additional cost for this year will make things very difficult at a time when stress of financial statements is already at a peak.

Thank you for your time

Don Gillfillan