

October 22, 2012

Federal Reserve Board

Re: Basel III Capital Proposals

Ladies and Gentlemen:

Thank you for the opportunity to provide comment on the Basel III proposals¹ that were recently issued for public comment by the Federal Reserve Board, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation.

The main objection to these proposals is the inability for all people involved to determine the difference between a community bank model and a large multinational Financial Institution model.

The community bank model in the United States has served the people of all walks of life. Any attempt to change this model will result in the continued concentration of economic power in the hands of a few (bigger banks). The results of this concentration can be seen in the rest of the world and their accompanying failures in the last 5 years.

Your study of the difference between these models would be appreciated. So that the community bankers of the United States of America can continue to provide services to their communities, cities, state and country instead of having to attempt to outguess people who have never sat behind a desk or been responsible for a payroll.

Sincerely,

Jim Payne, CEO
First State Bank & Trust Company

¹ The proposals are titled: *Regulatory Capital Rules: Regulatory Capital, Implementation of Basel III, Minimum Regulatory Capital Ratios, Capital Adequacy, and Transition Provisions*; *Regulatory Capital Rules: Standardized Approach for Risk-weighted Assets*; *Market Discipline and Disclosure Requirements*; and *Regulatory Capital Rules: Advanced Approaches Risk-based Capital Rules; Market Risk Capital Rule*.