WORLD'S FOREMOST BANK®

December 12, 2005

Mr. Robert E. Feldman
Executive Secretary
Attention: Comments/Legal
ESS Federal Deposit Insurance Corp.
550 – 17th Street N.W.
Washington, DC 20429

Re: Notice of Proposed Rulemaking; Preemption of State Law; Federal Interest Rate Authority

Dear Mr. Feldman:

World's Foremost Bank (the "Bank") is a credit card bank chartered under the laws of the State of Nebraska. The Bank has no branches but issues credit cards to cardholders in all 50 states. We have a continuing and increasing concern regarding the applicability of state laws to the Bank's activities outside of its home state. These concerns are exacerbated by the disparity in treatment between state chartered and federally chartered financial institutions as a result of the broad federal preemption of state laws otherwise applicable to federally chartered financial institutions. For this reason, we fully support the efforts of the FDIC to address these issues through the rulemaking process. We believe that such action is necessary to preserve the dual banking system by ensuring the ability of state chartered institutions to effectively operate and compete with federally chartered institutions in the conduct of interstate activities.

While we support the rulemaking efforts of the FDIC, we offer the following comments with respect to the proposed rules:

A. State Law Preemption

The Financial Services Roundtable in its petition correctly identified the need to provide parity between state banks and national banks with respect to interstate activities, whether conducted through branches or otherwise. As noted in the FDIC's extensive review and discussion of the legislative history of Riegle-Neal I and II, parity was the overriding concern, particularly in connection with the enactment of Riegle-Neal II. By concluding that the proposed regulations will not apply to the interstate activities of state banks which do not have a branch in the host state (*see* 70 Fed. Reg. at 60025), the proposed rule fails to address one half of the parity equation – the ability of those like World's Foremost Bank that offer credit cards nationwide and those state banks who by reason of geographic location regularly engage in cross-border activities. Simply put, state chartered banks conducting in interstate activities outside of

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branches will still be at a significant competitive disadvantage when compared with federally chartered institutions that engage in identical activities.

The credit card industry relies heavily on the ability of card issuers to provide standardized products to a large number of cardholders. Compliance with the non-uniform laws of 50 jurisdictions places a substantial burden on state bank card issuers. The expense of determining the applicability of the laws of multiple jurisdictions and the compliance cost associated therewith are significant. The effect is to place state banks at a significant competitive disadvantage when federally chartered institutions can provide their products nationwide without this expense.

For the foregoing reasons, we would urge that the rulemaking process address all interstate activities conducted by state banks including those which are not conducted through branches.

Section 362.19(c) of the proposed rule would trigger preemption by (1) a Federal court determination or (2) the OCC's written preemption determination. We would suggest the addition of a "request for determination" mechanism to be used in those situations where a particular state law may not have been the subject of a court decision or a specific determination by the OCC.

B. Federal Interest Rate Authority

We enthusiastically endorse the rulemaking with respect to the interest rate issues. We believe that the proposed rule simply incorporates the statutory language and legislative intent of Section 27 of the FDIA.

In response to the request for comment with respect to providing a disclosure that the interest rate is governed by applicable federal and state law, we do not see a significant benefit to consumers by requiring such a disclosure.

We appreciate the opportunity to comment with respect to the proposed rules. The issue of preemption and parity between state and federally chartered institutions is vitally important to World's Foremost Bank individually and the dual banking system as a whole. Should you require clarification or expansion of our comments, I may be contacted directly at (402) 323-4355 or tboatman@cwfb.com.

Sincerely,

Thomas M. Boatman
Chief Operating Officer