

First United Bank and Trust
P.O. Box 557
Oakland, Md. 21550

Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609
RE: Release No. 34-49879; File No. S7-26-04 Proposed Reg B

Dear Mr. Katz,

I am the Senior Trust Officer of First United Bank and Trust. While our bank size is \$1.2 Billion, our Trust Assets are \$385 million. We have been diligent in our efforts to be profitable as our gross revenues from the trust department represent \$2.5million.

You have asked for hard details regarding the impact of Proposed Reg. B on bank Trust Departments. I determined that our custody line of business represents \$250,000 per year. This includes self directed IRA's, custody and investment agency accounts. Our fee schedules for these lines of businesses include a fee based on assets plus a small fee for excessive transactions. All of our 'orders placed' for these accounts are placed with independent broker/dealers with whom we have dealt for over 25 years. For more than 40 years we have been providing these products and, to my knowledge, have never had a client file a complaint. While there have been minor errors, First United always made sure the client was made whole and satisfied. So, in my opinion, this system is not broken and thus does not need fixed. If Trust Departments can be depended upon to place orders for discretionary fiduciary relationships, why not for placing trades with non-discretionary relationships?

I believe our Trust department, and the whole bank trust industry, to be efficient and safe for three reasons: 1) **Education and training.** Our Trust Officers are professionals normally with college degrees. Some are CPA's, some with MBA's and we have also had some with law degrees. Our Investment Officer is a CFA. It is not uncommon to find that Trust Officers were previously employed in the broker/dealer industry. Each has completed extensive outside training specifically related to the trust business. Investments are very important to our industry so it is imperative that our associates know the difference between a market order and limit order etc. 2) **Well established internal controls.** Our Trust Department is audited three times a year. First we are extensively audited by our internal audit department and by the FDIC, then by our independent external audit company. Each audit includes reviews of our controls regarding suitability, purchase, sales, handling and recording of investments. 3) **Customer relationships.** The trust business is built on relationships. We know each customer and we know their families. Clients trust us, as fiduciaries, to make the right

choices affecting their family and therefore trust us to “place an order” in a custody account. Clients choose to deal with Trust Departments because of the close personal relationships that are developed. I have many friends that are brokers who believe they provide excellent service. However their relationship with their clients does not match that of Trust Departments.

You have provided an exception for small banks under \$500 million. I propose that this exception be set for all banks over \$250 million because smaller banks may not be able to provide the educational tools and internal controls necessary for the trading of securities.

I appreciate this opportunity to provide my professional opinion and would welcome any further questions or comments you might have.

Respectfully yours,
Eugene D. Helbig, Jr. CPA, CFP
Senior Vice President and Senior Trust Officer
First United Bank & Trust