

# SECURITY NATIONAL MASTER HOLDING COMPANY, LLC

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October 10, 2006

VIA EMAIL DELIVERY

Mr. Robert E. Feldman  
Executive Secretary  
Attn: Comments  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street N.W.  
Washington, D.C. 20429

Re: Comments regarding Industrial Loan  
Companies and Industrial Banks

Dear Mr. Feldman:

Thank you for the opportunity to respond to the questions and issues set forth in the recent FDIC Notice with regard to industrial loan companies. I recognize that the FDIC is serious in devoting time and effort in addressing issues which have recently arisen with regard to the FDIC's regulation of industrial loan companies and industrial banks (hereafter "industrial loan companies") as well as their parent and affiliate companies.

I have either directly or indirectly been engaged for many years in the financial services industry, including control of insured depository institutions. It has been my experience that other than issues with respect to criminality, it has not been particularly important if a commercial entity owned an industrial loan company. What has been important is the safety and soundness of the insured institution, compliance with all applicable statutory and regulatory requirements pertaining to transactions with affiliates, qualified board and executive officers, and commitment to carefully crafted and enforced policies and guidelines, and involved, experienced board and executive management personnel.

With respect to the regulatory oversight authority of the FDIC, the bank centric method of regulation has served the public extraordinarily well, regulating and examining the corporate ownership structure from the insured institution up rather than from the holding company down. In this period of examining the regulatory system with regard to

industrial loan companies and their controlling parties, perhaps the FDIC itself made the most cogent statement in 2005, stating that:

“ . . . the FDIC does not believe that consolidated supervision of an ILC’s corporate owner is necessary to ensure the safety and soundness of the ILC itself. The FDIC disagrees with the GAO’s finding that our regulatory authorities may not be sufficient to effectively supervise, regulate, or take enforcement action to insulate insured institutions against undue risks presented by external parties.

. . . The FDIC believes that bank-centric supervision, as applied by the National Bank Act and the FDIC Act, and enhanced by Sections 23A and 23B of the Federal Reserve act and the Prompt Corrective Action provisions of the FDIC Improvement Act, is a proven model for protecting the deposit insurance funds, and no additional layer of consolidated federal supervision of ILC parents is necessary.”

I have been provided a copy of the Utah Association of Financial Services and the California Association of Industrial Banks joint response to the questions raised and find that it is substantive, responsive and convincing with regard to the issues raised.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robin P. Arkley II". The signature is fluid and cursive, with a prominent initial "R" and a long, sweeping underline.

Robin P. Arkley II