

September 15, 2006

Comments@FDIC.gov

Re: Comments on Industrial Loan Companies and Industrial Banks

To Whom It May Concern:

While I am appreciative that the FDIC on July 28, 2006 imposed a temporary 6-month moratorium on FDIC action relating to approval of FDIC insurance for ILCs, I believe consideration should be given to making it permanent and I appreciate the opportunity you have provided for a public comment period.

I believe that allowing large commercial entities, such as Wal-Mart, to engage in traditional banking business and services is a danger to the current sound banking system, the banking industry in general, and very probably to the FDIC insurance fund. The separation of commerce and banking has long been a model that has served our country well for many years and it does not need to be changed.

Large ILCs would also have an unfair advantage and uneven competitive playing field over some large banks, medium banks, and community banks, since they would not have to adhere to all the onerous burdens already on banks. Laws, regulations, business plans, capital requirements, CRA requirements, and the ability to branch at random all over the country are a few examples.

The lack of a consolidated and equal enforcement of banking laws and regulations on ILCs and/or parent companies poses a danger to many interests. That danger includes the safety and soundness of the FDIC fund, which is currently below the desired 1.25% level. Since the FDIC is not a consolidated supervisor, why allow such applications to be approved? Any such approval would only increase the risk to the FDIC fund since the FDIC would be unable to properly supervise the parent company or affiliates of giant commercial companies. What about safety and soundness? All of the regulatory agencies are about "risk based" initiatives and in my opinion; this is too big of a risk that generates a tremendous negative impact.

The banking system has proved itself just fine since the 1930's and the creation of the FDIC and even through the turbulent 1980's. What works well at present should not be changed. The proposed ILC issues are only a danger to the banking system and to the FDIC that protects it.

Sincerely,

Steve Hoag, Jr.
Vice President, Community Bank & Trust
Waco, Texas