From: Carl Curry [mailto:carl.e.curry@gmail.com]
Sent: Friday, March 13, 2009 5:19 PM
To: Comments
Cc: ILBankersAssoc@ilbanker.com
Subject: Re: RIN 3064-AD35 Comment Letter on FDIC's proposed Emergency Special Assessment

March 13, 2009

Mr. Robert B. Feldman
Executive Secretary
Attn: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: RIN 3064-AD35
Comment Letter on FDIC's proposed Emergency Special Assessment

Dear Mr. Feldman:

The FDIC's proposal to replenish its insurance fund with an assessment of 20 basis points targeting those banks which have been the most prudent in their lending practices seems highly counter-productive. Certainly, it is essential that FDIC maintain sufficient funds to retain the public's confidence in the banking system, but to look to those banks which have managed risk appropriately for a disproportionately large insurance premium sends the wrong message as to how banks, in general, should conduct themselves. Such institutions have avoided the risky lending and investment practices which in better times have often led to higher returns on equity and assets. Management and the stockholders of these banks chose a conservative approach with the understanding that the reward for accepting a lower ROE is the long-term viability of the bank. They chose not to "bet the company".

The insurance premium now under consideration by you and the FDIC Board of Governors would cost the community bank where I serve as Director about 20% of our after-tax income. While the nature of insurance is that the resources of many are available to offset the unforeseeable catastrophes of a few, the size of each contribution to the insurance pool should reflect the degree to which the contributor embraces risk. Our community bank has never needed any funds from the FDIC and, even now, has no loans or investments which could be construed to cause a serious threat to solvency. A 20% hit to our bottom line certainly seems disproportionate and out of balance when compared to the risk profile our management and stockholders have chosen. Perhaps even worse than the cost to our bank, however, is the message the FDIC is sending to bank managers in general: if the insurance levy on conservative institutions is and continues to be disproportionate, where is the incentive for the management of riskier banks to ratchet down its tolerance for risk in the future? Isn't the FDIC encouraging banks to "bet the company" once again? The solution is obvious. Those banks which

have been taken over by the FDIC or which have made use of the TARP funds should pay the full price for the risks they have accepted. Even though a bank may be "too big to fail", it should not be considered too big to pay the cost of its mismanagement. Clearly, these institutions are not capable of hoisting themselves by their bootstraps now, and the FDIC certainly has a role to play by insuring that they re-emerge as viable entities, but at that time they should be expected to replenish the insurance fund from their profits. In the meantime, the FDIC should look to its line with the U. S. Treasury to fund its insurance needs and to buy time until the recipients of its funding are able to repay the insurance fund. To look to the remaining healthy banks for a disproportionately large levy would not only cripple one of the few strong legs of this economy, it would be tantamount to inviting all financial institutions to take intolerable risks. This attitude got us where we are today. At the very least, I would hope that the banking industry could learn not to repeat the mistakes which have pushed our economy to the financial precipice it now faces.

Sincerely,

Carl E. Curry
Director