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Michael W. Sheridan
Senior Vice President,
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COMDATA

A Ceridian Company

October 10, 2006

Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

RE: *The FDIC and Industrial Loan Corporations or Industrial Banks*

Ladies and Gentlemen:

This letter is submitted on behalf of Comdata Network, Inc. d/b/a Comdata Corporation® ("Comdata") in response to the request by the Federal Deposit Insurance Corporation ("FDIC") for comments concerning risks which may be posed to the Deposit Insurance Fund by industrial loan corporations or industrial banks (hereinafter, an "ILC").

In considering federal regulation of ILCs, Congress has specifically granted an exemption to ILCs from the regulatory framework contemplated by the Bank Holding Company Act[1], providing that regulation of such entities should properly reside with state banking departments and the FDIC. The past twenty year history of ILCs is devoid of any risks or mishaps that would argue that Congress' regulatory scenario for ILCs is misplaced and should now be changed. In fact, ILCs have proven to be well-run, financially strong financial institutions affiliated with companies which are themselves sound business organizations. We submit that the track record of ILCs for safety and soundness is due, in large measure, to the success of the present regulatory scheme, including diligence of state regulators, the FDIC and the effectiveness of regulations presently governing the operations of ILCs and their affiliates (*e.g.*, Regulation W).

Any discussion of the place of ILCs in the banking industry should also consider the future and past trends among business and consumer clients of financial institutions. For example, the place of vehicle, equipment and other leasing programs for many businesses has more importance today than twenty years ago. Payment trends, too, have changed. Twenty years ago, most consumer and business payments were effected through the negotiation of paper checks. Today, many payments are effected by the use of credit and debits cards, ACH and wire transfer.[2] Many ILCs are engaged in special or niche business lines responsive to these trends. Each ILC has a business plan designed to

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[1] See 12 U.S.C. § 1841(c)(2)(H) (2000).

[2] According to a recent edition of The Nilson Report, it is estimated that there will be 22.64 billion credit card transactions in 2006 and 26.03 billion debit card transactions this year. For the year 2000, there were 15.9 billion credit card transactions and 8.29 billion debit card transactions. The Nilson Report at p. 7 (Sept. 2006, Issue 865). Card-based payments are projected to grow in the future. *Id.*

meet the needs of their respective clients who often elect to do business with an ILC because of a more narrow, specialty focus. ILCs under the present regulatory scenario have been innovative, bringing solutions to clients and financial markets that may otherwise be underserved. ILCs have been able to meet these needs while, at the same time, posing no greater risk to the Fund than financial institutions falling within the ambit of the Bank Holding Company Act.

Thank you for your consideration of these comments.

Respectfully submitted,

COMDATA NETWORK, INC.

By: Michael W. Sheridan
Michael W. Sheridan
Its: Senior Vice President, Chief Counsel and Secretary