From: Michael Dunton [mailto:mdunton@mtmckinleybank.com]
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It is the opinion of this writer that the 20bp assessment is damaging to healthy FDIC-insured financial institutions who, in the irrational exuberance of the speculative real estate lending bubble, suffered from lost business taken by TARP recipients and by institutions later taken over by the FDIC, by not taking on excessive risk and questionable lending practices of their now damaged competition.

The FDIC is essentially rewarding the incompetent banks, by penalizing the competent banks, by this proposed action.

The FDIC has increased costs of bank failures by dramatically increasing deposit insurance coverage by 250%, without a tangible plan to unwind the unsound practices of under-capitalized banks that continue, in many instances, to offer above average deposit rates, to a significant degree, in which competent banks have to compete with. While protecting depositors of unsound banks, to the tune of $250,000, the FDIC is in a sense shielding unsound banks from market forces that would lead to their demise, at great cost to itself and competent banks.

I urge the FDIC to shift it's focus from propping up unsound banks, to instead focus on how to keep sound financial institutions, and their depositors, from further suffering the effects of the unsound practices of incompetent financial institutions.

Michael J. Dunton
Senior Vice President, Finance
Mt. McKinley Bank
500 Fourth Avenue
Fairbanks, AK 99701
(907) 451-4660
mdunton@mtmckinleybank.com