Federal Deposit Insurance Corporation
RIN 3064-AD35

Robert E. Feldman, Executive Secretary
Attention: Comments

My name is Patrick Wisman and I am currently Vice Chairman, President and CEO of SouthwestUSA Bank and SouthwestUSA Corporation in Las Vegas, Nevada. I possess thirty four years of banking experience and have led or participated in returning five institutions from Cease and Desist Orders to a satisfactory status. One stood as the largest bank turnaround without government assistance for over fifteen years. The asset size of the banks ranged from one hundred million to three billion.

I have never felt compelled to comment on regulations before as after I read them I understood their need, and usually they affected either larger banks or smaller banks disproportionately but not to the level where the banks would be unduly harmed if the legislation were enacted. I do not feel that way about RIN 3064-AD35.

SouthwestUSA is a small bank, slightly under two hundred million dollars in assets and not under any regulatory action. It has two and a half times the amount of capital to be considered a "well capitalized" bank. The deposit assessment increase under the new formula may cause a downgrade of the earnings classification upon the next examination. While I am concerned, it caused me to consider the impact on all banks and the Deposit Insurance Fund. Secondly, I am in the process of evaluation on purchasing or merging troubled banks in my region and have been advised that this will materially impact our decisions.

To evaluate the new assessment, it must be evaluated along with all the other recent events, not by itself. I am not including larger banks in this portion. Earnings in the smaller banks in the West have been materially impacted by several events outside of their control. First, the interest rates have been reduced continually thereby shrinking the net interest margin. This has impacted our small bank over a million dollars in earnings in 2008. Second, the slow-down in the marketplace and shoring up of the big banks has caused low cost deposits to flee to the big banks further eroding earnings as they have been assured through recent actions that they are "too big to fail". This is borne out by the rates being offered for deposits by the big banks and rates being offered by the smaller banks. The smaller banks have had to turn to a higher percentage of brokered deposits which they will be penalized for in the new calculations. The slowdown has impacted banks by increasing the amount of non-accrual loans to higher levels. These realities coupled with the new assessment will guarantee more bank failures of even good banks.

If good banks start failing, that will increase the need for even higher assessments on the remaining banks and so on. An across the board approach may not work in this environment.

I hate people bringing me problems without some attempt at solutions. So, I would like to offer my suggestions for the problem. Since the preponderance of the banks I have talked to are not going to avail themselves to the TARP funds as they don't have capital problems they have liquidity and deposit problems, and the big banks are hoarding funds and not making loans, perhaps some of the TARP funds could be added to the Deposit Insurance Fund. This would lessen the burden on banks that didn't cause the problem and to whom small business owners are increasingly turning to since the larger banks are not lending. To encourage banks that want to grow, and acquire or merge banks that are troubled into their organizations, perhaps a moratorium on an increase for one or two years so the acquiring bank can assimilate the bank and solve the problems of the bank being acquired so a fairer assessment can be made in a reasonable time frame.

Thank you for extending the period to comment.

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