



FLORIDA BANKERS ASSOCIATION

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FLORIDA BANKERS ASSOCIATION COMMENTS ON ILC CHARTERS

TALLAHASSEE—The Florida Bankers Association recently sent a comment letter to the Federal Deposit Insurance Corporation (FDIC) regarding the application of Industrial Loan Companies (ILCs) and Industrial Banks. The letter, addressed to FDIC Executive Secretary Robert E. Feldman, recommended the closing of the ILC loophole, which currently allows large commercial companies the opportunity to enter the banking industry.

“Historically, banking laws have maintained a separation between banking and commerce,” said Alex Sanchez, president and CEO for the Florida Bankers Association (FBA). “In order to protect and preserve the safety and soundness of our financial institutions, the federal deposit fund and the banking industry as a whole, this must remain the case.”

With an extension on the current six-month ILC moratorium unlikely, the FBA, as well as the American Bankers Association (ABA) and other state banking associations, has taken the opportunity to comment on the issue.

“Numerous pieces of legislation have been passed in the last 50 years to prevent the mixing of banking and commerce,” said Elizabeth Wester, vice president of government affairs for the FBA. “To allow large commercial companies to be granted an ILC charter creates a large hole in the efforts of Congress to keep banking and commerce separate.”

“The ILC loophole must be closed so that the FDIC is not in a situation where they are regulating from behind to correct the damage that will be done to the financial sector should the loophole continue to exist,” said Sanchez. “The risks posed to the safety and soundness of federally insured deposits, as well as to the entire banking industry by large companies being granted ILC charters are too great to ignore.”

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