WEST PLAINS
BANK
AND TRUST COMPANY

November 5, 2008

VIA E-MAIL AND REGULAR MAIL
Mr. Robert E. Feldman, Executive Secretary
Attn: Comments, Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: RIN 3064 – AD35 / CDARS "Reciprocal Transactions"

Dear Mr. Feldman:

I appreciate the opportunity to comment on the FDIC's proposal to raise premiums in order to recapitalize the insurance fund and to change the risk-based premiums classification system. A strong FDIC insurance fund is important to maintaining depositor confidence and I support changes to the premium calculation that truly reflect the risk of loss to the FDIC. However, as a healthy bank that had nothing to do with the current problems, I believe that the aggressive recapitalization proposed would be counterproductive and would limit my bank's ability to meet local credit needs. In addition, I believe that the proposal should remove the Certificate of Deposit Account Registry Service (CDARS) "reciprocal transactions" from inclusion in the brokered deposits ratio as these deposits allow my bank to retain customers and keep funding local.

While I too am troubled that some recent failed or troubled banks have used brokered deposits to grow rapidly and fund risky assets, it is unfair to include CDARS deposits in with other, more volatile, forms of brokered deposits. Specifically, the CDARS "reciprocal transactions" should be removed from the classification of brokered deposits. In a "reciprocal transaction", our bank would sell the portion of deposit that is in excess of FDIC coverage for our customer and immediately buy the same portion back from a participating CDARS member or members. Thus, the transaction is essentially a wash and we are not technically buying any brokered deposits for funding needs, but our customer retains the benefit of full FDIC insurance coverage.

We have not used CDARS yet, but we are taking a strong look at it. Since Kansas Bankers Surety has pulled their excess deposit insurance bond coverage from our institution, we need a new way to satisfy the needs of our depositors that want the surety of deposit insurance protection while maintaining the relationship with our bank. CDARS would allow us to meet that need and to keep the funding within our community. Without the excess deposit insurance coverage bond or full FDIC coverage that CDARS provides, these depositors are likely to withdraw money from our bank and spread it on their own or through brokers to banks that truly are higher risk and paying high interest rates. Moreover, some of our depositors will use the

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Internet to find high rates around the country – and these types of volatile deposits are not even covered by the proposed rule.

Thus, the FDIC should exclude CDARS "reciprocal transactions" from the calculation of brokered deposits. This method of funding is not risky and any concerns should be raised as part of the examination process – which is included in the premium calculation. It is patently unfair to penalize banks that use this stable source of funding.

Should you have any questions, please do not hesitate to contact me.

Thank you.

Best Regards,

David M. Gohn
Senior Vice President