



Call to Action on the FDIC's Special Deposit Assessment

As you know, the FDIC board has determined that, in addition to the regular \$12 billion assessment in 2009, it needs to raise another \$15 billion this year in anticipation of larger-than-expected bank failures. Late last week the FDIC Board approved a 20 basis point special assessment on domestic deposits to raise the additional funds.

Late yesterday afternoon I participated in a conference call with FDIC Chairman Sheila Bair and the ICBA board of directors concerning the special assessment. She explained the rationale for the action and the options considered by the FDIC board. Several bankers weighed in with their concerns and objections, and Chairman Bair encouraged community bankers to submit their comments on the assessment and alternatives.

There is no doubt that the FDIC must raise more funds. The issue is how those funds will be raised. CBAI and ICBA are adamant that the giant too-big-to-fail (TBTF) banks that are responsible for the economic meltdown should pay the special assessment. CBAI has heard from many of you that the special assessment would adversely impact earnings by 30 to 50% or more. ***Community banks did not cause this crisis and should not be further compromised by the greedy, high risk-taking propensities of Wall Street.*** There are other viable ways for the FDIC to obtain the additional funds, including the following:

- 1) *The FDIC has a \$30 billion line-of-credit with the U. S. Treasury that it should tap for all or part of its immediate needs; for any subsequent assessments that may be needed, the FDIC should ask Congress for the authority to levy special assessments on the too-big-to-fail banks; and*
- 2) *The FDIC could assess premiums based on total assets, both foreign and domestic, rather than on domestic deposits, thereby greatly reducing the financial hit to community banks and placing the brunt of the burden on the TBTF banks; if implemented, the FDIC should encourage FASB to allow banks to take the special assessment over a period of four years.*

Letter to the FDIC

CBAI now asks you and your officers and directors to send comment letters to the FDIC. We have prepared suggested comments that you can edit and amend as desired. [Click here](#) to access the comment letter.

Letter to Your Congressmen

CBAI also asks that you send letters to your congressmen to authorize the FDIC to levy a special assessment on the banks deemed too-big-to-fail. We've also prepared a letter to your U.S. Representative and Senators that can be accessed by [clicking here](#).

Please send your letters now! The time to engage has come. Call or email me (800/736-2224 or bobw@cbai.com) if you have questions.

###