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May 18, 2007

Support H.R. 698; Floor Action Scheduled for Monday, May 21

Dear Representative:

The Independent Community Bankers of America (ICBA), representing 5,000 community financial institutions across the nation, urges you to **vote YES on H.R. 698, the Industrial Bank Holding Company Act of 2007**, when it is on the House floor next week.

Industrial banks are similar to regular banks, except that through a loophole in the Bank Holding Company Act, they may be owned by commercial firms and these firms are not subject to the same regulation and oversight as bank holding companies. They were created to provide small consumer installment credit, but have recently grown into a multi-billion dollar industry and have been pursued by some of the world's largest corporations, including Wal-Mart and Home Depot.

H.R. 698 would close the industrial bank loophole, thereby preserving the separation of banking and commerce, which has been one of the pillars of our economic system and helped make it the envy of the world. Similar loopholes were closed by Congress in 1987 and 1999. Keeping banks and commercial firms separate ensures that credit is granted impartially, avoids the excessive concentration of economic power, and protects American taxpayers against expensive bailouts.

The public policy implications of this loophole are profound. Allowing the common ownership of industrial and financial companies led to a ten year recession in Japan. Federal Reserve Chairman Bernanke, FDIC Chairman Bair, and the Government Accountability Office (GAO) all have urged Congress to address this issue.

H.R. 698 enjoys broad bi-partisan support. It was approved by the House Financial Services Committee on a unanimous voice vote. This pro-consumer, pro-competition bill also has wide-ranging private sector support, with endorsements from banking, labor, consumer and commercial groups.

On behalf of the community banking industry and the communities we serve, we urge you to support the consumers and small businesses in your district by voting **YES** on H.R. 698, the Industrial Bank Holding Company Act of 2007.

Sincerely,