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OFFICE OF LEGISLATIVE AFFAIRS
CORRESPONDENCE ASSIGNMENT

LA 06-110

ASSIGNED TO: LEGAL (EXECUTIVE SECRETARY)

DATE: 03/23/2006

CORRESPONDENT: ADAM B. SCHIFF
AND GEOFF DAVIS
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

CONGRESSMEN SCHIFF AND DAVIS FORWARD MARCH 16 LETTER SIGNED BY 45 MEMBERS OF CONGRESS REGARDING WAL-MART APPLICATION FOR AN ILC CHARTER.

THE ATTACHED CORRESPONDENCE HAS BEEN ASSIGNED TO LEGAL (EXECUTIVE SECRETARY) FOR INFORMATION.

IF YOU HAVE ANY QUESTIONS RELATING TO THIS ASSIGNMENT, PLEASE CONTACT THE CORRESPONDENCE UNIT OF THE OFFICE OF LEGISLATIVE AFFAIRS AT 898-7055.

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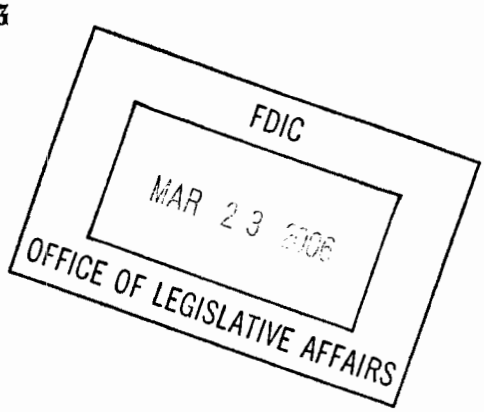
LA06-110

Congress of the United States
Washington, DC 20515

March 23, 2006



Mr. Martin Gruenberg
Vice Chairman
Federal Deposit Insurance Corporation
550 17th Street N.W.
Washington, D.C. 20429

Dear Mr. Gruenberg:

We are concerned about the application by Wal-Mart Stores, Inc. for Federal deposit insurance for a Utah industrial bank. Following is a letter from 45 Members of Congress requesting that the FDIC to deny this application. The following Members have signed this letter:

Page 1:	Adam B. Schiff	Geoff Davis	Michael Michaud
	Lois Capps		Hilda Solis
	Linda Sánchez		Debbie Wasserman Schulz
	Darlene Hooley		Jan Schakowsky
	Jim McGovern		Bill Delahunt
	Luis Gutierrez		Harold Ford
	Ed Markey		Lucille Roybal-Allard
Page 2:	Jerry Moran		Katherine Harris
	Virgil Goode		Paul Gillmor
	Steven LaTourette		Collin Peterson
	Jim Saxton		Peter DeFazio
	Todd Platts		Nydia Velázquez
	Sue Kelly		Rubén Hinojosa
	Judy Biggert		Earl Blumenauer
Page 3:	Maurice Hinchey		Mark Green
	Gwen Moore		Robert Aderholt
	Paul Kanjorski		Julia Carson
	Diane Watson		Rodney Alexander
	Lincoln Davis		Patrick McHenry
	Terry Everett		Brad Sherman
	James Langevin		Bob Beauprez
	Ginny Brown-Waite		Mike Rogers

This letter builds on similar letters from over 50 Members of Congress. Please include this letter as written testimony at the April 10, 2006 FDIC hearing on this application. If you have any questions, please feel free to contact our staff Adrienne Rose (Schiff) at (202) 225-4176 and Lauren O'Brien (Davis) at (202) 225-3465.

Sincerely,

ADAM B. SCHIFF
Member of Congress

GEOFF DAVIS
Member of Congress

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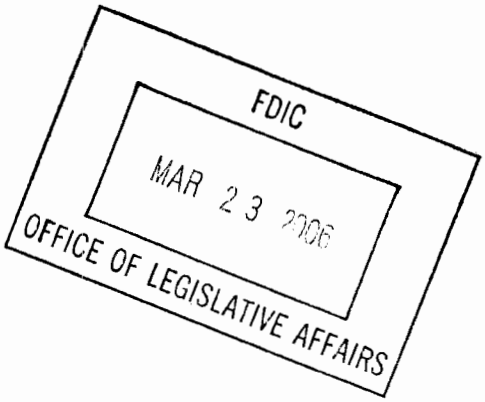
LA06-112

Congress of the United States
Washington, DC 20515

March 16, 2006



Mr. Martin Gruenberg
Vice Chairman
Federal Deposit Insurance Corporation
550 17th Street N.W.
Washington, D.C. 20429

Dear Mr. Gruenberg:

We are writing to ask the FDIC to deny the application by Wal-Mart Stores, Inc., for Federal deposit insurance for a Utah industrial bank.

Granting Wal-Mart an industrial bank charter would violate long-standing U.S. policy, most recently reaffirmed in the Gramm-Leach-Bliley Act of 1999, of maintaining the separation of banking and commerce. This policy is essential to maintaining the integrity and competitiveness of the financial system, especially the payments system.

Wal-Mart plans to use its industrial bank to process billions of dollars of credit card, check, and other payments. The nation's payments system is a keystone of our economic stability and prosperity. Unfortunately, as an industrial bank, the Wal-Mart bank would not be subject to the kind of regulatory supervision that is vital to maintain the health of that system.

Wal-Mart's plan to independently process certain payments could threaten the stability of the nation's payments system. Given Wal-Mart's massive scope and international dealings, it is not possible to rule out a financial crisis within the company that could damage the bank and severely disrupt the flow of payments throughout the financial system.

We are also concerned about the potential risk or loss to the FDIC insurance fund. The risks are especially significant because, as an industrial bank, Wal-Mart Bank would be exempt from the Bank Holding Company Act which imposes critical ownership and transaction limitations, and provides for consolidated supervision by the Federal Reserve at the ownership level. Unlike other banking organizations, the Federal Reserve would have no authority to regulate Wal-Mart as the parent company of Wal-Mart Bank. Without proper regulatory oversight, an industrial bank owner may put the solvency of both the bank and parent at risk.

Industrial banks are regulated by the FDIC, but a recent Government Accountability Office report noted that the FDIC does not have the same powers to oversee a holding company's operations as does the Federal Reserve. The Federal Reserve has the authority to examine the bank holding company itself and any of its non-bank subsidiaries at any time, while the FDIC is generally unable to examine affiliates of banks.

The Federal Reserve can also establish consolidated capital requirements to ensure that owners are a source of financial strength for the subsidiary bank. Corporate parents of industrial banks are not subject to these critical capital requirements.

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For all of these reasons, the undersigned urge the FDIC to deny Wal-Mart's application for Federal deposit insurance.

Sincerely,

Jerry Moran

Katherine Harris

Virgil Goode Jr

Paul Gillmor

[illegible]

[illegible]

[illegible]

[illegible]

Todd R. Platts

Nydia M. Velázquez

Sue Kelly

Rubén Hinojosa

Judy Biggert

Earl Blumenauer

Maurice Hinchey

[illegible]

Gene Green

Robert Aderholt

Paul E. Kanjorski

Julia Carson

Diane E. Watson

Rodney Alexander

[illegible]

Patrick J. McHenry

Terry Everett

Brad Sherman

James Langevin

Bob Bergman

Ginny Brown-Waite

Mike Rogers - AL