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Subject: Comment - Industrial Loan Companies and Industrial Banks

The U.S. banking industry was founded and has continued to be upheld by Congress, on the principal of separation of banking from commerce. Within that constraint - which from time to time faces stress as to exactly what those distinctions should be - the banking industry as been able to be innovative, better serve the American people, and maintain safety and soundness standards without crossing the basic threshold of that separation, thereby avoiding the problems encountered in some other nations and economies.

Over time, Congress has enacted some laws which exempt specific types of financial institutions from some of the requirements applicable to the banking industry at large. For example, credit unions do not need to meet CRA requirements and ILCs are exempt from the provisions of the Bank Holding Company Act. Those exemptions were based on the fact that, at the time of those legislations, these institutions were relatively small, special-purpose entities a serving limited-purpose market which, in many cases, may have been largely overlooked by the rest of the banking industry. The applications presently before the FDIC are certainly not from small, special-purpose entities. Rather, they are large commercial organizations having the potential to become dominant players in the banking industry.That is not what Congress had in mind.

In considering these applications, the FDIC must go beyond the language of the law and study, consider, and heed Congressional intent. It is my opinion that based upon such a review, the FDIC will conclude that the Wal-Mart and similar applications are not in compliance with Congressional intent and must be disapproved. To do otherwise will result in an irreparable breach in the separation of financial and commercial industries with future ramifications ranging from undesirable to disastrous.

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