

David Trautman  
50 North Third Street  
Newark, OH 43055-5523

May 31, 2006

Ronald A. Rosenfeld  
Chairman  
1625 Eye Street NW  
Washington, DC 20006

Dear Ronald Rosenfeld:

I believe the rule is flawed for several reasons:

1. The rule applies equally to all FHLBB's. The Cincinnati FHLB is well capitalized, triple A rated and has low risk. It seems odd to penalize this institution for the sins of others.
2. The rule creates a punitive tax event for member institutions (at least, those that pay taxes--the credit unions are another issue for another day)
3. It violates *Gramm-Leach-Bliley* in that *GLB* leaves dividend policy in the hands of individual banks, so long as the FHLBank has current and retained earnings, including the ability to determine the amount, timing and form of dividends.
4. The FHLB system already has sufficient and adequate regulation to address the Finance Board's safety and soundness concerns, and *GLB* addresses the issue of adequate capital at the individual FHLB level.

Sincerely,

David L. Trautman