

January 24, 2007

MEMORANDUM TO: Executive Secretary Section

FROM: Douglas H. Jones
Deputy General Counsel

SUBJECT: Meeting with representatives of
Utah Association of Financial Services

Please include this memorandum and attachments in the public file on the *Notice and Request for Comment: Industrial Loan Companies and Industrial Banks*.

On January 24, 2007, representatives of the Utah Association of Financial Services met with Chairman Bair and staff. This memorandum memorializes that meeting. The participants discussed the Association's views on industrial loan companies. An outline of their presentation, as well as a list of attendees, is attached.

Attachments

UTAH ASSOCIATION OF FINANCIAL SERVICES
JANUARY 24, 2007; 11:00 A.M.

Sheldon Woods, UAFS President

Mr. Woods is the President and CEO of the Pitney Bowes Bank and is a member of the bank's Board of Directors. He is also designated as the bank's compliance and CRA officer. In this capacity since 2002, Mr. Woods is responsible for all aspects of the Bank's operations and products including: strategic planning and budgeting, financial reporting, and credit administration. In addition, he administers the bank's regulatory compliance and community development programs. He joined the Bank as Senior Vice President/CFO and Compliance Officer at the Bank's inception in 1997.

Mr. Woods holds a Bachelor of Arts degree in Business Administration—Finance/Economics from Utah State University and has completed Graduate School of Banking at the University of Colorado. Prior to joining Pitney Bowes, Mr. Woods held key leadership positions with American General Corporation's Utah industrial bank. Mr. Woods began his financial services career as a bank examiner with the Federal Deposit Insurance Corporation (FDIC) with extensive experience in safety and soundness, as well as compliance and consumer protection. Mr. Woods actively serves on numerous community boards and industry association committees including: Junior Achievement, Utah Technical Finance Corporation, Salt Lake Neighborhood Housing Services, Utah Bankers Association, and Utah Association of Financial Services.

Frank R. Pignanelli, UAFS Managing Director

A featured Sunday Opinion Page political columnist for the Deseret Morning News, Frank R. Pignanelli served in Utah State Legislature for ten years-six as the Minority Leader of the Utah House of Representatives. Frank is a practicing attorney, and runs a Government Relations firm with partner Douglas Foxley. See attached resume for more details.

Talking Points

I. Introduction -Sheldon

A. Introduction of participants

B. Statement of messages

ILCs are the strongest group of banks in the country

ILC presidents are experienced financial leaders-- familiarity with industry

ILCs provide innovative and creative financial services

LCs are well regulated

C. Moratorium/legislation will destroy progress

II. ILCs remain strongest financial institutions in the United States-Sheldon

- A. FDIC reports (as recent as third-quarter 2006) emphasize strength of institutions
- B. Utah has core capital of 13.26%-national average is 9 1/2 percent
- C. In Utah, profitability for financial institutions is highest in the nation -- return on assets in Utah is 2.3% (ILCs have 80% of the assets in the state)-Nevada is 1.5%; and the national average is no more than 1%

III. Personal statement from each UAFS president-Sheldon and others

- A. Professional background
- B. Experiences with financial institutions
- C. Unique characteristics of their ILC

IV. Commerce and Banking-what is the problem? -Sheldon and others

- A. Absolutely no documentation or evidence of issues with ILCs
- B. "Straw man" issue for community bankers and other banking organizations that do not want to compete
- C. Differentiation between commerce and banking is a policy matter that must be hashed out through the political process (although we hope that the FDIC will comment, in a public fashion, that their experience with financial service organizations owned by commercial entities has been safe and successful)

V. Dangers of moratorium/legislation- impact of moratorium on current and prospective institutions-Sheldon

VI. Strong request in behalf of current chartered banks, and those with applications pending, that the FDIC processes applications in a rapid and fair manner, and upon the merits of each application.-Sheldon

ATTENDEES

The Pitney Bowes Bank

Sheldon Woods, President

UAFS, President

Utah Association of Financial Services

Frank Pignanelli, Managing Director

Advanta Bank Corporation

John Moore, President

BMW Bank

Rick Holt, Government Affairs

Enerbank USA

Louise Kelly, President & CEO

Exante Bank

Tim Laukka, CFO

Exante Bank

Elise Gemeinhardt, Legislative Liaison

First Electronic Bank

James McLaughlin, President & CEO

GE Capital Financial

Richard Santoro

Transportation Alliance Bank

J.J. Singh, President & Chairman

Sallie Mae Bank

Mark Howard, President & CEO

Target Bank

Shawn Gensch, President

Volkswagen Bank USA

David Woodruff, Legal Affairs

World Financial Capital Bank

Marvin Corne, President

Hugh Hayden, General Counsel