



July 22, 2020

Mr. Robert E. Feldman
Executive Secretary
Attention Comments
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Regarding: Proposed Rule: Parent Companies of Industrial Banks and Industrial Loan Companies; RIN 3064-AF31

Dear Mr. Feldman:

The Community Bankers Association of Illinois (“CBAI”), which proudly represents 300 Illinois community banks, appreciated the opportunity to comment on the Federal Deposit Insurance Corporation (“FDIC”) proposed rule regarding Parent Companies of Industrial Banks and Industrial Loan Companies (“Proposed Rule” or “Proposal”) identified above. CBAI respectfully requests that this letter be an addendum to CBAI’s comment letter to the FDIC dated June 29, 2020, as the information contained herein has a direct bearing on the prudent supervision and regulation of parent companies of industrial banks and industrial loan companies (“ILCs”) and should be considered by the FDIC during its rulemaking.

Contemporaneous with the FDIC’s comment letter deadline there were revelations about the

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insolvency filing of Wirecard AG, the German company which owns Wirecard Bank. A July 1, 2020, Financial Times article described allegations surrounding the filing as “one of the worst-ever corporate scandals”, involving 1.9 billion euros that were to be held in trust but now its auditors said the money probably did not exist. The failure of Wirecard is a perfect example of why closing the ILC regulatory loophole, which precludes Federal Reserve supervision and regulation of a parent holding company, is important to assess and address the risks and contain the potential harm posed by ILC and their parent holding companies to the financial system, our economy and American taxpayers.

In an article dated June 24, 2020, the Wall Street Journal reported, “Felix Hufeld, head of BaFin [The German Federal Financial Supervisory Authority], told members of the Bundestag on Wednesday that the agency’s ability to act was limited because Wirecard was classified as a technology company rather than a financial services provider, and so was not fully under BaFin’s purview.” This is precisely the situation that exists today with respect to the Federal Reserve’s inability to supervise the parent holding companies of ILCs.

Until Congress closes the ILC loophole, CBAI renews its recommendation for the FDIC to withdraw the Proposed Rule and impose an immediate and indefinite moratorium on the approval of any new ILC applications.

Thank you for the opportunity to respond to the Proposal and provide this additional information relevant to rulemaking regarding ILCs. If you have any questions or need additional information, please do not hesitate to contact me at (847) 909-8341 or davids@cbai.com .

Sincerely,



David G. Schroeder
Senior Vice President
Federal Governmental Relations