

**From:** Raymond H. Alexander  
**Sent:** Friday, August 25, 2006 11:19 AM  
**To:** Comments  
**Subject:** RE: ILC's request for comment from the public

Dear FDIC,

I recently have been following the request of WalMart to become a chartered ILC. I have been dismayed at the FDIC's reaction to their application on a number of fronts, and am further dismayed at the 12 questions recently posed that would need to be addressed for the ILC "industry" as a whole before this self imposed moratorium ends (why was it started?)

Specifically:

- In these 12 questions you bring up several areas of concern over the ILC business that do not seem to be related to the specific charter of what the FDIC does for me, the public. Some of these, related to competitiveness and the relation of "financial" banking and "commercial" companies to one another are issues for the justice department and other banking regulatory agencies to work out. Conflict of interest among ILC's: there are already remediation procedures to address and supervise them, correct? These remedies exist at all levels of the numerous banking regulatory agencies. Conflicts certainly would be red flagged at the state and federal level long before the FDIC would be at risk.

-Why are these issues suddenly becoming important? Has the default rate or ability and cost to self insure deposits and reserves changed for the FDIC in recent years? Is supervising the activities of the ILC's becoming too burdensome? I understand that most of the ILC's registered are some of the largest corporations in this country; a significant change in their ability to offer their clients certain banking and finance products would have a material change in the economy and these companies abilities to earn. The largest of the ILC's are without fail the largest and most stable private entities the US has; in most cases with better balance sheets and financial management practices than banks.

- In question 1 you use the term "evolution of the ILC industry." I see the evolution since CEBA as one of the most pro-consumer things our government has ever done for the average person: I can now buy and finance windows, tractors, cars, electronics right at the point of sale if the retailer is stable enough to have become an ILC and has decided to offer financing services to its clients. This retailer then has the option of extending me credit based upon a set of criteria that they use, which certainly should be more stringent than the criteria of the business that provides the capital -the ILC. As long as these organizations can continue to play within the current ILC supervision, why do they need to be examined/changed?

-The nature of each of these questions shows some kind of perceived threat or risk to the stability of the ILC program. What is that threat? The S&L problem in the 80's? The popularity of the program itself? Do you see the reserves of the companies licensed as ILC's in jeopardy? Does the FDIC not already have a means and process of working with this kind of problem?

In short, as a regulatory agency, it is my belief that you should regulate as and when needed. There are currently numerous controls at the state and federal banking regulatory agencies to supervise the ILC's. I cannot find an instance in recent history that should prompt pre-emptory regulation in this industry that has been such a success for consumers and the ILC's themselves. Competition and the relational partnerships of financial and commercial companies are not the business of the FDIC as long as these businesses meet the predefined criteria to pass your application and stay within this criteria.

I welcome any conversation about this matter, my phone # is below. I am not a Walmart employee, investor or sympathizer. I would be interested in using them for whatever banking services they can provide, provided it is as efficient as their core business. That's what's in it for me.

Raymond H. Alexander