From: C. Michael Davenport, Inc., Michael Davenport, Inc.

Proposal: 1429 (RIN 7100-AD80) Reg LL & MM - Savings and Loan Holding Companies

Subject: Reg LL & MM Savings and Loan Holding Companies

Comments:

October 28, 2011

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street & Constitution Avenue NW
Washington, DC20551

Re: Comment on Proposed Policies On Section 239.8 (1) of Regulation MM

Dear Ms. Johnson,

I appreciate the opportunity to comment on the proposed rule regarding the waiver of distributions to Mutual Holding Companies (MHC). I am a director of a bank subsidiary of an MHC mid-tier holding company and I am also an investor in the mid-tier holding company.

I disagree with the Fed's proposal to erect barriers to the payment of MHC dividends in the guise of maintaining fiduciary responsibility. The interests of the unissued shares owned by the MHC are difficult to define and impossible to quantify. On the other hand, the interests of the actual investors, such as myself, are easily quantified by the cash investment we made in the company. We understood that the MHC structure might reduce the potential premiums that might be available in the market for other financial stocks- either because there is no acquisition premiums (because MHC subsidiaries cannot be acquired in the traditional way) or because there is a general lack of understanding for MHCs in the market. As investors, we weighed these deficiencies against the benefits of a strong dividend, made possible by the availability of the dividend waiver.

The requirement to obtain a depositor vote to establish fiduciary duty is counter-productive. It will be costly and time consuming. It will require asking depositors to make a decision on something the vast majority will not understand regarding a right they did not know existed and for an unquantifiable future benefit that may or may not result from an event that may or may not ever happen. Furthermore, these depositors had the opportunity to invest in our company and indeed have that opportunity now to buy our shares in the market.

The Fed's insistence that investors in the company who serve on the board of the MHC abstain from deliberation on dividend payments or that they choose not to receive the dividend, is equally daunting. I would never consider investing in a company where the interests of the directors were not aligned with those of the investors. It does not make sense to arbitrarily try to separate those interests. My bank, its sister bank, the mid-tier holding company, and the MHC need to all be on the same page to create investor value and to maintain a safe and sound financial institution. Separating those interests could be devastating to those goals.

I am a proud investor in Kentucky First Federal Bancorp. I am pleased with how our banks have weathered the recent financial storm while maintaining their strong capital levels as well as their commitment to their communities. We have, as a group, chosen an ownership-structure that works for us and benefits all the legitimate stakeholders. I urge the Fed to reconsider these onerous aspects of the new regulation.

Sincerely,
C. Michael Davenport, Inc.