

January 30, 2007

MEMORANDUM TO: Executive Secretary Section

FROM: Douglas H. Jones
Deputy General Counsel

SUBJECT: Meeting with Representatives of Porsche

Please include this memorandum in the public file on the *Notice and Request for Comment: Industrial Loan Companies and Industrial Banks*.

On January 30, 2007, H. Rodgin Cohen and William F. Kroener III, of the firm of Sullivan & Cromwell, met with FDIC General Counsel Sara A. Kelsey and FDIC Deputy General Counsel Douglas H. Jones. Mr. Cohen and Mr. Kroener were representing Dr. Ing. H.c.F. Porsche Aktiengesellschaft (“Porsche”). Porsche owns a non-controlling interest in Volkswagen AG (“VW”), which owns Volkswagen Bank USA, an industrial bank. Porsche is concerned over the impact that a moratorium on industrial bank change of control notices would have should Porsche be determined to be in control due to a change in circumstances.

Porsche requested that if the FDIC decides to extend the current moratorium regarding industrial banks, but process applications and notices from some institutions, that Porsche be included in the group eligible to be considered. Among the reasons presented for that position were: the foreign nature of the relationship between Porsche and VW and that the FDIC should not interfere with transactions within a foreign country; the Bank is a tiny fraction of the size of Porsche plus VW (representing less than 1% of the combined revenues of Porsche and VW); the Bank already is owned by a commercial company and therefore an indirect acquisition of control, for purposes of the Change in Bank Control Act, of the Bank by Porsche will not increase the number of industrial banks owned by commercial companies; the FDIC has in fact processed and approved a control notice where no additional industrial bank came under commercial ownership and important policy reasons existed for such action; and in the future Porsche could be deemed in control of VW due to a change in relevant facts (such as the outcome of an existing legal challenge in the EU to the validity of the Volkswagen Act, which limits Porsche’s voting rights).