

From: Mike Kelley
Sent: Thursday, March 05, 2009 10:59 AM
To: "comments@fdic.gov"
Subject: FDIC ASSESSMENT

Dear Madam Chairman:

I am sure you have been hearing from community bankers who are outraged by the proposed assessment and its impact on community banks. I am writing to you as a bank customer and a stakeholder in a mutual savings bank.

It is clear that the FDIC needs additional funding, it's the source and method that [are](#) in question. The FDIC can choose from many assessment options, each with its own consequences. Crushing innocent community banks for the dreadful mistakes of TBTF banks, investment banks on Wall Street, regulators, and politicians, is not only unfair, but will have a deleterious effect on the communities these banks serve.

For example, suspending dividends will eliminate a revenue stream that many elderly, many of my friends, [who](#) depend on [those dividends](#) for retirement income. The shareholders in a community bank are local people, which is very different from shareholders in the mega-banks that are owned primarily by institutional investors. We've already been devastated by the losses in our 401k plans, assessing community banks will only make matters worse. I am beginning to wonder if the government is bailing out the mega-banks because of the huge ownership positions by institutional investors and foreign governments [owned investors](#) like Abu Dhabi?

My community bank CEO told me this assessment will wipe out an entire year of earnings and reduce the bank's capital. He said the bank will discontinue its sponsorship of many local activities, raise service fees, reduce rates on deposits, increase rates on loans, and further tighten loan qualification standards. Loans will be tougher to get at a time when we need easier lending standards. A former banker once told me he "tightens loan standards in good times and loosens them in bad". This philosophy has served the bank and the community well for 60 years.

It seems to me that a 30 day comment period is insufficient time to thoroughly discuss each funding alternative with industry experts to arrive at a solution that everyone believes they had a part in shaping. The only alternative that does not have long term implications is to take an advance on the \$30 billion line of credit [with Treasury](#) to meet the immediate funding needs today. It can be repaid tomorrow. It would be a loan, not a taxpayer bailout. Most taxpayers believe loans must be repaid and that bailouts are a gift. I read your comment that accessing the line of credit "could paint all banks with the 'bailout' brush". Most taxpayers already mistakenly believe that [to be the case](#).

I encourage you to immediately draw down on the \$30 billion line of credit and end speculation in the market. Speculation and doubt about [future](#) government intervention are sending this country into an economic tailspin.

Mike Kelley

PS. The public already believes bank deposits are guaranteed by the government. Please use government money to preserve the fund that is bailing out depositors of the TBTF banks that caused this disaster. What's another \$15 billion compared to the trillions being committed