From: monroe [mailto:monroe@jetttitle.com]
Sent: Friday, August 17, 2012 9:47 AM
To: Comments
Subject: Oppose Basel III; RIN 3064-AD95 - minimum capital; RIN 3064-AD96 - risk weights

From:
M. Monroe Jett, c/o Jett Title, 2560 Richmond Rd., Suite 100, Lexington, KY 40509 859-266-5003
Director of Bank of the Bluegrass & Trust Co., 101 E. High St. Lexington, KY 40507 859-233-4500

August 17, 2012

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

Re: Oppose Basel III; RIN 3064-AD95 - minimum capital; RIN 3064-AD96 - risk weights

Dear Mr. Feldman.

Forcing community banks, to comply with a formula of capital measurement that has no relation to our business model is pathetically overreaching by the government and would be very harmful to us. Here is why and how:

We have capital, money held back, to spend so we can better our companies – to make our bank stronger, more competitive which allows us to be long-living and to hire more people every year as we grow. We use this capital to lend to tax payers - a driving force of the economy.

<u>1. We use this capital to buy stuff that we have to have in order to remain competitive</u> – it's called investment – we need to constantly be investing in our company for things like new technology – hardware and software to
a) remain competitive so we don't shrink and die,
b) keep up with pathetically unnecessary and overreaching regulation monitoring, tracking and reporting,
c) simplify back-room operations/data processing and record retention & retrieval,
d) make customer-interface easier, faster and cheaper for the customers,
e) hiring additional, more-talented employees and then be able to support them with the more-sophisticated tools they require (software, alliances with new & costly, but necessary, vendors), etc. and
F) this generates city, county, state and federal…property, income, payroll, and all other taxes on everyone of these goods and services.

<u>2. We also use capital to expand physically –</u> invest in purchases of land, construction of branch buildings, purchase of ATMs, and all other required hardware, such as counters, flooring, wall coverings, windows, roofing, carpentry, brick masons, concrete & concrete labor, asphalt, signage, light fixtures, electrical services, security devices and personnel, telephone and internet services and hardware, computer hardware and software, janitorial services, and city, county, state and federal…property, income, payroll, and all other taxes on everyone of these goods and services.

This proposed legislation PREVENTS us from doing all the above that w would NORMALLY invest/spend and pay taxes on.

Essentially, you would be forcing the community banks, collective a massively huge employer and "consumer" as an industry, to GREATLY REDUCE everything it does for itself, which means the economy. Greatly reducing the "consumer", collective community bank industry,… greatly reduces the economy's size…and directly reduces all tax revenue, hiring, economic activity.

<u>3. We use capital to lend more money – make more good loans! More capital in banks, means less good loans!</u>
THIS MEANS THE PROPOSED LEGISLATOIN WILL GREATLY REDUCE THE AMOUNT OF LOANS WE CAN MAKE TO THE PUBLIC, BOTH COMMERCIAL AND CONSUMER. THE AMOJNT OF CREDIT AVAILABLE WILL VASTLY SHRINK WHICH CAUSES A HUGE CHAIN REACTION. IF BANKS CAN NOT INVEST IN GOODS &

SERVICES, AND IN MAKING LOANS…THEN THE ECONOMY IS FORCED TO GREATLY SHRINK ALSO, TO A FACTOR OF 10 TIMES GREATER. NORMALLY BANKS CREATE MONEY, EXPONENTIALLY, SO WHEN THE PROCESS IS RETARDER, OR REVERSED, IT HAS AN IDENTICAL, EXPONENTIAL NEGATIVE RESULT. IT'S CALLED THE MONEY MULTIPLIER EFFECT. LOOK IT UP FOR GOD'S SAKE! IT DOES NOT GET MORE BASIC THAN THIS. IT IS AMAZING THAT LEGISLATORS SEEMINGLY HAVE NO UNDERSTANDING OF REALITY OF WHO IS RESPONSIBLE FOR THE MISTAKES OF THE HOUSING ANDBANKING CRISIS – IT WAS NOT COMMUNITY BANKS. IT IS FURTHER AMAZING THAT LEGISLATORS SEEMINGLY HAVE NO UNDERSTANDING OF BASIC ECONOMIC PRINCIPALS, AS EVIDENCED BY THE PATHETIC AND DAMAGING PROPOSED LEGISLATION AS THIS.

- **Community banks were NOT the source of the housing collapse and banking problems.**
- **The community bank segment of the banking industry, is the most reliable, consistent, conservative, sound and healthy loan makers in the history of the banking industry.**
- **Community banks are a key driver of our economy, and restraining them, yes, potentially crippling them, would be a massive economic mistake for our nation's economic health & well being.**

Bank of the Bluegrass & Trust Co.'s examples of every bullet point above in all numbers are available upon request. It would be the bank's great pleasure to assist legislators in any way, so that the legislators could gain a greater, far more accurate understanding of the potential negative outcome of the proposed legislation. **I urge you to not support the proposed legislation.**

Sincerely,

M. Monroe Jett
Title company owner and title agent – 9 years- present
Mortgage Bankers Assoc or the Bluegrass – board member 5 years - present
Bank of the Bluegrass & Trust Co. director, 20 years - present
Former Bank of the Bluegrass & Trust Co. president, employee of 15 years
3rd generation family member/owner/stockholder – my grandfather founded the bank
Former Community Bankers of the Bluegrass board member – 3 years
Graduate Banking School of the South at LSU, diploma
State Banking School, KY Schools of Banking, diploma
University of KY, BA
The Baylor School, preparatory, Chattanooga, TN, diploma

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