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United States Senate

WASHINGTON, DC 20510-3405

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The Honorable Sheila C. Bair
Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Dear Chairman Bair:

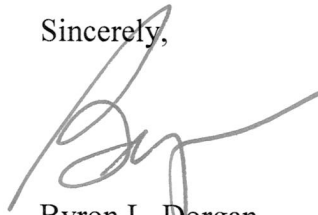
Tomorrow marks the end of the Federal Deposit Insurance Corporation's (FDIC's) self-imposed six month moratorium on approving deposit insurance applications for so-called industrial loan companies. I am writing today to urge you and other FDIC officials to indefinitely extend its moratorium on granting deposit insurance applications from commercial firms that own industrial loan companies (ILCs).

Last spring, FDIC officials heard from me and a number of other Members of Congress who voiced deep concerns about Wal-Mart's effort to obtain federal deposit insurance for an ILC it had chartered under Utah's permissive state banking law. In fact, I sent a letter to then-Acting Chairman Martin Gruenberg urging him to reject Wal-Mart's application.

As you know, Wal-Mart, Home Depot and other large commercial companies are attempting to use a loophole in federal law to obtain approval for large-scale banking activities in a manner that was never intended by Congress, and which could threaten the integrity and health of the nation's financial system. Many Members of Congress have raised similar concerns and there is a significant legislative effort underway to address the unintended consequences of the ILC loophole.

Given the controversial nature of this matter, I ask you to indefinitely extend the soon to end moratorium that the FDIC imposed some six months ago. Frankly, it is the role of Congress, not the FDIC, to decide this important bank policy matter and I ask you to give us an opportunity to do so.

Sincerely,



Byron L. Dorgan
U.S. Senator

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