



# The First State Bank

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March 12, 2009

Mr. Robert E. Feldman, Executive Secretary  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street, N.W.  
Washington, DC 20429

Re: Assessments, RIN 3064-AD35

Dear Mr. Feldman:

On behalf of The First State Bank, I wish to express our opposition to the proposed 20 basis point one-time assessment on bank deposits currently proposed by the FDIC. I am unalterably convinced that this decision is wrong for the FDIC and wrong for the banking industry. The decision to make this punitive assessment against the banking (or the lower possible 10 basis points) does not strengthen the industry, individual banks or ultimately the FDIC insurance fund.

The practical impact of this decision is simply to transfer capital from the banking industry to the FDIC. This does not ultimately provide any additional protection to either the individual banks that are so severely impacted or the FDIC. While this action will penalize successful institutions, it also will further reduce the precarious capital margins of weaker institutions, very possibly causing many to be moved to unsatisfactory capital ratios.

It is clear that the FDIC has many viable options that could be reconsidered. Some of these options include advances on the Treasury line available to the FDIC, issuance of bonds (as the FICO bonds were previously issued), inclusion of the TLGP fees as part of the fund, etc. The FDIC should pursue other options to be fiscally prudent.

In our particular case, the bank is a long established bank that has historically achieved top ratings and has performed at the highest levels. We are located in an area that has been particularly hard hit by the recession and are aggressively working to eliminate troubled assets while maintaining good capital levels. This punitive assessment could well exceed our projected income for the year, causing a further deterioration in our capital. I believe that responsible management of the fund requires that you find other solutions that will not have the significant negative impact that this proposal will likely visit upon the banking industry.

Very sincerely yours,

David H. Gill  
President and CEO