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rec'd 9/24/2005
SFRO - FDIC

September 19, 2005

Mr. John F. Carter
Regional Director
Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, CA 95105

Re: Comments Regarding FDIC Application #20051977; Wal-Mart Application for Insurance and Industrial Bank Charter

Dear Mr. Carter:

I am writing to strongly urge you to reject the application by Wal-Mart Stores, Inc. to charter an industrial Loan Company bank in Utah. I am a community banker and believe that allowing Wal-Mart to own a bank charter and potentially open branches in its network of stores would do irreparable harm to my community and my institution, and pose a severe risk to our nation.

Allowing a commercial or financial firm to operate a full-service nationwide FDIC insured bank, outside the framework established by Congress for the other owners of insured banks raises significant safety and soundness concerns, creates an unlevel competitive playing field and poses important questions to the Congress concerning the Nations policy of maintaining the separation of Banking and Commerce.

Congress has reaffirmed our nation's long standing policy against the mixing of banking and commerce, and with good reason. Mixing of the two would create serious conflicts of interest and distort credit decisions. The impartial allocation of credit is the linchpin of our financial system and must be preserved.

Because of Industrial banks more-open ownership policy, Wal-Mart Stores Inc has tried to get into the banking business by buying an ILC. The future of the community banking industry could be dangerously affected. The systemic risk posed by a Wal-Mart bank would be enormous. With a branch of Wal-Mart Bank in every store, small bankers plead with Congress to spare them the fate of locally owned stores, which closed due to Wal-Mart's arrival.

Wal-Mart's CEO says he wants to grow the company and provide financial services to its customers. This leads me to believe that Wal-Mart will amend its business plan to allow it to offer a full array of banking services.

For the sake of the community banks of our nation and the customers and community we serve, please do not allow Wal-Mart to get into the banking business. Make a statement for fair competition and consumer choice by denying Wal-Mart's application for deposit Insurance.

Sincerely,

Craig L. Scruggs
President
Merchants Bank