October 18, 2012

Federal Deposit Insurance Corporation
Attention: Comments/Legal ESS
Via e-mail: Comments@FDIC.gov

RE: 12-CFR Part – RIN 3064-AD96
Basel III Regulatory Capital Accounting Proposals

I am respectfully submitting this commentary regarding the Basel III Regulatory Capital Accounting Proposals. It would be appropriate at this point to offer gratitude for the opportunity to provide commentary to this proposal and for the regulatory agencies supporting a forum to do so. However, common courtesy dictates that I immediately stress my absolute opposition to both the introduction of the Basel III Regulatory Capital Accounting Proposals as well as any need to respond to a politically motivated intrusion into a financial process that currently is perfectly formed to provide incomparable banking service to our communities. This commentary is based on my belief that the recent financial crisis and recession were not caused by the lack of regulation**s**, but were the result of an apathetic absence of REGULATION enforcement. To that end, I further believe that it is imperative that the Dodd Frank Financial Act must be repealed at the earliest possible opportunity while the current to-date damage remains reparable.

Basel III alone epitomizes and provides justification for the latter statement! This rule is so complex that even the New York Times liberal economics professors are having problems grasping its purpose. Is it any wonder that, according to an American Bankers Association commentary, the "federal banking regulators have an enormously difficult task in trying to translate the elements of the Basel International capital plan into something that will work for the American economy and banking system, which is in many significant ways unique in the world."

I am not going to rehash the content of your proposals. The multitude of industry commentary by individuals with intelligence levels far above my mental comprehension abilities have very adeptly provided opposition definition and more than sufficient evidence for repealing your Basel III proposed accounting rules for community banks. The truth is that these proposed accounting concepts are so intricately[1] devised that I have to believe a large percentage of the targeted community bankers would require substantial time, cost and education to place them into actual practice. Time and cost that could be better utilized to improve their asset base which would ultimately really fortify long-term quality and quantity of community bank capital. Not to mention that examiner time could be better utilized reviewing asset portfolios and underwriting standards.

[1] Intricate-per Encarta English Dictionary = 1. with many parts combined: containing many details or small parts that are combined in a particularly complex or skillful way; 2. Complex and difficult: complex and difficult to understand or resolve, through having many interrelated elements, parts or factors.

I am noting that this regulatory proposal is supposedly resulting from the recent financial crisis. However, I do not believe that the crisis was the result of bad accounting or the lack of a basel accord methodology for community banks. It was caused by bad lending supervision and lack of regulatory enforcement. Way back in 1999, regulators started warning bankers of the volatility of sub-prime loans and continued through the years to make cautionary statements but did little to prevent slowly deteriorating underwriting standards.

When Bank of America acquired Nationsbank, fired all of the salaried mortgage loan officers and hired them back as commissioned mortgage loan officers, you failed to act. When their competition followed suit, you failed to act. When Fanniemae and Freddiemac lowered their lending standards, you failed to act. When mortgage brokers including large banks lowered their lending standards beyond subprime into the predatory lender category, you failed to act. Now, you are introducing one of the most complex, complicated, and multifaceted directives ever decreed on the community banking system in over 200 years and I have to wonder, how will you utilize these accounting methodologies to assure that community banks utilize prudent underwriting standards after the political shine wears off?

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