California Bank of Commerce

March 3, 2009

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

**Re: 12CFR Part 327— Assessments**

Dear Mr. Feldman,

Thank you for the opportunity to provide comments regarding the proposed “Emergency Special Assessment”, issued on March 2, 2009.

Public confidence depends upon a stable FDIC insurance fund. However, as a healthy but still pre-profit de-novo community bank, we are disappointed by the FDIC’s strategy to shore up the Fund by imposing a huge emergency special assessment in June of this year, followed by others in the future, as needed. The pain that this action will impose could not come at a worse time for the small-bank community. It is estimated by some analysts that the FDIC’s assessment charges could eat up 20% to 50% of the average community bank’s earnings in 2009 (*Banc Investment Daily*, lead article, March 2, 2009). Good banks are already struggling, all around the country. All of us have been drawn into the current morass by errant large banks, by hedge funds, by GSE’s, by investment banks. It is counterproductive and just plain unfair to now saddle the community banking industry with the bill for the FDIC’s clean up. This “let them eat cake” solution seems to us to be singularly unimaginative as well.

Might you not be well served by taking some time to consider all other options?

- Should recipients of TARP non-CPP funds perhaps shoulder a greater burden of the special assessment? Aren’t they the drivers in our current predicament?
- Should the FDIC commit to refunding some part of the special assessment in 2010/2011, or at some other identified point in time? Could the FDIC offer special deposit rewards to healthy banks, much like insurance companies reward healthy policy holders. This could for example take the form of higher deposit insurance coverage for a given dollar of insurance.
- Couldn’t the FDIC create programs that promote putting deposit dollars in FDIC insured banks? For example by increasing the deposit coverage at FDIC insured banks or eliminating it for money market mutual funds.
- Couldn’t the FDIC work with Congress to extend the time required to fully fund the insurance fund?

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It seems to us that it is banks like ours that are well capitalized, that have good asset quality, which are committed, active lenders are one of the keys to this recovery. Our task isn't easy. We are running a gauntlet of challenges as it is. And now comes yesterday's announcement. We see, down there near the end of the line, the FDIC. Cudgel in hand. Poised to take a whack at us as we pass.

Is it not time to put down the clubs and the brickbats and all of the other blunt instruments of government? Is it time instead to pick up a calculator and figure out a fairer, smarter answer?

John E. Rossell, III
President and CEO
California Bank of Commerce

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