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September 13, 2005

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Mr. John F. Carter
Regional Director
Federal Deposit Insurance Corporation
25 S. Jessie Street at Ecker Square, Suite 2300
San Francisco, CA 94105

RE: Wal-Mart's Industrial Bank Charter Application

Dear Mr. Carter:

I am vehemently opposed to approval of Wal-Mart's application for an Industrial Bank Charter! There are four primary areas where Wal-Mart fails to meet the FDIC criteria in applying as an ILC. They are as follows:

1. Wal-Mart would pose an enormous threat to the Bank Insurance Fund and the banking system itself. Just based on the sheer size of Wal-Mart a grave risk is posed to the Bank Insurance Fund. The losses that the FDIC would suffer if the bank or the parent company experienced financial problems could be astronomical based on Wal-Mart's size and amount of business they conduct. Since 70% of goods sold by Wal-Mart are made in China, Wal-Mart is very dependent on China's economy. When Sam Walton was alive and in charge, he took great pride in the fact that Wal-Mart stores sold American Made products. Since the revaluation of the Chinese has raised the price of goods from China, profit margins are feeling the pressure on a large percentage of products sold in Wal-Mart. Any abrupt increase in the valuation of the Yuan could have devastating consequences for Wal-Mart. Not to mention the cost of oil prices rising which could have a significant impact on Wal-Mart's transportation costs. Wal-Mart faces financial risks that are not similar to those that most banks face, which creates unique problems due to the sheer size and extent of Wal-Mart's worldwide supply network and operation.

Also, as an ILC, even though Wal-Mart would be subject to FDIC oversight, they would not be subject to Federal Reserve oversight. As you know, the FDIC does not have the same powers to regulate the entirety of a holding company's operations as does the Federal Reserve. I am sure that Wal-Mart and their entourage of legal advisors are well aware of the regulatory issues, which raises concerns that they are purposely avoiding strict regulation of an industry that is so instrumental to our nation.

2. As we have seen in the past, a "Wal-Mart Bank" would have a detrimental impact on local communities. Wal-Mart claims that it simply wants to use the ILC to process credit/debit card and electronic check transactions from its retail locations; it has not denied that retail banking will be pursued in the future. This is evident, as Wal-Mart has unsuccessfully tried on three different occasions in the past to enter into retail banking. An industrial bank charter would allow Wal-Mart to branch into more than 20 states and that number could easily increase. As we have all seen and experienced, Wal-Mart has a pattern of entering local communities and using predatory pricing and other techniques to

run all local competition out of business. Many "mom and pop" businesses, the life blood of any thriving economy, have closed their doors after years of serving in communities where they made their livelihood. This affects the entire generation of the family. Wal-Mart has also driven many American jobs overseas. It was reported in 2004 that Wal-Mart purchased $9 billion dollars worth of goods directly and another $9 billion dollars indirectly from China. Wal-Mart plans to purchase more than $2 billion in goods from India and to increase purchasing of Malaysian products by 20% in 2005. Wal-Mart indicated in its application for an ILC that it plans to outsource many of the proposed bank's functions, such as general ledger, accounting and information systems. Wal-Mart did not indicate where or to whom the outsourcing would go. I am tired of seeing jobs that should/could be filled by Americans lost to foreign countries. I know I am not alone!

3. Wal-Mart's ethical and legal problems present serious risks to its financial condition and future earning potential. Wal-Mart is one of the most often sued companies in history. This cannot be attributed to their size alone; it is an indication of Wal-Mart's ethics and desire to make money at any cost. Lawsuits create enormous potential liability that could eventually lead the company to fail, along with its bank, if approved. Recently, a group of institutional investors with more than $545 million dollars worth of Wal-Mart stock voiced a concern about a breakdown in the company's legal and regulatory controls, which is particularly concerning since an industrial bank is not regulated by the Federal Reserve.

4. Concerns about Wal-Mart meeting FDIC standards for management character and fitness. One of the criteria which the FDIC evaluates an application is based on the general character and fitness of management. Wal-Mart's existing track record of legal and ethical violations is too much to ignore and I do not believe that Wal-Mart's management should be extended the authority and responsibility that comes with an industrial bank charter and FDIC insurance. Based on Wal-Mart's track record, the FDIC cannot assure itself that Wal-Mart's management will instill a culture of compliance and ethical practices at its bank that will protect its customers and the public.

Please do not allow Wal-Mart to enter the banking industry like a thief in the night by granting their request for an industrial bank charter. The general public is very unaware of Wal-Mart's application and intent to again negatively impact communities. Wal-Mart should remain doing business as the retail giant that they are and stay out of areas of industry that require expertise they do not have.

I hope that voicing my opinion will do some good, as is promised by so many freedoms I know and love by being a United States citizen.

Sincerely,

Kathy Davis

Kathy Davis
Your Concerned Citizen