**From:** Pat Knowles [mailto:pknowles@firstcitybank.com]
**Sent:** Thursday, October 23, 2008 2:55 PM
**To:** Assessments
**Subject:** fdicassessment.doc

To: Federal Deposit Insurance Corporation

From: John C. McGee, Chairman & CEO
First City Bank of Florida

Subject: Deposit Insurance Assessments
Proposed Rule on Assessments

Date: October 22, 2008

In response to your request for comments for the proposed rule on assessments, I would like to draw your attention to a recent article (attached) by Mr. William Isaac, former Chairman of the Federal Insurance Deposit Corporation. Mr. Isaac asserts that the FDIC Insurance premium is another tax on banks. While I think most bankers want a strong insurance fund, now may be exactly the wrong time to dramatically increase premiums. Many banks are restricting new loans to preserve their capital ratios, while the government is encouraging banks to make credit more readily available. Furthermore, Mr. Isaac asserts that *"every dollar we take out of the banks to put in the FDIC, we reduce by a multiple of 10 or so the amount of loans banks can make."* He also asserts that bank regulation should strive to be counter-cyclical, not pro-cyclical.

I have to agree with Mr. Isaac that while the government is encouraging banks to increase lending, it is the wrong time to be slapping huge FDIC premiums on the banking industry. I suggest we pay a reasonable level of FDIV premiums over a very long period of time, during good times and bad, instead of restricting bank lending when it is needed the most.