

From: Don Lueger [mailto:dluger@communitynationalbank.net]
Sent: Wednesday, March 11, 2009 4:36 PM
To: Comments
Subject: Assessments, RIN 3064-Ad35

To Whom It May Concern,

The proposed 20 basis point special assessment would be a huge expense for our bank - estimated to be approximately \$300,000! This on top of an already significant increase in FDIC premiums. In a year during which we are experiencing stress in our asset base, and are being encouraged to bolster our loan loss provision, this becomes a 'triple whammy'.

I would suggest the FDIC base premiums (special assessment or regular) on total assets (minus tangible capital), versus total domestic deposits. This would encourage banks to quit shifting deposits to repurchase agreements, plus would shift some of the responsibility for replenishing the fund to the institutions that, in essence, caused most of our current problems.

I also support a systemic-risk premium for the large, "systemically important" (i.e. To Big To Fail) banks. This needs to be implemented immediately.

Although I would support a method of paying the special assessment over two years, my concern is that if this is done, the above suggested methods of reforming the assessment process would be put off (and possibly never considered). In the end, we still pay the special assessment and probably pay more - because now we have to help pay the extra costs of FDIC borrowing from the Treasury.

Banking got stuck for the tab of cleaning up the savings and loan industry (the FICO premium). We're still paying for that! We should not get stuck for paying for problems quite largely the fallout from what the huge banks and investment banks caused.

For myself, I would like to see all institutions broken up if they are To Big To Fail (TBTF) - if they pose a systemic risk to our economic system. But I'm willing to admit that I may not understand the consequences of that action, and that there may be a place for TBTF institutions (I'm skeptical, but I'm willing to listen). If TBTF institutions should be permitted to exist, I believe it was 15 to 20 years ago that Senator Nancy Kassebaum suggested that the banking system and its regulatory systems should be split into those that are TBTF and all others. Besides paying their own type of FDIC premium, these TBTF institutions should then be assessed some type of on-going 'systemic risk' premium for the privilege to exist. This premium would need to be significant - enough to provide compensating damages to taxpayers and those entities - like FDIC - who suffer from their stupidity.

Thank you for the opportunity to comment.