

Utah Bankers Association

October 10, 2006

Mr. Robert E. Feldman
Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street NW
Washington D.C. 20429

ATTN: Comments

Re: Industrial Loan Companies and Industrial Banks

Dear Mr. Feldman,

This letter responds to the request for public comment on industrial loan corporations issued by the FDIC on August 29, 2006. The Utah Bankers Association is a trade association representing all banks in Utah, including community banks as well as large regional banks and industrial banks. This gives the UBA a unique and balanced perspective on the current debate surrounding the regulation of industrial banks. For the sake of brevity, we have elected to provide the following statement instead of responding to the specific questions in the request for comment.

We believe the industrial banks in Utah represent one of the most innovative and successful developments in the banking industry in the past twenty years. The industrial banks that are members of our association are all well capitalized, profitable and among the highest rated banks in the nation for both safety and soundness and CRA compliance. The UBA board and membership have welcomed industrial banks as full fledged members of the banking industry and support their continued development under current standards.

We are aware of no developments in the financial services markets and the industry that raise legitimate concerns about the safety and soundness of industrial banks. The record of individual industrial banks has been at least equal to other types of banks. Both the FDIC and the Utah Department of Financial Institutions have consistently stated that they have the authorities and resources necessary to regulate the industry.

Industrial banks that are members of the UBA include banks owned primarily by financial companies and others owned primarily by commercial companies. We do not see any substantive difference in the banks relating to the nature of the bank's parent. All of the industrial banks have the same general characteristics relating to financial strength, capital adequacy, profitability and support from the parent company. We can see no basis for imposing special conditions on banks that are owned by commercial companies or that lack consolidated regulation of the parent and would oppose any such conditions that were not directly related to genuine risks to the safety and soundness of the bank involved. Additionally, the regulatory model adopted by the FDIC adequately addresses the potential market risks historically associated with the inclusion of banking functions within commercial entities.

In conclusion, we support innovation and competition on equal terms as the best means to ensure the viability of the banking industry and the fullest development of the financial services markets. The greatest threat to our industry is the proliferation of federally insured competitors that enjoy significant tax and regulatory advantages. In contrast, industrial banks are subject to all the same taxes and regulation as the other institutions insured by the FDIC. Therefore, the FDIC should avoid adopting any protectionist policies based upon unfounded claims that industrial banks pose an unfair competitive threat.

The UBA believes a bank's success should be determined by the market. We also believe the regulatory system must be compatible with current developments in the market. Finally, we see no historical evidence of undue risk in the regulatory system used by the FDIC and the state regulators to oversee industrial banks and their affiliates.

Thank you for considering these comments.

Very truly yours,

Howard Headlee

President

Utah Bankers Association

Salt Lake City, Utah