

From: Beverley Rutherford [mailto:beverley.rutherford@vacu.org]
Sent: Tuesday, October 10, 2006 4:22 PM
To: Comments
Subject: Comment - Industrial Loan Companies and Industrial Banks

Thank you for the opportunity to comment on issues related to industrial loan companies (ILCs). I am responding on behalf of a state chartered credit union in Virginia.

Our comments and concerns can be summed up as follows:

We believe it is a potential conflict of interest for a commercial organization to own an ILC; we believe commerce and banking should be separate. The potential exists for an ILC to be influenced by the effect on the ILC and/or parent firm rather than to evaluate the credit decision based on the creditworthiness of the organization seeking credit. We are also concerned about the lack of authority of the FDIC to examine affiliates that do not have a relationship with the ILC itself or impose capital requirements on the parent company of the ILC. Therefore, to ensure the safety and soundness of the banking industry, as well as minimize any potential conflicts of interest, we do not support a commercial organization's ownership of an ILC.

Please feel free to contact me should you need any clarification or have questions about our comments. Thank you.

Beverley F. Rutherford, CIA, CUCE
Vice President/Compliance
Virginia Credit Union, Inc.
Richmond, Virginia
(804) 560-5665
beverley.rutherford@vacu.org