From: Battle Creek State Bank [mailto:David@BattleCreekStateBank.com]
Sent: Friday, August 25, 2006 10:46 AM
To: Comments
Subject: Comment - Industrial Loan Companies and Industrial Banks

To Whom it may concern,

I whole heartedly believe that allowing large commercial entities to engage in banking services creates a danger to the FDIC insurance fund. It increases the safety and soundness issue regarding these ILC's. These concerns result from the absence of consolidated supervisory requirements of the parent companies; the lack of regulations that require the parent companies to keep the ILC well capitalized and the danger of mixing banking and commerce.

Bellow are my responses to the questions posed by the Board of Directors. I have answered them to the best of my ability. I do not claim to be a wordsmith so forgive me if my answers are not expressed in fine literary prose. Rather I am just a business man that believes that everyone deserves a slice of the American dream. I do not think that the American dream should be limited to large commercial interests.

1. Unrestricted growth with an absence of consolidated supervision.

2. ILC's dangerously mix banking and commerce. By allowing commercial interests to engage in banking there is an increase probability of failure by the ILC's. In that it will engage in an area in which they lack experience and understanding. Thereby increasing the danger to a large bailout by the FDIC insurance fund. Additionally, I believe that an unfair competitive advantage would be created thereby reducing commerce and banking services.

3. Yes. By blurring the line between banking and commerce. Certain companies have a track record of crossing the line of what is allowed and disallowed legally and morally. If the ILC's are allowed the FDIC should assess these ILC's much differently for the new risks they create. In addition the cost to insure them should be substantially higher.

4. The primary feature that needs to be examined is the unfair competitive advantage the parent companies would have over their competitors.

5. no comment.

6. If the FDIC continues to allow ILC's, the FDIC should enact a regulation that would limit growth, the ability to expand and establish branches, the ability to implement changes in their business plans and especially

implement changes to their capital maintenance obligations. Versus conditions imposed in the order approving deposit insurance.

7. ILC's that are owned by financial companies would reduce the safety and soundness issue. Conversely, ILC's in general increase safety and soundness concerns regardless of the parent company.

8. Yes. As stated above, many of the proposed parent companies have displayed an arrogance and ignorance to laws and regulations. This should scare the FDIC and the potential liability. The best way to prevent the potential liability would be to eliminate ILC's.

9. Yes. Actually it would reduce access to banking services. Large parent companies such as Wal-mart and the Home depot have a track record of eliminating completion . Once the competition is eliminated banking services would be greatly reduced to everyone. I do not think that the FDIC can address effectively this issue if continued growth of the ILC industry is allowed.

10. On a whole I do not think that allowing commercial entities to engage in banking services provide a benefit to the general public that would outweigh the potential liability and harm.

11. See above.

12. no comment.

Sincerely,
David J. Smejkal