

To: Comments

Subject: Industrial Loan Companies and the Home Depot

This letter is in response to the request by the FDIC for comment on industrial loan companies, or ILC's.

The legislation that created ILC's resulted in new financial products and services that have helped consumers, businesses and the economy. ILC's are entrepreneurial organizations that exist because they've created innovative new ways to service market niches that traditional financial service companies have overlooked.

Equally as important, ILC's have had a great track record of financial success. Because ILC's are creating value with new ideas, their businesses have grown. The parent companies of the ILC's have provided a strong, diversified base of financial strength to support that growth. And the FDIC and state banking regulators have done an outstanding job of providing ILC's both the rules and guidance to maintain the safety and security of the banking system.

It has been suggested that commercial firms should be restricted from owning ILC's. Rather than changing the rules to restrict competition, it makes more sense to encourage entrepreneurial innovation. If by owning ILC's, commercial firms can create new ideas that help consumers and businesses, restrictive rules don't make sense. We believe the FDIC should consider each proposal on its own merits. If the proposed ILC has a strategic fit with the applicant, if the proposed ILC business plan makes sense, and if the applicant has the appropriate financial resources and business values, the FDIC should approve the application.

For example, The Home Depot has proposed to acquire an existing successful business that does home improvement lending. Not only does that appear to fit their strategy, The Home Depot believes that they can expand innovative lending solutions to help homeowners and small business contractors.

Overall, it makes sense that if ILC's are leading innovation and service for consumers and businesses, the current ILC rules should stay intact. The FDIC should continue to evaluate and approve ILC applications from any company who can successfully meet the existing regulatory guidelines.

Thank you for consideration of my views.