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August 21, 2006

Robert E. Feldman
Attn: Comments Federal Deposit Insurance Corporation

Re: Comments Expressed Regarding ILC's

Dear Mr. Feldman:

I have noted my comments concerning the 12 numbered questions in your Notice And Request for Comment. They are as follows:

1. Yes, the risk profile is changed with the mixing of banking and commerce. The risk is simply higher since the FDIC does not hold consolidated regulation over commercial interests owning ILC's. The FDIC should seek congress to change and limit the ownership of ILC's to only financial companies. All existing ILC's should be given 5-10 years to be in compliance period (no perpetual grandfather clause).

2. Yes, the safety and soundness risks posed by ownership of ILC's by commercial entities are different. Since the FDIC cannot (or other federal regulators cannot) regulate financial firms but not commercial firms. There should be no commercial entity ownership of ILC's. The determination of a financial entity should be simple and straight forward like the old 80/20 rule. If 80% of the firm's revenues are financial and it can be regulated by the FDIC and other federal regulators, then the entities should be treated as a financial entity.

3. Yes, the risks are different if the owner is not subject to consolidated supervision. Federal agencies that regulate financial firms cooperate and share information, have common goals, and common regulations. These factors help to solve any problems in both specific individual situations and in the case of an entire group of financial institutions encountering significant problems. Any existing ILC's that cannot qualify for consolidated federal supervision should have 5-10 years to qualify, sell, or liquidate.

4. No comments.

5. Application for insurance or evaluation of a Change in Control Notice should be based on the nature of the ILC's proposed owner and no commercial firms (not subject to federal regulation) should own ILC's.

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6. There should be no mixing of banking and commerce. We do not need a Japanese style implosion with over 10 years to recover.

7. The FDIC should limit ownership to financial companies only.

8. There are plenty of past cases where conflicts have historically occurred within different divisions of a holding company. You can look at US history and that of Japan to see where these conflicts have occurred. I don't know how the FDIC could possibly take regulatory supervision to the limit of controlling commercial non-financial operations world-wide.

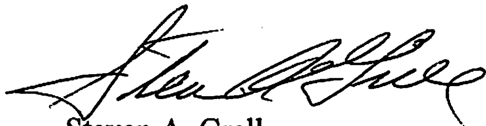
9. There is probably a competitive advantage, but that is not the real reason for restricting the mixing of commerce and banking.

10. We already have a very competitive market for banking services with consumers having more choices for services than any other place in the world. The risk of mixing banking and commerce with the dire effects it can have on the US and world economy is not worth any small perceived benefit.

11. No comment.

12. If congress will not give FDIC authority to impose regulation, then the FDIC can simply impose fees on all ILC's for 10% of their deposits as a separate insurance group. The ILC's will either cease to exist and disappear or at least the FDIC will be paid adequately for its risk.

Sincerely,



Steven A. Grell
Chairman

SG:db