From: Doug Simson [mailto:dougsi@ix.netcom.com]
Sent: Tuesday, March 10, 2009 6:28 PM
To: Comments
Subject: Opposition to RIN 3064-AD35: Proposed FDIC Special Assessment pursuant to 12 CFR Part 327

Doug Simson
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March 10, 2009

Robert E. Feldman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Dear Robert Feldman:

I believe the structure of the assesment is self-defeating. I recomend the amount stays the same but it is paid over a 2 or 3 year period.

My reasoning is as follows:
Bank earnings are critical to the psyche of the markets and the ecomony. Just look at today's stock market reaction to Citi's earnings. A high short term fee will lower bank earnings significantly this quater, maintaining the negative gloom over all financial matters. This would further weaken the ecomony and banking system creating even more bank failures and increasing costs to the FDIC fund.

An equally and perhaps even more important effect of the assesment is banks are lowering their rates on deposits to offset their additional expense. If this is a one-time fee, after it is paid, net interest margins will slowly shrink, returning to historic levels. However, if the assesments is paid over 1,2, or 3 years based on deposit size, banks will price lower for deposits and widen their margins. This will restore profitablitity to the banking sector,lessening the long -run cost to the FDIC fund and strengthen the banking system.

Both of these effects are exactly what our system needs today. Over time, whatever amount is needed to restore adequate funding should be assessed but it will come from new earnings in a healthier banking system that can well afford them.

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Sincerely,
Doug Simson
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President
First City Bank