



CONTINENTAL NATIONAL BANK OF MIAMI

GUILLERMO DIAZ-ROUSSELOT
President

October 22, 2012

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Dear Ms. Johnson,

I hope that I am not too late in weighing in my comments regarding Basel III proposal. It has been difficult to explain, what is so wrong, on a proposal that is fraught with so many variables.

I am the President of Continental National Bank of Miami, a Minority Bank. We were established in 1974, a small bank (\$300million) with one major stockholder that has been the only source of capital for us. Our market can be best be described as the small business sector, low to mid level income, mostly middle age and older. The large majority of our base is Hispanic.

Our Bank has surmounted all of the economic swings we have faced during our history, not without difficulty, but we are still here going about our business. We have been able to do that because we are not known as risk takers, we are very conservative. We are always considering various "what if's" scenarios, planning for contingencies, stressing our balance sheet, which has served us well.

Note: If you Google: Annual Development Bankers Conference, Bankers Survival Stories, I made a presentation of our own developed model, that stressed tested commercial real estate loans, on November 2009, to approximately 200 bankers. We developed this model to help determine any inherent risks of our portfolio. Our model is strikingly similar to the one you would utilize years later. We pride ourselves in being one step ahead.

With Basel III it is impossible to be able to do that. The variables are so pronounced that a small institution like ours, who does commercial real estate (with ample equity and sustainability), with an investment portfolio of mostly GNMA's (maturity at less than five years) will not have the ability (or the resources) to plan and keep doing what we do well.

Of particular concern, as it will impair our ability to lend, is reflecting any unrealized losses due to swings in the values of real estate and/or, rising rates on investments. How does one protect capital against the volatility of this proposal?

South Florida is the major economic driver of this state. Our economy (South Florida) is bigger than Greece's. Our region is just beginning to recover from "*The Great Recession*," but it is still fragile. These measures, as others community banks will follow suit, will put the brakes on.

EXECUTIVE OFFICE

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I was asked to make a presentation on Basel III to the Greater Miami Chamber of Commerce, which is composed of a broad array of business owners. They concurred that this proposal would hurt the local economy and will be drafting a resolution stating its objection.

I have the privilege of being the Chairman of the ICBA Minority Bank Council and a Director of both, the American Bankers Association and Florida Bankers Association; I am also an Advisory Council member of the CFPB. This affords me the opportunity to exchange ideas and strategies that impact our industry. There is not one bank, banker, in any of these associations that I have met, that doesn't agree that these proposed measures are ill timed, and another hurdle along with Dodd-Frank, placed on our road to recovery.

Sincerely,



Guillermo Diaz Rousselot, President