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(D. Romani)

March 21, 2006

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

Re: Wal-Mart's ILC Application

Dear Mr Carter:

I am opposed to Wal-Mart's application for FDIC insurance for an industrial bank in Utah. I agree with banking's longstanding opposition to erosion of the essential distinctions between commercial firms and banking institutions. Wal-Mart's application highlights a significant loophole in our banking laws and seriously contradicts Congressional action and intent to keep finance and commerce separate.

This Wal-Mart Bank would not be covered by the comprehensive supervisory framework that applies to commercial banks, thrift institutions and their holding companies. Today, the parent companies of ILCs engage in a wide variety of commercial businesses ranging from manufacturing to computer software to retailing, while many of these institutions operate as full-service banks, making commercial and consumer loans, offering FDIC insured deposits, and issuing credit cards and debit cards. Yet they do not have to adhere to consolidated control and supervision established in the Gramm-Leach-Bliley Act, and they are not required to meet the activity limitations, parent capital requirements, and consolidated regulation of the Bank Holding Company Act. A September 2005 Government Accountability Office (GAO) report to Congress expressed concern that "insured institutions providing similar risks to the (FDIC deposit insurance funds) are not being overseen by bank supervisors that possess similar powers." The GAO noted that "ILCs in a holding company structure may pose more risk of loss" than other financial services holding companies.

I'm concerned about increased conflicts of interest within a mixed banking and commercial conglomerate. That's inappropriate and raises serious concerns about the safety and soundness of our financial system. Congress has reiterated our nation's long standing policy against the mixing of banking and commerce. Mixing the two creates serious conflicts of interest, distorting credit decisions to the injury of many parties. The impartial allocation of credit is crucial to our financial system.

Wal-Mart would be an extreme example of this. As the largest company in the world it would produce a great concentration of economic power. If such a step is approved, it should only be done with Congressional approval, not by use of a technical loophole.

I believe that allowing Wal-Mart to own a bank charter would do great harm to my community and my institution.

Consumers take for granted the safety of their deposits and the reliability of their transactions because of the supervisory framework for financial holding companies, the capital they must hold, and their history of safe and reliable operations. The regulatory framework governing ILCs has the potential to erode these and other safeguards that strengthen our financial system and protect taxpayers and consumers. We must maintain the separation of commerce and banking. That necessitates declining Wal-Mart's application.

Thank you.

Sincerely,

Kevin L. Erickson
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