From: Joe Briner
Sent: Monday, September 11, 2006 10:05 AM
To: Comments
Subject: RIN 3064-AD09 Assessments

Dear FDIC:

As a brand-new de novo bank President, I can tell you we already have more than enough regulations to keep up with. I oppose the proposed methodology for assessing higher FDIC premiums to institutions less than seven years old because it arbitrarily presumes we will be guilty of future infractions regardless of our actual performance. I can find no empirical studies that show a significant drop in bank failures between the seventh and eighth year of existence. There is abundant evidence linking an institution's CAMELS rating to its probability of failure. I strongly advocate using existing CAMELS-based bank regulation to assign FDIC premiums.

The existing CAMELS ratings system embodies all of the principles required to run a sound banking institution. The proper way to address increased risk of a given institution is through good solid bank examination-based regulation. This proposed premium assessment methodology is simply a new layer of regulation that will force us and all institutions similarly situated to monitor and analyze our position relative to the new regulations and make business decisions based on the impact certain actions will have on the new premium formula. It will tax our limited resources even further and place us at a competitive disadvantage compared to other institutions that do not have to perform this analysis and run their businesses with this added layer of regulation. You may in fact inject a source of weakness into the very institutions you wish to strengthen. The capricious proposal to be assessed the ceiling premium in a given range (expected to be 4 basis points versus 2 basis points for older banks) WILL inflict a financial hardship, placing us at a financial disadvantage.

As for the concept of basing premiums on the probability of a CAMELS downgrade, instead of assessing the probability of a CAMELS downgrade and penalizing an institution before the fact, I would rather have you perform an out of cycle examination and assign actual ratings. Banks, already heavily regulated, must know with certainty where they stand with regard to the critical CAMELS rating. It is patently unfair for a regulator sitting at a computer to wield the power to affect the single most important rating in the banking industry. Use the existing body of regulation to accomplish your goals; don't create new regulation.

I firmly believe that in the matter of FIDC premiums, as with the proposed regulations on CRE concentrations, the proper role of the FDIC and other regulatory bodies is to perform the duties and responsibilities as prescribed by law, working through the existing bank regulation framework, and not create new regulation on false pretenses.

In short, the proposal to increase FDIC premiums on financial institutions in existence less than seven years and to increase premiums based on the probability of CAMELS downgrade unfairly and perhaps unconstitutionally imposes financial burden on the younger institutions compared to older institutions of equivalent CAMELS rating.

Don't add new regulation. Use the existing system. Keep the system fair for all participants.

Respectfully yours,

Joe

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