Fairfield County Bank
Ridgefield Bank

Gary C. Smith
President and CEO

June 12, 2008

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

Dear Mr. Feldman,

I am writing to comment on the FDIC proposal regarding the treatment of secured liabilities for assessment purposes. Our bank uses secured liabilities in the form of Federal Home Loan Bank advances. FHLB advances are an excellent asset/liability management tool in that they allow us fixed term funding at fixed or floating rates to match the terms of our assets.

If FHLB advances were included for assessment purposes, our costs would rise as would the cost to our future borrowers. Currently, we have $170 million dollars of FHLB advances which we have used to fund loans.

Including these advances in our assessment calculation would raise our costs immediately and we would have no ability to offset the expense. The immediate short term impact would be a reduction in net income and therefore, a reduction in retained earnings. This is not a desirable result from our stand point and should not be from the FDIC view point as well.

Our industry faces many challenges. FHLB advances are a tool that helps us meet both our funding challenge and our interest rate risk challenge. Anything that would negatively impact the cost of FHLB advances would be bad public policy.

The FDIC already has the tools necessary to raise assessments for banks that use secured liabilities in an unwise manner. The examination process should uncover banks that exhibit a risky profile and enforcement actions along with higher deposit assessments should be the result for these banks.

Our bank has received high CAMELS ratings for many years. We should not be penalized with higher assessments now. We paid for the savings and loan crises of the 1980's and we paid for the banking crises of the late 1980's and early 1990's through increased assessments.

Many free riders were given the privilege of FDIC coverage in the 1990's through 2006 without paying a single penny for deposit insurance. Perhaps the FDIC should look to these banks to pay their fair share through assessments for the years they were given free deposit insurance. It is the hundreds of billions of dollars that the free riders added to insured deposits that reduced the deposit fund ratio to its current level.

Sincerely,

Gary C. Smith
President and CEO

94 DANBURY ROAD • PO BOX 2050 • RIDGEFIELD, CT 06877-0950 • 203 431-7581 • FAX 203 431-7341
Bridgeport • Danbury • Darien • Fairfield • Georgetown • Norwalk • Ridgefield • Rowayton • Trumbull • Weston • Westport • Wilton