

From: Diane Hartz Warsoff [mailto:dwarsoff@utahnonprofits.org]
Sent: Wednesday, October 04, 2006 5:29 PM
To: Comments
Subject: Comment

I am a former regulator (Federal Reserve Bank Examiner), former commercial lender, and now I am a leader in the nonprofit community. I personally witnessed the collapse of the savings and loan industry in the 1908's and strongly believe that market forces will prevail with the development of the Industrial Bank industry as complementary to the commercial banking industry.

I believe that with proper supervision, all 12 of the offered concerns of the FDIC will not come to fruition by granting Industrial Bank charters to companies such as Wal-Mart or Home Depot. First, the current IB statutes, at least here in Utah, do limit the activities of these banks, and my understanding is that both of these companies are looking to create a more cost-effective means of processing the large volume of credit cards that pass through their organizations daily, and consumers would only stand to benefit from lower internal costs at these companies. Target has had such a charter for over a year, and there have been no "Target Bank" branches springing up to create "unfair competition" at their stores—it would not be cost effective for them to do so, and the current statute makes it difficult for them to do so.

However, there is one aspect of the IB charters that is not being discussed in these comments. Industrial Banks provide significant added-value to the Utah community. IB's are subject to the provisions of the Community Reinvestment Act, and as such, are required to support low- and moderate-income people in our communities. Not only do these banks provide below-market rate loans to nonprofit organizations (something that commercial banks have been unwilling to do, making it very difficult for nonprofit organizations to obtain much-needed credit), but the IB's are active participants in our communities—working to improve the lives of the citizens where they are based. In Utah alone, many organizations that serve our most vulnerable populations receive much-needed support to meet their missions and improve lives. In addition, employees of the IB's are active members in the community at-large, adding much to making Utah a much better place.

I support the granting of the FDIC charters and insurance to the Wal-Mart and Home Depot Industrial Banks. The greater community only stands to benefit.
Thank you-

Diane Hartz Warsoff

Executive Director • Utah Nonprofits Association

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