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August 26, 2005

FDIC - San Francisco Regional Office
Regional Director John F. Carter
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105

Mr. Carter:

I am writing to you today to offer personal comments on the fourth attempt by Wal-Mart to obtain an Industrial Loan Company charter in the state of Utah. First, it is important to note that the lack of full disclosure on the application by Wal-Mart to the FDIC makes it exceeding difficult to fully assess the impact to the safety and soundness of the financial market or to comment on it. Full disclosure of the application contents and the ability for the public to review and comment on it is essential.

While the public portions of the application filed profess a narrow business plan for the ILC, it is necessary to evaluate those item not made public. Further it is essential to assess past practices by the worlds largest retailer and understand the amount of market force they have the ability to exercise. Point being, that while the focus may profess to be narrow today, tomorrow it may be something different entirely. Wal-Mart has been very public over the past several years about getting into the banking business and building a nationwide branch network. There is long standing public policy which strives to prevent full blown mixing of commerce and banking. These are essential practices for obvious reasons, and reasons that I trust the FDIC agrees with and understands. Wal-Mart's repeated attempts to gain a toehold in banking and combine full service banking with its retail operations nationwide gives rise to skepticism about the professed narrow focus of their plan.

The GLBA act in 1999 re-affirmed our nation's policy of separating commerce and banking. This shut down a 1998 attempt by Wal-Mart to by a unitary thrift in Oklahoma. Later the OTS blocked an attempt by Wal-Mart to enter banking in conjunction with TD Bank via profit sharing with the bank based on business generated in a proposed 100 stores in the USA and having Wal-Mart employees performing banking transactions at those locations. OTS found that such action would give Wal-Mart illegal control over TD Bank thus circumventing GLBA. As you know, the last attempt was in 2002 when Wal-Mart attempted to purchase an ILC in California. The state of California responded by passing legislation that prohibited commercial companies from owning ILCs. Since that time many states have followed suit with California, Utah not being one of them.

And now Wal-Mart is continuing its relentless pursuit to skirt public policy and the law by trying to charter a Utah ILC.

The past eight years of failed attempts demonstrate Wal-Mart's willingness to attempt to exploit loopholes and sneak past public policy. Does that code of ethical conduct lend itself to the banking industry? Numerous Federal and State level regulators, lawmakers and associations have gotten involved and all have voiced the same response, "NO". The time is now for the banking industry and lawmakers to send the final message to Wal-Mart, no ILCs for commercial companies. Wal-Mart has already destroyed the local retail vibrancy of many rural American towns are we willing to sacrifice the vibrancy of the community banking industry? Further, ILCs operate outside the Federal Reserve System at the holding company level. The negative impact is endless. The safety and soundness of the entire industry would be placed in jeopardy if Wal-Mart is able to own and operate a nationwide bank.

For the reasons stated here, I urge the FDIC to reject Wal-Mart's application for federal deposit insurance for a Wal-Mart ILC. The threat of community disinvestment is particularly acute. Our nation's long standing principle of separating banking and commerce, re-affirmed by GLBA in 1999 is the underpinning for our stable and successful economic system, and should not be allowed to be skirted by the world's largest commercial company.

Sincerely,

Greg Taylor
VP/Human Resources/Investments