From: James Regna [mailto:jregna@triadbanking.com]
Sent: Friday, September 08, 2006 5:41 PM
To: Comments
Cc: Jchessen@aba.com
Subject: RIN 3064-AD09 Assessments

To Whom It May Concern:

I am responding to the above proposal related to the “ceiling rate” for the new risk-based premium system. Triad Bank was charted in October 2005. I believe this proposal is dangerous related to the long term health and well being of the industry. The mere suggestion that a bank has been chartered less than seven years is less safe exposes these banks to issues related to public confidence. If the public perceives that the FDIC believes these institutions are less safe what impact will that have related to public confidence?

Secondly, the FDIC is defining a new bank category, “those that have been chartered less than seven years”. I believe that this is dangerous; this type of proposal splits the industry related to new bank versus old banks. I believe that the industry has enough competition with financial service businesses; we don’t need these types of issues dividing us. If it is truly the intent to create a new category, then I believe it needs to be well thought out and should not be random regarding “the number of years a bank has been in existence” I think the mere fact that the FDIC is asking for specific public comment regarding (1) whether less than seven-years old is the appropriate age to consider an institution new, and (2) whether if an established institution merges into a new one should the institution be considered new is evidence that this type of proposal is some what sort sighted related to the impact it has on the industry, buy creating this new category I believe many unintended issues and any questions have been created which are not in the best interest of the industry.

I believe this proposal unintentionally weakens the dual banking system. In the seven year period in question there were 930 new banks chartered 78 percent (723 state charters) of the banks chartered were state banks. The banking industry for many years has prospered with the dual system, we all know the benefits. I think anything that could potentially under mind this system should be carefully considered. Make no doubt this proposal has the biggest impact to state chartered banks.

Finally, banks are highly regulated; new banks especially are examined routinely. In the state of Missouri banks are examined every 6 months. In addition, the review process and back ground checks related to bank management and directors are as extensive as ever. Banks financial statements are better than ever given the continued adoption of various accounting rules. Even though the banks are new usually the loan officers are experienced and have long term relationship with their borrowers. The FDIC obviously has great statistical information to support for the new risk based system, but I believe the CAMEL system has been a great gage for determining risk and should be the measure that risked based premiums are based on. I believe the potential impact that this type of proposal could have is potentially creating a bigger problem than the fund being under funded. I urge the FDIC to treat all banks equal based upon the banks actual performance and rating, the FDIC has the ability to examine each individual bank and make intelligent decisions. The need to categorize banks into old versus new only makes sense if the FDIC did not have the ability to assess risk based upon actual formal examination.

Thank you for the opportunity to express an opinion.

Sincerely,

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