

From: Robert Rutkowski [REDACTED]  
Sent: Monday, March 16, 2020 2:05 PM  
To: Public Information <Publicinfo@FDIC.gov>; Comments <Comments@FDIC.gov>  
Cc: Keith Abouchar [REDACTED]  
Subject: [EXTERNAL MESSAGE] Halt Approval of Industrial Bank Applications, Close ILC Loopholes First

Jelena McWilliams, Chair  
Federal Deposit Insurance Corporation  
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Re: Halt Approval of Industrial Bank Applications, Close ILC Loopholes First

Dear Chair:

The Bank Policy Institute, Center for Responsible Lending (CRL), NAACP, The Leadership Conference on Civil and Human Rights, and Independent Community Bankers of America sent a letter today to urge the agency not to approve deposit insurance applications submitted by industrial banks or industrial loan companies (ILC) until its ILC rulemaking is final.

The letter was sent ahead of FDIC's meeting on Tuesday, March 17, where agency leaders are expected to announce a notice of proposed rulemaking regarding ILCs. ILCs are an avenue to the banking system for commercial companies (including BigTech) and other nonbank firms seeking to access the Federal Reserve payments system and take deposits.

Given the number and variety of significant outstanding policy issues, it would be imprudent for the FDIC to approve applications from ILCs or industrial banks until the final rulemaking is promulgated. This rulemaking should resolve some of the significant, unaddressed policy issues related to ILCs.

There is an urgent need for the FDIC to refrain from approving any applications submitted by industrial banks or ILCs for deposit insurance until the proposed rulemaking is finalized and that the agency should hold public hearings on each of the pending ILC deposit insurance applications.

Additionally, rulemaking is necessary to provide clarity and fixes to current policy, including: how the FDIC will ensure the ILCs--and their affiliates--will comply with consumer protection and fair lending laws; whether federal privacy and data security standards and requirements will apply to parent companies and affiliates; whether the parent companies and affiliates will be subject to any limits or restrictions on their ability to engage in nonfinancial activities; and other issues.

Yours sincerely,  
Robert E. Rutkowski

cc:  
Representative Steny Hoyer  
House Majority Leader

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