the Pineries Bank

September 28, 2012

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

RE:"FDIC" and "RIN 3064-AD95" (Basel III NPR)

Dear Mr. Feldman:

Seldom do I write comment letters regarding proposed regulations promulgated by various government agencies. I hope the fact that I have taken the initiative and time to comment on the new Basel III proposed regulations makes it clear that these proposed changes will be detrimental to the very community banks who did not cause the banking crisis and continued their practice of making sound loans to qualified customers during the last recession.

I have enclosed a copy of an article from the Saturday September 15th 2012 editorial page of the Wall Street Journal that is entitled Speech of the Week. This editorial references comments made in a speech from FDIC Director Thomas Hoenig. Director Hoenig explained how Bank of England's Andrew Haldane "… did a public service by reviewing the relevant history from 2008: " it turns out that the Basel capital rules protected no one…". I am sure that these two bankers bring major credibility to the argument that Basel III is not good for community banks like ours, who incidently increased our loan portfolio from 2007 when the last recession started from $40,538,710. to $44,346,812. on September 21, 2012.

I have also included a matrix prepared by our accounting firm Wipfli, CPA's which shows how our conservatively operated and well capitalized bank will be punished by these regulations primarily because our loan portfolio consistently contains more than 65% 1-4 Family Residential loans. Mr. Haldane also noted "…that in many cases Basel's expensive, complicated regulations do actual harm by obscuring the true condition of big banks.", while banks like ours pay three times the FDIC premiums to bail out the big banks who have caused taxpayers and customers alike to label bankers across the nations as "fat cats".

Please consider the volume of comments your agency receives regarding these proposed rules and "…that the biggest winners from such regulatory regimes are never the little guys.", before your agency issues the final rules. Thank you for your time and consideration in this matter.

Yours very truly

Paul C. Adamski
President and Chief Executive Officer

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The Pineries Bank **Stevens Point, WI** **March 2012**	As Reported	BASEL III Adjustments	Proforma BASEL III
Total Bank Equity Capital	6,262		6,262
LESS Unreal G/(L) on AFS sec	-	-	-
Goodwill and disallowed intangibles	(365)		(365)
LESS: Disallow servicing/purch credit cd	-	-	-
LESS: Def tax assts disallow for reg cap	-	-	-
Adjust to Limit DTA and MSA to no more than 15%		-	-
New Common Equity and Tier 1 RBC	5,897	-	5,897
Adjustments to arrive at RBC	465		
plus ALLL up to 1.25% of New RWA		597	597
Total risk-based capital	6,362		6,494
Risk Weighted Assets:			
Risk-weighted assets Per Call Rpt Before Excess LLL reduction	37,254		37,254
High volatility Input value as additional RWA		800	800
Computed 50% increase in RWA due to NA multiplier Nonaccrual loans and Investments		311	311
Assume 75% of 1-4 Family classified as 50% is reclassified to 100% RBA		9,046	9,046
Add RWA due to 20% of commitments not now in RWA		1,143	1,143
250% of Allowable DTA and MSA in Common Equity		-	-
Less Excess ALLL		(73)	(73)
Allow for loan/lease losses inc in Tier 2	(205)		
Final Risk Weighted Assets	37,049	11,226	48,480
Total Risk Based Capital Ratio	17.17%		13.39%
Minimum Total Capital Plus Conservation Buffer @ 2019			10.50%
Pro forma ratio Pass or Fail			
Newly Calculated Common Equity / RWA			12.16%
Minimum Conmmon Equity Tier 1 Plus Conservation Buffer at 2019			7.00%
Pro forma ratio Pass or Fail			

Romney's Trade Pessimism

> Protectionism won't beat Obama's class warfare. Mitt needs a politics of growth.

The latest polls show that voters give Mitt Romney and President Obama equal marks on the economy and job creation—which can only be called astonishing given Mr. Obama's abysmal record. Maybe one reason is because Mr. Romney keeps running on messages like his latest TV ad.

Titled "Failing American Workers," the ad opens with American and Chinese flags side by side. The U.S. flag begins to shrink and the Chinese flag grows, as the ad claims that 582,000 manufacturing jobs have been lost since Mr. Obama became President.

"For the first time, China is beating us" as the world's leading manufacturing country, says the ad, which it attributes solely to Mr. Obama's failure to punish China, presumably for being a currency manipulator.

"Seven times, Obama could have stopped China's cheating. Seven times, he refused," the narrator says. Then Mr. Romney appears: "It's time to stand up to the cheaters," the Republican nominee tells a factory audience, "and make sure we protect jobs for the American people."

Americans have heard similar trade themes before—from Walter Mondale, Dick Gephardt, Bob Kerrey, John Kerry, Pat Buchanan and Ross Perot, among others. What they all have in common is that they were candidates who never became President.

Protectionism of the kind Mr. Romney is now selling often scores well in the polls, which we assume is one reason the Republican is now pitching it. Especially when times are tough, it's easy to blame foreigners for American troubles. Yet a bona fide protectionist hasn't won the White House since the 1920s. The reason is because voters instinctively want a President who knows how to make America more competitive, not one who campaigns as if other countries are more formidable.

This China-bashing is especially odd for Mr. Romney, who professes elsewhere that he wants to expand trade because it will create jobs. So trade is good for America except when it is conducted by "cheaters" who happen to sell more of some goods and services to us than we sell to them. This is called mercantilism, not free trade.

This is also not the way to make the case for reducing trade barriers. It sounds all too similar to President George W. Bush's too-clever-by-half scheme in 2001 to impose steel tariffs as a way to get trade promotion authority from Congress to negotiate and pass the Doha trade round. Trade authority passed, but Doha died—in part because the rest of the world resented the steel tariffs and Mr. Bush's 2002 protectionist farm bill.

As a former businessman, Mr. Romney surely knows that cheaper Chinese imports create jobs in the U.S. up and down the merchandise and services value chain. On Tuesday, a Heritage Foundation study suggested those imports support nearly 600,000 American jobs in the apparel and toy industries alone.

Plenty of studies also recognize that "Made in China" often has more to do with final assembly than with original content and intellectual value-added. Some manufacturing jobs are nonetheless already returning the U.S.—from China and elsewhere—thanks to rising labor costs overseas and falling energy costs in the U.S.

Mr. Romney's larger mistake is that this ad conveys an economic pessimism that undermines his political case that he can deliver a better future for American workers. If the only way to revive American manufacturing is to steal jobs back from China, our future can't be very bright.

The ad's message is also one more critique of Mr. Obama without offering an alternative other than to slap the Chinese around. Mr. Romney needs to explain to Americans with some optimistic specificity how and why the U.S. can regain its economic strength.

Perhaps the Romney campaign sees this anti-China protectionism as a way to counter Mr. Obama's tax policy of class war and envy. But you can't defeat one form of envy politics with another. You can only defeat it with the politics of growth. Mr. Romney is struggling to sell his economic message because he's never taken the time to actually make it.

Speech of the Week

The same "fundamentally flawed" system of financial rules that failed in 2008 lives on, "but with more complexity" in the latest proposals from regulators.

That was the blunt message on Friday from Federal Deposit Insurance Corporation Director Thomas Hoenig. He was talking about the pending implementation of international bank capital standards known as Basel III. And thank goodness Mr. Hoenig is not the only voice of sanity in the regulatory wilderness.

On Wednesday we told you about the Bank of England's Andrew Haldane, who has shown that in many cases Basel's expensive, complicated regulations do actual harm by obscuring the true condition of big banks. Mr. Haldane's call for simplicity struck a chord with readers. A few of their letters appear nearby.

Not that Journal readers ever expected a convention of global bureaucrats in a Swiss village to protect U.S. taxpayers. But Mr. Hoenig did a public service at an American Banker symposium by reviewing the relevant history from 2008: "It turns out that the Basel capital rules protected no one: not the banks, not the public, and certainly not the FDIC that bore the cost of the failures or the taxpayers who funded the bailouts. The complex Basel rules hurt, rather than helped the process of measurement and clarity of information."

Observing a Basel system that only grows more complicated as U.S. regulators prepare to implement the latest version, the former president of the Federal Reserve Bank of Kansas City also pointed out that the biggest winners from such regulatory regimes are never the little guys. Mr. Hoenig explained that "the most brazen and connected banks with the smartest experts will game the system. In private discussions, I find a good deal of uneasiness about Basel III's ability to be more effective than previous Basel efforts; however, there is a sense that we cannot go back."

That is partly because the Obama Administration doesn't want to do any new thinking. Speaking at the same Friday event graced by Mr. Hoenig was the Treasury Department's Mary Miller. "Simplicity is not always synonymous with smart," said the under secretary for domestic finance.

She pointed to the example of the so-called Volcker Rule to limit proprietary trading at big banks. "It is hard to write a very detailed rule that would address every concern that we hear," said Ms. Miller. "But it is even harder to write a simple rule that is conceptually clear to handle the nuances of a complex financial system."

We'd say the Volcker Rule proves more or less the opposite, as an Administration draft ran to 298 pages and included 1,347 questions. What is downright impossible is for regulators to try to craft rules so complex that they address every concern raised by every interest group and then expect to have a functioning banking system.

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October 17, 2012

Robert E. Feldman, Executive Secretary
Attention: Comments/Legal ESS
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Dear Mr. Feldman:

Please reconsider the new Basel III proposal regulations. Published articles have made it clear that it would be detrimental to our community banks who did not cause the banking crisis.

We continue our practice of making sound loans to qualified customers and do our diligence on every customer.

Our CPA firm did a matrix which indicates how our well-capitalized bank will be punished by these regulations.

Don't forget about us little banks who provide FDIC premiums to bail out the Big Banks who caused the problems.

Sincerely,

Ronald A. Ligman, CPA
Board of Director
The Pineries Bank

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